

# TRANSMITTAL

To:

**THE COUNCIL**

Date: 8/7/2018

From:

**THE MAYOR**

**TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.**



**ERIC GARCEITI**  
Mayor

(Ana Guerrero) for



Eric Garcetti, Mayor  
Rushmore D. Cervantes, General Manager

Housing Development Bureau  
1200 West 7th Street, Los Angeles, CA 90017  
tel 213.808.8638 | fax 213.808.8610  
hcidla.lacity.org

August 6, 2018

Council File #: 12-0049-S10  
12-0049-S11  
17-0862  
Council Districts: 8  
Contact Persons: Kompheak Taing (213) 808-8966  
Helmi Hisserich (213) 808-8662  
Sean Spear (213) 808-8464

The Honorable Eric Garcetti  
Mayor, City of Los Angeles  
Room 303, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

**COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT REQUEST AUTHORITY TO SELL A CITY-OWNED PROPERTY LOCATED AT 9513 SOUTH SPRING STREET**

**SUMMARY**

The General Manager of the Los Angeles Housing + Community Investment Department (HCIDLA) respectfully requests that your office review and approve this transmittal and forward it to the City Council for further consideration. Through this transmittal, HCIDLA requests authority to sell a City-owned housing asset (property) at 9513 South Spring Street at a Fair Reuse Value, for the purpose of developing it into an affordable homeownership property. The property was transferred to HCIDLA by the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA). Through a competitive selection process, HCIDLA selected a qualified developer, Habitat for Humanity of Greater Los Angeles (developer) and negotiated a Term Sheet that outlines the key business terms and conditions of the project. The terms will be incorporated into a City Acquisition Loan, City Grant Agreement, and Covenant Agreement with the developer and will subsequently transfer to the homebuyer for the purpose of conveying the property.

**RECOMMENDATIONS**

The General Manager of HCIDLA respectfully requests that the Mayor and City Council:

1. Determine that, pursuant to Section 7.27 of the City's Administrative Code, the public interest or necessity requires the sale of City-owned parcel located at 9513 South Spring Street (APN: 6053-006-904) to Habitat for Humanity of Greater Los Angeles, for a price

- determined by a reuse study of the value of the City-owned property, without notice of sale or advertisement for bids;
- II. Approve the disposition of the City-owned parcel located at 9513 South Spring Street (APN: 6053-006-904) to Habitat for Humanity of Greater Los Angeles for a price determined by reuse study of the value of the City-owned property;
  - III. Authorize Habitat for Humanity of Greater Los Angeles a Right of Entry in order to initiate site work in advance of conveyance of the land;
  - IV. Request the City Attorney to prepare and present an ordinance authorizing the sale of the City-owned parcel located at 9513 South Spring Street (APN: 6053-006-904) at Fair Reuse Value for Council approval; and
  - V. Instruct HCIDLA to collaborate with the City Attorney to prepare a Purchase and Sale Agreement or similar appropriate land conveyance document, subject to the satisfaction of all conditions and criteria stated in the Term Sheet Agreement, City Acquisition Loan Agreement, City Grant Agreement, and Covenant Agreement.

## **BACKGROUND**

In November 2012, after the dissolution of the CRA/LA, HCIDLA was appointed as the Successor Housing Agency. Consequently, all housing assets and functions of the former CRA/LA were transferred to HCIDLA, consisting of approximately 60 housing projects (including vacant land), \$600 million in CRA/LA loan receivables, and approximately 600 regulatory agreements that restrict rents on nearly 23,000 affordable housing units. In response to the City's affordable housing crisis, and to meet the City Council and Mayor's objective of creating new affordable housing, HCIDLA created a Public Land Development Program, with the goal of developing the former CRA/LA vacant land and leveraging other City-owned property, toward the creation of affordable housing.

### **Request for Qualification/Proposal**

Beginning in 2015, HCIDLA began issuing Request for Qualifications and Request for Proposals (RFQ/P) for City-owned properties. On March 10, 2017, an RFQ/P was released for the development of affordable housing of eight City-owned sites, which included a vacant property located at 9513 South Spring Street. Upon completion of the competitive selection process, Habitat for Humanity of Greater Los Angeles was recommended by HCIDLA as the developer of the subject site. On October 16, 2017, HCIDLA received approval from City Council and the Mayor to request and collaborate with the City Attorney to prepare an ordinance authorizing the sale of the property at 9513 South Spring Street at Fair Market Value, subject to City Council approval (C.F. No. 12-0049-S10 and C.F. No. 12-0049-S11).

### **Land Development Process**

Habitat for Humanity of Greater Los Angeles entered into an Exclusive Negotiating Agreement (ENA) with HCIDLA and over the past year has worked with HCIDLA's Public Land Development Program team to refine development plans, financing terms, and milestones required to convey the property as an affordable homeownership development. From the inception of the development process with the City, the developer has consulted with Council District 8, engaged in community outreach to stakeholders, began the process of securing entitlements, and participated in the underwriting process with the City's

underwriting consultant and HCIDLA staff. At the completion of the underwriting process, the proposed terms of the project were approved by HCIDLA's Loan Committee.

Habitat for Humanity of Greater Los Angeles will develop a Single-Family Home with an Accessory Dwelling Unit (ADU) in the rear of the main home. Listed below are the project details:

1. Site size: 4,992 sq. ft.
2. Unit mix, unit size:
  - a. 1 Single Family Home (3 bed/2 bath with garage 1,606 sq. ft.)
  - b. 1 ADU (1 bed/1 bath 494 sq. ft. – 1 story)
3. Gross Building Area: 2,100 total sq. ft. both units
4. Parking type/number of spaces: 2-car garage for main house
5. The property will be sold to an eligible low income household and the ADU will be restricted to occupancy by low income tenant.

In consideration for the development of a home for a low income family, HCIDLA will sell the land at the Fair Reuse Value which is estimated to be \$159,000. The difference between the Fair Reuse Value and the Fair Market Value, \$48,000, will be granted to the homebuyer. Any additional purchase assistance needed by the home purchaser will be provided by Habitat for Humanity of Greater Los Angeles. The Term Sheet outlining key business terms and conditions is provided as Attachment A of this report.

### **Right of Entry**

Habitat for Humanity of Greater Los Angeles, acting as developer, has a business model that involves volunteer labor for construction. As of the time of the drafting of this memo, Habitat for Humanity has planned to coordinate the development of the site in conjunction with "World Habitat Day". The developer may need access to this site prior to conveyance to conduct site work in anticipation of the volunteer construction. HCIDLA intends to execute a Right of Entry for this site, prior to the transfer, in order to provide Habitat for Humanity sufficient time to do necessary pre-development work.

### **Housing Development Land Conveyance Policy**

On November 21, 2017, the City Council and Mayor approved the Housing Development Land Conveyance policy to address the challenges to the successful implementation of HCIDLA's Land Development Program. The Housing Development Land Conveyance policy gives the City authority to convey a property at Fair Market Value or a Fair Reuse Value to the project sponsor, or to a homebuyer, subject to affordable housing restrictions and other requirements as may be applied to the project (C.F. No. 17-0862).

After performing a Fair Reuse Analysis, HCIDLA has determined that the 9513 South Spring Street parcel must be sold at a below-market value so that an affordable homeownership development (single family home with an ADU) is feasible. Drafts of the City Acquisition Loan Agreement, City Grant Agreement, and Covenant Agreement for the ADU are provided as Attachment B through D of this report.

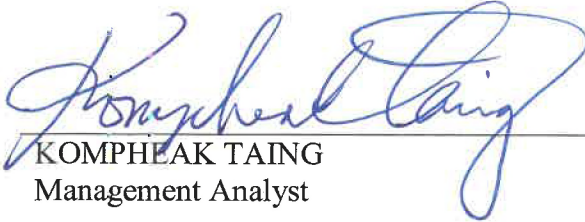
Once the affordable homeownership development is sold to an eligible homebuyer, in accordance to the Term Sheet, the City Acquisition Loan will be re-conveyed into a second mortgage executed between the

City and the homebuyer. The second mortgage will follow similar terms as HCIDLA's Moderate Income Purchase Assistance program including, but not limited to, a 30 years loan with shared appreciation. Furthermore, the terms and conditions of the City Grant Agreement and Covenant Agreement for the ADU will transferred over to the homebuyer.

#### **FISCAL IMPACT STATEMENT**

There is no impact to the General Fund. The recommendations contained in this report will authorize HCIDLA to execute a loan agreement, grant agreement, and covenant agreement with Habitat for Humanity of Greater Los Angeles and the subsequent selected homebuyer, resulting in the development of an affordable homeownership project.


**Prepared by:**

  
KOMPHEAK TAING  
Management Analyst

**Reviewed by:**

  
HELMI A. HISSERICH  
Director, Housing Strategies & Services

**Reviewed by:**

  
SEAN L. SPEAR  
Assistant General Manager

**Reviewed by:**

  
LAURA K. GUGLIELMO  
Executive Officer

**Approved by:**

  
RUSHMORE D. CERVANTES  
General Manager

**ATTACHMENTS:**

- Attachment A: Term Sheet – 9513 S. Spring Street
- Attachment B: City Acquisition Loan Agreement – 9513 S. Spring Street
- Attachment C: City Grant Agreement – 9513 S. Spring Street
- Attachment D: Covenant Agreement – 9513 S. Spring Street

**Attachment A:**

Term Sheet – 9513 S. Spring Street

**9513 S. Spring Street  
Acquisition Loan Agreement  
Key Terms and Conditions**

**1. Parties to the Agreement:**

The City Acquisition Loan Agreement (“Acquisition Loan”) for the 9513 S. Spring Street project shall be entered by and between the City of Los Angeles, a municipal corporation (“City”), and Habitat for Humanity of Greater Los Angeles (“Developer”).

**2. City Site Description:**

The following parcel of land is currently owned by the City:

	Address	APN	Parcel Size (Sf)	Legal Description
City Site	9513 S. Spring Street Los Angeles, CA 90003	6053-006-904	5,010	Attachment A

**3. City Site History:**

The City Site (“Site”) was acquired in 1994 by the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA), as a part of a larger purchase of land formerly occupied by the Broadway Hospital and parking area with Bunker Hill Housing Funds. The Site is located in Council District 8, and in the Broadway Manchester Recovery Redevelopment Project Area. On May 24, 2013, the Site was transferred to HCIDLA, the Redevelopment Successor Agency. The Site is currently vacant.

**4. Development Plan Summary:**

The Development Plan shall be implemented and completed as described below; subject to receipt by the Developer of approval by the City of all discretionary land use applications; and the receipt by Developer of the necessary enforceable financing commitments:

- a. Project Summary: The Spring Street Project will be developed as a for-sale property with one (1) single family home (SFH) and one (1) accessory dwelling unit (ADU). SFH and ADU will have a 6 foot wooden fence surrounding SFH and ADU. In addition, another wooden fence will partitioned SFH and ADU from one another. The SFH will include a two-car garage. ADU will not have a parking space.
- b. Project Site Size: 5,010 Square Feet
- c. Gross Building Area: 2,100 sq. ft (1,149 sq. ft SFH living area, 457 sq. ft garage, and 494 sq. ft ADU)
- d. Unit Mix: 1 SFH with three-bedroom/two full bath and 1 ADU with one-bedroom/one full bath
- e. Parking: 2 spaces
- f. Target Population: Household earning no more than 110% of area median income.
- g. ADA Requirements: A CASp will be retained for the Project, which will comply with all City requirements. The home will be adaptable to persons with mobility impairments and/or sensory impairments. Should the homebuyer require the unit to be accessible, all required improvements will be completed by Developer prior to occupancy of the home.
- h. Amenities: Both SFH and ADU will include air conditioning unit, an oven, refrigerator, microwave, private backyard, and drought tolerant plants with smart irrigation. Renewable building materials and impervious concrete will be used when applicable. SFH will be Solar Power Ready. Garage will be EV plug in ready with 220 Volt Outlet installation.

**5. Purchase and Sale of the City Site:**

The City agrees to sell and convey to Developer and the Developer agrees to purchase and accept from the City, the fee interest in the City Site in accordance with the Acquisition Loan Agreement, and the Grant Deed.

**6. Purchase Price for City Site:**

The City agrees to convey the City Site to Developer and the Developer agrees to purchase the City Site for the fair reuse value of the City Site based the fair reuse analysis conducted by an HCIDLA ("Purchase Price"). The City agrees to convey the difference between the fair market value and fair reuse value as a land grant.

**7. Developer Pro Forma:**

Attached ("Attachment B") is the current Developer Pro Forma for the Project.

**8. Project Site Plan:**

Attached ("Attachment C") is the current Elevation and Site Plan for the Project.

**9. Labor Rates:**

The Project may incur federal Davis Bacon, if applicable, and state prevailing wages.

**10. Developer Fee:**

The total developer fee is estimated at \$18,910.

**11. Social Services to be Provided at Project:**

No social services will be provided.

**12. City Loan Terms**

The City agrees to convey its acquisition loan ("City Acquisition Loan") to the Developer with the following terms:

- a. The City Acquisition Loan Amount will be equal to the Purchase Price of the City Site.
- b. The City Acquisition Loan will have a 0.0% simple interest rate applied.
- c. The City Acquisition Loan will include a City Land Regulatory Agreement (see Section 14) .
- d. Once the unit is sold to a qualified homebuyer ("Eligible Purchaser") the Acquisition Loan will be reconveyed into a second mortgage to be executed between the City and the Eligible Purchaser.
- e. The proceeds of the second mortgage will be used to repay the Acquisition Loan.
- f. The second mortgage will follow similar guidelines as HCIDLA's Moderate Income Purchase Assistance program including, but not limit to:
  - a. 30 years term
  - b. Shared appreciation

**13. Subordination:**

The following summarizes the agreed upon subordination assumption for the City's loan:

Description	Subordination
City Acquisition Loan	Subordinated to Senior Mortgage Loan

**14. Affordability Restrictions:**

Units' income and affordability requirements will be restricted by the following 45-year, from COO, regulatory agreements as follows:

- a. City Land Regulatory Agreement (per California Health & Safety Code):

	Income Restriction	Rent Restriction	1-Bdrm Units	2-Bdrm Units	3-Bdrm Units	Total Units
Very-Low Income HCD	\$50105	\$50053	1	0	0	1
Low Income HCD	\$50079.5	\$50053	0	0	0	0
Moderate Income HCD	\$50093	\$50053	0	0	1	1
<b>Total Units</b>			<b>1</b>	<b>0</b>	<b>1</b>	<b>2</b>

b. If ADU is an income unit, City Land Regulatory Agreement for 1-Bdrm Unit applies.

**15. Developer Financing Plan:**

The following summarizes the Developer's Financing Plan for the Project:

Sources	Amount
Habitat for Humanity Equity	\$150,000
Construction Financing (Bank)	\$194,561
<b>Total</b>	<b>\$344,561</b>

**16. Buyer Financing Plan:**

The following summarizes the Buyer's Financing Plan for the Project:

Sources	Amount
First Position Mortgage*	\$293,500
WISH Funding (FHLBSF)	\$ 15,000
Habitat for Humanity Funding	\$ 37,445
City of Los Angeles Acquisition Loan	\$159,172
City of Los Angeles Grant to Buyer	\$47,828
<b>Total</b>	<b>\$552,945</b>

\*If the Eligible Purchaser's mortgage is less than the indicated First Position Mortgage amount, Habitat for Humanity will fill the financial gap with their soft loan.

**17. Milestones:**

The Developer agrees to proceed with the Project's development according to following dates:

Action	Date
<b>DDA Executed</b>	June 2018
<b>Preliminary architectural review</b>	March 2018 (completed)
<b>Complete working drawings</b>	March 2018 (completed)
<b>City Acquisition Loan Execution</b>	September 2018
<b>City Land Conveyance</b>	September 2018
<b>Obtain building permits</b>	September 2018
<b>Begin construction</b>	September 2018
<b>Obtain Notice of Completion</b>	October 2018
<b>Sell Unit</b>	November 2018

[Signatures on the next page]

**18. Agreement of Key Terms and Conditions:**

This agreement of key terms and conditions is not a contract nor is it a guarantee of a funding commitment by the City. It is a worksheet that will be utilized to prepare the Acquisition Loan Agreement and associated City contractual documents.

HCIDLA

City of Los Angeles Housing and Community Investment Department

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

Sean L. Spear

Assistant General Manager

DEVELOPER

Habitat for Humanity of Greater Los Angeles

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

Erin Rank

President & CEO

Attachment A	City Parcel Legal Description
Attachment B	Developer Pro Forma
Attachment C	Site Plan

**Attachment A – Legal Description**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 5 OF TRACT NO. 4055, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 39, PAGE 90 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ALL OIL, GAS, AND OTHER HYDROCARBON SUBSTANCES IN AND UNDER ALL OF THE ABOVE DESCRIBED REAL PROPERTY, BUT WITHOUT ANY RIGHT TO PENETRATE, USE OR DISTURB SAID PROPERTY WITHIN 500 FEET OF THE SURFACE THEREOF, AS EXCEPTED AND RESERVED IN DEED RECORDED NOVEMBER 6, 1992 AS INSTRUMENT NO. 92-2047803.

SPRING STREET

CONSTRUCTION SOURCES AND USES

SOURCES OF FUNDS	AMOUNT	INT RATE	TERM (Mo.)
Developer Equity	\$ 150,000.00	0	0
Developer Const. Financing	\$ 188,561.00	6	6
<b>TOTAL FUNDS</b>	<b>\$ 338,561.00</b>		

excludes const.  
financing interest  
& contingency

USES OF FUNDS			
PREDEVELOPMENT	QTY	AMT PER	AMOUNT
Phase I Env Assessment	1	\$ 2,000.00	\$ 2,000.00
Survey	1	\$ 2,500.00	\$ 2,500.00
Arch, Structural, Landscape Design	1	\$ 14,561.00	\$ 14,561.00
<b>TOTAL PREDEVELOPMENT</b>		<b>\$ 19,061.00</b>	<b>\$ 19,061.00</b>

CONSTRUCTION	QTY	AMT PER	AMOUNT	Per SQ FT
Single Family Home				1606
Construction Team Labor	1	\$ 60,000.00	\$ 60,000.00	\$ 37.36
Construction Admin.	1	\$ 5,000.00	\$ 5,000.00	\$ 3.11
Carport	1	\$ 35,000.00	\$ 35,000.00	\$ 21.79
Accessories	1	\$ 1,500.00	\$ 1,500.00	\$ 0.93
Bathroom Finishes	1	\$ 1,500.00	\$ 1,500.00	\$ 0.93
Carpentry	1	\$ 30,900.00	\$ 30,900.00	\$ 19.24
Doors+Windows	1	\$ 4,950.00	\$ 4,950.00	\$ 3.08
Driveway, Curb and Sidewalk	1	\$ 22,500.00	\$ 22,500.00	\$ 14.01
Drywall	1	\$ 7,900.00	\$ 7,900.00	\$ 4.92
Electric Temp	1	\$ 900.00	\$ 900.00	\$ 0.56
Electrical	1	\$ 6,050.00	\$ 6,050.00	\$ 3.77
Fencing Temp	1	\$ 900.00	\$ 900.00	\$ 0.56
Fencing Perimeter	1	\$ 3,950.00	\$ 3,950.00	\$ 2.46
Fire Supression	1	\$ 4,500.00	\$ 4,500.00	\$ 2.80
Flooring Polish		\$ -	\$ -	\$ -
Foundation	1	\$ 14,500.00	\$ 14,500.00	\$ 9.03
Grading	1	\$ 3,500.00	\$ 3,500.00	\$ 2.18
HVAC	1	\$ 4,500.00	\$ 4,500.00	\$ 2.80
Kitchens+Bath	1	\$ 4,950.00	\$ 4,950.00	\$ 3.08
Landscape	1	\$ 4,500.00	\$ 4,500.00	\$ 2.80
Meter Electric		\$ -	\$ -	\$ -
Plumbing	1	\$ 11,200.00	\$ 11,200.00	\$ 6.97
PV System		\$ -	\$ -	\$ -
Roofing	1	\$ 12,000.00	\$ 12,000.00	\$ 7.47
Siding	1	\$ 8,800.00	\$ 8,800.00	\$ 5.48
Skylights		\$ -	\$ -	\$ -
Steel		\$ -	\$ -	\$ -
Stormwater Mitigation System	1	\$ 2,500.00	\$ 2,500.00	\$ 1.56
SFH Construction Subtotal		\$ 252,000.00	\$ 252,000.00	
ADU				494

Carport		\$	-	\$	-	
Accessories	1	\$	500.00	\$	500.00	\$ 1.01
Bathroom Finishes	1	\$	750.00	\$	750.00	\$ 1.52
Carpentry	1	\$	12,250.00	\$	12,250.00	\$ 24.80
Doors+Windows	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Driveway, Curb and Sidewalk	1	\$	1,250.00	\$	1,250.00	\$ 2.53
Drywall	1	\$	2,750.00	\$	2,750.00	\$ 5.57
Electric Temp		\$	-	\$	-	\$ -
Electrical	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Fencing Temp		\$	-	\$	-	\$ -
Fencing Perimeter	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Fire Supression	1	\$	2,500.00	\$	2,500.00	\$ 5.06
Flooring Polish		\$	-	\$	-	\$ -
Foundation	1	\$	6,000.00	\$	6,000.00	\$ 12.15
Grading	1	\$	500.00	\$	500.00	\$ 1.01
HVAC	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Kitchens+Bath	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Landscape	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Meter Electric		\$	-	\$	-	\$ -
Plumbing	1	\$	3,000.00	\$	3,000.00	\$ 6.07
PV System		\$	-	\$	-	\$ -
Roofing	1	\$	2,500.00	\$	2,500.00	\$ 5.06
Siding	1	\$	2,000.00	\$	2,000.00	\$ 4.05
Skylights		\$	-	\$	-	\$ -
Steel		\$	-	\$	-	\$ -
Stormwater Mitigation System	1	\$	1,500.00	\$	1,500.00	\$ 3.04
ADU Construction Subtotal		\$	47,500.00	\$	47,500.00	

<b>CONSTRUCTION TOTAL</b>		\$	<b>299,500.00</b>	\$	<b>299,500.00</b>
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FEES	QTY	AMT PER	AMOUNT
Land Disposition Closing Costs	1	\$ -	\$ -
Fees-Plan Check/Inspection	1	\$ 9,000.00	\$ 9,000.00
Fees-Quimby		\$ -	\$ -
Fees-School Dist	1	\$ 6,000.00	\$ 6,000.00
Insurance-Builders Risk	1	\$ 5,000.00	\$ 5,000.00
Interest on Const Loan	1	\$ 8,357.14	\$ 8,357.14
Developer Fee	1	\$ 18,910.00	\$ 18,910.00
<b>TOTAL FEES</b>		\$ <b>47,267.14</b>	\$ <b>47,267.14</b>

<b>TOTAL DEVELOPMENT COSTS</b>		\$	<b>346,767.14</b>	\$	<b>346,767.14</b>
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Contingency		\$	1,992.00	\$	1,992.00
Construction Contingency		\$	17,287.00	\$	17,287.00
<b>TOTAL DEVELOPMENT COSTS WITH CONTNGENCY</b>		\$	<b>366,046.14</b>	\$	<b>366,046.14</b>

DONATIONS					
Appliances - SFH	1	\$	2,000.00	\$	2,000.00
Appliances - ADU	1	\$	2,000.00	\$	2,000.00
Insulation - SFH	1	\$	1,000.00	\$	1,000.00
Insulation - ADU	1	\$	500.00	\$	500.00

Volunteer Labor	1	\$	20,000.00	\$	20,000.00
<b>Total Donations</b>		<b>\$</b>	<b>25,500.00</b>	<b>\$</b>	<b>25,500.00</b>

Sales Revenues	\$	525,000.00
Commissions+Closing Costs <sup>1</sup>	\$	-
Total Sales Net Revenues	\$	525,000.00
Total Development Costs	\$	(346,767.14)
Profit	\$	178,232.86

#### Notes

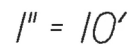
<sup>1</sup>Developer will cover commissions and closing costs.

SPRING STREET

SALE SOURCES AND USES

USES OF FUNDS	AMOUNT
Sale Price	\$ 525,000
Buyer's Estimated Closing Costs	\$ 15,000
Seller Credit (List as Negative)	\$ -
<b>TOTAL COSTS</b>	<b>\$ 540,000</b>

SOURCES OF FUNDS	AMOUNT	LIEN POSITION	TERMS	Notes
Homebuyer Funds (At least 1% of Sales Price)	\$5,250	Cash		
First Mortgage	\$189,308	1st	TBD - 4.5% 30 Yr Fixed	Per Family Selected
City of LA Acquisition Loan	\$207,000	2nd	City Terms	City Terms
Other funding Source (Specify): LIPA	\$60,000	3rd	City Terms	City Terms
Other funding Source (Specify): HFH	\$63,442	4th	0% - Due upon Resale/Refi	
Other funding Source (Specify): WISH	\$15,000	5th	0% - Forgivable after 5 yrs	WISH funds to be used toward closing costs
Other funding Source (Specify):				
<b>TOTAL FUNDS</b>	<b>\$540,000</b>			
<b>Shortfall/(Surplus)</b>	<b>\$0</b>			



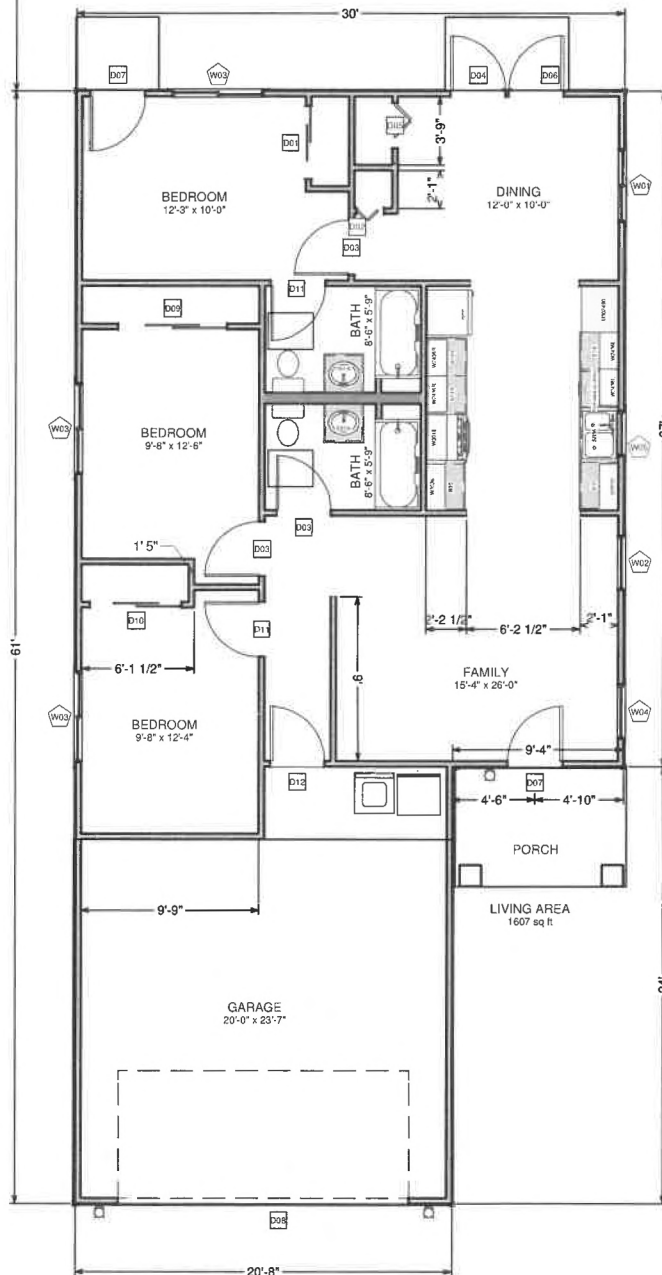
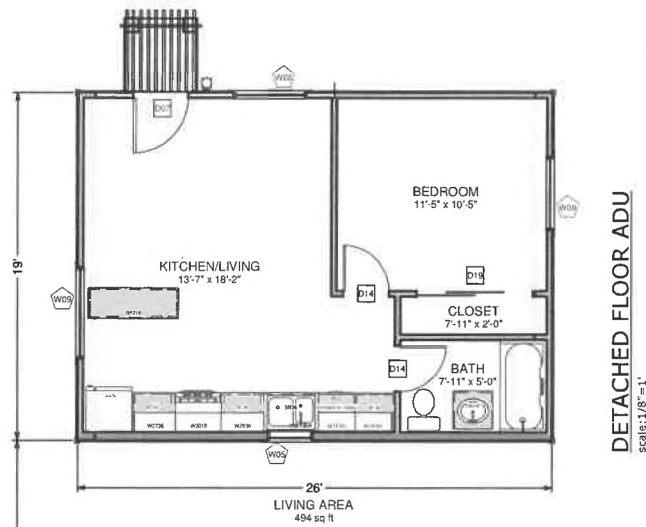
Spring St

Colden

## 9513 SPRING STREET – SITE PLAN

**9513 Spring St.  
Los Angeles 90003**

1,149 sq ft  
3 bed / 2 Bath  
Total sq ft including garage:  
1,607 sq ft  
DETACHED ADU: 494 sq ft





EAST FACE - DELTA HOUSE & DETACHED ADU



WEST FACE - DELTA HOUSE & DETACHED ADU

## ELEVATIONS

### Revisions:

No	Description	Date

### Design/Build by:

8739 Artesia Blvd  
Bellflower, CA 90706  
Phone: (310) 821-7631  
www.habitatla.org

Robert Dwell, PE  
rdwelle@habitatla.org

12/31/18

### Job:

Habitat for Humanity  
Affordable Housing  
9513 SPRING STREET  
Los Angeles, CA 90003

### Consultants:

Survey/Mapping:  
Anacal Engineering  
Contact: Glen Gwatney  
1900 E La Palma Ave, Suite 202  
Anaheim, CA 92805  
(714) 774-1763

### Structural:

Tibba Engineering  
Contact: Mark Ibrahim  
3436 E Longridge Dr  
Orange, CA 92667  
(714) 553-2595

### Soils:

Norcal Engineering  
Contact: Scott Spensiero  
10641 Humbolt Street  
Los Alamitos, CA 90720  
(562) 799-9469

### Landscaping:

Northeast Trees  
Contact: Theresa Rosoff  
570 W Avenue 26 - No. 200  
Los Angeles, CA 90065  
(323) 441-8634

### Date:

JUNE 20, 2017

### Scale:

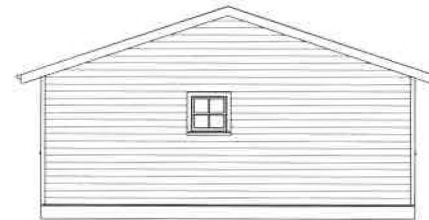
1/4" = 1'

### Sheet Title:

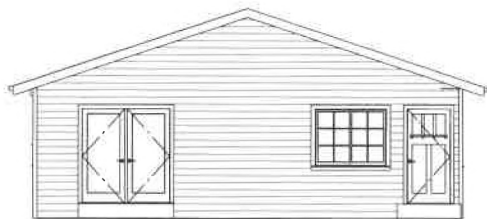
ELEVATIONS

### Sheet No.:

A-05



SOUTH FACE - DELTA HOUSE & DETACHED ADU



NORTH FACE - DELTA HOUSE & DETACHED ADU

## ELEVATIONS

### Revisions:

No	Description	Date

### Design/Build by:

8739 Artesia Blvd  
Bellflower, CA 90706  
Phone: (310) 821-7631  
www.habitatla.org

Robert Dwelle, PE  
rdwelle@habitatla.org

12/31/18

### Job:

**Habitat for Humanity  
Affordable Housing  
9513 SPRING STREET  
Los Angeles, CA 90003**

### Consultants:

Survey/Mapping:  
Anacal Engineering  
Contact: Glen Gwatney  
1900 E La Palma Ave, Suite 202  
Anaheim, CA 92805  
(714) 774-1763

Structural:  
Tibba Engineering  
Contact: Mark Ibrahim  
3436 E Longridge Dr  
Orange, CA 92667  
(714) 553-2595

Soils:  
Norcal Engineering  
Contact: Scott Spensiero  
10641 Humboldt Street  
Los Alamitos, CA 90720  
(562) 799-9469

Landscaping:  
Northeast Trees  
Contact: Theresa Rossoff  
570 W Avenue 26 - No. 200  
Los Angeles, CA 90065  
(323) 441-8634

### Date:

JUNE 20, 2017

### Scale:

1/4" = 1'

### Sheet Title:

ELEVATIONS

### Sheet No.:

A-06

**Attachment B:**

City Acquisition Loan Agreement – 9513 S. Spring Street

CITY LOAN AGREEMENT

THE CITY OF LOS ANGELES

(HOME OWNERSHIP PROJECT)

Borrower: Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit corporation

Project: 600 East L Street, Los Angeles, CA

Amount: \$1,064,000.00

Los Angeles City Council File Number: 10-1094-S2

Item Number: \_\_\_\_\_

Said Agreement is Number \_\_\_\_\_ of City Contracts

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**EXHIBITS**  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

- EXHIBIT A: LEGAL DESCRIPTION
- EXHIBIT B: DEFINITIONS
- EXHIBIT C: CITY NOTE
- EXHIBIT D: CITY DEED OF TRUST  
EXHIBIT A - LEGAL DESCRIPTION
- EXHIBIT E: BUDGET AND ELIGIBLE COSTS
- EXHIBIT F: FUNDING/FINANCING SOURCES OR COMMITMENTS
- EXHIBIT G: CONDITIONS PRECEDENT TO LOAN DISBURSEMENT
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- EXHIBIT L: SCHEDULE OF PERFORMANCE
- EXHIBIT M: AFFORDABILITY RESTRICTIONS
- EXHIBIT N: MAYOR'S EXECUTIVE ORDER NO. 2001-26
- EXHIBIT O: INSURANCE REQUIREMENTS
- EXHIBIT P: FORM OF GRANT DEED

**CITY LOAN AGREEMENT**

City Loan for acquisition of real property

**HABITAT FOR HUMANITY**

(600 East L Street, Los Angeles, CA)

(\$1,064,000.00)

This City Loan Agreement ("City Loan Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2017, by and between the City of Los Angeles, a municipal corporation ("Lender" or "City") and Habitat for Humanity of Greater Los Angeles, a California non-profit public benefit corporation ("Borrower").

**RECITALS**

A. **WHEREAS**, Lender wishes to promote HOME OWNERSHIP and a greater choice of housing opportunities for persons and families of low income and moderate income who are also First-Time Home Buyers and to assist in making housing more affordable in neighborhoods in need of revitalization.

B. **WHEREAS**, Lender is the owner of the real property located at 600 East L Street, Los Angeles, CA (as more particularly described in Exhibit "A" to this City Loan Agreement) (the "Property") which currently consists of a vacant lot.

C. **WHEREAS**, following a competitive Request for Proposal process conducted on behalf of the City by the former Community Redevelopment Agency of the City of Los Angeles ("CRA/LA") in or about 2004, it was determined that the public interest necessitates the sale of the Property to Borrower.

D. **WHEREAS**, pursuant to Council File No. 10-1094-S2, the Los Angeles Housing and Community Investment Department ("HCID"), was designated as with the authority to negotiate and execute the necessary documents, including but not limited to a Schedule of Performance.

E. **WHEREAS**, the Los Angeles Department of General Services ("GSD" ("GSD")) is the lead department for the City charged with conveying the Property to the Borrower.

F. **WHEREAS**, the Borrower proposes to acquire the Property for purpose of the development and construction of nine (9) single-family homes (each single family home may be referred to as a "Unit" or collectively as the "Project") each of which upon completion, shall be sold to Eligible Purchasers (as defined in Exhibit "B" to this City Loan Agreement) at full appraised value at the time of sale.

G. **WHEREAS**, the appraised value of the Property is One Million Sixty Four Thousand Dollars (\$1,064,000.00).

H. **WHEREAS**, this City Loan ("City Loan") is made in connection with the City's sale and transfer of the Property to Borrower for the purchase price (which is its appraised value) of One Million Sixty Four Thousand Dollars (\$1,064,000.00) ("Purchase Price"); and

I. the City Loan principal shall be set at One Million Sixty Four Thousand Dollars (\$1,064,000.00).

J. **WHEREAS**, a promissory note ("City Note") (Exhibit "C") shall be executed by Borrower concurrently herewith evidencing this City Loan. In addition, a Deed of Trust ("City Deed of Trust") (Exhibit "D") shall be executed by Borrower and shall be recorded against the Property contemporaneous with the execution of this City Loan Agreement. Also, Lender shall receive an Assignment of the Contractor's Contract and the Architect's Plans and Specifications (Exhibit "K"). These instruments are intended to secure Lender's continuing interest in the affordability and habitability of the Project, as well as to secure performance of other covenants contained in these City Loan Documents.

K. **WHEREAS**, as the Borrower sells each of the nine (9) Units to Eligible Purchasers in accordance with the terms of Article 4 hereto, 1/9<sup>th</sup> of the City Loan shall be deemed repaid by Borrower with the proceeds of a soft-second city loan ("City Soft Second Loan to be made to each Eligible Purchaser in the approximate amount of One Hundred and Eighteen Thousand Two Hundred and Twenty Two Dollars and Twenty Two Cents (\$118,222.22)).

L. **WHEREAS**, each City Soft Second Loan will be evidenced by promissory notes, secured by deeds of trust with **shared appreciation (equity) provisions** (see Section 1.6). Separate City Soft Second Loan Documents to be drafted by HCID, shall be executed between the City and each Eligible Purchaser as each Unit is sold. Each City Soft Second Loan will be for a term of thirty (30) years at zero percent (0%) interest.

M. **WHEREAS**, concurrently with the sale of each Unit and closing of each City Soft Second Loan to an Eligible Purchaser, the City will issue a partial re-conveyance of the City Loan to the Borrower, as applicable, until the entire City Loan has been deemed repaid in full. The nine (9) Eligible Purchasers shall then pay back the City Loan pursuant to the terms of their respective City Soft Second Loan Documents.

NOW THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for the making of this City Loan, Borrower and Lender hereby agree as follow:

**ARTICLE 1. TRANSFER OF THE PROPERTY AND TERMS OF CITY LOAN**

**1.1 PURCHASE AND SALE OF THE PROPERTY.** The City agrees to sell and transfer to Borrower, and Borrower agrees to purchase and accept from City, City's fee interest in the Property (Exhibit "A") in accordance with this City Loan Agreement and the grant deed attached hereto as Exhibit "P" ("Grant Deed").

**A. Purchase Price.** In accordance with and subject to all terms, covenants and conditions of this City Loan Agreement and the Grant Deed, the City agrees to transfer the Property to Borrower and Borrower agrees to purchase the Property for the Purchase Price of One Million Sixty-Four Thousand Dollars (\$1,064,000.00). The Purchase Price shall be paid by Borrower to City in the form of the City Loan, whose principal amount shall be equal to the Purchase Price.

**B. Condition of the Property.**

**1. Due Diligence.** The Borrower acknowledges that it has conducted all studies and investigations of the Property that it has deemed necessary to assure itself of the physical condition of the Property and the suitability of the Property for the development contemplated by this City Loan Agreement.

**2. "As Is" Condition.** THE BORROWER SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE CITY IS SELLING TO THE BORROWER AND THE BORROWER IS BUYING FROM THE CITY THE PROPERTY ON AN "AS IS WITH ALL FAULTS" BASIS AND THAT THE BORROWER IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS (EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT) OR IMPLIED, FROM THE CITY AS TO ANY MATTERS CONCERNING THE PROPERTY, INCLUDING WITHOUT LIMITATION: (A) THE QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, TOPOGRAPHY, CLIMATE, AIR, WATER RIGHTS, WATER, GAS, ELECTRICITY, UTILITY SERVICES, GRADING, DRAINAGE, SEWERS, ACCESS TO PUBLIC ROADS AND RELATED CONDITIONS); (B) THE QUALITY, NATURE, ADEQUACY, AND PHYSICAL CONDITION OF SOILS, GEOLOGY AND GROUNDWATER, (C) THE EXISTENCE, QUALITY, NATURE, ADEQUACY AND PHYSICAL CONDITION OF UTILITIES SERVING THE PROPERTY, (D) THE DEVELOPMENT POTENTIAL OF THE PROPERTY, AND THE PROPERTY'S USE, HABITABILITY, MERCHANTABILITY, OR FITNESS, SUITABILITY, VALUE OR ADEQUACY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE, (E) THE ZONING OR OTHER LEGAL STATUS OF THE PROPERTY OR ANY OTHER PRIVATE OR GOVERNMENTAL RESTRICTIONS ON THE USE OF THE PROPERTY, (F) THE COMPLIANCE OF THE

PROPERTY OR ITS OPERATION WITH ANY APPLICABLE CODES, LAWS, REGULATIONS, STATUTES, ORDINANCES, COVENANTS, CONDITIONS AND RESTRICTIONS OF ANY GOVERNMENTAL OR QUASI-GOVERNMENTAL ENTITY OR OF ANY OTHER PERSON OR ENTITY, AND (G) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS ON, UNDER OR ABOUT THE PROPERTY OR EMANATING FROM THE ADJOINING OR NEIGHBORING PROPERTY. THE BORROWER AFFIRMS THAT THE BORROWER HAS NOT RELIED ON THE SKILL OR JUDGMENT OF THE CITY OR ANY OF ITS RESPECTIVE AGENTS, EMPLOYEES, CONSULTANTS OR CONTRACTORS TO SELECT OR FURNISH THE PROPERTY FOR ANY PARTICULAR PURPOSE, AND THAT THE CITY MAKES NO WARRANTY THAT THE PROPERTY IS FIT FOR ANY PARTICULAR PURPOSE. THE BORROWER ACKNOWLEDGES THAT IT SHALL USE ITS INDEPENDENT JUDGMENT AND MAKE ITS OWN DETERMINATION AS TO THE SCOPE AND BREADTH OF ITS DUE DILIGENCE INVESTIGATION WHICH IT SHALL MAKE RELATIVE TO THE PROPERTY AND SHALL RELY UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY (INCLUDING, WITHOUT LIMITATION, WHETHER THE PROPERTY IS LOCATED IN ANY AREA WHICH IS DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY). THE BORROWER UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH ALL MATTERS PERTAINING TO THE PROPERTY'S LOCATION IN ANY AREA DESIGNATED AS A SPECIAL FLOOD HAZARD AREA, DAM FAILURE INUNDATION AREA, EARTHQUAKE FAULT ZONE, SEISMIC HAZARD ZONE, HIGH FIRE SEVERITY AREA OR WILDLAND FIRE AREA, BY ANY FEDERAL, STATE OR LOCAL CITY.

**C. Escrow.**

**1. Opening of Escrow.** Immediately following the full execution of this City Loan Agreement, Borrower and City shall open an escrow account ("Escrow") with an escrow company reasonably acceptable to both parties ("Escrow Agent"). The Escrow Agent shall accomplish the recordation of the Grant Deed and City Deed of Trust pursuant to this City Loan Agreement, as more particularly set forth herein. This City Loan Agreement constitutes the joint basic escrow instructions of City and Borrower with respect to the concurrent transfer of the Property to Borrower and closing of the City Loan. City and Borrower shall provide such additional escrow instructions as shall be consistent with this City Loan Agreement and necessary for the accomplishment of its purpose. Escrow Agent is hereby empowered to act under this City Loan Agreement, and Escrow Agent, upon indicating within five (5) business days after the opening of Escrow its acceptance of the provisions of this section in writing delivered to City and Borrower, shall carry out its duties as Escrow Agent hereunder.

**2. Closing Costs.** Borrower shall pay to the Escrow Agent all fees, charges and costs of the Escrow, including but not limited to any documentary transfer taxes, promptly after the

Escrow Agent has notified Borrower of the amount of such fees, charges and costs, prior to the Closing Date as provided below.

**3. Duty of Escrow Agent.** The Escrow Agent is authorized to: (a) deliver the Grant Deed and other documents, including the City Note and the City Deed of Trust, to the parties entitled thereto when the conditions of this Escrow have been fulfilled by City and Borrower; and (b) record any instruments delivered through this Escrow in accordance with the terms and provisions of this City Loan Agreement. Any amendment to these Escrow instructions shall be in writing and signed by both City and Borrower. At the time of any amendment, Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment.

**4. Close of Escrow.** Subject to any extensions of time mutually agreed upon in writing between City and Borrower, the transfer of title to Borrower pursuant to the Grant Deed shall be completed concurrently with the closing of the City Loan, as evidenced by the delivery of the City Note to the City and recordation of the City Deed of Trust (the "Closing Date"). Notwithstanding anything to the contrary, neither delivery nor recordation of the Grant Deed shall occur without the concurrent closing of the City Loan.

**5. Recordation of Documents.** Escrow Agent shall record, in the Office of the County Recorder of Los Angeles County, California, the following documents concurrently, in the following order: (1) Grant Deed, and (2) the City Deed of Trust.

**1.2 CITY BUSINESS TAX REGISTRATION CERTIFICATE.** If applicable, the Borrower represents that it has obtained and presently holds the Business Tax Registration Certificate(s) required by the City's Business Tax Ordinance, Section 21.00 et seq. of the Los Angeles Municipal Code. For the term covered by this City Loan Agreement, Borrower shall maintain, or obtain as necessary, all such Certificates required of it under the Business Tax Ordinance and shall not allow any such Certificate to be revoked or suspended.

**1.3 AMOUNT OF CITY LOAN.** On and subject to the terms and conditions of the City Loan Documents, Lender agrees to transfer to Borrower and the Borrower agrees to purchase the Property for One Million Sixty Four Thousand Dollars (\$1,064,000.00). The City Loan principal shall be set at One Million Sixty Four Thousand Dollars (\$1,064,000.00) as evidenced by a promissory note (the "City Note") (Exhibit "C") in this amount and secured by a Deed of Trust (the "City Deed of Trust") (Exhibit "D") recorded against the Property. The City Loan shall be deemed disbursed upon transfer of title of the Property to Borrower.

1.4 **INTEREST.** The City Note shall bear simple interest at the rate of three percent (3%) per annum on the outstanding principal amount commencing from the date of the City Note until paid. The City will waive interest if the Project is completed on time per the Schedule of Performance (Exhibit "L").

1.5 **TERM OF CITY LOAN.** Payments of principal and interest shall be made as required by the City Note. Unless due sooner pursuant to the City Note, the principal of the City Loan and all accrued interest thereon shall be due and payable on the earliest of: (a) three (3) years from the date of close of escrow as to the transfer of the Property from the City to Borrower, (b) the date the Property is sold, assigned, transferred or refinanced without the City's approval, or (c) an Event of Default by Borrower which has not been cured as provided for in this City Loan Agreement.

1.6 **REPAYMENT OF THE CITY LOAN.** Upon completion of each Unit(s), Borrower shall sell each to Eligible Purchasers in accordance with the terms of Article 4 hereto. As each completed Unit is sold,  $1/9^{\text{th}}$  of the City Loan shall be deemed repaid by Borrower with the proceeds of a City Soft Second Loan to be made to each Eligible Purchaser in the approximate amount One Hundred and Eighteen Thousand Two Hundred and Twenty Two Dollars and Twenty Two Cents (\$118,222.22)).

**The principal amount of the City Soft Second Loans shall not be reduced by any future reduction in sales price.**

Each City Soft Second Loan shall be evidenced by a promissory note, secured by a deed of trust with **shared appreciation (equity) provisions**. The City's percentage share will be capped at ten percent (10%) of the difference between the original purchase price of the Unit and the greater of the: (1) the future sales price of the Unit or (2) the appraised value of the Unit at the time of future sale, if sweat equity is contributed by the Eligible Purchaser. If sweat equity is no contributed by the Eligible Purchaser, the City's percentage **shared appreciation (equity) shall be computed as follows:**

Amount of City Soft Second Loan divided by Purchase Price of the Property, expressed as a percentage.

Separate City Soft Second Loan Documents to be drafted by HCID, shall be executed between the City and each Eligible Purchaser as each Unit is sold. Each City Soft Second Loan will be for a term of thirty (30) years at zero percent (0%) interest.

Concurrently with the sale of each Unit and closing of each City Soft Second Loan to an Eligible Purchaser, the City will issue a partial re-conveyance of the City Loan to the Borrower, as

applicable, until the entire City Loan has been deemed repaid in full. The nine (9) Eligible Purchasers shall then each pay back 1/9<sup>th</sup> of the City Loan pursuant to the terms of their respective City Soft Second Loan Documents. All nine (9) sales must be completed before the Term of the City Loan (as set forth in Section 1.5) expires.

1.7           **USE OF PROPERTY.** The Property shall only be used by Borrower for the development and construction of the nine (9) Units, each of which upon completion, are to be sold to Eligible Purchasers in accordance with Article 4 hereto.

1.8           **PREPAYMENT OF CITY LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of the City Loan amount prior to the end of the City Loan Term described herein.

1.9           **COLLATERAL.** As collateral for the City Loan, the Borrower shall provide the Lender with an executed City Deed of Trust in the form attached as Exhibit "D", giving the Lender a security interest in the Property. The Borrower shall deliver concurrently with the execution of the City Deed of Trust, the original executed City Note in the form attached as Exhibit "C", which the Lender shall hold until the City Note is paid in full or is deemed paid back in full by the proceeds of the City Soft Second Loans made to all nine (9) Eligible Purchasers of the completed Units.

Lender shall file a UCC-1 with the California Secretary of State, a copy of which is attached as Exhibit "J", giving the Lender a security interest in the Improvements, personal property, and Plans and Specifications. Exhibit "J" is hereby incorporated into this City Loan Agreement by this reference.

If applicable, concurrent with the recording of the City Deed of Trust, the Lender shall cause all previous deeds of trust to be respectively re-conveyed, all of the previous promissory notes shall be cancelled and returned to the Borrower and all previous UCC-1's shall likewise be terminated.

As further security, the Borrower agrees to assign and transfer to the City, subject to the rights of prior lien holders, its successor or assigns, all of the (1) the Borrower's rights in and to the Plans and Specifications, together with all amendments, modifications, supplements, general conditions and addenda thereto relating to the Project and (2) Borrower's rights, title and interest in the agreement between Borrower and the Architect relating to the development of the Project in the form attached as Exhibit "K", which is hereby incorporated into this City Loan Agreement by reference.

1.10           **CONDITIONS PRECEDENT TO CITY LOAN DISBURSEMENT AND TRANSFER OF PROPERTY.** The City shall not be obligated to transfer the Property to the Borrower or take any other action under the City Loan Documents nor shall Borrower be obligated to accept the Property, unless all of the conditions precedent contained in Exhibit "G" are satisfied. Exhibit "G" is hereby incorporated into this City Loan Agreement by this reference. The City Loan shall be deemed disbursed upon transfer of title of the Property to Borrower.

Prior to the City Loan disbursement, Borrower shall submit a fully executed Certification and Disclosure Regarding Lobbying, as required by 24 CFR 87.110, attached as Exhibit "H", which is hereby incorporated into this City Loan Agreement by this reference. Borrower shall comply with all provisions of 31 USC §1352 et seq., 29 CFR Part 93, and all City lobbying policies. Borrower shall also submit an executed Certification Regarding Debarment, as required by Executive Order 12549, attached as Exhibit "I", which is hereby incorporated into this City Loan Agreement by this reference.

## **ARTICLE 2.   PREDEVELOPMENT OF PROJECT**

2.1   **FINANCING.** Borrower shall promptly inform Lender of any changes in the amount, terms, and/or sources of funding/financing sources or commitments (Exhibit "F") or funding for the Project.

2.2   **CONSTRUCTION BONDS.** Where applicable, Borrower or its subcontractor shall procure and deliver to Lender copies of labor and material (payment) bonds and performance bonds, or a dual bond which covers both payment and performance obligations, with respect to the construction of the Project in a penal sum each of not less than one hundred percent (100%) of the scheduled cost of construction. Said bonds should be issued by an insurance company which is licensed to do business in California and has a rating equivalent to AAA or AA+ by Standard and Poor's or Moody's. The labor and materials (payment) bond should name Lender as a co-obligee or assignee. In lieu of said bonds, a letter of credit in the sole name and possession of Lender in the penal amount and in a form and substance acceptable to Lender may be substituted.

2.3   **BORROWER'S PERSONNEL.** While the City acknowledges and agrees that Borrower's business model also utilizes volunteer labor (and donations of materials and labor) unless otherwise provided for or approved by the City, Borrower shall use its own employees to perform the services described in this City Loan Agreement. The City shall have the right to review and approve any personnel who are assigned to work under this City Loan Agreement. Borrower

agrees to remove personnel from performing work under this City Loan Agreement if requested to do so by the City.

Borrower shall not use subcontractors to assist in the performance of this City Loan Agreement without the prior written approval of the City. If the City permits the use of subcontractors, the Borrower shall remain responsible for performing all aspects of this City Loan Agreement. The City has the right to approve Borrower's subcontractors and the City reserves the right to request replacement subcontractors. The City does not have any obligation to pay Borrower's subcontractors, and nothing herein creates any privity between the City and the subcontractors.

**2.4 CONTRACTS AND SUBCONTRACTS.** All construction work and professional services for the Project shall be performed (or with respect to volunteers, supervised) by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California and shall be reviewed and approved by Lender. Borrower shall have a current City of Los Angeles Business License.

All contracts entered into for the Project shall be the result of either competitive or negotiated bids unless otherwise approved by Lender. All costs incurred in predevelopment, development and operation of the Project shall be the responsibility and obligation solely of Borrower.

**2.5 PREVAILING WAGES.** To the extent that Borrower and/or its contractors or subcontractors do not utilize volunteer labor, Borrower shall and shall cause the contractor and subcontractors to pay prevailing wages in the construction of the Improvements as those wages are determined pursuant to Labor Code Sections 1770-1781 and implementing regulations of the Department of Industrial Relations and comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations, if applicable. The Borrower shall and shall cause the contractor and contractors to keep and retain such records as are necessary to determine if such prevailing wages have been paid as required pursuant to Labor Code Sections 1770-1781. Copies of the currently applicable current per diem prevailing wages are available from the Los Angeles Housing and Community Investment Department, 1200 W. 7th Street, 8th Floor, Los Angeles, California 90017. During the construction of the Improvements, Borrower shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages. Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity

(including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the Improvements or any other work undertaken or in connection with the Property.

**2.6 DAVIS-BACON ACT. [If Applicable]** To the extent that Borrower and/or its contractors or subcontractors do not utilize volunteer labor, Borrower shall and shall cause the contractor and subcontractors to comply with the requirements of the Davis-Bacon Act pursuant to 40 U.S.C.S. 3141-3148 and implementing regulations, if applicable. All workers performing construction work for the Project employed by Borrower or by any contractor or subcontractor shall be compensated in an amount no less than the wage rate determined by the U.S. Labor Department pursuant to the federal Davis-Bacon Act and implementing rules and regulations. Borrower shall comply with all reporting and recordkeeping requirements of the applicable statutes and regulations. During the construction of the Improvements, Borrower shall or shall cause the contractor to post at the Property the applicable prevailing rates of per diem wages. Borrower shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including Borrower, its contractor and subcontractors) to pay prevailing wages as determined pursuant to 40 U.S.C.S. 2141-3148 and implementing regulations or comply with the other applicable provisions of 40 U.S.C.S. 2141-3148 and implementing regulations in connection with construction of the Improvements or any other work undertaken or in connection with the Property.

**2.7 CITY AND OTHER GOVERNMENTAL AGENCY PERMITS.** Before commencement of any work on the Project, Borrower and its directors, officer, partners, agents, employees, and subcontractors, to the extent allowed hereunder, shall obtain and maintain all licenses, permits, certifications and other documents necessary for Borrower's performance hereunder and shall pay any fees required thereof. Borrower certifies to immediately notify the City of any suspension, termination, lapse, non-renewals, or restrictions of license, permits, certificates, or other documents. The Project shall be developed in accordance with applicable State and Local building codes or, in the absence of such codes, in accordance with a nationally recognized model building code.

**2.8 PLANS AND SPECIFICATIONS.** Before commencement of construction, Borrower shall submit to Lender for its review and approval the final plans and specifications for development of the Project (the "Plans and Specifications"). Borrower shall develop

the Project in full conformance with the Plans and Specifications and any modifications thereto approved by Lender.

2.9 **TITLE AND TITLE INSURANCE.** At the time of transfer to Borrower, Lender warrants that it shall deliver to Borrower good and marketable title to the Property. Borrower agrees that it shall maintain good and marketable title to the Property. As a condition for closing the City Loan, Borrower shall obtain at its own expense, an ALTA City Loan Policy of title insurance naming Lender as the insured with liability not less than the principal amount of the City Loan, issued by an insurer satisfactory to Lender, excepting only such defects, liens, encumbrances, and exceptions as are approved by Lender, and containing such endorsements as Lender may require.

### **ARTICLE 3. DEVELOPMENT OF PROJECT**

#### **3.1 Local, State and Federal Laws**

A. The Borrower shall carry out the construction of the Project in conformity with all applicable laws, including all applicable federal and state labor standards. The Borrower shall be responsible for complying with all applicable City, County and State building codes, and planning and zoning requirements, and shall take all necessary steps so that the development of the Property and the construction, use, operation, and maintenance of the Improvements thereon in accordance with the provisions of this City Loan Agreement shall be in conformity with applicable zoning and General Plan requirements, and that all applicable environmental mitigation measures and other requirements shall have been complied with.

B. The Borrower shall carry out the administration of this City Loan Agreement in conformity with all applicable laws, including, but not limited to the following applicable federal and state laws:

1. Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601-20 (Public Law 90-284) and implementing regulations at 24 CFR Part 107.
2. Executive Order 11063 and regulations at 24 CFR Part 107.
3. Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 1.

4. The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and regulations at 24 CFR Part 146.
5. Section 504 of the Rehabilitation Act of 1973. 29 U.S.C. 794 and implementing regulations at 24 CFR Part 8.
6. Architectural Barriers Act of 1968, 42 U.S.C. 4151-4157.
7. Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821-4826 and implementing regulations at 24 CFR Part 35.
8. Executive Order 12372 and implementing regulations at 24 CFR Part 52.
9. Flood Disaster Act of 1973, 42 U.S.C. 4001, et seq.
10. Drug Free Workplace Act of 1988, P.L. 100-690, Title V, Subtitle D.
11. Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970, 42 U.S.C. 4601, et seq. and 24 CFR Part 42.
12. Office of Management and Budget ("OMB") Circulars A-87, A-110, 1-122 and A-128 Audits of State and Local Government, and implementing regulations at 24 CFR Part 44.
13. Community Housing Development Organization requirements in 24 C.F.R. Sections 92.300 and 92.301.

**3.2 CONFIGURATION OF THE PROJECT.** Borrower shall develop the Project in accordance with the Plans and Specifications as: nine (9) single family homes, configured as follows: three (3), 1,165 square foot homes and six (6), 1,150 square foot homes. Each single family home shall be single story, with three (3) bedrooms, two (2) bathrooms and a two (2) car garage.

**3.3 COMMENCEMENT OF CONSTRUCTION.** Borrower shall begin commencement of construction of the Project no later than three (3) months from the later to occur: (i) the date title to the Property is transferred to the Borrower or (ii) this City Loan Agreement is executed by the City Clerk. Borrower shall not commence construction until Lender has issued a written Notice to Proceed.

Lender shall issue a Notice to Proceed when all predevelopment requirements have been met, including, but not limited to:

- A. Submission and approval by Lender of the Plans and specifications and the construction contract;
- B. Submission and approval by Lender of all bonds and insurance requirements of this City Loan Agreement;
- C. Submission and approval by Lender all of the necessary permits and licenses required to begin development of the Project;
- D. Submission and approval by Lender all required documentation regarding affirmative action and minority/women's business enterprises as required by Article 5 of this City Loan Agreement.

**3.4 COMPLETION OF CONSTRUCTION.** Following commencement of construction, Borrower shall diligently continue construction of the Project to completion as evidenced by the recording of a Notice of Completion. Borrower shall complete construction by no later than twenty-four (24) months from the date the first building permit is issued for the Project.

**3.5 SCHEDULING AND EXTENSIONS OF TIME.** It shall be the responsibility of Borrower to coordinate and schedule the work to be performed so that commencement and completion will take place in accordance with the provisions of Schedule of Performance attached as Exhibit "L" of this City Loan Agreement, and incorporated herein by this reference. Lender may extend the time for commencement or completion in its sole and absolute discretion in writing if it determines that delay in the progress of work is not attributable to the negligence of Borrower and that such delay was due to causes beyond the control of Borrower. Any time extension granted to Borrower to enable Borrower to complete the work shall not constitute a waiver of any other rights (including, but not limited to, the right to charge 3% simple interest for Borrower's failure to complete the Project on time) Lender has under this City Loan Agreement.

**3.6 QUALITY OF WORK.** Borrower shall construct the Project in conformance with industry standards and shall employ building materials of a quality suitable for the requirements of the Project. Borrower shall develop the Project in full conformance with applicable local, state, and federal statutes, regulations, and building and housing codes.

3.7 **ADDITIONS OR CHANGES IN WORK.** Lender must be notified in a timely manner of any changes in the work required to be performed under this City Loan Agreement, including any additions, changes, or deletions to the approved Plans and Specifications. A written Change Order authorized by Lender must be obtained before any of the following changes, additions, or deletions in work for the Project may be performed: A) any change in the work that exceeds Five Thousand Dollars (\$5,000); or B) any set of changes that cumulatively exceeds Fifty Thousand Dollars (\$50,000) or ten percent (10%) of the City Loan amount, whichever is less; or C) any material change in building materials or equipment, specifications, or the architectural or structural design of the Project as provided for in the Plans and Specifications. The Lender has fifteen (15) business days from receipt of such written request for change in work by Borrower to respond. Consent to any additions, changes, or deletions to the work shall not relieve or release Borrower from any other obligations in the City Loan Documents, or relieve or release Borrower or its surety from any surety bond.

3.8 **MAINTENANCE OF RECORDS, RIGHT TO INSPECT AND COPY.**

- A. The Borrower agrees to keep and maintain books, accounts, reports, files, records (including records pertaining to race, color, creed, sex and national origin of any and all tenants (if applicable) and prospective Eligible Purchasers of the Units) and books of original entry, source documents supporting accounting transactions, financial transactions, service records, general ledger, and canceled checks, and other documents relating to the receipt and transfer of the Property and performance under this City Loan Agreement, in their original form in accordance with this City Loan Agreement and any other implementing laws, rules and regulations, including but not limited to any applicable requirements under HOME Funds contained in 24 CFR 92.508 and CDBG Funds contained in 24 CFR 570.490 and 24 CFR 570.493. Borrower shall maintain copies of such books and records in a location that is within twenty five (25) miles of the Property.
- B. At all reasonable times and following reasonable notice to the Borrower, any duly authorized representative of the City or the Auditor General of the State of California shall have access to and the right to inspect, copy, audit, and examine all such books, records, accounts, reports, files, and other documents of the Borrower kept with respect to the Project, until completion of all close-out procedures and final settlement and conclusion of all issues.
- C. The Borrower shall furnish such statements, records,

reports, including litigation reports (except any materials subject to the attorney-client or other privilege), data and other information kept with respect to the Project as the City may from time to time reasonably request.

- D. The Borrower shall retain non-discrimination records on any and all tenants (if applicable) and prospective Eligible Purchasers of the Units for Unit ownership for at least twenty five (25) months following the date the record was made. All other records that are required to be retained under this Section shall be retained for a period of three (3) years or until such time as audit findings have been resolved, whichever is later.
- E. Any subcontract entered into by Borrower, to the extent allowed hereunder, shall include like provisions for work to be performed under this City Loan Agreement.

### 3.9 AUDITS & INSPECTIONS.

- A. Borrower shall make available for examination at reasonable intervals and during normal business hours to Lender all books, accounts, reports, files, and other papers or property with respect to all matters covered by these City Loan Documents, and shall permit Lender to audit, examine, and make excerpts or transcripts from such records (except any materials subject to the attorney-client or other privilege). Lender may make audits of any conditions relating to this City Loan.
- B. Following reasonable notice to Borrower, at any time during normal business hours and as often as the U.S. Comptroller General, Auditor General of the State of California or the City may deem necessary, the Borrower shall make available for examination, all of its records that support all matters covered by this City Loan Agreement.
- C. Following Lender's transfer of the Property to the Borrower, Borrower shall conduct audits or have audits conducted on an annual basis, in accordance with the Single Audit Act of 1984, P.L. 98-502, implementing regulations in OMB Circular A-133, City Council action dated February 4, 1987, C.F. No. 84-2259-S1 and administrative regulations or field memos implementing revisions or updates to the audit requirements. The auditor's reports, prepared in accordance with appropriate Federal Audit Standards, and any accompanying management reports on the operation of the entity or this

City Loan Agreement, shall be submitted to the City within one hundred twenty (120) days after the close of the Borrower's fiscal year.

1. The audit is to be conducted annually on an organization wide basis to test the fiscal integrity of financial transactions as well as compliance with the terms and conditions of any Federal grant, if applicable and this City Loan Agreement. The audit is to be conducted by a Certified Public Accountant approved by the City.
2. If this City Loan Agreement is terminated sooner than the close of Borrower's fiscal year, either by completion of Borrower's obligations under this City Loan Agreement or because of default of either party, the audit shall be immediately conducted and submitted to the City within ninety (90) days after such termination.
3. The Borrower, no later than fifteen (15) days after receipt of the final audit report and within one hundred twenty (120) days after the close of Borrower's fiscal year, shall submit three (3) copies of the report to the Portfolio Management Section of HCID.
4. If the auditor's report or management report identifies deficiencies with internal controls, contract compliance, or cost certification, the Borrower shall prepare and submit a corrective action plan along with the auditor's reports. The plan shall address all deficiencies and provide specific details on corrective actions to be taken along with the date the action was or will be implemented. If any certification indicates that the Property was not used in accordance with the provisions of this City Loan Agreement and the Units have not yet been sold or committed to be sold to Eligible Purchasers via executed purchase and sales agreement(s), the Borrower shall immediately transfer the Property back to the City in fee and this City Loan Agreement shall be immediately terminated.

- D. The City, Auditor General of the State of California, the U.S. Comptroller General shall have the authority to audit, examine and make excerpts or transcripts from records (except any materials subject to the attorney-client or other privilege), including contracts, invoices, participant records and other records

supporting this City Loan Agreement. Audits of earned funds are limited to determining if such funds were earned in accordance with this City Loan Agreement.

- E. Subject to approval by Lender, Borrower may request the annual review to occur at the same time as the annual review for any other program on the Project (a "Mass Recertification Date").
- F. Any subcontract entered into by Borrower, to the extent allowed hereunder, shall include like provisions for work to be performed under this City Loan Agreement.

**3.10 CONSTRUCTION RESPONSIBILITIES.** Borrower shall be solely responsible for all aspects of Borrower's conduct in connection with the Project, including, but not limited to, the quality and suitability of the Plans and Specifications, the supervision of construction work, and the qualifications, financial conditions, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Lender is under no duty to review the Plans and Specifications or to inspect construction of the Project. Any review or inspection undertaken by Lender with reference to the Project is solely for the purpose of determining whether Borrower is properly discharging its obligations to Lender, and should not be relied upon by Borrower or by any third parties as a warranty or representation by Lender as to the quality of the design or construction of the Project.

**3.11 ENCUMBRANCE OF PROPERTY.** Except as otherwise provided in this City Loan Agreement, prior to the completion of the development of the Project as evidenced by the recordation of a Notice of Completion, Borrower shall not engage in any financing or any other transaction creating any security interest or other encumbrance or lien upon the Property, whether by express agreement or operation of law, or allow any encumbrance or lien to be made on or attached to the Property, except with the prior written consent of Lender. Until issuance of a Notice of Completion, Borrower shall notify Lender in writing in advance of any financing secured by any deed of trust, mortgage, or other similar lien instrument that it proposes to enter into with respect to the Project or Property, and of any encumbrance or lien that has been created on or attached to the Property whether by voluntary act of Borrower or otherwise.

**3.12 TRANSFER OF PROPERTY PRIOR TO COMPLETION.** Borrower has not and shall not, prior to the completion of the development of all nine (9) Units as evidenced by a recorded Notice of Completion, make or permit any sale, assignment, conveyance, lease, or other transfer of this City Loan Agreement, the Project, or the Property,

or any part thereof without the prior written consent of Lender. Lender shall give its consent to a sale, transfer, or conveyance provided that all of the following conditions are met: (a) transfer is made in accordance with the sale of a completed Unit to an Eligible Purchaser in accordance with the terms of the City Loan Agreement; (b) Borrower is in compliance with the City Loan Documents, or the sale, transfer, or conveyance will result in the cure of any existing violations of the City Loan Documents; (c) the transferee demonstrates to Lender's satisfaction that it is capable of completing the Project in full compliance with the City Loan Documents; and (d) the terms of the sale, transfer, or conveyance shall not jeopardize Lender's security interest or shall provide a similar security interest in the Property and is in full compliance with all legal standards, including eligibility requirements and other conditions imposed by any funding sources for the Project and the City Loan Agreement.

**3.13 MECHANICS LIENS AND STOP NOTICES.** If any claim of lien is filed against the Property or a stop notice affecting the City Loan is served on Lender, Borrower shall, within twenty (20) days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to Lender a surety bond in sufficient form and amount, or provide Lender with other assurance satisfactory to Lender that the claim of lien or stop notice will be paid or discharged.

If Borrower fails to discharge any lien, encumbrance, charge, or claim referred to herein, then in addition to any other right or remedy, Lender may, but shall be under no obligation to, discharge the same at Borrower's expense. Alternatively, Lender may require Borrower to immediately deposit with Lender the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. Lender may use such deposit to satisfy any claim or lien that is adversely determined against Borrower.

Borrower shall file a valid Notice of Cessation or Notice of Completion upon cessation of construction on the Project for a continuous period of thirty (30) days or more, and take all other reasonable steps to forestall the assertion of claims of lien against the Property. Borrower authorizes Lender, but without any obligation, to record any notices of completion or notices of cessation of labor, or any other notice that Lender deems necessary or desirable to protect its interest in the Project and Property; provided, however, that Lender shall exercise this right only if and when Borrower fails to take action as required.

**3.14 BARRIERS TO THE DISABLED.** The Project shall be developed and the Property shall be maintained to comply with all applicable federal, state, and local requirements for access for disabled persons, including, where applicable, the California Building Code,

the Americans with Disabilities Act, and Title VIII of the Civil Rights Act as amended in 1988 by the Fair Housing Amendments Act.

**3.15 LEAD-BASED PAINT AND ASBESTOS REMOVAL.** Borrower and its contractors and subcontractors shall remove, encapsulate, or enclose lead and asbestos hazardous materials as provided for by Federal Regulations 24 C.F.R., 29 C.F.R., 40 C.F.R., Title X, California O.S.H.A., California health codes, and all city standards; and shall not use lead-based paint and asbestos in its rehabilitated or reconstructed units and shall not use lead-based paint or asbestos in the construction or maintenance of the Property. Borrower shall incorporate or cause to be incorporated this provision in all contracts and subcontracts for work performed on the Property which involve the application of paint or removal of asbestos.

A. Any owner of a pre-1978 building who receives HCID assistance for demolition and/or rehabilitation will be given a list of trained, certified lead-based paint and asbestos contractors from which to select a firm for assessment of the hazardous materials in the building.

B. A qualified contractor certified by the State of California and properly licensed will be hired to do the assessment. If lead-based paint and/or asbestos is found, the contractor will prepare an abatement plan. Said plan, upon review and approval, shall be implemented. The hazardous material testing process, test results and the abatement plan will be monitored and enforced through HCID inspection during the course of work. The actual rehabilitation activity (Improvements) regarding hazardous materials may only be done by State of California certified supervisors and workers. All such work must be completed, required documentation provided, and pass clearance testing before any progress payments can be released.

**3.16 ENVIRONMENTAL ASSESSMENT REPORT.** To the extent that environmental review under the California Environmental Quality Act is required with respect to activities under this City Loan Agreement, the City shall review such report or document. The Borrower shall provide all information, assistance, and cooperation necessary to prepare such report or document. The Borrower warrants that it has not and shall not take any action which might have a material adverse environmental effect, limit the choices among competing environmental alternatives, or alter environmental premises upon which the City's environmental findings are based. The Borrower agrees not to undertake any activity having a potential adverse environmental effect until such time as the City has advised the Borrower that it has completed an environmental assessment of the Project in accordance with 24 CFR Part 58.

**3.17 CLAIMS FOR LABOR AND MATERIALS.** To the extent labor and materials for the Project are purchased as opposed to donated, Borrower, shall promptly pay when due, all amounts for labor and materials purchased in the performance of this City Loan Agreement so as to prevent any lien or other claim under any provision of law from arising against City property (including reports, documents, and other tangible or intangible matter produced by Borrower hereunder), against Borrower's rights to payments hereunder, or against the City, and shall pay all amounts due under the Unemployment Insurance Act with respect to such labor.

**3.18 NOTICE OF COMPLETION.** Upon completion of development of the Project, Borrower shall submit a certification from the architect for the Project stating that the Improvements to the Property have been made in substantial accordance with the Plans and Specifications and/or work write-up, and the terms of the City Loan Documents. Borrower shall furnish Lender a copy of the Notice of Completion for the Project no later than ten (10) days after recordation with the County of Los Angeles, upon the occurrence of all of the following, (1) final approval on all City and other governmental permits (including issuance of Certificate of Occupancies for each Unit); (2) a determination by Lender that Borrower has completed the Project in substantial conformance with industry standards and the Plans and Specifications and/or work write-up; (3) completion of a cost certification reviewed and approved by an independent Certified Public Accountant ("CPA"); and (4) a determination by Lender that Borrower has satisfied all of Borrower's development obligations under this City Loan Agreement.

The Notice of Completion shall be in a recordable form acceptable to Lender. If Borrower fails to provide the Notice of Completion within the specified time, it shall provide Lender with a written statement indicating in what respects Borrower has failed to complete the construction of the Project in conformance with this City Loan Agreement or is otherwise in violation of the terms of the City Loan Documents, and what measures Borrower will need to take or what standards it will need to meet in order to obtain the Notice of Completion. If and when Borrower has taken the specified measures or met the specified standards, and is not otherwise in violation under the City Loan Documents, Borrower shall deliver the Notice of Completion to Lender.

**3.19 FEES, TAXES, AND OTHER LEVIES.** During the time Borrower holds title to the Property or to any completed Unit, Borrower shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the Property or the Project, and shall pay such charges prior to delinquency. However, Borrower shall not be required to pay and discharge any such charge so long as: (A) the legality thereof is being contested in good faith and by

appropriate proceedings, and (B) Borrower maintains reserves adequate to pay any contested liabilities.

**3.20 DAMAGE TO PROPERTY.** If any building or Improvements erected by Borrower on the Property is damaged or destroyed by an insurable cause, Borrower shall, at its cost and expense, repair or restore said buildings and Improvements consistent with the original Plans and Specifications for the Project. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be completed within one (1) year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Borrower shall make up the deficiency.

**3.21 RELOCATION.** If and to the extent that development of the Project results in the permanent or temporary displacement of residential tenants homeowners, or businesses (if applicable), Borrower shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance, and payment of monetary benefits. Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with said relocation laws.

#### **ARTICLE 4. SALE OF THE PROJECT**

**4.1 SALE TO ELIGIBLE PURCHASERS.** Upon the issuance of a Certificate of Occupancy for each Unit, Borrower shall engage the services of a certified real estate appraiser (subject to the approval of the Lender) which shall set the price of each Unit at its full appraised value.

Borrower shall then sell each Unit to Eligible Purchasers (as that term is defined in Exhibit "B" of this City Loan Agreement) its full appraised value at the time of sale and in accordance with Exhibit "M". **No re-sale restrictions shall be recorded against any of the nine (9) Units.** Financing for the sale of each Unit shall include a City Soft Second Loan.

Prior to the execution of a sales contract with a proposed Eligible Purchaser, Borrower shall submit to Lender for its approval the sales contract and information on the proposed Eligible Purchaser which shall include all of the following, but not be limited to:

- A. The name, address and daytime and evening telephone numbers in writing of the proposed Eligible Purchaser(s);

- B. A signed financial statement or tax return of the proposed Eligible Purchaser(s) in a form acceptable to Lender and any other supporting documentation requested by Lender. The financial information shall be used by Lender to determine the income eligibility of the proposed Eligible Purchaser(s);
- C. A written certification from the Borrower and the proposed Eligible Purchaser(s) in a form acceptable to Lender that:
  - 1. The purchase shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by Lender;
  - 2. The proposed Eligible Purchaser(s) nor any other party has paid or will pay to Borrower, and the Borrower has not received and will not receive from the proposed Eligible Purchaser(s) or any other party, money or other consideration in addition to what is set forth in the sales contract and documents submitted to Lender including personal property.

All nine (9) sales must be completed before the Term of the City Loan (as set forth in Section 1.5 of the City Loan Agreement) expires.

#### **4.2 REPAYMENT OF THE CITY LOAN BY ELIGIBLE PURCHASERS.**

Upon completion of each Unit(s), Borrower shall sell each Unit to an Eligible Purchaser at its full appraised value at the time of sale. As each completed Unit is sold, 1/9<sup>th</sup> of the City Loan shall be deemed repaid by the Borrower with the proceeds of the City Soft Second Loan to be made to each Eligible Purchaser in the approximate amount of One Hundred Eighteen Thousand Two Hundred and Twenty Dollars and Twenty Two Cents (\$118,222,22).

**The principal amount of the City Soft Second Loans shall not be reduced by any future reduction in sales price.**

Each City Soft Second Loan will be evidenced by a promissory note, secured by a deed of trust, with **shared appreciation (equity) provisions** (see Section 1.6). Separate City Soft Second Loan Documents to be drafted by HCID shall be executed between the City and each Eligible Purchaser as each Unit is sold. Each City Soft Second Loan will be for a term of thirty (30) years at zero percent (0%) interest.

Concurrently with the sale of each Unit and closing of each City Soft Second Loan to an Eligible Purchaser, the City will issue a partial re-conveyance of the City Loan to the Borrower, as applicable, until the entire City Loan has been deemed repaid in full. The nine (9) Eligible Purchasers shall then each pay back 1/9<sup>th</sup> of the City Loan pursuant to the terms of their respective City Soft Second Loan Documents. All nine (9) sales must be completed before the Term of the City Loan (as set forth in Section 1.5) expires.

**4.3 PRICE REDUCTIONS.** Borrower will have one hundred and twenty days (120) days from the date of issuance of each Certificate of Occupancy for each respective Unit(s) to have that Unit(s) in escrow with a qualified Eligible Purchaser(s). In the event the Unit(s) is/are not in escrow within one hundred and twenty days (120) days from date its respective Certificate of Occupancy was issued, the Lender reserves the right to require price reductions until the Unit(s) is/are sold.

In the event Borrower accepts an offer to purchase from a qualified Eligible Purchaser at a price below its full appraised value prior to obtaining written approval from the Lender, the Borrower's developer fee will be assessed a corresponding reduction.

**4.4 OBLIGATION TO REFRAIN FROM DISCRIMINATION.** There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, source of income, creed, sex, sexual preference or orientation, national origin, ancestry, physical handicap, medical condition, age, marital status, mental condition, blindness or other physical disability, acquired immune deficiency (AIDS), acquired or perceived, familial status and handicap, pregnancy, childbirth or related medical condition, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Project, or any part therefor, nor shall the Borrower or any person claiming under or through, 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, licenses or vendees of the Project.

**4.5 FORM OF NONDISCRIMINATION AND NONSEGREGATION CLAUSES.** The Borrower shall refrain from restricting the rental, sale or lease of the property on the basis of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or

belief. All such deeds, leases or contracts shall contain or be subject to substantially the following non-discrimination or non-segregation clauses:

A. In deeds: "The Grantee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through him/her, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, licenses or vendees of the land herein conveyed. The foregoing covenants shall run with the land."

B. In leases: "The lessee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through him/her, and 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 race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein leased."

C. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the lessees, subtenants, sublessees, or licenses vendees of the land."

## **ARTICLE 5. EMPLOYMENT**

**5.1 NONDISCRIMINATION.** Unless otherwise exempt, this City Loan Agreement is subject to the non-discrimination provisions in Sections 10.8 through 10.8.2 of the Los Angeles Administrative Code, as amended from time to time. The Borrower shall comply with the applicable non-discrimination and affirmative action provisions of the laws of the United States of America, the State of California, and the City. In performing under this City Loan Agreement, Borrower, shall not discriminate in its employment practices against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, sexual orientation, age, disability, domestic partner status, marital status or medical condition. Any subcontract entered into by Borrower, to the extent allowed hereunder, shall include a like provision for work to be performed under this City Loan Agreement.

Failure of Borrower to comply with this requirement or to obtain the compliance of its subcontractors with such obligations shall subject Borrower to the imposition of any and all sanctions allowed by law, including but not limited to termination of Borrower's contract with the City.

**5.2 EQUAL EMPLOYMENT PRACTICES.** Unless otherwise exempt, this City Loan Agreement is subject to the equal employment practices provisions in Section 10.8.3 of the Los Angeles Administrative Code, as amended from time to time.

A. During the performance of this City Loan Agreement, the Borrower agrees and represents that it will provide equal employment practices and Borrower and each subcontractor hereunder will ensure that in his or her employment practices persons are

employed and employees are treated equally and without regard to or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

1. This provision applies to work or service performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. Borrower agrees to post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. Borrower will, in all solicitations or advertisements for employees placed by or on behalf of Borrower, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority, or the Board of Public Works, Office of Contract Compliance, Borrower shall certify in the specified format that he or she or it has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, national origin, ancestry, sex, sexual orientation, age, disability, marital status or medical condition.

D. Borrower shall permit access to and may be required to provide certified copies of all of his or her records pertaining to employment and to employment practices by the awarding authority or the Office of Contract Compliance for the purpose of investigation to ascertain compliance with the Equal Employment Practices provisions of City contracts. On their or either of their request Borrower shall provide evidence that he or she or it has or will comply therewith.

E. The failure of any Borrower to comply with the Equal Employment Practices provisions of this City Loan Agreement may be deemed to be a material breach of City contracts. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard has been given to Borrower.

F. Upon a finding duly made that Borrower has failed to comply

with the Equal Employment Practices provisions of a City contract, the City Loan Agreement may be forthwith canceled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City. In addition thereto, such failure to comply may be the basis for a determination by the awarding authority or the Board of Public Works that the Borrower is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Charter of the City of Los Angeles. In the event of such a determination, the Borrower shall be disqualified from being awarded a contract with the City for a period of two (2) years, or until Borrower shall establish and carry out a program in conformance with the provisions hereof.

G. Notwithstanding any other provision of this City Loan Agreement, the City shall have any and all other remedies at law or in equity for any breach hereof.

H. Intentionally blank.

I. Nothing contained in this City Loan Agreement shall be construed in any manner so as to require or permit any act which is prohibited by law.

J. At the time a supplier registers to do business with the CITY, or when an individual bid or proposal is submitted, CONTRACTOR shall agree to adhere to the Equal Employment Practices specified herein during the performance or conduct of City contracts.

K. Equal Employment Practices shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Hiring practices;
2. Apprenticeships where such approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;
3. Training and promotional opportunities; and
4. Reasonable accommodations for persons with disabilities.

L. Any subcontract entered into by the Borrower, to the extent allowed hereunder, shall include a like provision for work to be performed under this City Loan Agreement. Failure of the Borrower to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject Borrower to the imposition of any and all sanctions allowed by law, including but not limited to termination of the Borrower's contract with the

City.

5.3 **AFFIRMATIVE ACTION PROGRAM.** Unless otherwise exempt, this City Loan Agreement is subject to the affirmative action program provisions in Section 10.8.4 of the Los Angeles Administrative Code, as amended from time to time.

A. During the performance of a City contract, Borrower certifies and represents that Borrower and each subcontractor hereunder will adhere to an affirmative action program to ensure that in its employment practices, persons are employed and employees are treated equally and without regard to or because of race, religion, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, domestic partner status, marital status, pregnancy, childbirth, and related medical conditions, citizenship and political affiliation and belief.

1. This provision applies to work or services performed or materials manufactured or assembled in the United States.

2. Nothing in this section shall require or prohibit the establishment of new classifications of employees in any given craft, work or service category.

3. Borrower shall post a copy of Paragraph A hereof in conspicuous places at its place of business available to employees and applicants for employment.

B. Borrower will, in all solicitations or advertisements for employees placed by or on behalf of Borrower, state that all qualified applicants will receive consideration for employment without regard to their race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

C. As part of the City's supplier registration process, and/or at the request of the awarding authority or the Office of Contract Compliance, Borrower shall certify on an electronic or hard copy form to be supplied, that Borrower has not discriminated in the performance of City contracts against any employee or applicant for employment on the basis or because of race, religion, ancestry, national origin, sex, sexual orientation, age, disability, marital status or medical condition.

D. Borrower shall permit access to and may be required to provide certified copies of all of its records pertaining to employment and to its employment practices by the awarding authority or the Office of Contract Compliance, for the purpose of

investigation to ascertain compliance with the Affirmative Action Program provisions of CITY contracts, and on their or either of their request to provide evidence that it has or will comply therewith.

E. The failure of any Borrower to comply with the Affirmative Action Program provisions of City contracts may be deemed to be a material breach of contract. Such failure shall only be established upon a finding to that effect by the awarding authority, on the basis of its own investigation or that of the Board of Public Works, Office of Contract Compliance. No such finding shall be made except upon a full and fair hearing after notice and an opportunity to be heard has been given to Borrower.

F. Upon a finding duly made that Borrower has breached the Affirmative Action Program provisions of a City contract, the contract may be forthwith cancelled, terminated or suspended, in whole or in part, by the awarding authority, and all monies due or to become due hereunder may be forwarded to and retained by the City. In addition thereto, such breach may be the basis for a determination by the awarding authority or the Board of Public Works that the said Borrower is an irresponsible bidder or proposer pursuant to the provisions of Section 371 of the Los Angeles City Charter. In the event of such determination, such Borrower shall be disqualified from being awarded a contract with the City for a period of two (2) years, or until he or she shall establish and carry out a program in conformance with the provisions hereof.

G. In the event of a finding by the Fair Employment and Housing Commission of the State of California, or the Board of Public Works of the City of Los Angeles, or any court of competent jurisdiction, that Borrower has been guilty of a willful violation of the California Fair Employment and Housing Act, or the Affirmative Action Program provisions of a City contract, there may be deducted from the amount payable to Borrower by the City under the contract, a penalty of ten dollars (\$10.00) for each person for each calendar day on which such person was discriminated against in violation of the provisions of a City contract.

H. Notwithstanding any other provisions of a City contract, the City shall have any and all other remedies at law or in equity for any breach hereof.

I. Intentionally blank.

J. Nothing contained in City contracts shall be construed in any manner so as to require or permit any act which is prohibited by law.

K. Borrower shall submit an Affirmative Action Plan which shall meet the requirements of this chapter at the time it submits

its bid or proposal or at the time it registers to do business with the City. The plan shall be subject to approval by the Office of Contract Compliance prior to award of the contract. The awarding authority may also require contractors and suppliers to take part in a pre-registration, pre-bid, pre-proposal, or pre-award conference in order to develop, improve or implement a qualifying Affirmative Action Plan. Affirmative Action Programs developed pursuant to this section shall be effective for a period of twelve (12) months from the date of approval by the Office of Contract Compliance. In case of prior submission of a plan, Borrower may submit documentation that it has an Affirmative Action Plan approved by the Office of Contract Compliance within the previous twelve (12) months. If the approval is thirty (30) days or less from expiration, CONTRACTOR must submit a new Plan to the Office of Contract Compliance and that Plan must be approved before the contract is awarded.

1. Every contract of \$5,000 or more which may provide construction, demolition, renovation, conservation or major maintenance of any kind shall in addition comply with the requirements of Section 10.13 of the Los Angeles Administrative Code.

2. Borrower may establish and adopt as its own Affirmative Action Plan, by affixing his or her signature thereto, an Affirmative Action Plan prepared and furnished by the Office of Contract Compliance, or it may prepare and submit its own Plan for approval.

L. The Office of Contract Compliance shall annually supply the awarding authorities of the City with a list of contractors and suppliers who have developed Affirmative Action Programs. For each contractor and supplier the Office of Contract Compliance shall state the date the approval expires. The Office of Contract Compliance shall not withdraw its approval for any Affirmative Action Plan or change the Affirmative Action Plan after the date of contract award for the entire contract term without the mutual agreement of the awarding authority and Borrower.

M. The Affirmative Action Plan required to be submitted hereunder and the pre-registration, pre-bid, pre-proposal or pre-award conference which may be required by the Board of Public Works, Office of Contract Compliance or the awarding authority shall, without limitation as to the subject or nature of employment activity, be concerned with such employment practices as:

1. Apprenticeship where approved programs are functioning, and other on-the-job training for non-apprenticeable occupations;

2. Classroom preparation for the job when not apprenticeable;

3. Pre-apprenticeship education and preparation;

4. Upgrading training and opportunities;

5. Encouraging the use of contractors, subcontractors and suppliers of all racial and ethnic groups, provided, however, that any contract subject to this ordinance shall require the contractor, subcontractor or supplier to provide not less than the prevailing wage, working conditions and practices generally observed in private industries in the contractor's, subcontractor's or supplier's geographical area for such work;

6. The entry of qualified women, minority and all other journeymen into the industry; and

7. The provision of needed supplies or job conditions to permit persons with disabilities to be employed, and minimize the impact of any disability.

N. Any adjustments which may be made in the contractor's or supplier's workforce to achieve the requirements of the City's Affirmative Action Contract Compliance Program in purchasing and construction shall be accomplished by either an increase in the size of the workforce or replacement of those employees who leave the workforce by reason of resignation, retirement or death and not by termination, layoff, demotion or change in grade.

O. Affirmative Action Agreements resulting from the proposed Affirmative Action Plan or the pre-registration, pre-bid, pre-proposal or pre-award conferences shall not be confidential and may be publicized by the contractor at his or her discretion. Approved Affirmative Action Agreements become the property of the City and may be used at the discretion of the City in its Contract Compliance Affirmative Action Program.

P. Intentionally blank.

Q. All contractors subject to the provisions of this section shall include a like provision in all subcontracts awarded for work to be performed under the contract with the City and shall impose the same obligations, including but not limited to filing and reporting obligations, on the subcontractors as are applicable to the contractor. Failure of the contractor to comply with this requirement or to obtain the compliance of its subcontractors with all such obligations shall subject the contractor to the imposition of any and all sanctions allowed by law, including but not limited to termination of the contractor's contract with the City.

**5.4 CHILD SUPPORT ASSIGNMENT ORDERS.**      This      City      Loan

Agreement is subject to the Child Support Assignment Orders Ordinance, Section 10.10 of the Los Angeles Administrative Code, as amended from time to time. Pursuant to the Child Support Assignment Orders Ordinance, the Borrower will fully comply with all applicable State and Federal employment reporting requirements for Borrower's employees. Borrower shall also certify (1) that the Principal Owner(s) of Borrower are in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (2) that Borrower will fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with Section 5230, et seq. of the California Family Code; and (3) that Borrower will maintain such compliance throughout the term of this Contract.

Pursuant to Section 10.10(b) of the Los Angeles Administrative Code, the failure of Borrower to comply with all applicable reporting requirements or to implement lawfully served Wage and Earnings Assignment Orders or Notices of Assignment, or the failure of any Principal Owner(s) of Borrower to comply with any Wage and Earnings Assignment Orders or Notices of Assignment applicable to them personally, shall constitute a default by the Borrower under this City Loan Agreement, subjecting this City Loan Agreement to termination if such default shall continue for more than ninety (90) days after notice of such default to Borrower by the City.

Any subcontract entered into by Borrower, to the extent allowed hereunder, shall include a like provision for work to be performed under this City Loan Agreement. Failure of Borrower to obtain compliance of its subcontractors shall constitute a default by Borrower under this City Loan Agreement, subjecting this City Loan Agreement to termination where such default shall continue for more than ninety (90) days after notice of such default to Borrower by the City.

Borrower certifies that, to the best of its knowledge, it is fully complying with the Earnings Assignment Orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in Section 7110(b) of the California Public Contract Code.

#### **5.5 LIVING WAGE ORDINANCE AND SERVICE CONTRACTOR WORKER RETENTION ORDINANCE.**

- A. Unless otherwise exempt, this City Loan Agreement is subject to the applicable provisions of the Living Wage Ordinance (LWO) Section 10.37 et seq. of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance

(SCWRO), Section 10.36 et seq., of the Los Angeles Administrative Code, as amended from time to time. The Ordinances require the following:

1. Borrower assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of benefits as defined in the LWO.
2. Borrower further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. Borrower shall require each of its contractors and subcontractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. Borrower shall deliver the executed pledges from each such contractor and subcontractor to the City within ninety (90) days of the execution of the contract and subcontract. Borrower's delivery of executed pledges from each such contractor and subcontractor shall fully discharge the obligation of the Borrower with respect to such pledges and fully discharge the obligation of the Borrower to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.
3. The Borrower, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the City with regard to the employer's compliance or anticipated compliance with the LWO, for opposing any practice proscribed by the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. Borrower shall post the Notice of Prohibition Against Retaliation provided by the City.
4. Any subcontract entered into by the Borrower relating to this contract, to the extent allowed hereunder, shall be subject to the provisions of this Section and shall incorporate the provisions of the LWO and the SCWRO.
5. Borrower shall comply with all rules, regulations and policies promulgated by the City's Designated

Administrative Agency which may be amended from time to time.

- B. Under the provisions of Section 10.36.3(c) and Section 10.37.5(c) of the Los Angeles Administrative Code, the City shall have the authority, under appropriate circumstances, to terminate this City Loan Agreement and otherwise pursue legal remedies that may be available if the City determines that the subject Borrower and any contractor and subcontractor has violated provisions of either the LWO or the SCWRO or both.
- C. Where under the LWO Section 10.37. 6(d), the City's Designated Administrative Agency has determined (a) that the Borrower is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the City in such circumstances may impound monies otherwise due the Borrower in accordance with the following procedures. Impoundment shall mean that from monies due the Borrower the City may deduct the amount determined to be due and owing by the Borrower and any contractor and subcontractor for the Project to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6(d)(3) and disposed of under procedures described therein through final and binding arbitration. Whether the Borrower is to continue work following an impoundment shall remain in the sole discretion of the City. The Borrower may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.
- D. Borrower shall inform employees making less than Twelve Dollars (\$12.00) per hour of their possible right to the federal Earned Income Credit (EIC). Borrower shall also make available to employees the forms informing them of about the EIC and forms required to secure advance EIC payments from the Borrower.

**5.6 AMERICANS WITH DISABILITIES ACT.** Borrower hereby certifies that it will comply with the Americans with Disabilities Act 42, U.S.C. Section 12101 et seq., and its implementing regulations. Borrower will provide reasonable accommodations to allow qualified individuals with disabilities to have access to and to participate in its programs, services and activities in accordance with the provisions of the Americans with Disabilities Act. Borrower will not discriminate against persons with disabilities nor against persons due to their relationship to or association with a person with a disability. Any subcontract

entered into by the Borrower relating to this City Loan Agreement to the extent allowed hereunder, shall be subject to the provisions of this paragraph.

**5.7 CONTRACTOR RESPONSIBILITY ORDINANCE.** Unless otherwise exempt, this City Loan Agreement is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 et seq., of the Los Angeles Administrative Code, as amended from time to time, which requires Borrower to update its responses to the responsibility questionnaire within thirty (30) calendar days after any change to the responses previously provided if such change would affect Borrower's fitness and ability to continue performing under the City Loan Agreement.

In accordance with the provisions of the Contractor Responsibility Ordinance, by signing this City Loan Agreement, Borrower pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this City Loan Agreement, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees. The Borrower further agrees to: (1) notify the City within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the Borrower is not in compliance with all applicable federal, state and local laws in performance of this City Loan Agreement; (2) notify the City within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the Borrower has violated the provisions of Section 10.40.3(a) of the Contractor Responsibility Ordinance; (3) unless exempt, ensure that its subcontractor(s), as defined in the Contractor Responsibility Ordinance, comply with the requirements of the Pledge of Compliance and that the requirement to notify the City within thirty (30) calendar days after any governmental agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3(a) of the Contractor Responsibility Ordinance in performance of the subcontract.

**5.8 MINORITY, WOMEN, AND OTHER BUSINESS ENTERPRISE OUTREACH PROGRAM (MBE/WBE).** Borrower agrees and obligates itself to utilize the services of Minority, Women and Other Business Enterprise firms on a level so designated in its proposal, if any. Borrower certifies that it has complied with Mayoral Directive 2001-26 regarding the Outreach Program for Personal Services Contracts Greater than \$100,000, if applicable. Borrower shall not change any of these designated subcontractors, nor shall Borrower reduce their level of effort, without prior written approval of the City, provided that such approval shall not be unreasonably withheld.

**5.9 EQUAL BENEFITS ORDINANCE.** Unless otherwise exempt, this

City Loan Agreement is subject to the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, as amended from time to time.

- A. During the performance of this City Loan Agreement, the Borrower certifies and represents that the Borrower will comply with the EBO.
- B. The failure of the Borrower to comply with the EBO will be deemed to be a material breach of the City Loan Agreement by the City.
- C. If the Borrower fails to comply with the EBO, the City may cancel, terminate or suspend this City Loan Agreement, in whole or in part, and all monies due or to become due under this City Loan Agreement may be retained by the City. The City may also pursue any and all other remedies at law or in equity for any breach.
- D. Failure to comply with the EBO may be used as evidence against the Borrower in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.
- E. If the City's Designated Administrative Agency determined that the Borrower has set up or used its contracting entity for the purpose of evading the intent of the EBO, the City may terminate the contract. Violation of this provision may be used as evidence against the Borrower in actions taken pursuant to the provisions of the Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

Borrower shall post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

"During the performance of a contract with the City of Los Angeles, the Borrower will provide equal benefits to its employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the Department of Public Works, Office of Contract Compliance at (213) 847-1922."

5.10 **SLAVERY DISCLOSURE ORDINANCE.** Unless otherwise exempt this this City Loan Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as amended from time to time. Borrower certifies that it has complied with the applicable provisions of the Slavery Disclosure Ordinance.

Failure to fully and accurately complete the affidavit may result in termination of this City Loan Agreement.

**5.11 ENFORCEMENT OF EMPLOYMENT REQUIREMENTS.** In the event of underpayment of wages by Borrower or by any contractor or subcontractor employed on the Project, Lender, in addition to other rights and remedies afforded by this City Loan Agreement or applicable law, may: (1) demand that Borrower and/or any underpaying employer comply with these requirements; (2) demand that the underpaying employer pay the difference between the prevailing wage rates and the amount actually paid to workers; (3) withhold from Borrower any City Loan proceeds as may be necessary to compensate workers the full wages required under this City Loan Agreement (whether or not the City Loan payee is directly responsible for the underpayment); (4) impose liquidated damages in the form of a forfeiture of up to Fifty Dollars (\$50) per calendar day for each worker paid less than the prevailing wage, the amount of such forfeiture to be determined solely by Lender according to the standards contained in California Labor Code Section 1775; and/or (5) pursue any lawful administrative or court remedy to enforce these requirements against the Borrower and underpaying employer. Borrower shall comply with any demand to pay any amounts due under this section within ten (10) calendar days of said demand. In addition, a worker who has been paid less than the prevailing wage rate shall have a right to commence an action or proceeding against the employer to collect the underpayment, except if such worker has agreed to donate his or her labor.

In the event of any violation or deficiency with respect to the equal opportunity and/or the MBE/WBE provisions herein, including failure to provide adequate documentation as specified herein, by Borrower or by any contractor or subcontractor employed on the Project, Lender, in addition to other rights and remedies afforded by this City Loan Agreement or applicable law, may: (1) demand that any noncomplying party comply with these requirements; (2) withhold disbursement of City Loan proceeds from Borrower or any contractor or subcontractor until such violations are corrected; (3) impose liquidated damages on the noncomplying party in the form of a forfeiture of up to One Thousand Dollars (\$1,000) or one percent (1%) of the contract, whichever is less, the amount of such forfeiture to be determined solely by Lender; and/or (4) pursue any lawful administrative or court remedy to enforce these requirements. Any noncomplying party shall comply with any demand to correct any noncompliance within ten (10) business days of said demand.

Borrower shall monitor and enforce the equal employment opportunity, minority- and women-owned business enterprises, and prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors

or subcontractors who violate these requirements. In the event that Borrower fails to monitor or enforce these requirements against any contractor or subcontractor, Borrower shall be liable for the full amount of any underpayment of wages, plus costs and attorneys' fees, as if Borrower was the actual employer, and Lender may withhold payments to Borrower, may impose liquidated damages on Borrower in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare an Event of Default and pursue any of the other remedies available under this City Loan Agreement.

5.12 **LABOR COMPLIANCE MEETING.** The Borrower shall meet with HCID's Labor Compliance staff for a pre-construction briefing on all City construction requirements prior to the issuance of a Notice to Proceed.

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#### **ARTICLE 6. INDEMNITY AND INSURANCE**

6.1 **INSURANCE COVERAGE.** During this term of this City Loan Agreement and without limiting Borrower's indemnification of the City, Borrower shall provide and maintain at its own expense a program of insurance having the coverages and limits customarily carried and actually arranged by Borrower, but not less than the amounts and types listed on the Required Insurance and Minimum Limits sheet (Form General 146, Exhibit "O" hereto), covering operations hereunder. Such insurance shall conform to the City's requirements established by Charter, ordinance or policy, and shall comply with the Insurance Contractual Requirements (Form General 133 in Exhibit "O" hereto) and shall otherwise be in a form acceptable to the Office of the City Administrative Officer, Risk Management. Borrower shall comply with all Insurance Contractual Requirements shown on Exhibit "O") hereto. Exhibit "O" is hereby incorporated by reference and made a part of this City Loan Agreement.

6.2 **INSURANCE ADVANCES.** In the event Borrower fails to maintain the full insurance coverage required by this City Loan Agreement, Lender, after at least seven (7) business days prior notice to Borrower, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by Lender, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the City Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation

of Borrower to Lender and shall be secured by the City Deed of Trust.

6.3 **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** Lender shall not be personally liable to Borrower for any obligation created under the terms of these City Loan Documents except in the case of actual fraud or willful misconduct by such person.

6.4 **INDEMNITY.** Except for the active negligence or willful misconduct of the City, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, Borrower undertakes and agrees to defend, indemnify and hold harmless the City and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including Borrower's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this City Loan Agreement by Borrower or its subcontractors of any tier. Rights and remedies available to the City under this provision are cumulative of those provided for elsewhere in this City Loan Agreement and those allowed under the laws of the United States, the State of California, and the City. The provisions of this section shall survive expiration or termination of this City Loan Agreement.

6.5 **BORROWER'S INSURANCE REQUIREMENTS.**

As a precondition to making the City Loan, Borrower shall obtain the following insurance coverage, and shall maintain such coverage in full force and effect during construction of the Project. Before disbursal of the City Loan and issuance of a Notice to Proceed, Borrower shall deliver to Lender certificate(s) of insurance, or a binder followed within thirty (30) days by a certificate of insurance, evidencing the required coverage.

A. **General Conditions**

During the term of this City Loan Agreement and without limiting the Borrower's indemnification of the City, the Borrower shall provide and maintain at its own expense insurance having the limits customarily carried and actually arranged by the Borrower but not less than the amounts and types listed in Exhibit "O" of this City Loan Agreement.

All insurance shall be subject to the following conditions:

1. Additional Insured/Loss Payee

The City, its boards, officers, agents and employees shall be included as additional insureds in all liability insurance policies except: Workers' Compensation/Employer's Liability and second-party Legal Liability coverages and Owners and Contractors Protective Liability, in which latter case the City shall be the named insured. The City shall be named loss payee as its interest may appear in all required property, fidelity or surety coverages.

2. Insurance Requirements

All insurance required hereunder shall conform to City requirements established by charter, ordinance or policy and shall be filed with the City Attorney for its review in accordance with Los Angeles Administrative Code Sections 11.47 through 11.56.

During the period of construction, Borrower must obtain or cause to be obtained a builder's risk or equivalent policy covering damage or loss up to the value of labor and materials and naming the City as loss payee as its interests may appear.

After completion of the Project, Borrower must cause to be issued a physical damage insurance policy covering the replacement value of the Property as mutually agreed between Borrower and insurer with a lender's loss payable endorsement listing the City and Borrower as the loss payee as their interests may appear. This policy must remain in effect throughout the term of the City Loan.

3. Primary Insurance

Such insurance shall be primary with respect to any insurance maintained by City and shall not call on the City's insurance for contributions.

4. Admitted Carrier/Licensed California Broker

Such insurance shall be obtained from brokers or carriers authorized to transact insurance business in California and approved by the City.

5. 30-Day Notice

With respect to the interests of City, such insurance shall not be canceled, or materially reduced in coverage or limits, or non-renewed except after thirty (30) days written notice by receipted delivery (e.g. certified mail - return receipt, courier or telegram) has been given to the Office of the City Attorney, Insurance & Bonds, 1800 City Hall East, 200 North Main Street, Los Angeles, CA 90012-4168 or to the Office of the City Attorney in care of the City Administrative Officer, Risk Management Section, 300 City Hall East, Los Angeles CA 90012-4190, Attention: Insurance and Bonds; with a copy to Homeownership, HCID, 1200 W. 7th Street, 8th Floor, Los Angeles, CA 90017).

6. Prior Approval

Evidence of insurance shall be submitted to and approved by the City Attorney prior to the disbursement of the City Loan pursuant to this City Loan Agreement.

7. Acceptable Evidence

The appropriate City special endorsement forms are the preferred form of evidence of insurance. Alternatively, Borrower may submit two (2) certified copies of the full policy or other evidence acceptable to the City Attorney containing language which complies with subparagraphs (1) through (6) above. With respect to professional liability insurance, either a signed copy of the policy declaration page or a letter from Borrower's insurance broker certifying coverage, together with a 30-day cancellation notice endorsement in favor of the City as specified in subparagraph (5) of this section will satisfy this requirement.

8. Severability of Interest

Except with respect to the insurance company's limits of liability, each liability insurance policy shall apply separately to each insured against whom claim or suit is brought. The inclusion of any person or organization, as an insured, shall not affect any right which such person or organization would have as a claimant if not so included.

9. Renewal

Once the insurance has been approved by the City, evidence of renewal of an expiring policy may be submitted on a manually signed certificate of insurance. If the policy or carrier has changed, however, new evidence as specified in paragraphs (1) through (8) above, must be submitted.

10. Proceeds

All proceeds of insurance with respect to loss or damage to the Improvements during the term of the City Loan shall be payable, under the provisions of the policy of insurance, jointly to the Borrower, the construction lender(s), if any, and the City, and said proceeds shall constitute a trust fund to be used for the restoration, repair or rebuilding of the Improvements in accordance with plans and specifications approved in writing by the City. To the extent that such proceeds exceed the cost of such restoration, repair or rebuilding, such proceeds shall be applied first to repay the construction lenders and second to repay the City Loan. In the event of any fire or other casualty to the Project or eminent domain proceedings resulting in condemnation of the Improvements or any part thereof, the Borrower shall have the right to rebuild the Improvements, and to use all available insurance or condemnation proceeds therefore, provided that: (a) such proceeds are sufficient to keep the City Loan in balance and rebuild the Improvements in a manner that provides adequate security to the City for repayment of the City Loan or if such proceeds are insufficient then the Borrower shall have funded any deficiency, (b) the City shall have the right to approve plans and specifications for any major rebuilding and

the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the City Loan. If the casualty or condemnation affects only part of the Improvements and total rebuilding is infeasible, then proceeds may be used for partial rebuilding and partial repayment of the City Loan in a manner that provides adequate security to the City for repayment of the remaining balance of the City Loan(s).

B. Worker's Compensation

By signing this City Loan Agreement, the Borrower hereby certifies that it is aware of the provisions of Section 3700, et seq., of the Labor Code which requires every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that code, and that it will comply and require the subcontractors to comply with such provisions before commencing the performance of the work of this City Loan Agreement.

C. Aggregate Limits/Blanket Coverage

If any of the required insurance coverages contain aggregate limits, or apply to other operations or tenancy of the Borrower not related to this City Loan Agreement, the Borrower shall give the City prompt, written notice of any incident, occurrence, claim, settlement or judgment against such insurance which in Borrower's best judgment may diminish the protection such insurance affords City. Further, Borrower shall immediately take all reasonable and available steps to restore such aggregate limits or shall provide other insurance protection for such aggregate limits. The City may specify a minimum acceptable aggregate for each line of coverage required.

D. Modification of Coverage

Upon advice from the City Risk Manager, the City reserves the right at any time during the term of this City Loan Agreement to change the amounts and types of insurance required hereunder by giving the Borrower forty-five (45) days advance written notice of such change. If such change should

result in substantial additional cost to Borrower, the City agrees to negotiate additional compensation proportional to the increased benefit to the City.

E. Failure to Procure Insurance

The required coverages and limits are subject to availability on the open market at reasonable cost as determined by the City. Non-availability or non-affordability must be documented by a letter from Borrower's insurance broker or agent indicating a good faith effort to place the required insurance and showing as a minimum the names of the insurance carriers and the declinations or quotations received from each.

Within the foregoing constraints, Borrower's failure to procure or maintain required insurance during the entire term of this City Loan Agreement shall constitute a material breach of this City Loan Agreement under which the City may immediately suspend or terminate this City Loan Agreement or, at its discretion, procure or renew such insurance to protect the City's interests and pay any and all premiums in connection therewith, and all monies so paid by the City shall be repaid by the Borrower to the City upon demand or it may offset the cost of the premiums against any monies due to the Borrower from the City.

F. Underlying Insurance

Borrower shall be responsible for requiring indemnification and insurance as it deems appropriate from its employees receiving mileage allowance and from its consultants, agents and subcontractors, if any, to protect Borrower's and City's interests and for ensuring that such persons comply with any applicable insurance statutes. Borrower is encouraged to seek professional advice in this regard.

G. Owner's Title Insurance.

Borrower may choose to purchase owner's title insurance, insuring its interest in the Property, on or after the Closing Date. All costs, charges, and premiums associated with such title insurance shall be paid solely by Borrower.

## **ARTICLE 7. ENVIRONMENTAL COMPLIANCE**

**7.1 REPRESENTATIONS AND WARRANTIES.** After reasonable investigation and inquiry, Borrower hereby represents and warrants to the best of its knowledge, as of the date of this City Loan Agreement and except as previously disclosed and acknowledged in writing by Lender or as disclosed by the reports (including but not limited to the Phase I ESA dated April 26, 2001, Phase II ESA's dated June 15, 2001 and August 22, 2003, the Excavation of Impacted Soil report dated May 9, 2006, and the Hazardous Substance Disclosure dated January 30, 2014 and Oil Well Location Survey Report dated February 6, 2017 which are in Borrower's possession) based on environmental audit(s) performed on the Property and submitted by Lender to Borrower that: (A) the Property is not and has not been a site for the use, generation, manufacture, transportation, storage, or disposal of Hazardous Materials; (B) the Property is in compliance with all applicable environmental and health and safety laws, regulations, ordinances, administrative decisions, common law decisions (whether federal, state, or local) with respect to Hazardous Materials, including those relating to soil and groundwater conditions ("Hazardous Materials Laws"); (C) there are no claims or actions pending or threatened with respect to the Property by any governmental entity or agency or any other person relating to Hazardous Materials; and (D) there has been no release or threatened release of any Hazardous Materials on, under, or near the Property (including in the soil, surface water, or groundwater under the Property) or any other occurrences or conditions on the Property or on any other real property that could cause the Property or any part thereof to be classified as a "hazardous waste property" or as a "border zone property" under California Health and Safety Code Sections 25220, et seq., or regulations adopted therewith.

**7.2 NOTIFICATION TO LENDER.** Borrower shall immediately notify Lender in writing of: (A) the discovery of any concentration or amount of Hazardous Materials on or under the Property requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (B) any knowledge by Borrower (after verification of the veracity of such knowledge to Borrower's reasonable satisfaction) that the Property does not comply with any Hazardous Materials Laws; (C) the receipt by Borrower of written notice of any Hazardous Materials claims; and (D) the discovery by Borrower of any occurrence or condition on the Property or on any real property located within two thousand (2,000) feet of the Property that could cause the Property or any part thereof to be designated as a "hazardous waste property" or as a "border zone property" under California Health and Safety Code Sections 25220, et seq., or regulations adopted therewith.

**7.3 USE AND OPERATION OF PROPERTY.** Neither Borrower, nor any agent, employee, or contractor of Borrower, nor any authorized user of the Property shall use the Property or allow the Property to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. Borrower shall comply and cause the Project to comply with Hazardous Materials Laws not more than thirty (30) days after Borrower's receipt of written notice by Lender to do so.

**7.4 REMEDIAL ACTIONS.** If Borrower has actual knowledge of the presence of any Hazardous Materials on or under the Property, Borrower shall immediately take or cause its tenant to immediately take, at no cost or expense to Lender, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal or other remedial action, if any, required by any Hazardous Materials Laws or by any orders or requests of any governmental entity or agency or any judgment, consent decree, settlement or compromise with respect to any Hazardous Materials claims. The foregoing, however, shall be subject to Borrower's right of contest below.

**7.5 RIGHT OF CONTEST.** Borrower may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if: (A) the contest is based on a material question of law or fact raised by Borrower in good faith, (B) Borrower promptly commences and thereafter diligently pursues the contest, (C) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (D) Borrower demonstrates to Lender's reasonable satisfaction that Borrower has the financial capability to undertake and pay for such contest and any remedial action then reasonably necessary. No Event of Default shall be deemed to exist with respect to any claim, demand, levy or attachment being contested by Borrower under the conditions of this section.

**7.6 ENVIRONMENTAL INDEMNITY.** Borrower shall defend, indemnify, and hold Lender, its members, officers, employees or agents, free and harmless against any claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including all costs of legal proceedings and attorney's fees, that Lender may directly or indirectly sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this City Loan Agreement with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not Borrower knew of same) of any Hazardous Materials occurring prior to or during Borrower's use or occupancy of the Property.

## **ARTICLE 8. DEFAULT AND REMEDIES**

8.1 **EVENTS OF DEFAULT.** The occurrence of any of the following events shall constitute an "Event of Default" under this City Loan Agreement:

- A. Monetary. (1) Borrower's failure to pay when due any sums payable under the City Note or any advances made by Lender under the City Deed of Trust; (2) Borrower's or any agent of Borrower's use of City Loan funds for costs other than eligible costs (See Exhibit "E") or for uses inconsistent with other terms and restrictions in the City Loan Documents; (3) Borrower's failure to obtain and maintain the insurance coverage required under this City Loan Agreement; (4) Borrower's or any agent of Borrower's failure to make any other payment or assessment due under the City Loan Documents;
- B. Construction. (1) Borrower's substantial deviation in the work of construction specified in the Plans and Specifications submitted to Lender, without Lender's prior written consent; (2) Borrower's use of defective or unauthorized materials or defective workmanship in constructing the Project; (3) Borrower's failure to commence or complete construction, without proper justification under the excusable delay provision of this City Loan Agreement, according to the construction schedule specified in this City Loan Agreement; (4) the cessation of construction prior to completion of the Project for a period of more than twenty (20) continuous calendar days without proper justification; (5) any material adverse change in the condition of Borrower or the Project or any other event that gives Lender reasonable cause to believe that the Project cannot be constructed by the scheduled completion date according to the terms of this City Loan Agreement; (6) the filing of any claim of lien against the Property or service on Lender of any stop notice relating to the City Loan and the continuance of the claim of lien or stop notice for thirty (30) days after such filing or service without payment, discharge, or satisfaction as provided for in this City Loan Agreement; (7) Borrower's failure to remedy any deficiencies in recordkeeping or failure to provide records to Lender upon Lender's request; (8) Borrower's failure to substantially comply with any applicable federal, state, or local laws or Lender policies governing construction, including but not

limited to provisions of this City Loan Agreement pertaining to prevailing wages, affirmative action and equal employment opportunity, minority and women-owned business enterprises, disabled access, lead paint, and Hazardous Materials;

- C. Operation. (1) discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this City Loan Agreement or applicable law; (2) the imposition of any encumbrances or liens on the Property without Lender's prior written approval that are prohibited under this City Loan Agreement or that have the effect of reducing the priority of or invalidating the City Deed of Trust; (3) any material adverse change in the condition of Borrower or the Project or funding for the Project that gives Lender reasonable cause to believe that the Project cannot be constructed and sold according the terms of the City Loan Documents;
- D. General performance of City Loan obligations. Any substantial or continuous breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the City Loan Documents;
- E. General performance of other obligations. Any substantial or continuous breach by Borrower or Borrower's agents of any material obligations on Borrower imposed by any other agreements with respect to the financing, development, or operation of the Project or the Property, whether or not Lender is a party to such agreement;
- F. Representations and warranties. A determination by Lender that any of Borrower's representations or warranties made in the City Loan Documents, any statements made to Lender by Borrower, or any certificates, documents, or schedules supplied to Lender by Borrower were untrue in any material respect when made, or that Borrower concealed or failed to disclose a material fact from Lender;
- G. Damage to Property. Material damage or destruction to the Property by fire or other casualty, if Borrower does not take steps to reconstruct the Property as required herein;
- H. Bankruptcy, dissolution, and insolvency. Borrower's filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full

dismissal of any such involuntary filing brought by another party before the earlier of final relief or sixty (60) days after the filing; 2) making a general assignment for the benefit of creditors; 3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or sixty (60) days after the filing; 4) insolvency; 5) failure, inability or admission in writing of its inability to pay its debts as they become due.

**8.2 NOTICE OF DEFAULT AND OPPORTUNITY TO CURE.** For non-monetary Events of Default, Lender shall give written notice to Borrower or Borrower's agent of any Event of Default by specifying: (A) the nature of the event or deficiency giving rise to the Default, (B) the action required to cure the deficiency, if an action to cure is possible, and (C) a date, which shall not be less than thirty (30) calendar days from the mailing of the notice, by which such action to cure must be taken.

**8.3 LENDER'S REMEDIES.** Upon the happening of an Event of Default and a failure to cure said Default within the time specified in the notice of default (if an action to cure is specified in said notice), Lender's obligation to disburse City Loan proceeds shall terminate, and Lender may also, in addition to other rights and remedies permitted by the City Loan Documents or applicable law, proceed with any or all of the following remedies in any order or combination Lender may choose in its sole discretion:

- A. Terminate this City Loan Agreement, in which event the entire principal amount outstanding and all accrued interest under the City Note, as well as any other monies advanced to Borrower by Lender under the City Loan Documents including administrative costs, shall immediately become due and payable at the option of Lender;
- B. Bring an action in equitable relief: (1) seeking the specific performance by Borrower of the terms and conditions of the City Loan Documents, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief;
- C. Enforce the Power of Termination in the Grant Deed (Exhibit "P");

- D. Accelerate the City Loan, and demand immediate full payment of the principal amount outstanding and all accrued interest under the City Note, as well as any other monies advanced to Borrower by Lender under the City Loan Documents;
- E. Enter the Property and take any actions necessary in its judgment to complete construction of the Project, including without limitation: (1) making changes in the Plans and Specifications or other work or materials with respect to the Project, (2) entering into, modifying, or terminating any contractual arrangements (subject to Lender's right at any time to discontinue work without liability), and (3) taking any remedial actions with respect to Hazardous Materials that Lender deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy;
- F. Seek appointment from a court of competent jurisdiction of a receiver with the authority to complete construction as needed to preserve Lender's interest in seeing the Project developed in a timely manner (including the authority to take any remedial actions with respect to Hazardous Materials that Lender or the receiver deems necessary to comply with Hazardous Materials Laws or to render the Property suitable for occupancy);
- G. Order immediate stoppage of construction and demand that any condition leading to the Event of Default be corrected before construction may continue;
- H. Enter upon, take possession of, and manage the Property, either in person, by agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the City Deed of Trust and apply them to operate the Property or to pay off the City Loan or any advances made under the City Loan Documents, as provided for by the City Deed of Trust;
- I. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the City Deed of Trust;
- J. With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under California Civil Code Section 2929.5, and California Code of Civil Procedure Sections 564, 726.5, and 736;
- K. Pursue any other remedy allowed at law or in equity.

Nothing in this section is intended or shall be construed as precluding Lender from proceeding with a non-judicial foreclosure under the power of sale contained in the City Deed of Trust in the Event of Default by Borrower.

**8.4 BORROWER'S REMEDIES.** Upon the fault or failure of Lender to meet any of its obligations under the City Loan Documents, Borrower may perform any or all of the following:

- A. Demand payment from Lender of any sums due Borrower;
- B. Bring an action in equitable relief seeking the specific performance by Lender of the terms and conditions of the City Loan Documents;
- C. Pursue any other remedy allowed at law or in equity.

**8.5 REMEDIES AVAILABLE TO BOTH PARTIES:** Except for excusable delays, if any party fails to perform, in whole or part, any promise, covenant or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided herein except that it no event shall any party recover more than once, suffer a penalty or a forfeiture or be unjustly compensated.

**8.6 SURVIVAL:** Upon termination of this Agreement, the following provisions of this Agreement shall survive: The City's power of termination under the Grant Deed, if the termination of the Agreement precedes the date of which Borrower is entitled to issuance of Notice of Completion as to the Project.

## **ARTICLE 9. GENERAL PROVISIONS**

**9.1 BORROWER'S WARRANTIES.** Borrower represents and warrants: (A) that it has access to professional advice and support to the extent necessary to enable Borrower to fully comply with the terms of these City Loan Documents, and to otherwise carry out the Project and that the work performed hereunder shall be completed in a manner consistent with professional standards practiced among those firms within Borrower's profession, doing the same or similar work under the same or similar circumstances, (B) that it is duly organized, validly existing and in good standing under the laws of the State of California, (C) that it has the full power and authority to undertake the Project and to execute the City Loan Documents, (D) that the persons executing and delivering the City Loan Documents are authorized to execute and deliver such documents on behalf of Borrower and (E) that Borrower has performed the

necessary predevelopment tasks to enable construction of the Project to be completed within thirty (30) months from the date of the Borrower's execution of the City Note.

9.2 **PROJECT MONITORING AND EVALUATION.** Except as otherwise provided for in this City Loan Agreement, Borrower shall maintain and submit records to Lender within ten (10) business days of Lender's request which clearly document Borrower's performance under each requirement of the City Loan Documents.

9.3 **CONFLICTS OF INTEREST.** Borrower covenants that none of its directors, officers, employees, or agents shall participate in selecting, or administering any of its subcontracts supported (in whole or in part) by Federal funds where such person is a director, officer, employee or agent of the subcontractor; or where such person knows or should have known that:

1. A member of such person's immediate family or domestic partner, or organization has a financial interest in the subcontract;
2. The subcontractor is someone with whom such person has or is negotiating any prospective employment; or
3. The participation of such persons would be prohibited by the California Political Reform Act, California Government Code Section 87100, et seq., if such person were a public officer, because such person would have a "financial or other interest" in the subcontract.
4. No members of the Board of Directors may be employed by the Contractor if the Contractor is a corporation.

A. Definitions

1. The term "immediate family" includes, but is not limited to domestic partner and/or those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father-in-law, mother-in-law, brother-in-law, son-in-law, and daughter-in-law, his or her significant other, and his or her domestic partner.
2. The term "financial or other interest" includes but is not limited to:
  - a. Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of a

promotion or of future employment, a profit, or any other form of financial reward.

- b. Any of the following interests in the subcontractor ownership: partnership interest or other beneficial interest of five percent (5%) or more; ownership of five percent (5%) or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.
- B. For further clarification of the meaning of any of the terms used herein, the parties agree that references shall be made to the guidelines, rules, and laws of the City of Los Angeles, State of California, and Federal regulations regarding conflict of interest.
- C. Borrower further covenants that no officer, director, employee, or agent shall solicit or accept gratuities, favors, anything of monetary value from an actual or potential subcontractor, supplier, a party to a sub-agreement (or persons who are otherwise in a position to benefit from the actions of any officer, employee or agent).
- D. Borrower shall not subcontract with a former director, officer, or employee within a one (1) year period following the termination of the relationship between said person and the contractor.
- E. Prior to obtaining the Lender's approval or any subcontract, the Borrower shall disclose to the Lender any relationship, financial or otherwise, direct or indirect, of the Borrower or any of its officers, directors or employees or their immediate family with the proposed subcontractor and its officers, directors or employees. In the event that such a relationship exists, Borrower shall obtain prior approval from Lender for any such subcontract.
- F. Borrower warrants that it has not paid or given and will not pay or give to any third person any money or other consideration for obtaining this Agreement.
- G. Borrower covenants that no member, officer or employee of Borrower shall have any interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with this Project during his or her tenure as such employee, member or officer or for one (1) year thereafter.

- H. Borrower may not hire a person in an administrative capacity, staff position, or on-the-job training position with funds provided by this City Loan Agreement if a member of that person's immediate family is engaged in an administrative capacity for the Borrower. A person in an administrative capacity is a person who either has an overall administrative responsibility for a program, or has responsibility for the direction, hiring, or fiscal integrity of the Borrower's program.
- I. The Borrower shall incorporate the foregoing subsections of this section into every agreement that it enters into in connection with this Project.
- J. The above restrictions shall apply now and in the future to all activities that are a part of this City Loan Agreement and Project and shall cover any such interest or benefits during or at any time after such person's tenure.
- K. Borrower shall comply with the conflict of interest provisions for the HOME and CDBG programs, if applicable. This includes, but is not limited to, the provision that no owner, developer or sponsor of HOME assisted housing, including their officers, employees, agents, consultants or elected or appointed officials, may occupy a HOME-assisted unit in a development. If the household seeking to occupy the unit is a Low Income Household who would otherwise qualify for the unit, City will grant an exception on a case-by-case basis in accordance with federal regulations.

9.4 **POLITICAL ACTIVITY.** None of the funds, materials, property or services contributed by Lender or Borrower under this City Loan Agreement shall be used for any partisan political activity or the election or defeat of any candidate for public office.

9.5 **PUBLICITY.** Any publicity generated by Borrower for the Project during the term of this City Loan and for one (1) year thereafter shall make reference to the contribution of Lender in making the Project possible. The words "the City of Los Angeles" will be prominently displayed in any and all pieces of publicity, including but not limited to flyers, press releases, posters, signs, brochures, public service announcements, interviews, and newspaper articles. Lender's staff will be available whenever possible at the request of Borrower to assist Borrower in generating publicity for the Project. Borrower further agrees to cooperate with authorized staff and officials of Lender in any

Lender-generated publicity or promotional activities undertaken with respect to the Project.

**9.6 TIME OF EFFECTIVENESS.** Unless otherwise provided, this City Loan Agreement shall take effect when all of the events have occurred:

- A. This City Loan Agreement has been signed on behalf of the Borrower by the person or persons authorized to bind the Borrower hereto;
- B. This City Loan Agreement has been approved by City Council or by the board, officer or employee authorized to give such approval;
- C. The Office of the City Attorney has indicated in writing its approval of this City Loan Agreement as to form;
- D. This City Loan Agreement has been signed on behalf of the City by the person designated by the City Council, or by the board, officer or employee authorized to enter into this City Loan Agreement;
- E. This City Loan Agreement has been executed by the City Clerk.

**9.7 FALSE CLAIMS ACT.** Borrower acknowledges that it is aware of liabilities resulting from submitting a false claim for payment by the City under the False Claims Act (California Government Code Section 12650, et seq.), including treble damages, cost of legal actions to recover payment and civil penalties of up to \$10,000 per false claim.

**9.8 EXCUSABLE DELAY IN PERFORMANCE.** The time for performance of provisions of this City Loan Agreement by either party shall be extended for a period equal to the period of any delay directly affecting the Project or this City Loan Agreement which are the result of circumstances beyond the reasonable control of the parties. Circumstances deemed to be beyond the control of the parties hereunder include, but are not limited to: acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; flood; earthquakes; epidemics, quarantine restrictions; strikes, freight embargos or delays in transportation, to the extent they are not caused by the party's willful or negligent act or omissions and to the extent they are beyond the party's reasonable control. An extension of time for any of the above-specified causes will be deemed granted only if written notice by the party claiming such extension is sent to the other party within ten (10) calendar days from the

commencement of the cause, and such extension of time is either accepted by the other party in writing, or is not rejected in writing by the other party within ten (10) calendar days of receipt of the notice. In any event, construction of the Project must be completed no later than ninety (90) calendar days after the scheduled completion date specified herein, any excusable delay notwithstanding. Times of performance under this City Loan Agreement may also be extended for any cause for any period of time by the mutual written agreement of Lender and Borrower.

**9.9 APPLICABLE LAW, INTERPRETATION AND ENFORCEMENT.** Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the CITY, including but not limited to, laws regarding health and safety, labor and employment, wage and hours and licensing laws which affect employees. This City Loan Agreement shall be enforced and interpreted under the laws of the State of California without regard to conflict of law principles. Borrower shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this City Loan Agreement. In any action arising out of this City Loan Agreement, Borrower consents to personal jurisdiction, and agrees to bring all such actions, exclusively in state or federal courts located in Los Angeles County, California. If any part, term or provision of this City Loan Agreement is held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this Contract, the validity of the remaining parts, terms or provisions of the Contract shall not be affected thereby.

**9.10 STATUTORY REFERENCES.** All references in the City Loan Documents to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the City of Los Angeles shall be deemed to include the same statute, regulation, ordinance, or resolution as hereafter amended or renumbered, or if repealed, to such other provisions as may thereafter govern the same subject as the provision to which specific reference was made.

**9.11 TIME.** Time is of the essence in these City Loan Documents.

**9.12 CONSENTS AND APPROVALS.** Any consent or approval of Lender required under the City Loan Documents shall not be unreasonably withheld or unreasonably delayed.

**9.13 NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Borrower and Lender shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt

requested, or delivered personally, to the principal offices of Borrower and Lender as follows:

**LENDER:** General Manager  
Los Angeles Housing and Community Investment  
Department  
Post Office Box 532729  
Los Angeles, CA 90013-1311  
Ref:

Copy to:

Los Angeles Housing and Community Investment  
Department  
Post Office Box 532729  
Los Angeles, CA 90013-1311  
Attn: Home Ownership Unit

**BORROWER:** Habitat for Humanity  
8739 Artesia Blvd  
Bellflower, CA 90706  
Attn: President

9.14 **BINDING UPON SUCCESSORS.** All provisions of these City Loan Documents shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of each of the parties; provided, however, that this section does not waive the prohibition on assignment of this City Loan Agreement by Borrower without Lender's consent. The term "Borrower" as used in these City Loan Documents shall include all such assigns, successors-in-interest, and transferees.

9.15 **RELATIONSHIP OF PARTIES.** The relationship of Borrower and Lender for this Project is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. Borrower is not an agent or employee of the City and shall not represent or otherwise hold itself out or any of its directors, officers, partners, employees or agents or be an agent or employee of the City. Lender neither undertakes nor assumes any responsibility or duty to Borrower (except as provided for herein) or any third party with respect to the Project, the Property, or the City Loan. Except as Lender may specify in writing, Borrower shall have no authority to act as an agent of Lender or to bind Lender to any obligation.

9.16 **ASSIGNMENT AND ASSUMPTION.** Borrower may not, unless it has first obtained the written permission of the City:

A. Assign, or otherwise alienate any of its rights under this

City Loan Agreement, including the right to payment, if any.

B. Delegate, subcontract, or otherwise transfer any of its duties under this City Loan Agreement.

Any unauthorized assignment or delegation shall be void.

9.17 **WAIVER.** Any waiver by Lender of any obligation in these City Loan Documents must be in writing. No waiver will be implied from any delay or failure by Lender to take action on any breach or default of Borrower or to pursue any remedy allowed under the City Loan Documents or applicable law. Any extension of time granted to Borrower to perform any obligation under the City Loan Documents shall not operate as a waiver or release from any of its obligations under the City Loan Documents. Consent by Lender to any act or omission by Borrower shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Lender's written consent to future waivers. A party's performance after the other party's default shall not be construed as a waiver of that default.

9.18 **INTEGRATION.** This City Loan Agreement and the other City Loan Documents, including exhibits, executed by Borrower for the Property, if any, contain the entire agreement of the parties and supersede any and all prior negotiations. This City Loan Agreement may be amended as only provided for in Section 9.20.

9.19 **OTHER AGREEMENTS.** Borrower and Lender each represents that it has not entered into any agreements that are inconsistent with the terms of the City Loan Documents. Borrower shall not enter into any agreements that are inconsistent with the terms of the City Loan Documents without an express waiver by Lender in writing.

9.20 **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to the City Loan Documents must be in writing, and shall be made only if executed by both Borrower and Lender.

9.21 **SEVERABILITY.** Every provision of this City Loan Agreement is intended to be severable. If any provision of this City Loan Agreement shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

9.22 **NONRECOURSE.** This City Loan is a nonrecourse obligation of Borrower. Neither Borrower nor any other party shall have any personal liability for repayment of this City Loan. The sole recourse of Lender for repayment of the principal and interest shall be the exercise of Lender's rights against the Property.

However, nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement of all the rights and remedies of the Lender against all such security for the City Note, or (b) be deemed in any way to impair the right of the Lender to assert the unpaid principal amount of the City Note as demand for money within the meaning of the California Code of Civil Procedure.

The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the City Note; except nothing contained in the foregoing is intended to relieve the Borrower of personal liability for: (1) fraud or willful misrepresentation; (2) failure to pay taxes, assessments or other charges (which are not contested by Borrower in good faith) which may create liens on the Property that are payable or applicable prior to any foreclosure under the City Deed of Trust (to the full extent of such taxes, assessments or other charges); (3) the Borrower's indemnification obligations under the City Loan Agreement; (4) misappropriation of any rents, security deposits, insurance proceeds, condemnation awards or any other proceeds derived from the collateral security; and (5) payment to the Lender of any rental income or other income arising with respect to the Property received by the Borrower after the Lender has given notice to the Borrower of the occurrence of an Event of Default, subject to the rights of any lender providing a loan secured by the Property to which the lender has subordinated to the City Deed of Trust.

[Remainder of this page left intentionally blank]

IN **WITNESS WHEREOF**, the City and the Borrower have caused this Agreement to be executed by its duly authorized representatives.

APPROVED AS TO FORM:

MICHAEL N. FEUER, City Attorney

By: \_\_\_\_\_  
Deputy City Attorney

Date: \_\_\_\_\_, 2017

ATTEST:  
HOLLY L. WOLCOTT, City Clerk

By: \_\_\_\_\_  
Deputy City Clerk

Date: \_\_\_\_\_, 2017

(Corporate Seal)

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

FOR LENDER:

THE CITY OF LOS ANGELES  
The Los Angeles Housing  
and Community Investment  
Department

By: \_\_\_\_\_  
SEAN L. SPEAR  
Its: Assistant General  
Manager  
Housing Development  
Bureau

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

FOR BORROWER:

HABITAT FOR HUMANITY OF  
GREATER LOS ANGELES,  
a California  
non-profit public benefit  
corporation

By \_\_\_\_\_  
ERIN RANK  
Its: President and CEO

By \_\_\_\_\_  
GREG PERREE  
Its: Secretary

City Business License Number: \_\_\_\_\_

Internal Revenue Service ID Number: \_\_\_\_\_

Council File Number: \_\_\_\_\_

Date Council Adopted: \_\_\_\_\_

Said Agreement is Number \_\_\_\_\_ of City Contracts

EXHIBIT "A"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

That portion of Lot 8 of The 111 Acre Range of New San Pedro, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 6, Pages 66 and 67 of Deeds in the office of the County Recorder of said county, bounded on the South by the northerly lines of Lots 50, 44 and "A" of Tract No. 3869, recorded in Book 149, Pages 78 and 79 of Maps, in said County Recorder's office, on the West by the easterly line of said Lot "A" and the easterly sideline of Lecouvreur Avenue, 50.00 feet wide, formerly Barracks Avenue, as shown on the map of said Tract No. 3869, on the North by the southerly sideline of "L" Street, 60.00 feet wide described in Deed to the City of Los Angeles, recorded in Book 9568, Page 232 of Official Records in said County Recorder's office and on the East by the westerly line of Lot 9 of said 111 Acre Range.

**RESERVING** unto The City of Los Angeles for public street easement purposes therefrom that portion lying northerly, northwesterly and westerly of the following described line:

Beginning at the intersection of said northerly line of said Lot "A" with a line parallel with and distant five feet easterly measured at right angles from said easterly sideline of Lecouvreur Avenue, 50.00 feet wide, thence northerly along said parallel line to the beginning of a tangent curve concave to the southeast having a radius of 15.00 feet and being tangent at its point of ending to a line parallel with and distant 2.00 feet southerly measured at right angles from said southerly sideline of "L" Street, 60.00 feet wide; thence northeasterly along said curve to last said parallel line; thence easterly along last said parallel line to said westerly line of said Lot 9.

EXCEPT therefrom that portion of said land within public street.

ASSESSOR'S IDENTIFICATION NUMBER: 7423-026-900

COMMON ADDRESS: 600 East L Street, Los Angeles, CA

BORROWER: Habitat for Humanity of Greater Los Angeles, a California non-profit public benefit corporation

**EXHIBIT "B"**  
**CITY LOAN AGREEMENT**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

**DEFINITIONS**

The following terms have the meanings and content set forth in this section wherever used in the City Loan Agreement, attached Exhibits, or documents incorporated into this City Loan Agreement by this reference.

1. **"AREA MEDIAN INCOME"** means the median income for the Los Angeles Primary Metropolitan Statistical Area (PMSA), with adjustments for household size, as determined from time to time by the U.S. Department of Housing and Urban Development (HUD) pursuant to the United States Housing Act of 1937 as amended, or such other method of median income calculation applicable to the City of Los Angeles that HUD may hereafter adopt in connection with said Act.

2. **"BORROWER"** is Habitat for Humanity of Greater Los Angeles, a California non-profit public benefit corporation and its authorized representatives, assigns, transferees, or successors-in-interest thereto.

3. **"BUDGET"** means that budget for the development of the Project attached as Exhibit "E" to this City Loan Agreement, which is hereby incorporated into this City Loan Agreement by this reference.

4. **"CITY"** means the City of Los Angeles, a municipal corporation.

5. **"CITY DEED OF TRUST"** is that deed of trust, assignment of rents, and security agreement placed on the Property as security for the City Loan by Borrower as trustor with Lender as beneficiary, as well as any amendments to, modifications of, and restatements of said deed of trust. The City Deed of Trust is attached as Exhibit "D" to this City Loan Agreement is hereby incorporated by this reference.

6. **"CITY LOAN"** refers to the Borrower's loan for payment of the appraised value of the Property (One Million Sixty Four Thousand Dollars (\$1,064,000.00)) in accordance

with the terms and conditions of this City Loan Agreement. Upon satisfaction of the conditions precedent set forth in Exhibit "G", the Property shall be transferred from the City to the Borrower and utilized by Borrower, in accordance with the terms and conditions of this City Loan Agreement.

7. **"CITY LOAN AGREEMENT"** means this City Loan Agreement entered into between Lender and Borrower.

8. **"CITY LOAN DOCUMENTS"** are collectively the City Loan Agreement, the City Deed of Trust, and the City Note and that may be executed in connection with the City Loan, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these documents.

9. **"CITY NOTE"** is that promissory note in the amount of One Million Sixty Four Thousand Dollars (\$1,064,000.00) executed by Borrower in favor of Lender evidencing the City Loan, which is secured by the City Deed of Trust, as well as any amendments to, modifications of, or restatements of said promissory note. The City Note is attached as Exhibit "C" to this City Loan Agreement is hereby incorporated by this reference.

10. **"CITY SOFT SECOND LOAN"** refers to the each of the nine (9) soft second loans in the approximate amount of One Hundred and Eighteen Thousand Two Hundred and Twenty Two Dollars and Twenty Two Cents (\$118,222.22) for a total of One Million Sixty Four Thousand Dollars (\$1,064,000.00) that the City will make to each Eligible Purchaser of a completed Unit in order to assist with the purchase of the Unit. Each City Soft Second Loan will be for a term of thirty (30) years at zero percent (0%) interest.

11. **"CITY SOFT SECOND LOAN DOCUMENTS"** refers to loan agreements and promissory notes secured by deeds of trust with shared equity provisions which shall be drafted by HCID and executed between the City and each Eligible Purchaser as each Unit is sold.

12. **"COMMENCEMENT OF CONSTRUCTION"** means the time Borrower or Borrower's construction contractor begin substantial physical construction work on the Project at the Property, including site preparatory work, beyond maintenance of the Property in its status quo condition.

Such work shall not include work related solely to remediation of Hazardous Materials.

13. **"ELIGIBLE PURCHASER"** means a household or individual who is both a **FIRST-TIME HOME BUYER** and whose annual income is at or below that of a **MODERATE INCOME HOUSEHOLD**.

14. **"ESCROW HOLDER"** means the person or entity designated by the Borrower and approved by the City to hold the Property and documents until receiving written instructions to record the documents and transfer title to the Property to the Borrower.

15. **"FIRST-TIME HOME BUYER"** means a person who (A) has not had an ownership interest in residential real estate during the three (3) year period immediately prior to this City Loan Agreement; or (B) a "displaced homemaker" who has not worked full-time in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, and is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment; or (C) a single parent who is unmarried or legally separated from a spouse, and has one (1) or more minor children for whom the individual has custody or joint custody or is pregnant; or (D) a current owner-occupant of a home that does not meet local codes and cannot be brought into compliance with codes for less than the cost of construction of a new home; or (E) an owner of a manufactured home that is not permanently affixed to a permanent foundation in accordance with local code.

16. **"GSD"** means the City of Los Angeles Department of General Services, a department of the City of Los Angeles.

17. **"GRANT DEED"** refers to the instrument attached as Exhibit "P" to the City Loan Agreement. The Grant Deed used to convey the Property from the City to the Borrower pursuant to the City Loan Agreement, shall contain the same provisions as set forth in Exhibit "P".

18. **"HAZARDOUS MATERIALS"** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances," "hazardous wastes," "hazardous materials," "pollutants," "contaminants," or "toxic

substances," under federal or state environmental and health and safety laws and regulations, including without limitation petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. Hazardous Materials do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.

19. **"HCID"** means the Los Angeles Housing and Community Investment Department, a department of the City of Los Angeles.

20. **"HUD"** means the United States Department of Housing and Urban Development.

21. **"LENDER"** is the City of Los Angeles, a municipal corporation and its authorized representatives, officers, officials, directors, employees, and agents.

22. **"LOW INCOME HOUSEHOLD"** shall mean a household or individual whose annual income does not exceed 80% of the median income for the Los Angeles Metropolitan area as determined by HUD with adjustments for smaller and larger households.

23. **"MBE/WBE"** means Minority Business Enterprises/Women-Owned Business Enterprises.

24. **"MODERATE INCOME HOUSEHOLD"** shall mean a household or individual whose annual income does not exceed 120% of the median income for the Los Angeles Metropolitan area as determined by HUD with adjustments for smaller and larger households.

25. **"NOTICE OF COMPLETION"** refers the document referenced in Section 3.18 of the City Loan Agreement.

26. **"PROJECT"** refers to the nine (9) Units to be built in the Property (the nine (9) Units also maybe referred to as the "Improvements") which upon completions, shall be sold in accordance with the provisions of Article 4 of the City Loan Agreement.

27. **"PROPERTY"** consists of the real property located at 600 East L Street, Los Angeles, CA (APN: 7423-026-900) corner of L Street and Lecouvreur Street (formerly known by the parties hereto as: 564 East L Street, Los Angeles, CA and referenced in ZIMAS as: 600 East L Street, Wilmington, CA) more particularly described Exhibit "A" to this City Loan Agreement, which is incorporated into this City Loan Agreement by this reference, and any buildings or Improvements (i.e. the Units) now or hereinafter situated on said real property.

28. **"PURCHASE PRICE"** refers to the sales price of the Property which is its appraised value of One Million Sixty Four Thousand Dollars (\$1,064,000.00).

29. **"UNIT"** means each of the nine (9) single-family homes which comprise the Project to be developed on the Property.

**EXHIBIT "C"**  
**CITY LOAN AGREEMENT**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

**PROMISSORY NOTE SECURED BY DEED OF TRUST**  
**("City Note")**

AMOUNT: \$1,064,000

DATE: \_\_\_\_\_, 2017

FOR VALUE RECEIVED, Habitat for Humanity of Greater Los Angeles, with its principal office at 8739 Artesia Blvd, Bellflower, CA 90706 ("Borrower") hereby promises to pay to the order of the City of Los Angeles, a municipal corporation, acting by and through its department, the Los Angeles Housing and Community Investment Department ("HCIDLA") whose address is 1200 W. 7<sup>th</sup> Street, 8<sup>th</sup> Floor, Los Angeles, California, 90017 ("Lender"), a principal amount equal to One Million and Sixty Four Thousand Dollars (\$1,064,000.00) or so much thereof as may be advanced by Lender to Borrower (the "City Loan") pursuant to the City Loan Agreement of even date herewith between Borrower and Lender (the "City Loan Agreement"). Borrower also promises to pay to the order of Lender accrued simple interest of three percent (3%) per annum on the outstanding principal amount commencing from the date of this City Note until paid. The City shall waive interest charges for projects that are completed on time.

**1. BORROWER'S OBLIGATION.** This City Note evidences the obligation of Borrower to Lender for the repayment of the appraised value (\$1,064,000.00) of the real property located 600 East L Street, Los Angeles, CA, which the City transferred to Borrower pursuant to the terms of the City Loan Agreement, for the purpose of the construction of nine (9) single-family homes which upon completion, shall be sold at prices affordable to "Eligible Purchasers" as defined in Exhibit "B" to the City Loan Agreement.

**2. AMOUNT AND TIME OF PAYMENT.** The principal of the City Loan and all accrued interest thereon shall be due and payable on the earliest of: (A) three (3) years from the date of close of escrow as to the transfer of the Property from the City to Borrower, (B) the date the Property is sold, assigned,

transferred or refinanced without the City's approval or (C) an Event of Default by Borrower which has not been cured as provided for in this City Loan Agreement. However, notwithstanding the foregoing, the City has agreed to allow partial repayments of the City Loan until repaid in full in accordance with the provisions set forth in Section 1.6 of the City Loan Agreement.

3. **PLACE AND MANNER OF PAYMENT.** All amounts due and payable under this City Note and the City Loan Agreement are payable at the office of Lender as set forth above, or at such other place as Lender may designate to Borrower in writing from time to time, in any coin or currency of the United States which on the respective dates of payment thereof shall be legal tender for the payment of public and private debts.

4. **APPLICATION OF PAYMENTS.** All payments received on account of this City Note shall be first applied to accrued interest and the remainder shall be applied to the reduction of principal; except that if Lender shall have made additional advances under the terms of the City Loan Documents and such advances have not been repaid, any payments received by Lender, at its option, may be applied first to the repayment of such advances and interest thereon.

5. **PREPAYMENT OF CITY LOAN.** No prepayment penalty will be charged to Borrower for payment of all or any portion of this City Note prior to the end of the City Loan term described herein.

6. **WAIVERS.** Presentment, notice of dishonor, and protest are waived by all makers, sureties, guarantors, and endorers of this City Note.

7. **DEFAULT AND ACCELERATION.** This City Note is secured by a Deed of Trust (the "City Deed of Trust"). All covenants, conditions and agreements contained in the City Deed of Trust and the City Loan Agreement are hereby made a part of this City Note. Borrower agrees that the unpaid balance of the then principal amount of this City Note, together with all accrued interest thereon and charges owing, shall, at the option of Lender, become immediately due and payable upon any Event of Default as defined in the City Loan Agreement which has not been cured pursuant to that Agreement, including without limitation the failure of Borrower to make any payment when due. Upon any

Event of Default, Lender may exercise any other right or remedy permitted under the City Loan Documents.

8. **NONRECOURSE.** This City Loan is a non-recourse obligation of Borrower. The sole recourse of Lender for repayment of the principal and interest shall be the exercise of Lender's rights against the Property.

9. **CONSENTS AND APPROVALS.** Any consent or approval of Lender required under this City Note shall not be unreasonably withheld.

10. **NOTICES.** Except as may be otherwise specifically provided herein, any approval, notice, direction, consent request or other action by Lender shall be in writing and may be communicated to Borrower at the principal office of Borrower set forth above, or at such other place or places as Borrower shall designate in writing, from time to time, for the receipt of communications from Lender.

11. **BINDING UPON SUCCESSORS.** All provisions of this City Note shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Borrower and Lender; provided, however, that this section does not waive the prohibition in the City Loan Agreement on assignment of the City Loan by Borrower without Lender's consent.

12. **ASSIGNMENT AND ASSUMPTION.** Borrower shall not assign any of its interests under this City Note to any other party, except as specifically permitted under the terms of the City Loan Documents, without the prior written consent of Lender. Any unauthorized assignment shall be void.

13. **DEFINITIONS.** Capitalized terms not defined in this City Note shall have the same meaning as defined terms in the City Loan Agreement.

14. **GOVERNING LAW.** This City Note shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

15. **CITY LOAN AGREEMENT CONTROLS.** In the event that any provisions of this City Note and the City Loan Agreement conflict, the terms of the City Loan Agreement shall control.

16. **SEVERABILITY.** Every provision of this City Note is intended to be severable. If any provision of this City Note shall be held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

17. **TIME.** Time is of the essence in this City Note.

18. **WAIVER.** Any waiver by Lender of any obligation in this City Note must be in writing. No waiver shall be implied from any failure of Borrower to take, or any delay or failure by Lender to take action on any breach or default by Borrower or to pursue any remedy allowed under this City Note or applicable law. Any extension of time granted to Borrower to perform any obligation under this City Note shall not operate as a waiver or release from any of its obligations under the City Note. Borrower hereby waives all defenses and pleas on the grounds of any extensions of the time for repayment of any amounts due under this City Note, unless Lender has granted such extensions in writing. Consent by Lender to any act or omission by Borrower shall not be construed to be a consent to any other act or omission or to waive the requirement for Lender's written consent to future waivers.

19. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this City Note must be in writing, and shall be made only if executed by both Borrower and Lender.

BORROWER:

Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit corporation

By: \_\_\_\_\_

Its:

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

By: \_\_\_\_\_

Its:

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

DRAFT

**EXHIBIT "D"**  
**CITY LOAN AGREEMENT**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

NO FEE DOCUMENT

Complimentary recording requested by  
The City of Los Angeles pursuant to  
Government Code 6103, Section 27383

When recorded, mail to:

City of Los Angeles  
Los Angeles Housing and Community Investment Department  
Attn: Asset Management - (Home Ownership Unit)  
P.O. Box 532729  
Los Angeles, CA 90053-2729

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
AND SECURITY AGREEMENT**

**(Securing loan of \$1,064,000.00)**

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, AND SECURITY AGREEMENT ("City Deed of Trust") is made this \_\_\_\_ day of \_\_\_\_\_ 2017, by Habitat for Humanity of Greater Los Angeles, a California non-profit public benefit corporation ("Trustor") to \_\_\_\_\_, a California corporation, as trustee ("Trustee"), for the benefit of the City of Los Angeles, a municipal corporation ("Beneficiary"). This City Deed of Trust is being executed in order to secure beneficiary's interest as a governmental agency in ensuring both that public funds loaned for the Project development are repaid, and that housing projects assisted by public funds are developed and operated in a manner that is consistent with the public interest.

**GRANT IN TRUST**

1. **GRANT.** Trustor, in consideration of the indebtedness referred to below, hereby irrevocably grants and conveys to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, all of Trustor's interest in the property located in the City of Los Angeles, County of Los Angeles, State of California, and described in the attached Exhibit "A" incorporated herein by this reference (the "Property"), which is located at 600 East L Street, Los Angeles, CA.

TOGETHER WITH all interest, estates or other claims, both in law and in equity which Trustor now has or may hereafter acquire in the Property; all buildings, structures, fixtures, improvements, signs, and landscaping now or hereafter erected or located on the Property, including all equipment and machinery used for supplying or distributing heating, cooling, electricity, gas, water, air, and light, all kitchen and laundry appliances such as washers, dryers, refrigerators, garbage disposals, ovens, ranges, dishwashers, all plumbing and bathroom fixtures, all security and access control equipment, fire prevention and extinguishment equipment, elevators, floor coverings, window coverings, paneling, cabinets, (provided, however, that Trustor shall have the right to remove, if necessary, such fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same quality performing the same functions, which replacements shall themselves become part of this grant); all building material and equipment either now or hereafter delivered to the Property and intended to be installed therein or any such material and equipment purchased with City Loan proceeds whether or not located on the Property; all reserves, accounts, deferred payments, and refunds relating to development on the Property; all rents and income generated by the Property or improvements thereon (subject however to the assignment of rents to Lender contained herein); all leases, subleases and rental agreements covering the Property or any portion thereof now existing or hereafter entered into, and all interests of Trustor in security deposits, advance rentals, accounts, or payments of similar nature with respect to such leases, subleases, or rental agreements; all easements and rights-of-way appurtenant to the Property, including parking and recreational easements, and all interests of Trustor in any land lying within the right-of-way of any street, sidewalks, and areas of land adjacent to or used in connection with the Property; all development rights and credits, air rights, water rights, and oil, gas or mineral rights with respect to the Property; all claims or demands with respect to insurance proceeds, and all awards made for a taking by eminent domain; all interests and rights in any private or government grants, subsidies, loans, or other financing with respect to development on the Property; all interests in personal property used in and about the Property (except furniture and other personal property of occupants of dwelling units on the Property); all intangible property and rights relating to the Property or operations on the Property, including trade names, goodwill, trademarks, and service marks; all government permits, approvals, and map rights related to construction on the Property; all architectural, structural, and mechanical plans, specifications, designs, studies, and data with respect to construction of improvements on the Property; all environmental tests, studies and reports with respect to the Property; all current and future claims and rights of action of Trustor against prior owners and operators

of the Property, neighboring property owners and operators, tenants and former tenants, consultants, advisors, and other third parties with respect to environmental or Hazardous Materials contamination and cleanup of the Property under any federal, state, or local ordinances, statutes, regulations, or administrative decisions or common law.

All of the foregoing, together with the Property, is herein referred to as the "Security."

#### **OBLIGATIONS SECURED**

2. Trustor makes this grant for the purpose of securing the following obligations:

- A. Repayment of the indebtedness of Trustor to Beneficiary in the principal sum of **One Million Sixty Four Thousand Dollars (\$1,064,000.00)** with interest thereon (the "City Loan") evidenced by a promissory note executed by Borrower (the "City Note") on file at the offices of Beneficiary, which is hereby incorporated into this City Deed of Trust by this reference) or as much as has been disbursed to Trustor therewith, along with any extensions, amendments, modifications, or renewals to the City Note; and
- B. Payment of any sums advanced by Beneficiary to protect the security and priority of this City Deed of Trust; and
- C. Payment of any sums advanced by Beneficiary following a breach of Trustor's obligation to advance said sums and the expiration of any applicable cure period, with interest thereon as provided herein; and
- D. Performance of every obligation, covenant or agreement of Trustor contained in this City Deed of Trust, the City Note, the City Loan Agreement executed between Trustor and Beneficiary for this City Loan (the "City Loan Agreement") on file at the offices of Beneficiary, which is hereby incorporated into this City Deed of Trust by this reference), including all modifications, extensions and renewals of these obligations; and
- E. Performance of any other obligation or repayment of any other indebtedness of Trustor to Beneficiary,

where such evidence of obligation or indebtedness specifically recites that it is secured by this City Deed of Trust; and

- F. Performance of any obligations of Trustor in any other agreements with respect to financing of the Project or the Security, whether or not Beneficiary is a party to such agreements.

#### **ABSOLUTE ASSIGNMENT OF RENTS AND RIGHT TO POSSESSION**

3. **ASSIGNMENT.** As additional security, Trustor hereby assigns to Beneficiary: A) all of the rents, revenues, profits, and income from the Security, any deposits now or hereafter in Trustor's possession which have been collected with respect to the Security, and any reserve or capital funds now or hereafter held by Trustor with respect to construction or operation of the Security (collectively, the "Rents"); and B) the right to enter, take possession of, and manage the Security; provided however that Trustor shall have, before an Event of Default, the exclusive right to possess the Security and to collect Rents and use them in accordance with the City Loan Documents. This assignment is intended to be an absolute and present transfer of Trustor's interest in existing and future Rents, effective as of the date of this City Deed of Trust.

4. **ENFORCEMENT.** Upon the happening of an Event of Default and written notice to Trustor, Beneficiary may, in addition to other rights and remedies permitted by the City Loan Agreement, this City Deed of Trust, or applicable law, A) enter upon, take possession of, and manage the Security, either in person as a mortgagee-in-possession, by agent, or by a receiver appointed by a court, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Security, B) collect all Rents, including those past due and unpaid, and apply the same to pay for the costs and expenses of operation of the Security, including attorneys' fees, and pay off any indebtedness secured by this City Deed of Trust, all in such order as Beneficiary may determine, and/or C) enter upon and take possession of the Security, and complete construction of any improvements on the Security as provided for in the Plans and Specifications approved under the City Loan Agreement or any modifications to the Plans and Specifications or the Project that Beneficiary in its sole discretion believes is appropriate. Beneficiary may make, cancel, enforce, and modify leases and rental agreements, obtain and evict tenants, set and modify rent terms, sue for rents due, enter into, modify, or terminate any contracts or agreements, or take any legal action, as it deems necessary with

respect to the Rents or to development or operation of the Security.

5. **APPOINTMENT OF A RECEIVER.** In any action to enforce this assignment, Beneficiary may apply for the appointment of a receiver to take possession of the Security and take whatever measures are necessary to preserve and manage the Security for the benefit of Beneficiary and the public interest. Trustor hereby consents to the appointment of a receiver. The receiver shall have all of the authority over the Security that Beneficiary would have if Beneficiary took possession of the Security under this assignment as a mortgagee-in-possession, including the right to collect and apply Rents and the right to complete construction of improvements.

6. **NO WAIVER OF POWER OF SALE.** The entering upon and taking possession of the Security and the collection of Rents shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or notice of default and, notwithstanding the continuance in possession of the Security or the collection and application of Rents, Beneficiary shall be entitled to exercise every right provided for in this City Deed of Trust or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

#### **COMMERCIAL CODE SECURITY AGREEMENT**

7. **GRANT.** This City Deed of Trust is intended to be a security agreement and financing statement pursuant to the California Commercial Code for any of the items specified above as part of the Security which under applicable law may be subject to a security interest pursuant to the Commercial Code, and Trustor hereby grants Beneficiary a security interest in said items. Beneficiary may file a copy of this City Deed of Trust in the real estate records or other appropriate index as a financing statement for any of the items specified as part of the Security. Trustor shall execute and deliver to Beneficiary at Beneficiary's request any financing statements, as well as extensions, renewals, and amendments thereof, and copies of this instrument in such form as Beneficiary may require to perfect a security interest with respect to said items. Trustor shall pay all costs of filing such financing statements and shall pay all reasonable costs of any record searches for financing statements and releases. Without the prior written consent of Beneficiary, Trustor shall not create or permit any other security interest in said items.

8. **REMEDIES.** Upon Trustor's breach of any obligation or agreement in the City Loan Documents, Beneficiary shall have the remedies of a secured party under the Commercial Code and at Beneficiary's option may also invoke the remedies provided for

elsewhere in this City Deed of Trust with respect to said items. Beneficiary may proceed against the items of real property and personal property specified above separately or together and in any order whatsoever.

#### **RIGHTS AND OBLIGATIONS OF TRUSTOR**

9. **PERFORMANCE OF SECURED OBLIGATION.** Trustor shall promptly perform each obligation secured by this City Deed of Trust.

10. **PAYMENT OF PRINCIPAL AND INTEREST.** Trustor shall promptly pay when due the principal and interest on the indebtedness evidenced by the City Note.

11. **MAINTENANCE OF THE SECURITY.** Trustor shall, at the Trustor's own expense, maintain and preserve the Security or cause the Security to be maintained and preserved in good condition, in good repair, and in a decent, safe, sanitary, habitable and tenantable condition. Trustor shall not cause or permit any violations of any laws, ordinances, regulations, covenants, conditions, restrictions, or equitable servitudes as they pertain to improvements, alterations, maintenance or demolition on the Security. Trustor shall not commit or permit waste on or to the Security. Trustor shall not abandon the Security. Beneficiary shall have no responsibility over maintenance of the Security. In the event Trustor fails to maintain the Security in accordance with the standards in this City Deed of Trust or the City Loan Agreement, Beneficiary, after at least seven (7) calendar days prior notice to Trustor, may, but shall be under no obligation to, make such repairs or replacements as are necessary and provide for payment thereof. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the City Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this City Deed of Trust.

12. **INSPECTION OF THE SECURITY.** Trustor shall permit Beneficiary to enter and inspect the Security for compliance with these obligations upon twenty four (24) hours advance notice of such visit by Beneficiary to Trustor or Trustor's management agent.

13. **LIENS, ENCUMBRANCES, AND CHARGES.** Trustor shall discharge any lien or encumbrance not approved by Trustor in writing that may attain priority over this City Deed of Trust, as provided for in the City Loan Agreement.

14. **DEFENSE AND NOTICE OF CLAIMS AND ACTIONS.** Trustor shall appear in and defend, at its own expense, any action or proceeding purporting to affect the Security and/or the rights of Beneficiary. Trustor shall give Beneficiary and Trustee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding and of any condemnation offer or action with respect to the Security.

15. **SUITS TO PROTECT THE SECURITY.** Beneficiary shall have power to institute and maintain such suits and proceedings as it may deem expedient A) to prevent any impairment of the Security or the rights of Beneficiary, B) to preserve or protect its interest in the Security and in the Rents, and C) to restrain the enforcement of or compliance with any governmental legislation, regulation, or order, if the enforcement of or compliance with such legislation, regulation, or order would impair the Security or be prejudicial to the interest of Beneficiary.

16. **DAMAGE TO SECURITY.** Trustor shall give Beneficiary and Trustee prompt notice in writing of any damage to the Security. If any building or improvements erected on the Property is damaged or destroyed by an insurable cause, Trustor shall, at its cost and expense, repair or restore said buildings and improvements consistent with the original plans and specifications. Such work or repair shall be commenced within one hundred twenty (120) days after the damage or loss occurs and shall be complete within one (1) year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, Trustor shall make up the deficiency.

17. **TITLE.** Trustor warrants that Trustor lawfully has legal title to the Security without any limitation on the right to encumber.

18. **GRANTING OF EASEMENTS.** Trustor may not grant easements, licenses, rights-of-way or other rights or privileges in the nature of easements with respect to the Security except those required or desirable for installation and maintenance of public utilities including water, gas, electricity, sewer, cable television, telephone, or those required by law.

19. **TAXES AND LEVIES.** Trustor shall pay prior to delinquency, all taxes, fees, assessments, charges and levies imposed by any public authority or utility company which are or may become a lien affecting the Security. However, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as A) the legality thereof shall be promptly and

actively contested in good faith and by appropriate proceedings, and B) Trustor maintains reserves adequate to pay any contested liabilities. In the event that Trustor fails to pay any of the foregoing items, Beneficiary may, but shall be under no obligation to, pay the same, after Beneficiary has notified Trustor of such failure to pay and Trustor fails to fully pay such items within seven (7) business days after receipt of such notice. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the City Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this City Deed of Trust.

20. **INSURANCE.** Trustor shall provide such insurance as required under the City Loan Agreement. In the event Trustor fails to maintain the full insurance coverage required by this City Deed of Trust, Beneficiary, after at least seven (7) business days prior notice to Trustor, may, but shall be under no obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by Beneficiary, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the City Note (unless payment of such an interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate then allowed by applicable law), shall become an additional obligation of Trustor to Beneficiary and shall be secured by this City Deed of Trust.

21. **CONDEMNATION.** All judgments, awards of damages, settlements and compensation made in connection with or in lieu of taking all or any part of or interest in the Security under assertion of the power of eminent domain ("Funds") are hereby assigned to and shall be paid to Beneficiary. Beneficiary is authorized (but not required) to collect and receive any Funds and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as Beneficiary shall determine at its sole option. All or any part of the amounts so collected and recovered by Beneficiary may be released to Trustor upon such conditions as Beneficiary may impose for its disposition. Application of all or any part of the Funds collected and received by Beneficiary or the release thereof shall not cure or waive any default under this City Deed of Trust.

22. **ACCELERATION ON TRANSFER OF SECURITY; ASSUMPTION.** In the event that Trustor, without the prior written consent of the Beneficiary, sells, agrees to sell, transfers, or conveys its interest in the Security or any part thereof or interest therein,

Beneficiary may at its option declare all sums secured by this City Deed of Trust to be immediately due and payable. This option shall not apply in case of:

- A. the grant of a tenant, leasehold, or fee interest to qualifying households who will occupy Project units as provided for under the City Loan Documents; or
- B. sale or transfer of fixtures or personal property pursuant to the grant provisions in this City Deed of Trust. Consent to one (1) sale or transfer shall not be deemed to be a waiver of the right to require such consent to future or successive transactions.

23. **RECONVEYANCE BY TRUSTEE.** This trust is intended to continue for the entire term of the City Loan. However, the City has agreed to allow partial re-conveyance of the Deed of Trust until repaid in full in accordance with the provisions set forth in Section 1.6 of the City Loan Agreement. Upon written request of Beneficiary stating that all sums secured by this City Deed of Trust have been paid and upon surrender of this City Deed of Trust to Trustee for cancellation and retention, and upon payment by Trustor of Trustee's reasonable fees, Trustee shall reconvey the Security to Trustor, or to the person or persons legally entitled thereto.

#### **DEFAULTS AND REMEDIES**

24. **EVENTS OF DEFAULT.** Any of the events listed in the City Loan Agreement as an Event of Default shall also constitute an Event of Default under this City Deed of Trust, including, but not limited to, 1) Trustor's failure to pay when due any sums payable under this City Deed of Trust, the City Note, or the City Loan Agreement; 2) Trustor's failure to observe or to perform any of its other covenants, agreements or obligations under this City Deed of Trust, the City Note, or the City Loan Agreement; or 3) Trustor's failure to make any payment or perform any of its other covenants, agreements, or obligations under any other agreement with respect to financing for the Project or the Security, whether or not Beneficiary is a party to such agreement.

25. **ACCELERATION OF MATURITY.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the City Loan Agreement, Beneficiary may declare all sums advanced to Trustor under the City Note and this City Deed of Trust immediately due and payable.

26. **BENEFICIARY'S REMEDIES.** Upon the happening of an Event of Default which has not been cured within the times and in the manner provided in the City Loan Agreement, Beneficiary may, in addition to other rights and remedies permitted by the City Loan Agreement, the City Note, or applicable law, proceed with any or all of the following remedies:

- A. Enforce the assignment of rents and right to possession as provided for in this City Deed of Trust, and/or seek appointment of a receiver to take over possession of the Security and collect Rents;
- B. Enter the Security and take any actions necessary in its judgment to complete construction on the Security as permitted under the Assignment of Architect's Contracts and Plans and Specifications and Permits (Exhibit "K" to the City Loan Agreement) executed by Trustor (on file with Beneficiary) and the assignment of rents and right to possession in this City Deed of Trust, either in person or through a receiver appointed by a court;
- C. Disburse from City Loan proceeds any amount necessary to cure any Monetary Default under this City Deed of Trust, the City Loan Agreement, or the City Note;
- D. Commence an action to foreclose this City Deed of Trust pursuant to California Code of Civil Procedure Sections 725a, et seq., and/or seek appointment of a receiver from a court of competent jurisdiction with the authority to protect Beneficiary's interests in the Security, including the authority to complete construction of improvements;
- E. Deliver to Trustee a written declaration of Default and demand for sale, and a written Notice of Default and election to cause Trustor's interest in the Security to be sold, which notice Trustee or Beneficiary shall duly file for record in the Official Records of Los Angeles County, and exercise its power of sale as provided for below;
- F. Pursue any other rights and remedies allow at law or in equity.

27. **FORECLOSURE BY POWER OF SALE.** Should Beneficiary elect to foreclose by exercise of the power of sale contained in this City Deed of Trust, Beneficiary shall notify Trustee and shall deposit with Trustee this City Deed of Trust (the deposit of which shall be deemed to constitute evidence that the unpaid sums disbursed under the City Note are immediately due and payable), and such receipts and evidence of any expenditures made that are additionally secured hereby as Trustee may require.

Upon receipt of such notice from Beneficiary, Trustee shall cause to be recorded, published and delivered to Trustor such Notice of Default and Election to Sell as then required by law and by this City Deed of Trust. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such Notice of Default and after Notice of Sale having been given as required by law, sell the Security, at the time and place of sale fixed by it in said Notice of Sale, whether as a whole or in separate lots or parcels or items as Trustee shall deem expedient and in such order as it may determine unless specified otherwise by Trustor, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to the purchaser its deed or deeds conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in such deed of any matters of facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee, or Beneficiary, may purchase at the 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, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new Notice of Sale.

After deducting all reasonable costs, fees and expenses of Trustee, including costs of evidence of title in connection with such sale, Trustee shall apply the proceeds of sale as follows: (i) first, to the payment of all sums then secured by this City Deed of Trust, in such order and amounts as Beneficiary in its sole discretion determines, and (ii) the remainder, if any, to the person or persons legally entitled thereto.

28. **REMEDIES CUMULATIVE.** No right, power or remedy conferred upon or reserved to Beneficiary by this City Deed of Trust is intended to be exclusive of any other rights, powers or remedies, but each such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and

remedy given hereunder or now or hereafter existing at law or in equity.

#### **GENERAL PROVISIONS**

29. **GOVERNING LAW.** This City Deed of Trust shall be interpreted under and governed by the laws of the State of California, except for those provisions relating to choice of law and those provisions preempted by federal law.

30. **STATEMENT OF OBLIGATION.** Lender may collect a fee not to exceed the maximum allowable under applicable law for furnishing a statement of obligations as provided in the California Civil Code.

31. **CONSENTS AND APPROVALS.** Any consent or approval of Beneficiary required under this City Deed of Trust shall not be unreasonably withheld or delayed.

32. **TIME.** Time is of the essence in this City Deed of Trust.

33. **NOTICES, DEMANDS AND COMMUNICATIONS.** Formal notices, demands and communications between Trustor and Beneficiary shall be sufficiently given and shall not be deemed given unless dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, to the principal offices of Trustor and Beneficiary as follows:

**BENEFICIARY:** Los Angeles Housing and Community Investment  
Department  
Attn: Asset Management - Home Ownership  
Post Office Box 532729  
Los Angeles, CA 90053-2729

**TRUSTOR:** Habitat for Humanity of Greater Los Angeles  
8739 Artesia Blvd  
Bellflower, CA 90706

34. **BINDING UPON SUCCESSORS.** All provisions of this City Deed of Trust shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors-in-interest, transferees, and assigns of Trustor, Trustee, and Beneficiary.

35. **WAIVER.** Any waiver by Beneficiary of any obligation of Trustor in this City Deed of Trust must be in writing. No waiver will be implied from any delay or failure by Beneficiary to take action on any breach or default of Trustor or to pursue any remedy allowed under the City Deed of Trust or applicable law. Any extension of time granted to Trustor to perform any obligation

under this City Deed of Trust shall not operate as a waiver or release Trustor from any of its obligations under this City Deed of Trust. Consent by Beneficiary to any act or omission by Trustor shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's written consent to future waivers.

36. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to this City Deed of Trust must be in writing, and shall be made only if mutually agreed upon by Beneficiary and Trustor.

37. **CITY LOAN AGREEMENT CONTROLS.** If there is any contradiction between this instrument and the City Loan Agreement, the terms of the City Loan Agreement shall control, except that Trustor shall have no defense or claim that this instrument does not establish a valid lien on the Property or the Security.

38. **DEFINITIONS.** Capitalized terms not otherwise defined in this City Deed of Trust shall have the same meaning as defined terms in the City Loan Agreement.

39. **PROOFS OF CLAIM.** In the case of any receivership, insolvency, bankruptcy, reorganization, arrangement, adjustment, recomposition or other proceedings affecting Trustor, its creditors or its property, Trustee, to the extent permitted by law, shall be entitled to file such proofs of claim and other documents as may be necessary or advisable in order to have the claims of Beneficiary allowed in such proceedings and for any additional amount which may become due and payable by Trustor hereunder after such date.

40. **SEVERABILITY.** Every provision of this City Deed of Trust is intended to be severable. If any term or provision of this City Deed of Trust is declared to be illegal, invalid, or unenforceable by a court of competent jurisdiction, the legality, validity, and enforceability of the remaining provisions shall not be affected. If the lien of this City Deed of Trust is invalid or unenforceable as to any part of the debt, or if the lien is invalid or unenforceable as to any part of the Security, the unsecured or partially secured portion of the debt and all payments made on the debt (whether voluntary or under foreclosure or other enforcement action or procedure) shall be considered to have been first paid or applied to the payment of that portion of the debt which is not secured or partially secured by the lien of this City Deed of Trust.

41. **SUBSTITUTION OF TRUSTEES.** Beneficiary may from time to time appoint another trustee to act in the place and stead of Trustee or any successor. Upon such appointment and without

conveyance, the successor trustee shall be vested with all title, powers, and duties conferred upon Trustee. Each such appointment and substitution shall be made by a written instrument executed by Beneficiary containing reference to this City Deed of Trust and its place of record, which when duly recorded in the Los Angeles County Office of the Recorder shall be conclusive proof of proper appointment of the successor trustee.

42. **ACCEPTANCE BY TRUSTEE.** Trustee accepts this Trust when this City Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law, the Trustee is not obligated to notify any party hereto of pending sale under this City Deed of Trust or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

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

APPROVED AS TO FORM:  
MICHAEL N. FEUER, City Attorney

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

For: BENEFICIARY:

By: \_\_\_\_\_  
Deputy City Attorney

The City of Los Angeles  
By: Los Angeles Housing and Community  
Investment Department

Date:

\_\_\_\_\_

By: \_\_\_\_\_  
RUSHMORE D. CERVANTES  
Its: General Manager

ATTEST:  
HOLLY L. WOLCOTT, City Clerk

By: \_\_\_\_\_  
Deputy City Clerk

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2017

Date:

\_\_\_\_\_

For: TRUSTOR:

Habitat for Humanity of Greater  
Los Angeles,  
a California non-profit public benefit  
corporation

Council File Number:

\_\_\_\_\_

By: \_\_\_\_\_

Its:

Date Council Adopted:

\_\_\_\_\_

By: \_\_\_\_\_

Its:

| Said Agreement is Number  
\_\_\_\_\_  
of City Contracts

**SIGNATURES MUST BE NOTARIZED FOR  
RECORDING**

EXHIBIT "A"  
CITY DEED OF TRUST  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

LEGAL DESCRIPTION

REAL PROPERTY IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

That portion of Lot 8 of The 111 Acre Range of New San Pedro, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 6, Pages 66 and 67 of Deeds in the office of the County Recorder of said county, bounded on the South by the northerly lines of Lots 50, 44 and "A" of Tract No. 3869, recorded in Book 149, Pages 78 and 79 of Maps, in said County Recorder's office, on the West by the easterly line of said Lot "A" and the easterly sideline of Lecouvreur Avenue, 50.00 feet wide, formerly Barracks Avenue, as shown on the map of said Tract No. 3869, on the North by the southerly sideline of "L" Street, 60.00 feet wide described in Deed to the City of Los Angeles, recorded in Book 9568, Page 232 of Official Records in said County Recorder's office and on the East by the westerly line of Lot 9 of said 111 Acre Range.

**RESERVING** unto The City of Los Angeles for public street easement purposes therefrom that portion lying northerly, northwesterly and westerly of the following described line:

Beginning at the intersection of said northerly line of said Lot "A" with a line parallel with and distant five feet easterly measured at right angles from said easterly sideline of Lecouvreur Avenue, 50.00 feet wide, thence northerly along said parallel line to the beginning of a tangent curve concave to the southeast having a radius of 15.00 feet and being tangent at its point of ending to a line parallel with and distant 2.00 feet southerly measured at right angles from said southerly sideline of "L" Street, 60.00 feet wide; thence northeasterly along said curve to last said parallel line; thence easterly along last said parallel line to said westerly line of said Lot 9.

EXCEPT therefrom that portion of said land within public street.

ASSESSOR'S IDENTIFICATION NUMBER: 7423-026-900

COMMON ADDRESS: 600 East L Street, Los Angeles, CA

BORROWER: Habitat for Humanity of Greater Los Angeles,  
a California non-profit corporation

EXHIBIT "E"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(560 East L Street, Los Angeles, CA 90744)

BUDGET

**I. Land Assemblage Cost**

Land			\$1,064,000	
Closing Costs	Allowance		\$6,000	
<b>Total Land Assemblage</b>	<b>9 Units</b>	<b>\$118,889 /Unit</b>		<b>\$1,070,000</b>

**II. Direct Costs**

Construction Management	5% Costs		\$65,699	
Construction Team Labor	9 Units	\$56,847 /Unit	\$511,627	
9 units	10,395 number	\$86.0 /Sq ft	\$893,970	
General Conditions	9 Units	\$7,000 /Unit	\$63,000	
Off-site Improvements <sup>1</sup>	Allowance		\$150,000	
On-site Improvements <sup>2</sup>	9 Unit	\$30,000 /Unit	\$270,000	
Landscaping	Allowance		\$30,000	
Contingency	10% Costs		\$195,430	
<b>Total Direct Costs</b>	<b>9 Units</b>	<b>\$242,192 /Unit</b>		<b>\$2,179,725</b>

**III. Indirect Costs**

Fees and permits	9 Units	\$20,000 /Unit	\$180,000	
Tax and Legal, Accounting	2% Direct Cost		\$43,595	
Insurance	9 Units	\$5,000 /Unit	\$45,000	
Architect (including structural)	4% Direct Cost		\$87,189	
Engineering	2% Direct Cost		\$43,595	
Other Consultants, Printing	Allowance		\$40,000	
Contingency	4% Indirect+Fin		\$19,735	
<b>Total Indirect Costs</b>	<b>9 Units</b>	<b>\$51,013 /Unit</b>		<b>\$459,113</b>

**IV. Financing Costs**

Const Interest	6% @60% Dir,Ind,Dev Fee		\$106,398	
End Closing Costs/sales	9 Units	\$6,000 /Unit	\$54,000	
<b>Total Financing Costs</b>	<b>9 Units</b>	<b>\$17,822 /Unit</b>		<b>\$160,398</b>

**V. Developer's Fee**

Habitat LA	12% dir+indir	\$35,185 /Unit		\$316,661
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**VI. Total Development Costs**

<b>9 Units</b>	<b>\$465,100 /Unit</b>	<b>\$4,185,897</b>
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<sup>1</sup> Includes sidewalk, curb and gutter, utilities, and landscaping

<sup>2</sup> Includes earthwork, utilities, landscaping, driveways, foundations

## EXHIBIT "F"

## CITY LOAN AGREEMENT

## HABITAT FOR HUMANITY

(600 East L Street, Los Angeles, CA 90744)

## FUNDING/FINANCING SOURCES OR COMMITMENTS

	Source	Number			
Detail	Amount	of Units	Total	Total	Total
<b>PROJECT FUNDING SOURCES</b>					
Habitat LA Corporate Sponsor	\$ 150,000	9	\$ 1,350,000		
Habitat LA Religious Sponsorship	\$ 50,000	9	\$ 450,000		
Habitat LA Construction Funds	\$ 96,693	9	\$ 870,236		
City of LA Land Acquisition Loan	\$ 118,222	9	\$ 1,064,000		
Deferred Developer Fee	\$ 35,185	9	\$ 316,661		
In-Kind	\$ 15,000	9	\$ 135,000		
<b>Total Funding Sources or Total Development Costs (TDC)</b>					\$ 4,185,897
<b>HOME BUYER PURCHASE FINANCING SOURCES</b>					
<b>Sales Price - Note 1</b>	\$ 450,000	9		\$ 4,050,000	\$ 4,050,000
<b>LOW-INCOME PURCHASE FINANCING:</b>					
Downpayment (1% of Sales Price)	\$ 4,500	6	\$ 27,000		
First Mortgage	\$ 150,000	6	\$ 900,000		
City Soft Second Program	\$ 118,222	6	\$ 709,332		
Habitat LA Silent Third Mortgage	\$ 102,278	6	\$ 613,668		
WISH	\$ 15,000	6	\$ 90,000		
CalHome	\$ 60,000	6	\$ 360,000		
				\$ 2,700,000	
<b>MODERATE-INCOME PURCHASE FINANCING:</b>					
Downpayment (1% of Sales Price)	\$ 4,500	3	\$ 13,500		
First Mortgage	\$ 240,000	3	\$ 720,000		
City Soft Second Program	\$ 118,222	3	\$ 354,666		
Habitat LA Silent Third Mortgage	\$ 87,278	3	\$ 261,834		
				\$ 1,350,000	
<b>Total Homebuyer Purchase Financing</b>				\$ 4,050,000	
<b>Excess of Sales Revenue over TDC (Note 2)</b>					
					\$ (135,897)
<b>NOTES:</b>					
1. Sales price is the full appraised value at the time of sale.					
2. City Note, in the amount of \$118,222 per unit, shall not be reduced by any further reduction in sales price.					

EXHIBIT "G"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

CONDITIONS PRECEDENT TO CITY LOAN DISBURSEMENT AND TRANSFER OF  
PROPERTY

Prior to the transfer of title to the Property by the City to the Borrower, each of the following conditions must be met to the satisfaction of the City:

- A. There exists no Event of Default nor any act, failure, omission or condition that would constitute an Event of Default by Borrower;
- B. Borrower has committed funds available in form of donations, for construction. The Funding/Financing Sources or Commitments obtained by Borrower for construction of the Project are set forth in Exhibit "F" to this City Loan Agreement and incorporated herein by this reference;
- C. The financing for development of the Project for which Borrower has received funds or firm commitments for funds are not less than the amount which Lender determines is necessary to pay for development of the Project and satisfy all of the covenants contained in the City Loan Documents. If Lender determines that said funds are not sufficient for said purposes, Borrower may satisfy this condition by depositing the amount of the deficiency with Lender.  
  
Borrower has delivered to Lender all City Loan Documents, fully executed and acknowledged where necessary, an ALTA lender's policy as required under this City Loan Agreement, all insurance policies required under the City Loan Documents, and an environmental report regarding the presence or absence of Hazardous Wastes ;
- D. Borrower has delivered a construction schedule satisfactory to Lender;

E. Borrower has received written design concept approval from Lender based on preliminary plans;

F. Borrower shall submit a fully executed Certification and Disclosure Regarding Lobbying, as required by 24 CFR 87.110, attached as Exhibit "H", which is hereby incorporated into this City Loan Agreement by this reference. Borrower shall comply with all provisions of 31 USC §1352 et seq., 29 CFR Part 93, and all City lobbying policies. Borrower shall also submit an executed Certification Regarding Debarment, as required by Executive Order 12549, attached as Exhibit "I", which is hereby incorporated into this City Loan Agreement by this reference.

G. Transfer and Possession. City shall have delivered through Escrow an executed and recordable Grant Deed (in the form of Exhibit "P" to the City Loan Agreement) for the Closing. Except as set forth herein, Habitat agrees to pay all escrow and title fees.

H. Title Approval. Borrower shall have approved the condition of title as provided in this Section. On or before the Approval Date (as defined below), Borrower shall review a current preliminary title report on the Real Property ("Title Report") procured by City from [First American Title Insurance Company] ("Title Company") and shall undertake any other investigations of title regarding the Property that Borrower deems advisable in Borrower's sole discretion. Borrower shall take title to the Property pursuant to this City Loan Agreement subject to matters described below. All other matters affecting title to the Property to which Borrower objects shall be expressly disapproved by Borrower by giving written notice to City on or before the Approval Date. In the event Borrower elects to obtain extended coverage ALTA owner's or lender's title insurance policies, and such extended coverage policies require an ALTA survey (all of which shall be at Borrower's sole cost and expense), Borrower shall take title to matters disclosed by such ALTA survey except such matters as Borrower expressly disapproves in writing by the Approval Date. City shall have five (5) business days from receipt of such notice of disapproval within which to notify Borrower

in writing as to whether it shall cause the removal of such disapproved exception(s) to coverage. City shall have no obligation to remove any such exception to coverage, provided, however, that City shall remove any exception to coverage for any lien secured by a deed of trust securing a loan made to City, mechanic's liens on the Property resulting from work performed by or at the direction of City, judgment liens against City recorded against the Property, and delinquent real estate taxes, if any, affecting the Property ("Monetary Liens"), which City agrees to have removed (or insured or bonded over to Borrower's reasonable satisfaction) on or before Closing. The failure by City to give Borrower written notice of its intention to remove any exception to coverage disapproved by Borrower in the manner herein provided (other than with respect to Monetary Liens), shall be deemed an election by City not to remove such exception. In the event that City either elects not to remove or is deemed to have elected not to remove such disapproved exception to coverage, Borrower may terminate this City Loan Agreement. Should Borrower fail to disapprove any matter affecting the condition of title or constituting an exception to coverage by the Approval Date, such matter and/or exception shall be deemed approved by Borrower.

I. Title Insurance. The Title Company shall be committed to deliver to Borrower ALTA standard coverage owner's policies with regional exceptions dated as of the Closing Date, insuring Borrower in an amount equal to the City Loan, and including such endorsements as Borrower shall have requested and the Title Company shall have agreed to issue, prior to the Approval Date. The foregoing title policies shall show title to the Property vested in Borrower subject only to the following ("Permitted Exceptions"):

- (A) Real property taxes not yet due and payable;
- (B) Current general and special bonds or assessments for amounts accruing after the Closings;
- (C) All recorded covenants, conditions and restrictions and other matters shown on the Title Report that have been approved or deemed approved by Borrower;
- (D) All matters caused by Borrower or its

contractors, employees, agents, or representatives;  
(E) All other matters affecting title to the Property approved in writing or deemed approved by Borrower.

J. Inspection and Soil Tests including Environmental Reports; Entry Permit; Construction of Improvements. Borrower shall have approved of the physical condition of the Property as provided in this Section. Borrower shall be entitled to enter upon the Property for purposes of physical inspection of the Property pursuant to an entry permit to be entered into by and between Borrower and City granting Borrower a license to enter the Property in such form as is acceptable to the Parties ("Entry Permit"). During the inspection period described in this Section and pursuant to the terms of the Entry Permit, Borrower shall be entitled to enter the Land at any reasonable time for the purpose of conducting any customary soil, geological, seismic, archaeological, biological, hydrological, drainage and other engineering or environmental tests, and to inspect and survey the Land, subject to compliance with the terms and conditions of the Entry Permit. Borrower shall be deemed to have approved all soil and other physical conditions pertaining to the Property unless it has delivered to City written notice of disapproval to City specifying grounds for each matter so disapproved, such notice to be delivered to City on or before the date which is sixty (60) days following execution of this City Loan Agreement by Borrower and City ("Approval Date"). City shall make available to Borrower for inspection within five (5) business days following the execution of this City Loan Agreement by Borrower and City copies of any environmental reports, including Phase I and Phase II reports, in the possession of City covering the Property. The Entry Permit shall include a provision whereby Borrower agrees to indemnify, hold harmless and defend City from and against any suits, causes of action, liabilities, costs, damages and judgments arising out of the activities of Borrower on the Property, that Borrower shall not permit the placement of any liens or deeds of trust on the Property (and shall indemnify, hold harmless and defend City as to such liens); provided, however, in the event any such lien is recorded against the Property, Borrower may post a surety bond in the

amount of such lien in satisfaction of Borrower's obligations to indemnify and defend City from and against such lien. Further, Borrower shall maintain insurance in conformance with City requirements. Prior to entering upon the Property, Borrower shall provide City certificates of insurance evidencing coverage consistent with City's requirements, including naming City as additional insured and including required waivers and endorsements.

K. Land Use Permit Applications. Borrower shall have obtained approval of all land use entitlement applications required to construct the Project in accordance with this City Loan Agreement.

L. Feasibility Period. Borrower shall have determined, in its sole and absolute discretion, whether the Property is suitable for the uses for which it is contemplated to be used ("Project Feasibility"). Borrower shall be deemed to have approved the Project Feasibility, and the condition in this Section shall be deemed waived and fully satisfied, unless Borrower has delivered written notice of disapproval to City on or before the Approval Date. Project Feasibility includes, but is not limited to, the economic feasibility of the use for which the Property is contemplated by Borrower. In the event there is a failure of a condition to Borrower's obligation as set forth above, Borrower may terminate this City Loan Agreement by giving written notice to City not later than the first to occur of (i) ten (10) days after the condition has failed (which, as to conditions requiring approval by Borrower, shall be the date Borrower has given City written notice of disapproval of any item which Borrower has the right to approve under this Section unless City has an opportunity to cure, in which case the date shall be the last date on which City can cure the disapproved item hereunder, the date that City is deemed to have elected not to cure, or the date on which City gives Borrower written notice that it will not cure the disapproved item, whichever occurs first. If Borrower terminates as provided in this Section, City and Borrower shall pay one half each of all title and escrow cancellation charges; provided, however, if such termination is related to a

default by City, City shall pay the cancellation charges.

Upon satisfaction of the foregoing conditions, City shall transfer title to the Property to Borrower.

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**EXHIBIT "H"**  
**CITY LOAN AGREEMENT**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

**CERTIFICATION REGARDING LOBBYING**

**Certification for Contracts, Grants, Loans  
and Cooperative Agreements**

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL "Disclosure Form to Report Lobbying" in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

CERTIFICATION REGARDING LOBBYING CONTD.

4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Title 31, U.S. Code, Section 1352. Any person who fails to file the required certification shall be subject to a civil penalty of not less than Ten Thousand Dollars (\$10,000) for each such failure.

Date \_\_\_\_\_

Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit corporation

By: \_\_\_\_\_

Its:

By: \_\_\_\_\_

Its:

EXHIBIT "I"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

CERTIFICATION REGARDING DEBARMENT

Instructions for Certification

1. By signing and submitting this document, the prospective recipient of Federal assistance funds is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to which this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.

EXHIBIT "I"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

CERTIFICATION REGARDING DEBARMENT CONTD

5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non-Procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

EXHIBIT "I"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

CERTIFICATION REGARDING DEBARMENT CONT'D

9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

Date \_\_\_\_\_

Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit corporation

By: \_\_\_\_\_

Its:

By: \_\_\_\_\_

Its:

EXHIBIT "J"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

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**EXHIBIT "K"**  
**CITY LOAN AGREEMENT**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

**ASSIGNMENT OF ARCHITECT'S CONTRACT**  
**AND PLANS AND SPECIFICATIONS AND PERMITS**  
**(With Architect's Consent and Certificate)**

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged Habitat for Humanity of Greater Los Angeles, a California non-profit public benefit corporation (the "Borrower"), as security for the obligations incurred and to be incurred by Borrower pursuant to the City Loan Agreement dated \_\_\_\_\_, 2017 (the "City Loan Agreement") between Borrower and the City of Los Angeles, a municipal corporation ("City"), relating to the acquisition of certain real property and development of nine (9) single family homes on said certain real property located in the City of Los Angeles, County of Los Angeles, California (the "Site"), as described in the City Loan Agreement, hereby assigns and transfers to the City of Los Angeles ("City"), its successors and assigns, all of (1) Borrower's rights in and to those certain Plans and Specifications together with all amendments, modifications, supplements, general conditions and addenda thereto relating to the Site, prepared pursuant to the City Loan Agreement (the "Plans") by \_\_\_\_\_ ("Architect"), (2) Borrower's right, title and interest in that certain agreement dated \_\_\_\_\_, between Borrower and Architect, a true and complete copy of which is attached hereto and incorporated herein by reference as Exhibit "K(A)" (the "Contract"), and (3) all permits to be obtained by or for the benefit of Borrower relating to the Plans or the Project ("Permits"). Architect consents to this Assignment, and has executed the Consent and Certificate attached hereto as Exhibit "K(B)" and incorporated herein by this reference.

Neither this Assignment nor any action or actions on the part of the City shall constitute an assumption by the City of any of Borrower's obligations under the Contract unless and until the City shall have given written notice to Architect of its election to complete construction of the Project following a default by Borrower under the City Loan Agreement. Borrower shall continue to be liable for all obligations under the Contract and Borrower hereby agrees to perform each and all such obligations. In the event of a default under the City Loan

Agreement, the City may elect to reassign its rights to the Plans, the Permits and the specifications under the Contract to any person or entity selected by the City to complete the Project. Such person or entity shall succeed to all of the rights of Borrower thereunder without the necessity of any consent from Borrower or Architect and the City shall have no liability for any failure of such person or entity to perform the obligations under the Contract. Provided, however, that in the event the City reassigns its rights to the Plans to another person or entity, the Architect's name shall not be used in connection therewith unless the Architect so approves in writing.

Borrower hereby represents and warrants to the City that (1) the Contract is in full force and effect with no defaults thereunder by either Borrower or Architect, (2) no event has occurred that would constitute a default under the Contract upon the giving of notice or the lapse of time or both, and (3) Borrower has made no previous assignment of, and granted no security interest in, its rights to the Plans, the Permits or the specifications under the Contract. Borrower agrees that (a) it will not assign, transfer or encumber its rights to the Plans, the Permits or under the Contract so long as any obligation under the City Loan Agreement remains unsatisfied, (b) it will not agree to any amendment of the Contract without the prior written consent of the City, (c) it will not terminate the Contract or accept a surrender thereof, or waive, excuse, condone or in any manner release or discharge Architect of or from the obligations and agreements by Architect to be performed thereunder, in the manner and at the place and time specified therein without the prior written consent of the City, and (d) it will indemnify the City against any liabilities, losses, costs and expenses, including reasonable attorneys' fees, which may be incurred by the City as a result of the exercise of its rights under this Assignment.

The City shall have the right at any time (but shall have no obligation) to take in its name or in the name of Borrower or otherwise such action as the City may at the time or from time to time determine to be necessary to cure any default under the Contract, to protect the rights of Borrower or the City thereunder, or enforce all rights of Borrower under the Contract, Borrower hereby irrevocably constitutes and appoints the City its true and lawful attorney in Borrower's name or in the City's name or otherwise to take all such action. The exercise of the City's rights hereunder shall not constitute a

waiver of any of the remedies of the City under the City Loan Agreement or any other document or agreement or otherwise existing at law or otherwise.

Date \_\_\_\_\_

Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit corporation

By: \_\_\_\_\_

Its:

By: \_\_\_\_\_

Its:

EXHIBIT "K(A)"  
ASSIGNMENT OF ARCHITECT'S CONTRACT  
AND PLANS AND SPECIFICATIONS AND PERMITS  
(With Architect's Consent and Certificate)

HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

ARCHITECT'S CONTRACT

[To Be Added]

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EXHIBIT "K(B)"  
ASSIGNMENT OF ARCHITECT'S CONTRACT  
AND PLANS AND SPECIFICATIONS AND PERMITS  
(With Architect's Consent and Certificate)

HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

CONSENT AND CERTIFICATE

Pursuant to that certain assignment of Architect's Contract and Plans and Specifications and Permits (the "Assignment") executed by Habitat for Humanity of Greater Los Angeles, a California non-profit public benefit corporation ("Borrower") on \_\_\_\_\_, 2015 the undersigned, as Architect, hereby consents to the assignment by Borrower of the Plans (all defined terms herein shall have the meaning defined in the Assignment), the Permits and the Contract to the City of Los Angeles, a municipal corporation and charter city ("the City"), and to each and all of the terms and conditions of such attached assignment and confirms to the City that (a) the Contract constitutes the entire agreement between the undersigned and Borrower relating to the Project, (b) the Contract is in full force and effect with no defaults thereunder, (c) no event has occurred that would constitute a default under the Contract upon the giving of notice or the lapse of time or both, (d) no material modification shall be made in the Contract without the prior written consent of the City, (e) the undersigned agrees to be bound by the provisions of the City Loan Agreement restricting the ability of Borrower to make changes in the Plans without the prior written consent of the City, (f) the undersigned is not aware of any prior assignment of the Plans, the Permits or the Contract by Borrower, and (g) a complete copy of the Plans and all Permits will be delivered to the City. The undersigned agrees that in the event of any default by Borrower under the Contract, the undersigned will give written notice to the City thereof and the City shall have the right, but not the obligation, to cure said default within sixty (60) days from the City's receipt of such notice.

The undersigned further agrees that in the event the City becomes the owner of the Project, or undertakes to complete construction thereof, or assigns its rights to the Plans, the Permits and the specifications under the Contract to another person or entity, or otherwise requires the use of the Plans, the Permits and the specifications, the City, its successors and

assigns are authorized to use the Plans, the Permits and the specifications without additional cost or expense beyond that stated in the Contract, all rights under the Contract otherwise exercisable by Borrower may be exercised by the City or such successor or assign, and the undersigned will perform its obligations in conformity with the Contract for the benefit of the City, its successors or assigns.

In order to induce the City to enter into the City Loan Agreement and make the advances contemplated therein, the undersigned certifies to the City as follows:

- (a) As represented in the Plans, the Development will comply with (1) all statutes, rules, regulations and ordinances of all governmental agencies having jurisdiction over the Project, including, without limitation, those relating to zoning, building, pollution control and energy use; (2) all applicable covenants, conditions and restrictions affecting the Site and the Project, and (3) the requirements of the appropriate board of fire underwriters.
- (b) Construction of the Project in accordance with the Plans will not result in any encroachment on any adjoining property or on any surface easement.
- (c) The Plans will include (1) any recommendations contained in any soil or other geological test performed on the Site, and (2) parking for cars sufficient to meet the requirements of all applicable statutes, rules, regulations, ordinances, tract map conditions and leases.
- (d) The undersigned is duly licensed to conduct its business in the jurisdiction where its services are to be performed and will maintain such license in full force and effect throughout the term of the Contract.

The City shall have the right at any time to use all plans, specifications and drawings from the Project prepared by or for the undersigned for the Project, including, without limitation, the Plans, and the ideas, designs and concepts contained therein, without payment of any additional fees or charges to the undersigned for such use.

The undersigned hereby assigns to the City all of the undersigned's right, title and interest in, to and under all subcontracts which are now or hereafter entered into by the undersigned in furtherance of its obligations under the Contract; provided, however, that until a default occurs by the undersigned under the Contract, the City shall not exercise any rights in the subcontracts which are hereby assigned.

The undersigned acknowledges that the City is relying on, among other things, the Consent, confirmations, agreements and assurances provided herein in entering into the City Loan Agreement and agreeing to advance funds thereunder to Borrower for construction of the Project.

DATED: \_\_\_\_\_

ARCHITECT:

By: \_\_\_\_\_  
Title \_\_\_\_\_

EXHIBIT "L"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

SCHEDULE OF PERFORMANCE

Pre-Development/Entitlement	On-going
Concept/Construction Loan Agreement Approval	October 2017
Submit for Building Plan Check:	December 2017
Permits Issued:	July 2018
Construction Begins:	September 2018
Home Owner's Selection:	November 2018
Construction Complete:	July 2020

EXHIBIT "M"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

OCCUPANCY AND AFFORDABILITY RESTRICTIONS

The occupancy affordability of the Project shall be maintained as follows:

Upon the issuance of the Certificate of Occupancies for each of the (9) single family homes (Units) to be built on the Property (and configured per Section 3.2 of the City Loan Agreement) and the Borrower shall engage the services of a certified real estate appraiser (subject to the approval of the Lender) which shall set the Purchase Price of each Unit at its respective full appraised value.

Borrower shall sell each Unit to Eligible Purchasers (as that term is defined in Exhibit "B" of this City Loan Agreement) at its full appraised value at the time of sale. **No re-sale restrictions shall be recorded against any of the nine (9) Units. Financing for the sale of each Unit shall include a City Soft Second Loan.**

Prior to the execution of a sales contract with a proposed Eligible Purchaser, Borrower shall submit to Lender for its approval the sales contract and information on the proposed Eligible Purchaser which shall include all of the following, but not be limited to:

- A. The name, address and daytime and evening telephone numbers in writing of the proposed Eligible Purchaser(s);
- B. A signed financial statement or tax return of the proposed Eligible Purchaser(s) in a form acceptable to Lender and any other supporting documentation requested by Lender. The financial information shall be used by Lender to determine the income eligibility of the proposed Eligible Purchaser(s);
- C. A written certification from the Borrower and the proposed Eligible Purchaser(s) in a form acceptable to Lender that:

1. The purchase shall be closed in accordance with the terms of the sales contract and other documents submitted to and approved by Lender;
2. The proposed Eligible Purchaser(s) nor any other party has paid or will pay to Borrower, and the Borrower has not received and will not receive from the proposed Eligible Purchaser(s) or any other party, money or other consideration in addition to what is set forth in the sales contract and documents submitted to Lender including personal property.

As each completed Unit is sold by Borrower, 1/9<sup>th</sup> of the City Loan shall be deemed repaid with the proceeds of the City Soft Second Loan made to each Eligible Purchaser in the approximate amount of One Hundred and Eighteen Thousand Two Hundred and Twenty Two Dollars and Twenty Two Cents (\$118,222.22). **The principal amount of the City Soft Second Loans shall not be reduced by any future reduction in sales price.**

Each City Soft Second Loan will be evidenced by promissory notes, secured by deeds of trust with **shared appreciation (equity) provisions**. Separate City Soft Second Loan Documents to be drafted by HCID shall be executed between the City and each Eligible Purchaser as each Unit is sold. Each City Soft Second Loan will be for a term of thirty (30) years at zero percent (0%) interest.

Concurrently with the sale of each Unit and closing of each City Soft Second Loan to an Eligible Purchaser, the City will issue a partial re-conveyance of the City Loan to the Borrower, as applicable, until the entire City Loan has been deemed repaid in full. The nine (9) Eligible Purchasers shall then pay back each of their respective portions of the City Loan pursuant to the terms of their respective City Soft Second Loan Documents.

All nine (9) sales must be completed before the Term of the City Loan (as set forth in Section 1.5 of the City Loan Agreement) expires.

EXHIBIT "N"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

MAYOR'S EXECUTIVE DIRECTIVE NO. 2001-26

DRAFT

**EXHIBIT "O"**  
**CITY LOAN AGREEMENT**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

**INSURANCE CONTRACTUAL REQUIREMENTS**

**CONTACT** For additional information about compliance with City Insurance and Bond requirements, contact the Office of the City Administrative Officer, Risk Management at (213) 978-RISK (7475) or go online at [www.lacity.org/cao/risk](http://www.lacity.org/cao/risk). The City approved Bond Assistance Program is available for those contractors who are unable to obtain the City-required performance bonds. A City approved insurance program may be available as a low cost alternative for contractors who are unable to obtain City-required insurance.

**CONTRACTUAL REQUIREMENTS**

BORROWER AGREES THAT:

**1. Additional Insured/Loss Payee.** The CITY must be included as an Additional Insured in applicable liability policies to cover the CITY'S liability arising out of the acts or omissions of the named insured. The CITY is to be named as an Additional Named Insured and a Loss Payee As Its Interests May Appear in property insurance in which the CITY has an interest, e.g., as a lien holder.

**2. Notice of Cancellation.** All required insurance will be maintained in full force for the duration of its business with the CITY. By ordinance, all required insurance must provide at least thirty (30) days' prior written notice (ten (10) days for non-payment of premium) directly to the CITY if your insurance company elects to cancel or materially reduce coverage or limits prior to the policy expiration date, for any reason except impairment of an aggregate limit due to prior claims.

**3. Primary Coverage.** BORROWER will provide coverage that is primary with respect to any insurance or self-insurance of the CITY. The CITY'S program shall be excess of this insurance and non-contributing.

**4. Modification of Coverage.** The CITY reserves the right at any time during the term of this Contract to change the amounts and types of insurance required hereunder by giving BORROWER ninety (90) days' advance written notice of such change. If such change should result in substantial additional cost to BORROWER, the CITY agrees to negotiate additional compensation proportional to the increased benefit to the CITY.

**5. Failure to Procure Insurance.** All required insurance must be

submitted and approved by the Office of the City Administrative Officer, Risk Management prior to the inception of any operations by BORROWER.

BORROWER'S failure to procure or maintain required insurance or a self-insurance program during the entire term of this Contract shall constitute a material breach of this Contract under which the CITY may immediately suspend or terminate this Contract or, at its discretion, procure or renew such insurance to protect the CITY'S interests and pay any and all premiums in connection therewith and recover all monies so paid from CONTRACTOR.

**6. Workers' Compensation.** By signing this Contract, BORROWER hereby certifies that it is aware of the provisions of Section 3700 et seq., of the California Labor Code which require every employer to be insured against liability for Workers' Compensation or to undertake self-insurance in accordance with the provisions of that Code, and that it will comply with such provisions at all time during the performance of the work pursuant to this Contract.

**7. California Licensee.** All insurance must be provided by an insurer admitted to do business in California or written through a California-licensed surplus lines broker or through an insurer otherwise acceptable to the CITY. Non-admitted coverage must contain a **Service of Suit** clause in which the underwriters agree to submit as necessary to the jurisdiction of a California court in the event of a coverage dispute. Service of process for this purpose must be allowed upon an agent in California designated by the insurer or upon the California Insurance Commissioner.

**8. Aggregate Limits/Impairment.** If any of the required insurance coverages contain annual aggregate limits, BORROWER must give the CITY written notice of any pending claim or lawsuit which will materially diminish the aggregate within thirty (30) days of knowledge of same. You must take appropriate steps to restore the impaired aggregates or provide replacement insurance protection within thirty (30) days of knowledge of same. The CITY has the option to specify the minimum acceptable aggregate limit for each line of coverage required. No substantial reductions in scope of coverage which may affect the CITY'S protection are allowed without the CITY'S prior written consent.

**9. Commencement of Work.** For purposes of insurance coverage only, this Contract will be deemed to have been executed immediately upon any party hereto taking any steps that can be considered to be in furtherance of or towards performance of this Contract. The requirements in this Section supersede all other sections and provisions of this Contract, including, but not limited to, PSC-4 (which is set forth in Section 9.6 of the City Loan Agreement), to the extent that any other section or provision conflicts with or impairs

the provisions of this Section.

DRAFT

**Exhibit "O" (Continued)**  
**Required Insurance and Minimum Limits**

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

Agreement/Reference: \_\_\_\_\_

Evidence of coverages checked below, with the specified minimum limits, must be submitted and approved prior to occupancy/start of operations. Amounts shown are Combined Single Limits ("CSLs"). For Automobile Liability, split limits may be substituted for a CSL if the total per occurrence equals or exceeds the CSL amount.

Limits

\_\_\_ **Workers' Compensation – Workers' Compensation (WC) and Employer's Liability (EL)** WC Statutory  
EL \_\_\_\_\_

- ☐ Waiver of Subrogation in favor of City      ☐ Longshore & Harbor Workers  
☐ Jones Act

\_\_\_ **General Liability** \_\_\_\_\_

- ☐ Products/Completed Operations      ☐ Sexual Misconduct \_\_\_\_\_  
☐ Fire Legal Liability \_\_\_\_\_  
☐ \_\_\_\_\_

\_\_\_ **Automobile Liability** (for any and all vehicles used for this Contract, other than commuting to/from work)

\_\_\_ **Professional Liability** (Errors and Omissions)

\_\_\_ **Property Insurance** (to cover replacement cost of building – as determined by insurance company) \_\_\_\_\_

- ☐ All Risk Coverage      ☐ Boiler and Machinery  
☐ Flood \_\_\_\_\_ ☐ Builder's Risk  
☐ Earthquake \_\_\_\_\_ ☐ \_\_\_\_\_

\_\_\_ **Pollution Liability**

☐ \_\_\_\_\_

\_\_\_ **Surety Bonds – Performance and Payment (Labor and Materials) Bonds**      100 % of Contract Price  
\_\_\_ **Crime Insurance** \_\_\_\_\_

**Other:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXHIBIT "P"  
CITY LOAN AGREEMENT  
HABITAT FOR HUMANITY  
(600 East L Street, Los Angeles, CA)

FORM OF GRANT DEED

RECORDING REQUESTED BY  
AND WHEN RECORDED, RETURN  
TO:

The City of Los Angeles  
Los Angeles Housing and  
Community Investment  
Department:  
P.O. Box 532729  
Los Angeles, CA 90053-2729

DOCUMENTARY TRANSFER TAX:

County: \$ \_\_\_\_\_;

City of Los Angeles: \$ \_\_\_\_\_

Computed on full value of property  
conveyed

\_\_\_\_\_  
Signature of Declarant or Agent  
determining tax

GRANT DEED

**(TRANSFER OF FEE TITLE SUBJECT TO LIMITED CONDITION SUBSEQUENT AND  
A POWER OF TERMINATION)**

For valuable consideration, the receipt of which is  
hereby acknowledged,

THE CITY OF LOS ANGELES, a municipal corporation  
(herein called "City" or "Grantor") hereby grants to Habitat for  
Humanity of Greater Los Angeles, a California non-profit public  
benefit corporation (herein called "Grantee") the real property  
(the "Property") legally described in the document attached  
hereto, labeled Exhibit "A", and incorporated herein by this  
reference.

1. The Property is conveyed subject to a City Loan  
Agreement entered into by and between Grantor and Grantee and  
dated as of the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. Grantee

covenants and agrees for itself and its successors and assigns to use, operate and maintain the Property in accordance with the City Loan Agreement and this Grant Deed. The Property is also conveyed subject to all matters of record and other matters approved by the Grantee pursuant to the City Loan Agreement.

2. Grantee hereby covenants and agrees, for itself and its successors and assigns, that during construction and thereafter, Grantee shall not use, operate and maintain the Property in violation of the City Loan Agreement. Grantee further covenants and agrees to comply with all terms of the City Loan Agreement including without limitation, Grantee's obligation to develop the Property as nine (9) single family homes ("Units"), configured as follows: three (3), 1,165 square foot homes and six (6), 1,150 square foot homes. Each single family home shall be single story, with three (3) bedrooms, two (2) bathrooms and a two (2) car garage per the Schedule of Performance, attached as Exhibit "L" to the City Loan Agreement. Grantee further covenants and agrees that upon completion of the Units, it shall sell each Unit to an Eligible Purchaser at full appraised value, in accordance with the provisions of Article 4 of the City Loan Agreement. No re-sale restrictions shall be recorded against any of the nine (9) completed Units.

Grantor and Grantee agree that this use covenant on the part of the Grantee is necessary to carry out the purposes of the City Loan Agreement with respect to the Property.

3. Grantee shall not, except as permitted by the City Loan Agreement, Transfer any part of its interest in the City Loan Agreement or the Property, or Transfer any of its Ownership and/or Control.

4. Grantee herein covenants by and for itself, its successors and assigns that there shall be no discrimination against or segregation of a person or of a group of persons on the basis of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief. The foregoing covenant shall run with the land.

All deeds, leases or other real property

conveyance contracts entered into by the Grantee on or after the date of execution of this Agreement as to any portion of the Property shall contain the following language:

A. In deeds: "The Grantee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through him/her, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, licenses or vendees of the land herein conveyed. The foregoing covenants shall run with the land."

B. In leases: "The lessee herein covenants by and for himself/herself, his/her heirs, executors, administrators and assigns, and all persons claiming under or through him/her, and 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 race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the land herein leased nor shall the lessee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or

segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the land herein leased."

C. In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, religion, source of income, national origin, ancestry, sex, sexual orientation, gender identification, transgender status, sex stereotypes, age, physical handicap, mental disability, medical condition, marital status, domestic partner status, pregnancy, childbirth and related medical conditions, familial status, acquired immune deficiency (AIDS), acquired or perceived, citizenship, and political affiliation or belief in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land, nor shall the transferee himself/herself or any person claiming under or through him/her, establish or permit any such practice or practices of discrimination or segregation with reference to the lessees, subtenants, sublessees, or licenses vendees of the land."

5. Prior to issuance of the Notice of Completion (as defined in Exhibit "B" to the City Loan Agreement) for each of the nine (9) Units, Grantee shall not place or suffer to be placed on the Property any lien or encumbrance other than mortgages, deeds of trust, sales and leases back or any other form of conveyance required for financing of the acquisition of the Property, the construction of each of the nine (9) Units on the Property, and any other expenditures necessary and appropriate to develop the Property which meet the requirements set forth in the City Loan Agreement, and which financing shall require the written approval of Grantor in accordance with the City Loan Agreement.

6. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the City Loan Agreement; provided, however, that any successor of Grantee to the Property shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale or otherwise.

7. The covenants contained in paragraphs 1 through 6, inclusive, of this Grant Deed shall be binding for the benefit of Grantor, its successors, assigns and the City of Los Angeles against any successor in interest to the Property or any part thereof, and such covenants shall run in favor of the Grantor and such aforementioned parties of the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. Such covenants shall be in effect starting upon the date of recordation of this Grant Deed in the Official Records of the County of Los Angeles and shall expire and shall be null and void and of no further force and effect on the date which is five (5) years after the date of issuance of the last issued Notice of Completion (as defined in Exhibit "B" to the City Loan Agreement) for each of the nine (9) Units on the Property. Notwithstanding the foregoing, the anti-discrimination covenants set forth in paragraph 4 above are perpetual in nature and shall survive the termination of any of the covenants in paragraphs 1, 2, 3, 5 and 6 above ( the covenants in paragraphs 1, 2, 3, 4, 5, and 6, are hereinafter collectively referred to as "Covenants"). Grantor, in the event of any breach of any such Covenants, shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach. In addition to the foregoing, and not by way of limitation thereof, a breach (after the giving of any required notice and the expiration of any required cure period) of any of the aforesaid Covenants (including without limitation the obligation to develop the Property in accordance with paragraph 2), at Grantor's option, shall constitute a condition subsequent which may result in exercise by Grantor of its power of termination and forfeiture of title by any holder thereof; provided, however, that Grantor's power of termination must be exercised, if at all, prior to the issuance of Notice of Completion (as defined in Exhibit "B" to the City Loan Agreement) for all nine (9) of the Units to be developed on the Property in accordance with the City Loan Agreement. Any attempt by Grantor to exercise its power of termination after the issuance of Notice of Completion for all of the said nine units shall be null and void. The covenants contained in this Grant Deed shall be for the benefit of and shall be enforceable only by the Grantor, its successors, assigns, and the City of Los Angeles.

8. The covenants contained in this Grant Deed shall be construed as covenants running with the land and as

conditions which might result in forfeiture of title prior to the issuance of the Notice of Completion (as defined in Exhibit "B" to the City Loan Agreement) for all nine (9) Units.

9. In the event of any conflict between this Grant Deed and the City Loan Agreement, the provisions of the City Loan Agreement shall control. Unless otherwise expressly provided, all defined terms used in this Grant Deed shall have the defined meaning provided for in the City Loan Agreement

10. The PROPERTY is hereby granted to Grantee:

SUBJECT to the aforementioned limited condition subsequent and power of termination;

SUBJECT to covenants, conditions, restrictions, encroachments, reservations, easements, rights and rights-of-way of record or which are apparent from a visual inspection of the real property and excepting and reserving to the City of Los Angeles any interest in the fee to the adjacent streets which would otherwise pass with the conveyance of the Property described in Exhibit "A" hereto;

ALSO SUBJECT to sale in "AS IS" condition, and Grantee purchasing the City-owned property, by such act, expressly agreeing to purchase the Property in an "As Is" condition and without any warranty as to fitness for use, fitness for a particular use, or condition of the property, and that the City has no obligation to correct any condition of the Property, whether known before or after the date of the sale; and

EXCEPTING AND RESERVING unto the City of Los Angeles, all oil, gas, water and mineral rights now vested in the City of Los Angeles without, however, the right to use the surface of said land or any portion thereof to a depth of 500 feet below the surface, for the extraction of such oil, gas, water and minerals.

[Remainder of page left intentionally blank]

This Grant Deed is made in accordance with the provisions of Ordinance No. \_\_\_\_\_ and Council File No. \_\_\_\_\_ of the City of Los Angeles.

In witness whereof, City of Los Angeles, a municipal corporation, by its City Council, has caused this Grant Deed to be executed on its behalf, by its Mayor, and its corporate seal to be thereto affixed by its City Clerk, this \_\_\_\_\_ day of \_\_\_\_\_, 2017

"GRANTOR"

The City of Los Angeles,  
a municipal corporation

By: \_\_\_\_\_  
Eric Garcetti, Mayor

Attest:  
Holly L. Wolcott,  
City Clerk

By: \_\_\_\_\_

The provisions of this Grant Deed are hereby approved and accepted.

"GRANTEE"

Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit  
corporation

By: \_\_\_\_\_

By: \_\_\_\_\_

<p>THE CITY OF LOS ANGELES, A municipal corporation</p> <p>GRANTS TO</p> <p>Habitat for Humanity of Greater Los Angeles, a California non- profit public benefit corporation</p> <p>_____</p>	<p>JOB TITLE:</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p>
<p><u>GRANT DEED</u></p> <p>(TRANSFER OF FEE TITLE SUBJECT TO LIMITED CONDITION SUBSEQUENT AND A POWER OF TERMINATION)</p> <p>_____</p>	<p>Approved as to Authority</p> <p>_____, 2017</p> <p>Department of General Services</p> <p>BY: _____</p> <p>TONY ROYSTER, GENERAL MANAGER</p>
	<p>Approved as to Description</p> <p>_____, 2017</p> <p>Department of General Services</p> <p>BY: _____</p> <p>JOSE RAMIREZ, AUTHORIZED OFFICER</p> <p>Approved as to Form</p> <p>_____, 2017</p> <p>MICHAEL N. FEUER, CITY ATTORNEY</p>

	BY: _____ DEPUTY CITY ATTORNEY
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**EXHIBIT "A"**  
**HABITAT FOR HUMANITY**  
**(600 East L Street, Los Angeles, CA)**

**LEGAL DESCRIPTION**

REAL PROPERTY IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES,  
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

That portion of Lot 8 of The 111 Acre Range of New San Pedro, in the City of Los Angeles, County of Los Angeles, State of California, as per map recorded in Book 6, Pages 66 and 67 of Deeds in the office of the County Recorder of said county, bounded on the South by the northerly lines of Lots 50, 44 and "A" of Tract No. 3869, recorded in Book 149, Pages 78 and 79 of Maps, in said County Recorder's office, on the West by the easterly line of said Lot "A" and the easterly sideline of Lecouvreur Avenue, 50.00 feet wide, formerly Barracks Avenue, as shown on the map of said Tract No. 3869, on the North by the southerly sideline of "L" Street, 60.00 feet wide described in Deed to the City of Los Angeles, recorded in Book 9568, Page 232 of Official Records in said County Recorder's office and on the East by the westerly line of Lot 9 of said 111 Acre Range.

**RESERVING** unto The City of Los Angeles for public street easement purposes therefrom that portion lying northerly, northwesterly and westerly of the following described line:

Beginning at the intersection of said northerly line of said Lot "A" with a line parallel with and distant five feet easterly measured at right angles from said easterly sideline of Lecouvreur Avenue, 50.00 feet wide, thence northerly along said parallel line to the beginning of a tangent curve concave to the southeast having a radius of 15.00 feet and being tangent at its point of ending to a line parallel with and distant 2.00 feet southerly measured at right angles from said southerly sideline of "L" Street, 60.00 feet wide; thence northeasterly along said curve to last said parallel line; thence easterly along last said parallel line to said westerly line of said Lot 9.

EXCEPT therefrom that portion of said land within public street.

ASSESSOR'S IDENTIFICATION NUMBER: 7423-026-900

**COMMON ADDRESS:** 600 East L Street, Los Angeles, CA

**GRANTEE:** Habitat for Humanity of Greater Los Angeles,  
a California non-profit public benefit  
corporation

**Attachment C:**

City Grant Agreement – 9513 S. Spring Street

The City Of Los Angeles  
and  
Gateways Hospital & Mental Health Center  
Relating To  
Funds for property located at:  
440 N. Hoover Street  
Los Angeles, CA 90004

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THIS AGREEMENT is made and entered into by and between the City of Los Angeles, a municipal corporation, hereinafter called the LOS ANGELES HOUSING DEPARTMENT (LAHD), and GATEWAYS HOSPITAL AND MENTAL HEALTH CENTER hereinafter called the OWNER.

WITNESSETH

WHEREAS, the LAHD cooperates with private organizations, agencies of the City of Los Angeles and the County of Los Angeles and other governmental jurisdictions in carrying out affordable housing development, preservation and management (GRANT PROGRAM); and

WHEREAS, AB1290 Funds in the form of a grant can be made in conjunction with other programs within the LAHD, and the OWNER has executed an agreement or has a commitment letter from the said GRANT PROGRAM; and

WHEREAS, the AB1290 Grant Agreement (Agreement), made by and between the LAHD and OWNER, is made pursuant to the motion approved by the Los Angeles City Council and the Mayor (Council File No. 12-1708).

WHEREAS, LAHD agrees to provide the OWNER with up to \$200,000.00 in grant funds for acquisition and rehabilitation of affordable housing.

NOW, THEREFORE, the LAHD and the OWNER agree as follows:

## PROJECT AGREEMENT

### 0101. Parties to the Agreement

The parties to this Agreement are:

1. The Los Angeles Housing Department (LAHD), a municipal corporation, having its principal office at 1200 W. Seventh Street, 8<sup>th</sup> Floor, Los Angeles, California 90017.
2. The OWNER, Gateways Hospital & Mental Health Center, having its principal office at **1891 Effie Street, Los Angeles, CA 90026.**

### 0102. Representatives of the Parties and Service of Notices

The representatives of their respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

1. The representative of the LAHD shall be, unless otherwise stated in the Agreement:

**Mercedes Marquez, General Manager  
Los Angeles Housing Department  
Executive Office  
1200 W. Seventh Street, 9<sup>th</sup> Floor  
Los Angeles, California 90017**

The LAHD's representative (or designee) as stated above is the party to whom the OWNER shall forward all documents, reports and records as required by this Agreement. LAHD's representative is the party authorized to provide written approvals by LAHD to the OWNER in reference to matters addressed in this Agreement.

2. The representative of the OWNER shall be:

**Mara Pelsman, CEO  
Gateways Hospital & Mental Health Center  
1891 Effie Street, Los Angeles, CA 90026**

3. Formal notices, demands and communications to be given hereunder by either party shall be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and shall be deemed communicated as of the date of mailing.
4. If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accord with this section, within five (5) working days of said change.

0103. Description of Real Property/:

The real property and improvements to be affected by this Agreement are located at **440 N. Hoover Street, Los Angeles, CA 90004** and is further described in Exhibit I.

0104. Project Scope of Work and Budget

The construction of a 6,300 sq. ft. 18-bed transitional residential facility located at 440 North Hoover Street in Silver Lake on land owned by Gateways Hospital and Mental Health Center. The new building shall be equipped with nine bedrooms (18 beds), 2 conference rooms, a small entry area and is located across the street from the OWNER's wellness program and vocational workshop. There shall be subterranean parking for 3 vehicles which includes one ADA compliant parking spot as well as a lift to assist a disabled individual in getting to the first floor. The whole building shall be ADA compliant.

0105. Time of Performance

December 2011 - Construction commences on transitional housing project.  
December 2012- Transitional housing project complete, opens to residents.

0106. Conditions Precedent

Prior to the execution of this Agreement, the OWNER, relative to the property located at **440 N. Hoover Street, Los Angeles, CA 90004**, shall provide the LAHD with copies of the following documents:

1. Current Fire and General Liability Insurance Policies;
2. Copy of Grant Deed; and
3. Copies of any Building, Health and Safety-Citations/Orders to Correct
4. A Certification of Compliance with the Living Wage Ordinance Service Contractor Worker Retention and Living Wage Policy in accordance with §204.
5. A Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions as required by the regulations implementing Executive Order 12549, Debarment and Suspension, 24 CFR Part 24 Section 24.510, Participants' responsibilities and set forth in Exhibit VIII and made a part hereof.

## DUTIES AND RESPONSIBILITIES

### 0201. Independent Contractor Status

The OWNER shall contract with an independent State of California General Contractor, provided that the contractors' price is reasonable and within an acceptable range of LAHD's estimate. The parties agree that the initial performance of the Contractor's services hereunder shall be in the capacity of an independent Contractor and that no employees of the Contractor are (or shall be) employees of the LAHD by virtue of this Agreement.

### 0202. Responsibility of LAHD

- A. Upon review and approval of OWNER's Disbursement Request for payment to the contractor, LAHD shall determine that work has been satisfactorily completed and disburse funds accordingly. Payment will not be issued for stored materials. Each Disbursement Request shall have supporting documentation including, invoices, lien releases, etc. LAHD reserves the right to reject any or all disbursement requests and the right to request additional "back-up" information from the OWNER or contractor. Disbursement checks shall be made jointly, payable to the OWNER and the Contractor, unless the OWNER authorizes "single party" checks to the Contractor. LAHD will make progress payments and withhold retention of up to 10% until 35 days after a Notice of Completion has been filed, and, if applicable, all lead abatement clearances have been obtained.
- B. LAHD may choose to monitor the scope of work, as deemed necessary.

### 0203. Responsibilities of the OWNER

- A. OWNER shall cause all scope of work to be performed by a State of California General contractor as provided in Section I 04 above within the timeline set forth in Section I 05 above. If OWNER fails to comply with its responsibilities, LAHD may require OWNER to repay the grant. OWNER must submit to the LAHD all data enumerated in Section I 07 of this Agreement and prior to the execution of this Agreement.
- B. The OWNER, herein, authorizes LAHD, the LAHD's Representative, the right to monitor the scope of work. Accordingly, the OWNER shall make the Project Site accessible to LAHD and/or its subcontractor(s) at all times during the performance of this Agreement.
- C. The OWNER shall be responsible for completing all unfinished work not paid for by this grant.
- D. Upon written notice by LAHD, the OWNER shall provide access to all units

identified by LAHD at said location.

- E. The OWNER shall maintain and provide any inspection reports, work specification, clearance testing, or data regarding ongoing in-place management, procedures, disposal of hazardous material data, etc.
- F. The OWNER must indemnify and hold harmless the LAHD, its employees, and consultants from any liability resulting from or in connection with all activities detailed herein.
- G. As a condition to this Agreement, the OWNER hereby agrees not to resell the property within a period of three (3) years from the date of project completion. If the property is sold within that period, the OWNER must demonstrate a "good faith effort" to sell to a low-income family with a child or elderly person; otherwise LAHD may require the OWNER to repay the grant.
- H. As a representative of the OWNER, the Contractor, in the performance of this Agreement, shall comply with all applicable statutes, rules, regulations and orders of the United States, the State of California, the County and City of Los Angeles, including the City's anti-discrimination provisions, as well as applicable Office of management and Budget Circulars, including the Section 502 of the Housing and Urban Development Act of 1970, Lead-Based Paint Hazard Reduction Act of 1992 (Title X), the Lead-Based Paint Poisoning Prevention Act of 1970, Repair, Renovation and Painting Rule, State of California-Title 17, the HOME Investment Partnerships, Cranston-Gonzalez National Affordable Housing Act, Housing and Urban Development and Independent Agencies Appropriation Act of 1997. Contractor shall comply with new, amended, or revised laws, regulations and/or procedures that apply to the performance of this Agreement.
- I. This Agreement is subject to Section 10.10 of the Los Angeles Administrative Code, Child Support Assignment Orders Ordinance. Pursuant to this Ordinance, OWNER certifies that it will (1) fully comply with all State and Federal employment reporting requirements applicable to Child Support Assignment Orders; (2) the OWNER is in compliance with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally; (3) fully comply with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignment in accordance with California Family Code Section 5230 et seq.; and (4) maintain such compliance throughout the term of this agreement. Pursuant to Section 10.10.b of the Los Angeles Administrative Code, failure of OWNER to comply with all applicable reporting requirements or to implement lawfully served Wage and Earning Assignment Orders and Notices of Assignment or the failure of any principal OWNER to comply with any Wage and Earnings Assignment Orders and Notices of Assignment applicable to them personally shall constitute a default by the OWNER under the terms of the agreement, subjecting this agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to OWNER by the LAHD.

Any subcontract entered into by the OWNER relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of this paragraph and shall incorporate the provisions of the Child Support Assignment Orders Ordinance. Failure of the OWNER to obtain compliance of its contractors shall constitute a default by the OWNER under the terms of this agreement, subjecting this agreement to termination where such failure shall continue for more than ninety (90) days after notice of such failure to OWNER by the LAHD.

- J. OWNER shall comply with the Child Support Compliance Act of 1998 of the State of California Employment Development Department. OWNER assures that to the best of its knowledge it is fully complying with the earnings assignment orders of all employees, and is providing the names of all new employees to the New Hire Registry maintained by the Employment Development Department as set forth in subdivision (1) of the Public Contract Code 7110.

0204. Living Wage Ordinance and Service Contractor Worker Retention Ordinance

- A. Unless otherwise exempt in accordance with the provisions of this Ordinance, this Agreement is subject to the applicable provisions of the Living Wage Ordinance (LWO), Section 10.37 et seq. of the Los Angeles Administrative Code, as amended from time to time, and the Service Contractor Worker Retention Ordinance (SCWRO), Section I 0.36 et seq., of the Los Angeles Administrative Code, as amended from time to time. The Ordinances require the following:
  - 1. OWNER assures payment of a minimum initial wage rate to employees as defined in the LWO and as may be adjusted each July 1 and provision of benefits as defined in the LWO.
  - 2. OWNER further pledges that it will comply with federal law proscribing retaliation for union organizing and will not retaliate for activities related to the LWO. OWNER shall require each of its contractors within the meaning of the LWO to pledge to comply with the terms of federal law proscribing retaliation for union organizing. OWNER shall deliver the executed pledges from each such contractor to the City within ninety (90) days of the execution of the Subcontract. OWNER delivery of executed pledges from each such Subcontractor shall fully discharge the obligation of the OWNER to comply with the provision in the LWO contained in Section 10.37.6(c) concerning compliance with such federal law.
  - 3. The OWNER, whether an employer, as defined in the LWO, or any other person employing individuals, shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the LAHD with regard to the employer's compliance or anticipated compliance with the LWO, for participating in proceedings related to the LWO, for seeking to enforce his or her rights under the LWO by any lawful means, or otherwise asserting rights under the LWO. OWNER shall

post the Notice of Prohibition against Retaliation provided by the LAHD.

4. Any Subcontract entered into by the OWNER relating to this Agreement, to the extent allowed hereunder, shall be subject to the provisions of LWO and the SCWRO, and shall incorporate the OLiving Wage Ordinance and Service Contractor Worker Retention Ordinance language.
  5. OWNER shall comply with all rules, regulations and policies promulgated by the designated administrative agency, which may be amended from time to time.
- B. Under the provisions of Section 10.36.3(c) and Section 10.37.5(c) of the Los Angeles Administrative Code, the LAHD shall have the authority, under appropriate circumstances, to terminate this Agreement and otherwise pursue legal remedies that may be available if the LAHD determines that the subject OWNER has violated provisions of the LWO and the SCWRO.
- C. Where under the LWO Section 10.37.6(d), the designated administrative agency has determined (a) that the OWNER is in violation of the LWO in having failed to pay some or all of the living wage, and (b) that such violation has gone uncured, the awarding authority and/or the LAHD in such circumstances may impound monies otherwise due the OWNER in accordance with the following procedures. Impoundment shall mean that from monies due the OWNER, the awarding authority and/or the LAHD may deduct the amount determined to be due and owing by the OWNER to its employees. Such monies shall be placed in the holding account referred to in LWO Section 10.37.6(d) (c) and disposed of under procedures there described through final and binding arbitration. Whether the OWNER is to continue work following an impoundment shall remain in the unfettered discretion of the awarding authority and/or the LAHD. The OWNER may not elect to discontinue work either because there has been an impoundment or because of the ultimate disposition of the impoundment by the arbitrator.
- D. Earned Income Tax Credit

This Agreement is subject to the provisions of Section 10.37.4 of the Los Angeles Administrative Code, requiring employers to inform employees making less than Twelve Dollars (\$12.00) per hour of their possible right to the federal Earned Income Tax Credit (EITC). Employers must further make available to employees the forms required to secure advance EITC payments from employers.

#### 0205. Insurance.

The OWNER shall cause to have in full force and effect during the term of this Agreement, the insurance coverage specified by LAHD. In addition, the OWNER shall ensure that the Contractor for this Project maintains the insurance coverage specified by LAHD.

0206 Indemnification.

Except for the active negligence or willful misconduct of LAHD, or any of its Boards, Officers, Agents, Employees, Assigns and Successors in Interest, OWNER undertakes and agrees to defend, indemnify and hold harmless LAHD and any of its Boards, Officers, Agents, Employees, Assigns, and Successors in Interest from and against all suits on causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and cost of litigation, damage or liability of any nature whatsoever, for death or injury to any person, including OWNER's employees and agents, or damage or destruction of any property of either party hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to the performance of this Agreement by the OWNERS or its CONTRACTORS of any tier. The provisions of this paragraph survive expiration or termination of this agreement.

0207. Equal Benefits Ordinance

Unless otherwise exempted in accordance with the provisions of the Equal Benefits Ordinance (EBO), Section 10.8.2.1 of the Los Angeles Administrative Code, this Agreement is subject to the provisions of the EBO as amended from time to time.

- A. During the performance of the Agreement, the OWNER certifies and represents that the OWNER will comply with the EBO. The OWNER agrees to post the following statement in conspicuous places at its place of business available to employees and applicants for employment:

During the performance of an Agreement with the City of Los Angeles, the OWNER will provide equal benefits to employees with spouses and its employees with domestic partners. Additional information about the City of Los Angeles' Equal Benefits Ordinance may be obtained from the "Department of Public Works, Bureau of Contract Administration at <http://bca.lacity.org>."

- B. The failure of the OWNER to comply with the EBO will be deemed to be a material breach of the Agreement by the Awarding Authority and/or the LAHD.
- C. If the OWNER fails to comply with the EBO the Awarding Authority and/or the LAHD may cancel, terminate or suspend the Agreement, in whole or in part, and all monies due or to become due under may be retained by the LAHD. The LAHD may also pursue any and all other remedies at law or in equity for any breach.
- D. Failure to comply with the EBO may be used as evidence against the OWNER in actions taken pursuant to the provisions of Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.
- E. If the Bureau of Contract Administration determines that an OWNER has set up

or used its Contracting entity for the purpose of evading the intent of the EBO, the Awarding Authority and/or the LAHD may terminate the Agreement on behalf of the LAHD. Violation of this provision may be used as evidence against the OWNER in actions taken pursuant to the provisions of the Los Angeles Administrative Code Section 10.40 et seq., Contractor Responsibility Ordinance.

0208. Contractor Responsibility Ordinance

A. Unless otherwise exempt in accordance with the provisions of the Ordinance, this Agreement is subject to the provisions of the Contractor Responsibility Ordinance, Section 10.40 et seq., of Article 14, Chapter 1 of Division 10 of the Los Angeles Administrative Code, which requires OWNER to update its responses to the responsibility questionnaire within thirty (30) calendar days after any change to the responses previously provided if such change would affect OWNER fitness and ability to continue performing the agreement. In accordance with the provisions of this Ordinance, by signing this Agreement, OWNER pledges, under penalty of perjury, to comply with all applicable federal, state and local laws in the performance of this Agreement, including but not limited to, laws regarding health and safety, labor and employment, wage and hours, and licensing laws which affect employees. The OWNER further agrees to:

1. Notify the awarding authority and/or the LAHD within thirty (30) calendar days after receiving notification that any government agency has initiated an investigation which may result in a finding that the OWNER is not in compliance with all applicable federal, state and local laws in performance of this Agreement;
2. Notify the awarding authority and/or the LAHD within thirty (30) calendar days of all findings by a government agency or court of competent jurisdiction that the OWNER has violated the provisions of Section 10.40.3 (a) of the Ordinance;
3. Ensure that its subcontractor(s), as defined in the Ordinance, submit a Pledge of Compliance to awarding authorities; and
4. Ensure that its subcontractor(s), as defined in the Ordinance, comply with the requirements of the Pledge of Compliance and the requirement to notify Awarding Authorities within thirty calendar (30) days after any government agency or court of competent jurisdiction has initiated an investigation or has found that the subcontractor has violated Section 10.40.3 (a) of the Ordinance in performance of the subcontract.

0209. Slavery Disclosure Ordinance

Unless otherwise exempt in accordance with the provisions of this Ordinance, this Agreement is subject to the Slavery Disclosure Ordinance, Section 10.41 of the Los Angeles Administrative Code, as may be amended from time to time. OWNER certifies that it has complied with the applicable provisions of this Ordinance. Failure to fully and accurately complete the affidavit may result in termination of this Agreement.

0210. Economic Opportunities for Low and Very Low-Income Persons

The Healthy Homes Program is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u). Section 3 requires recipients to ensure that, to the greatest extent feasible, training, employment, and other economic opportunities will be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses which provide economic opportunities to low- and very low- income persons. The regulations are found at 24 CFR part 135.

0211. Complete Agreement

This Agreement contains the full and complete Agreement between the two parties. No verbal agreement or conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

0212. Number of Pages and Attachments

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes eleven (11) pages and four (4) Exhibits which constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the LAHD and the OWNER have caused this Agreement to be executed by their duly authorized representatives. The total grant amount agreed upon between the LAHD and the OWNER shall be the lesser of **\$200,000.00** or the actual cost of acquisition and rehabilitation of affordable housing approved by LAHD.

APPROVED AS TO FORM:  
CARMEN A. TRUTANICH, City Attorney

GRANTOR: \_\_\_\_\_

Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2012

THE CITY OF LOS ANGELES

Los Angeles Housing Department

By: \_\_\_\_\_  
Deputy/Assistant City Attorney

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

By: \_\_\_\_\_  
Helmi Hisserich  
Its: Assistant General Manager

ATTEST:  
JUNE LAGMAY, City Clerk

By: \_\_\_\_\_  
Deputy City Clerk

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

OWNER/Grantee  
Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2012

By: \_\_\_\_\_  
Mara Pelsman, CEO

City Business License Number: \_\_\_\_\_

Internal Revenue Service ID Number/Social Security Number: 95-16910011

Council File Number: 12-1708

Date Council Adopted: November 19, 2012

Said Agreement is Number: \_\_\_\_\_

## EXHIBIT I

### PROPERTY DESCRIPTION

(440 N. Hoover Street, Los Angeles, CA 90004)

ASSESSOR PARCEL NO. 540101003

COMMON ADDRESS: 440 N. Hoover Street  
Los Angeles, CA 90004

The following described property in the City of Los Angeles, County of Los Angeles, State of California;

440 N. Hoover Street, North Hoover St. Tract SW 2Ft measured at *R/A* to SW line of Lot 1 and all of Lot 2 BLK A.

## **EXHIBIT II**

### **PROJECT SCOPE OF WORK (440 N. Hoover Street, Los Angeles, CA 90004)**

The construction of a 6,300 sq. ft. 18-bed transitional residential facility located at 440 North Hoover Street in Silver Lake on land owned by Gateways Hospital and Mental Health Center. The new building shall be equipped with nine bedrooms (18 beds), 2 conference rooms, a small entry area and is located across the street from the OWNER's wellness program and vocational workshop. There shall be subterranean parking for 3 vehicles which includes one ADA compliant parking spot as well as a lift to assist a disabled individual in getting to the first floor. The whole building shall be ADA compliant.

### **EXHIBIT III**

#### **PROJECT BUDGET (440 N. Hoover Street, Los Angeles, CA 90004)**

ABI290 Fund Grant \$200,000.00

OWNER will utilize this funding for the acquisition and rehabilitation of a transitional housing facility located at 440 N. Hoover Street in Los Angeles. This project will fulfill the Grant Contract Requirements of the Community Redevelopment Agency (CRA) which awarded \$547,000 to Gateways Hospital in 2010.

## **EXHIBIT IV**

### **SCHEDULE OF PERFORMANCE (440 N. Hoover Street, Los Angeles, CA 90004)**

December 2011 - Construction commences on transitional housing project.

December 2012 - Transitional housing project complete, opens to residents.

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**Attachment D:**

Covenant Agreement – 9513 S. Spring Street

Attachment D

Covenant Agreement Language will be included in the City Loan Documents.