



000979

331
07/08

THE CITY OF SAN DIEGO

DATE ISSUED: July 2, 2008

REPORT NO.: RA-08-18

RTC NO.: RTC-08-094

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and Members of the City Council
Docket of July 8, 2008

SUBJECT: Housing Enhancement Loan Program (HELP) in the Greater North Park
Community

REQUESTED ACTION:

1. That the Redevelopment Agency adopt the North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP) Guidelines.
2. That the City Council and the Redevelopment Agency approve and adopt findings that permit the use of low-and-moderate income housing funds outside the North Park Redevelopment Project Area.
3. That the Redevelopment Agency authorize the expenditure of up to \$470,000 from the North Park Housing Line of Credit for the implementation of the North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP).
4. That the Redevelopment Agency approve the Agreement By and Between the Redevelopment Agency of the City of San Diego and the City of San Diego Housing Commission in Connection with the North Park Redevelopment Housing Enhancement Loan Program.

STAFF RECOMMENDATIONS FOR THE REDEVELOPMENT AGENCY:

1. That the Redevelopment Agency adopt the North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP) Guidelines.
2. That the Redevelopment Agency approve and adopt findings that permit the use of low-and-moderate income housing funds outside the North Park Redevelopment Project Area.
3. That the Redevelopment Agency authorize the expenditure of up to \$470,000 from the North Park Housing Line of Credit for the implementation of the North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP).
4. That the Redevelopment Agency approve the Agreement By and Between the Redevelopment Agency of the City of San Diego and the City of San Diego Housing Commission in Connection with the North Park Redevelopment Housing Enhancement Loan Program.



Redevelopment Agency

1200 Third Avenue, Suite 1400, MS 560 • San Diego, CA 92101-4110

Tel (619) 236-6700 Fax (619) 533-3219

City Planning & Community Investment



STAFF RECOMMENDATIONS FOR THE CITY COUNCIL:

1. That the City Council approve and adopt findings that permit the use of low-and-moderate income housing funds outside the North Park Redevelopment Project Area.

SUMMARY:

The North Park Redevelopment Plan (the "Plan") was adopted on March 4, 1997. The Plan identifies various redevelopment priorities including the creation and rehabilitation of affordable housing units. North Park's Third Five-Year Implementation Plan adopted on July 17, 2007 includes implementing a housing rehabilitation program for existing low and moderate-income dwelling units.

The proposed North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP Program) fulfills the objectives of the Redevelopment Plan by advocating for the rehabilitation of existing dwellings to improve physical deficiencies and preserve positive neighborhood characteristics of the Redevelopment Project Area. The HELP Program is expected to provide significant community enhancement for the Greater North Park Community, as well as act as a catalyst for further improvements in the area.

The HELP Program provides one-time only forgivable Housing Enhancement Loans of up to \$25,000 at an annual simple interest rate of 3% to Greater North Park Community owner-occupants of one-unit and two-unit properties, whose gross household income are no greater than 100% of the Median Area Income. A map of the Greater North Park Community is included as Attachment 1.

Under California Redevelopment Law, the Agency and Council must make a finding of benefit to the redevelopment project area from which funds are derived in order to spend those funds outside of the Project Area. Because there is such a nexus between the North Park Redevelopment Project Area and the Greater North Park Community, the findings for the North Park HELP Program are straight-forward and included as Attachment 2 to this report.

The loans will be used to address interior and exterior conditions of properties to repair health and safety hazards and to rehabilitate, repair and install improvements, including improvements not eligible in existing rehabilitation programs such as fencing, sidewalks and landscaping. The loans may be increased up to an additional \$5,000 for qualifying energy and/or water conserving landscape improvements.

A 10-year deed restriction will be imposed as a condition of the loans. The deed restriction will require that the owner maintain residence at the property for not less than 10 years, or limits sale of the property to persons who will occupy the property and whose gross household income at the time of the sale is no greater than 100% of the Median Area Income. Commencing with the sixth year twenty percent of the loan will be forgiven each year to the tenth year. After ten years the loan will be forgiven. The Program guidelines are included as Attachment 3.

The Agency proposes to enter into an Agreement with the Housing Commission to administer and provide outreach services for the Program. By entering this Agreement, the Agency is delegating several responsibilities to the Housing Commission, including but not limited to:

eligibility determination of the owner-occupant, eligibility determination of the properties, evaluation and determination of each loan amount, eligibility of proposed improvements, ongoing compliance monitoring, certification of insurance compliance, final project inspection, management of Agency funds allocated toward the Program, reporting and expenditure of Agency funds, execution of the Memorandum of Lien Affecting Real Property to be recorded against assisted properties, approving or disapproving a borrower's refinancing, sale, or transfer of a subject property or any interest therein, approving or disapproving further encumbrances recorded against an assisted property, management over borrower defaults, and processing all required financial documents with respect to each loan.

The Housing Commission successfully manages similar programs for the City Heights, Crossroads, and Linda Vista Redevelopment Project Areas. The agreement between the Agency and the Housing Commission is included as Attachment 4.

It is the goal of Agency staff to create consistent HELP Program Guidelines agency-wide. This may involve revisions to existing HELP Program Guidelines in the City Heights, Crossroads, Grantville, Linda Vista, Mount Hope and Southcrest programs. Staff anticipates presenting said revisions to these existing programs to the Agency Board within 3-6 months.

FISCAL CONSIDERATIONS:

This agreement proposes to expend up to \$470,000 from the North Park Housing Line of Credit to fund the Program. These funds are currently budgeted in the unallocated FY 2008 North Park Redevelopment low- and moderate-income housing funds. The Housing Commission's cost for outreach and administration are 15% of the loans funded, which is included as part of the \$470,000. This will result in approximately, thirteen (13) rehabilitation loans.

The loans will be subordinate to prior or concurrent mortgages and home equity lines of credit secured by a deed of trust. There is a risk that the Agency could lose some or all loan funds should a borrower have a foreclosure or surrender a deed of title in lieu of foreclosure to a senior lender.

PREVIOUS AGENCY and/or COUNCIL ACTION:

On May 20, 2008, the Agency adopted the Redevelopment Agency Budget for Fiscal Year 2009, which included \$3,214,083 in unallocated low- and moderate-income housing funds.

COMMUNITY PARTICIPATION & PUBLIC OUTREACH EFFORTS:

On January 8, 2008, the North Park Redevelopment Project Area Committee voted 10-0-0 to recommend the approval of the Housing Enhancement Loan Program Guidelines and the \$470,000 expenditure from the North Park Housing Line of Credit for the Program.

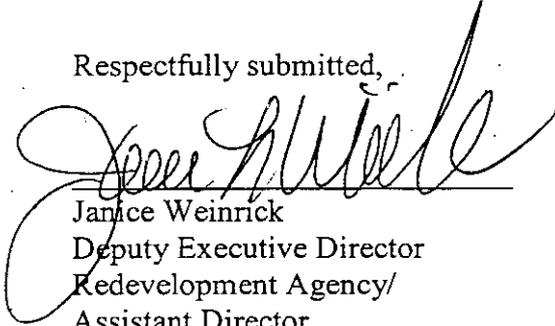
KEY STAKEHOLDERS and PROJECT IMPACTS:

The potential beneficiaries of these loans are up to thirteen (13) low- and moderate-income, owner-occupants of residences located within the Greater North Park Community Planning Area. The North Park HELP Program area is located in Council District 3.

ALTERNATIVE:

Do not approve the Agreement by and between the Redevelopment Agency of the City of San Diego and the City of San Diego Housing Commission and do not approve the Findings of Benefit for the use of North Park Redevelopment Project Area low- and moderate-income housing set-aside funds outside of the Project Area.

Respectfully submitted,



Janice Weinrick
Deputy Executive Director
Redevelopment Agency/
Assistant Director
City Planning and Community Investment



Approved: William Anderson
Assistant Executive Director
Redevelopment Agency/
Deputy Chief Operating Officer
Executive Director of City Planning
and Development

- Attachments:
1. Map of the Greater North Park Community
 2. Findings of Benefit for the use of North Park Redevelopment Project Area low- and moderate-income housing set-aside funds outside of the Project Area
 3. North Park Housing Enhancement Loan Program Guidelines
 4. Agreement between the Agency and the Housing Commission

000983

Attachment 1
(behind this page)

000987

Attachment 2
(behind this page)

**FINDINGS OF BENEFIT
FOR THE USE OF NORTH PARK REDEVELOPMENT PROJECT AREA
LOW- AND MODERATE- INCOME HOUSING TAX INCREMENT SET-ASIDE FUNDS
OUTSIDE OF THE PROJECT AREA**

The proposed use of Low- and Moderate- Income Housing Set-Aside Funds [LMIHF] from the North Park Redevelopment Project Area [Project Area] for the North Park Housing Enhancement Loan Program [North park HELP Program] in the Greater North Park Community Planning Area will benefit the Project Area providing the funds in that:

1. The provision and preservation of affordable housing is, in itself, a fundamental purpose of redevelopment. Any preservation of the stock of available housing for low- and moderate- income persons benefits the surrounding areas, including the project area providing the funds, by encouraging local accommodations for a diverse workforce and consumers at various income levels throughout the City.
2. The North Park HELP Program will help fulfill the goals of the North Park Redevelopment Plan and Implementation Plans [Plans] for the Project Area. The owner-occupants eligible for the North Park HELP program will live in the North Park Redevelopment Project Area or in the adjacent Greater North Park Community Planning Area. Their close proximity within and to the Project Area promotes the success of the Plans, which include: improving, promoting and preserving the positive neighborhood characteristics of North Park, promoting varied housing opportunities, improving and enhancing the housing stock within North Park, and supporting and promoting the growth and vitality of the North Park business environment.
3. The North Park HELP program will support home-ownership by low and moderate-income residents.
4. The use of \$470,000 in North Park Redevelopment Project Area LMIHF for the North Park HELP Program would enable the Agency to disburse approximately 13 loans to owner-occupied, income eligible households seeking to rehabilitate homes located within the North Park Redevelopment Project Area and/or the adjacent North Park Community Planning Area.

009991

Attachment 3
(behind this page)



000993

THE CITY OF SAN DIEGO

PROGRAM GUIDELINES
(Approved _____, 2008)

North Park Redevelopment Housing Enhancement Loan Program

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

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

The Program is intended to do the following:

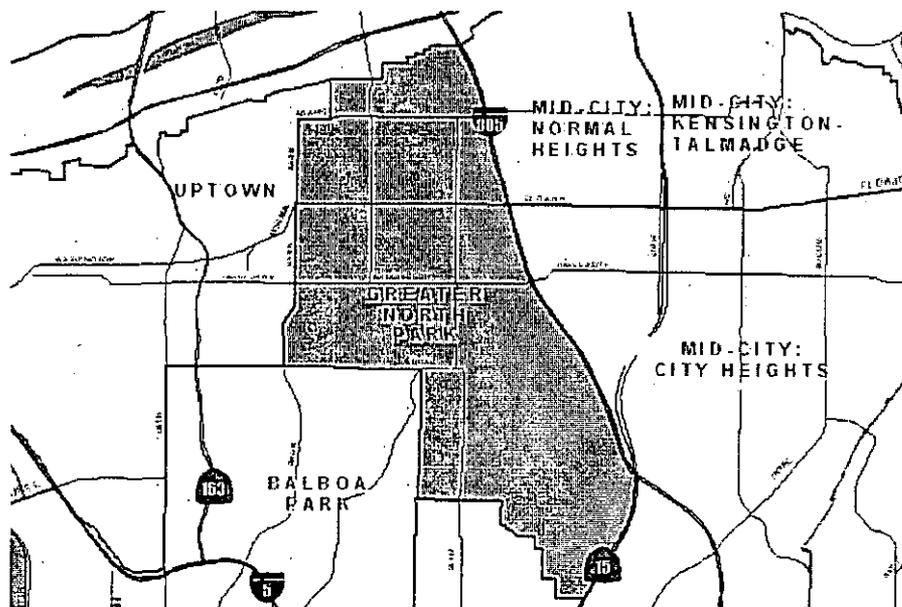
- To assist qualified residents of the Greater North Park Community for the purpose of improving the interior and exterior conditions of their residences and reducing energy consumption and landscape related water consumption.
- To repair interior and exterior health and safety hazards that fail housing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

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

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

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

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



1. ELIGIBILITY CRITERIA

000995 (A) ELIGIBLE PARTICIPANTS

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

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

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

(B) ELIGIBLE PROPERTIES

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

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

(C) ELIGIBLE IMPROVEMENTS

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

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

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

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

2. PROGRAM BENEFITS

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

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

(A) LOAN AMOUNT

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

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

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

(B) INTEREST RATE

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

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

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

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

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

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

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

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

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

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

3. GENERAL CONDITIONS

(A) APPLICATION

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

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

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

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

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

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

000999 Agency or its designee and agree to the recordation of the Memorandum of Lien against the subject property in the records of the County Recorder for San Diego County.

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

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

(C) INSURANCE REQUIREMENTS

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

(D) FUNDS AVAILABILITY

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

(E) PROJECT MANAGEMENT

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

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

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

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

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

001000

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

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

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

(F) COMPLETION OF PROJECT

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

(G) OBLIGATION TO REFRAIN FROM DISCRIMINATION

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

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

4. PROJECT ADMINISTRATOR

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

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

001001 landscaping, and can be used for residents earning up to 100% Area Median Income, where Commission programs are limited to 80% Area Median Income.

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

###

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

001003

Exhibit A
(behind this page)

001005

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

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

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

(SPACE ABOVE FOR RECORDER'S USE ONLY)

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

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

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

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

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

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

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

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

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

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

time of sale does not exceed 100% AMI.

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

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

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

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

Section 1.6. Indemnification and Hold Harmless.

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

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

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

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

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

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

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

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

Section 1.9. Remedies.

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

proceeding may be instituted.

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

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

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

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

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

001011

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

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

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

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

With a copy to:

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

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

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

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

BORROWER: TO BE ADDED

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) BORROWER covenants and agrees for itself, its successors, its assigns, and every successor in interest to the PROPERTY or any part thereof, there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in Subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor shall BORROWER itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the PROPERTY.

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

i. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in Subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

ii. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of

Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

iii. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

[THIS PORTION OF THE PAGE IS INTENTIONALLY LEFT BLANK]

001016

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

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

COMMISSION:

SAN DIEGO HOUSING COMMISSION, a public agency

By: _____
Name: _____
Title: _____

Date: _____

BORROWER:

By: _____
Name: _____
Title: Property Owner

Date: _____

BORROWER:

By: _____
Name: _____
Title: Property Owner

Date: _____

****All Signatures must be notarized***

001017

EXHIBIT "A"

Legal Description

[Behind this page]

001018

EXHIBIT "B"

Program Guidelines

[Behind this page]

001019

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

As of January 1, 2008

State of California
County of San Diego

On _____ before me, _____, a
Notary Public, in and for State, personally appeared, _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

001020

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

As of January 1, 2008

State of California
County of San Diego

On _____ before me, _____, a
Notary Public, in and for State, personally appeared, _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

001021

Attachment 4
(behind this page)

**AGREEMENT
BY AND BETWEEN
THE REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
AND
THE CITY OF SAN DIEGO HOUSING COMMISSION
IN CONNECTION WITH THE NORTH PARK REDEVELOPMENT HOUSING
ENHANCEMENT LOAN PROGRAM**

THIS AGREEMENT [Agreement] is made and entered into on this _____ day of _____, 2008, by and between the Redevelopment Agency of the City of San Diego, a public body, corporate and politic [Agency], and the San Diego Housing Commission, a public agency [Commission], collectively referred to herein as the Parties, with reference to the following:

RECITALS

WHEREAS, the North Park Redevelopment Project Area [Project Area] is a redevelopment project area adopted by the Agency pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.); and

WHEREAS, the Agency is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Project Area; and

WHEREAS, pursuant to Health and Safety Code Section 33334.2, the Agency must set aside not less than twenty percent (20%) of tax increment funds generated in a project area to be used for the purposes of increasing, improving, and preserving the community's supply of low- and moderate- income housing available at affordable housing cost to persons and families of low- or moderate- income, lower income households, very low income households, and extremely low income households, that is occupied by these persons and families; and

WHEREAS, in accordance with Health and Safety Code Section 33334.2, the provision of homeownership and housing rehabilitation and enhancement opportunities for low- and moderate-income households are eligible uses of the 20% housing set-aside funds described above; and

WHEREAS, the Agency believes that housing rehabilitation and enhancement is an important factor in promoting neighborhood and community stability, encouraging private investment, and improving the local housing stock; and

WHEREAS, the Agency established the North Park Redevelopment Housing Enhancement Loan Program [Program] as part of an overall redevelopment program to increase, improve, and preserve the supply of low- and moderate- income housing occupied by persons and families of extremely low-, very low-, low- and moderate- income within the Project Area and the surrounding neighborhoods [collectively referred to as the Greater North Park Community], as defined in the map attached hereto as Exhibit "A" and incorporated herein by this reference; and

WHEREAS, the Program is designed to provide a one-time only loan, forgivable over a ten (10) year period, to owner-occupants, of one- and two- unit properties located in the Greater North Park Community, whose gross household income is no greater than one hundred percent (100%) of the area median family income [AMI] for San Diego County as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development; and

WHEREAS, subject to the availability of Program funds, the Agency would loan an amount up to \$25,000 to be used toward rehabilitating and enhancing the interior and exterior conditions of the owner-occupants' dwellings and an additional amount up to \$5,000 to be used toward providing water conserving landscape improvements and/or energy conserving improvements to their properties; and

WHEREAS, the Project Area will benefit from the Program in that the housing rehabilitation and enhancement opportunities provided by the Program will promote neighborhood and community stability, encourage private investment, and improve the local housing stock; and

WHEREAS, the Agency has duly authorized the initial expenditure of funds from the Agency's Low and Moderate Income Housing Set Aside Funds Line of Credit for North Park in an amount not to exceed Four Hundred Seventy Thousand Dollars (\$470,000.00) [Agency Funds] to fund the loans provided pursuant to the Program and to pay for the administrative costs associated with the administration and management of the Program [Program Purposes]; and

WHEREAS, the Agency may, in its sole discretion, approve additional financial allocations to the Program to be used for Program Purposes and the terms of this Agreement shall apply to the additional financial allocations; and

WHEREAS, the Commission is a public entity established by the City Council of the City of San Diego [City] to provide quality, affordable housing opportunities for the City's elderly, disabled, and moderate- and low- income populations; and

WHEREAS, the Agency requires the services of an organization to provide for the administration and management of the Program and the Agency finds that the Commission has the expertise, experience and personnel necessary to provide the services required for the administration and management of the Program; and

WHEREAS, in light of the above, the Agency and the Commission desire to enter into this Agreement whereby the Agency agrees to retain the Commission, and the Commission agrees to provide the services required for the administration and management of the Program, including management and expenditure of the Agency Funds allocated toward the Program.

NOW THEREFORE, in consideration of the recitals above and the terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties set forth their mutual covenants and understandings as follows:

ARTICLE 1: PURPOSES AND SCOPE OF AGREEMENT AND PROGRAM

1.1 Purpose of Agreement: The Parties acknowledge and agree that the purpose of this Agreement is for the Agency to retain the services of the Commission to administer and manage the Program on behalf of the Agency for the benefit of eligible owner-occupants located within the Greater North Park Community and to take all actions necessary to implement the Guidelines for the Program approved by the Agency [Program Guidelines] attached hereto as Exhibit "B" and incorporated herein by this reference, including, without limitation, the management and expenditure of Agency Funds allocated toward the Program and entering into and executing a Memorandum of Lien Affecting Real Property with each participant which establishes the terms, conditions, and requirements for participation in the Program in accordance with the Program Guidelines.

1.2 Compliance with California Community Redevelopment Law: The Parties acknowledge and agree that the Commission's administration and management of the Program including, without limitation, ensuring compliance with the affordability requirements, shall be performed in accordance with all applicable law including, without limitation, the Community Redevelopment Law.

1.3 Independent Administration/Management: The Parties acknowledge and agree that the Commission's administration and management of the Program shall be performed independently and separately from, but may be done in conjunction and coordination with, the Commission's other housing programs. Any and all costs incurred by the Commission and paid for by Agency Funds pursuant to this Agreement shall be directly related and solely attributable to the administration and management of the Program and not the Commission's other housing programs. Similarly, the loan and use of any Agency Funds shall be done pursuant to the Program and not the Commission's other housing programs.

1.4 Purpose of Program: The Parties acknowledge and agree that the purpose of the Program is to provide financial assistance to extremely low, very-low, low and moderate-income owner-occupants [Participants] of one- and two- unit residential properties located within the Greater North Park Community to be used for the purposes of rehabilitating and enhancing the interior and exterior conditions of their dwellings and/or providing water conserving landscape improvements and/or energy conserving improvements to their properties [Project(s)]. To be eligible to participate in the Program, a Participant's gross household income may not exceed one hundred percent (100%) of the AMI for San Diego County.

1.5 Agency Funds: The Parties acknowledge and agree that the Agency has allocated Agency Funds in the total amount not to exceed Four Hundred Seventy Thousand Dollars (\$470,000.00) to fund the loans provided pursuant to the Program and to pay for the administrative costs associated with the Commission's administration and management of the Program. The Commission shall manage and expend the Agency Funds only for Program Purposes and in the designated amounts as authorized by this Agreement. The Commission shall not commit any additional funds of the Agency in the implementation of the Program in excess of the Agency Funds approved and allocated by the Agency. The Agency may, however, in its sole discretion, approve additional financial allocations to the Program to be used for Program

Purposes and the terms of this Agreement shall apply to the additional financial allocations.

ARTICLE 2: EFFECTIVE DATE AND TERM OF AGREEMENT

2.1 This Agreement shall become effective, and the performance of responsibilities hereunder shall commence, upon the date on which this Agreement is executed by all Parties and approved by the Parties' respective legal counsel [Effective Date], and shall continue in full force and effect until the Agreement is otherwise terminated by either one or both Parties in accordance with the provisions of this Agreement.

2.2 If the Agency does not appropriate funds to the Program in any given fiscal year and neither party has terminated this Agreement, this Agreement shall continue in effect with respect to the Agency Funds then in the program or subsequently appropriated for the Program.

ARTICLE 3: AGENCY RESPONSIBILITIES

3.1 **Approvals:** The Agency agrees to prepare the necessary documentation, with reasonable assistance from the Commission, for any action taken, or to be taken, by the Agency or the City that is required to implement the Program. The Agency agrees to use its best efforts to seek any necessary approvals from the Agency or the City that are required to implement the Program.

3.2 **Program Review:** The Agency shall have the right but not the obligation, in the Agency's sole discretion and during normal business hours, to review the Commission's records with respect to the Commission's performance of this Agreement including, but not limited to, those records kept or maintained in the administration, management and implementation of the Program. The Agency shall have the right to monitor and evaluate the Commission's administration, management or implementation of the Program. The Commission staff members shall reasonably cooperate with the Agency in connection with such monitoring and evaluation activities.

3.3 **Agency Staff Assistance:** The Agency staff members shall provide assistance, where feasible, to the Commission in the development of procedures for the Program and any related marketing strategies for purposes of implementing this Agreement.

3.4 **Meetings:** The Agency staff shall be responsible, upon the Commission's request, for convening, planning, evaluating, and coordinating meetings on an as-needed basis when the Agency's input is required for the administration and implementation of the Program.

ARTICLE 4: COMMISSION RESPONSIBILITIES

4.1 Program Administration and Management:

4.1.1 The Commission shall administer and manage the Program and the Agency Funds in accordance with the terms of this Agreement and the Program Guidelines.

4.1.2 The Commission shall thoroughly review all applications submitted to the

Agency for a forgivable loan pursuant to the Program.

4.1.3 The Commission shall thoroughly evaluate each applicant and the subject property and render a written determination on the eligibility of the applicant and the property to participate in the Program according to the Program Guidelines.

4.1.4 The Commission shall thoroughly evaluate each improvement proposed by each applicant and render a written determination on the eligibility of each improvement for Agency financial assistance according to the Program Guidelines.

4.1.5 The Commission shall confirm that all documents required to be submitted by an applicant in order to qualify as a Participant, pursuant to the Program Guidelines, have been properly submitted to the Commission and are deemed complete.

4.1.6 The Commission shall determine the amount of the loan which a Participant may be eligible to receive from the Agency toward his/her Project. In this regard, the Commission shall consult with the Agency as needed. The Commission shall request all necessary information from the Participant upon which to render this determination.

4.1.7 The Commission shall confirm that, once a Project is approved and prior to the commencement of any work on a Project, the Participant and the Commission enter into and execute the Memorandum of Lien Affecting Real Property [Memorandum of Lien], which evidences the loan amount and the terms and conditions of the loan and imposes a ten (10) year deed restriction on the subject property. The Memorandum of Lien shall be in a form mutually agreed upon by the Commission and the Participant consistent with the Program Guidelines and substantially in the form of the Memorandum of Lien attached as Exhibit "A" to the Program Guidelines (Exhibit "B" attached hereto). Commencement of work without an executed Memorandum of Lien will automatically disqualify a Participant from being eligible to participate in the Program. The Commission shall confirm that the Memorandum of Lien is recorded against the subject property in the records of the County Recorder for San Diego County.

4.1.8 The Commission shall secure all personnel necessary to administer and manage the Program in accordance with the terms of this Agreement including, but not limited to, marketing and outreach specialists, inspectors familiar with the City's codes, regulations, and permit processes, and sufficiently knowledgeable personnel to perform all necessary contract and subcontract administration and loan processing services.

4.1.9 The Commission shall comply with all monitoring requirements imposed by law including, without limitation, the monitoring requirements of the Agency set forth in the California Community Redevelopment Law.

4.1.10 With regard to each loan made by the Agency pursuant the Program, the Commission shall monitor each Participant's compliance with all Program contract and eligibility requirements including, but not limited to, affordable housing and area median income eligibility, ownership, occupancy, and health and safety conditions. In this regard, the Commission shall conduct all necessary inspections to ensure a Participant's compliance with all

Program contract and eligibility requirements and to use good faith efforts to detect any noncompliance issues including, but not limited to, any breaches of a Participant's contractual obligations.

4.1.11 In the implementation of the Program and performance of this Agreement, the Commission shall process any and all required financial documents including, but not limited to, liens, lien releases, trust deeds, contracts and inspection records and shall maintain these records in an organized manner and format readily accessible by the Agency.

4.1.12 The Commission shall confirm that each Participant has properly obtained all insurance policies required by the Program Guidelines and that the Commission and the Agency are listed as additional insureds on those insurance policies as specified in the Program Guidelines.

4.1.13 The Commission shall inspect the improvements and confirm that all improvements were constructed and completed in accordance with the Commission's approval and conditions for the loan.

4.1.14 The Commission shall prepare the reports referenced in Section 4.2 hereof and timely provide copies of same to the Agency.

4.2 Reporting Requirements:

4.2.1 By July 31st of each year during the Term of this Agreement, the Commission shall prepare and submit to the Agency annual reports outlining the progress of the Program for the previous fiscal year.

4.2.2 By January 31st, April 30th, July 31st, and October 31st of each year during the Term of this Agreement, the Commission shall prepare and submit to the Agency a quarterly report outlining the overall progress of the Program for the previous calendar quarter.

4.2.3 The annual and quarterly reports shall be in a format approved by the Agency and shall include at a minimum the following information by Redevelopment Project Area and target housing development:

- a. Number of applications processed to date;
- b. Number of applications approved to date;
- c. Number of loans made to date;
- d. Amount of Agency Funds expended to date;
- e. Total amount of Agency Funds remaining to date for Program assistance and the remaining balance of the Agency Account, as defined in Section 5.3 below, and a description of any discrepancy between the two amounts;

- f. Number of Projects funded and completed to date;
- g. Number of Projects funded but not yet completed to date;
- h. The number of units, including the number of bedrooms per unit, participating in the Program;
- i. Income levels of Participants in the Program;
- j. Description of completed improvements funded by the Agency loan;
- k. Supplemental funds (such as other Commission, City or Agency loans, grants, owner funds, private funds, and/or other loans) used in each Project;
- l. Amount of funds returned to the Agency Account as a result of repayment of the Agency's loans made pursuant to the Program;
- m. Amount of interest earned to date on the Agency Funds;
- n. Amount of Agency Funds transferred from the Agency Account to the Commission's account;
- o. Amount of administrative costs incurred for the administration and management of the Program, including the total compensation paid to the Commission by the Agency for the Commission's services rendered pursuant to this Agreement, as authorized by Section 6 of this Agreement;
- p. Description of marketing efforts performed, and description of the results and needs identified from the marketing efforts; and
- q. Before and after photos of each Project.

4.3 Equal Employment Opportunity Outreach Program: The Commission acknowledges and agrees that it is aware of, and shall comply with, the City's Equal Employment Opportunity Outreach Program and San Diego Municipal Code Sections 22.2701 through 22.2707. The Commission shall not discriminate against any employee or applicant for employment on any basis prohibited by law. The Commission shall provide equal opportunity in all employment practices. The Commission shall ensure that its subcontractors, if any, comply with this program. Nothing in this Section shall be interpreted to hold the Commission liable for any discriminatory practice of its subcontractors. The Commission has submitted and the Agency acknowledges receipt of a current Work Force Report or, if required, a current Equal Employment Opportunity (EEO) Plan.

4.4 Non-Discrimination in Contracting Ordinance: The Commission shall comply

with the City's Nondiscrimination in Contracting Ordinance, set forth in San Diego Municipal Code Sections 22.3501 through 22.3517.

4.5 American With Disabilities Act: The Commission acknowledges and agrees that it is aware of and shall comply with Council Policy 100-04, incorporated herein by this reference, adopted by Resolution No. R-282153, relating to the federally-mandated Americans with Disabilities Act [ADA]. The Commission shall be solely responsible for ensuring that all activities engaged in pursuant to this Agreement are in compliance with all applicable ADA law.

ARTICLE 5: MANAGEMENT AND EXPENDITURE OF AGENCY FUNDS

5.1 The Commission acknowledges and agrees that the Agency Funds shall be used solely to fund the loans provided pursuant to the Program and to fund the administrative costs associated with the Commission's administration and management of the Program within the Greater North Park Community, including the compensation paid to the Commission.

5.2 The Commission acknowledges and agrees that necessary funds for the loans provided pursuant to the Program and the administrative costs associated with the Commission's administration and management of the Program including the compensation paid to the Commission, will be made available by the Agency at such time as the Agency approves financial allocations from tax increment funds generated within the Project Area and in such amounts as approved by the Agency to be expended for purposes of implementing the Program. The Commission shall not commit any additional funds of the Agency in the implementation of the Program in excess of the Agency Funds approved and allocated by the Agency for the Greater North Park Community to be used for Program Purposes.

5.3 The Commission shall establish a separate account for the Agency Funds identified in this Agreement [Agency Account]. The Agency Account shall be an interest-bearing account and shall include only: (a) those funds transferred from the Agency to be used for Program Purposes; (b) those funds repaid to the Commission or Agency on loans made pursuant to the Program; and (c) those funds hereinafter provided by the Agency toward the Program, and all interest earned on the aforementioned funds.

5.4 The Commission shall use such accounting information as may be provided by the Agency for managing and expending any Agency Funds. However, the banking and accounting procedures currently used by the Commission may be satisfactory to the Agency upon the Agency's prior review and approval, provided that at a minimum the procedures clearly track and account for the use of all Agency Funds and accrued interest. Interest earned on funds in the Agency Account shall be returned to the Agency Account.

5.5 Upon request from the Agency, the Commission shall not disburse any Agency Funds to a Participant until after the Agency Executive Director or designee has reviewed and approved the disbursement.

5.6 The Commission shall prepare all necessary documents to request and obtain Agency Funds payable to each Participant using Agency approved accounting information, or the Commission's current banking and accounting procedures as approved by the Agency pursuant to

Section 5.4 above, to access the Agency Account.

5.7 The Commission shall monitor the use of Agency Funds including, but not limited to, monitoring loan and payment activity to ensure that sufficient funding continues to be available for potential Participants. The Commission shall inform the Agency when potential loans will fully exhaust Agency Funds available for the Program. At such time that Agency Funds are anticipated to be exhausted, the Commission shall no longer actively market the Program and shall no longer accept applications for loans pursuant to the Program, unless the Agency Funds are replenished.

5.8 Following the execution of this Agreement and upon the request of the Commission's Chief Executive Officer or his/her designee, the appropriated Agency Funds for the Program to initially fund the Program, in the amount not to exceed Four Hundred Seventy Thousand Dollars (\$470,000.00), shall be transferred to the Commission by the Agency for deposit into the Agency Account. Thereafter, any and all funds budgeted by the Agency from time to time in any subsequent years and appropriated for the Program shall be deposited into the Agency Account and classified as Agency Funds.

5.9 The Commission shall maintain the Agency Funds in the Agency Account for the Program, monitor the use of Agency Funds, and ensure that all Agency Funds are clearly accounted for and identified. The Commission shall account for the use and/or reinvestment of the Agency Funds and all interest earned on the Agency Funds in its quarterly and annual reports to the Agency pursuant to the provisions of Section 4.2 of this Agreement. Re-invested funds shall be used to finance additional loans made through the Program and to pay compensation/administrative fees, as provided in Article 6 of this Agreement.

5.10 Should this Agreement be terminated, the Commission shall transfer any and all unused funds in the Agency Account, including all interest earned and any money repaid to the accounts by the Program Participants or otherwise, less any administrative fees as approved by the Agency, to the Agency within thirty (30) calendar days of the notice of termination issued by the Agency or the Commission pursuant to Article 8 of this Agreement. If any loans made from the Agency Account remain outstanding at the time that this Agreement is terminated, the Commission agrees to either continue to administer such loans on behalf of the Agency upon the Agency's approval and forward repayments to the Agency upon receipt, or to assign the loan directly to the Agency or its designee.

ARTICLE 6: COMPENSATION AND METHOD OF PAYMENT

6.1 The Commission shall be fully responsible for managing, administering, and implementing the Program. The Agency shall pay to the Commission in consideration for all services rendered and responsibilities performed by the Commission pursuant to this Agreement in the amount equal to fifteen percent (15 %) of the amount of each Program loan funded during the specific fiscal year, which amount shall also be considered to include the Agency's reimbursement to the Commission for any and all administrative costs/fees incurred by the Commission in the administration, management and implementation of the Program in any Program year.

6.2 The Commission's compensation, together with reimbursement of any

administrative costs, equal to fifteen percent (15 %) of the amount of each Program loan funded during the specific fiscal year, shall be made payable by the Agency from the Agency Funds allocated to the Program. All revolving accrued Program income obtained through interest bearing accounts or loan repayments which are available for providing additional grants and loans shall likewise be included for purposes of determining the fifteen percent (15 %) compensation/administrative fee. Payment by the Agency to the Commission pursuant to this Article 6 shall be specifically identified on each quarterly and annual report submitted to the Agency pursuant to Section 4.2 of this Agreement.

Article 7: MUTUAL RESPONSIBILITIES:

7.1 Conflict of Interest: The Agency and the Commission [individually referred to herein as a Party and collectively referred to herein as the Parties] each represent and covenant that neither it, nor its members or employees presently have any interest, nor shall it nor its members or employees acquire any interest, direct or indirect, which conflicts in any manner or degree with the performance of services required to be performed under this Agreement.

7.1.1 The Parties each further represent and covenant that it has established appropriate safeguards to prohibit their members and employees from using their positions for any purpose that is, or gives the appearance of being, motivated by desire for private gain for themselves or those with whom they have family, business, or other relationships. The Commission's employees shall not accept gratuities or any other favors from subcontractors or potential subcontractors, nor shall the Commission employees be or seek to become subcontractors of the Commission.

7.1.2 The Commission shall not use funds, personnel, subcontractors, or materials paid for out of this Agreement to advocate or support any particular position on any matter that is being proposed by a vote of the people, or is being considered for enactment by any legislative body of the City or County of San Diego, State of California, or the federal government except insofar as this Agreement or a matter pertaining to its performance is properly the subject of such vote or enactment.

7.2 Recognition of Parties in Documents: The Parties each agree and acknowledge that the work undertaken pursuant to this Agreement is due to the efforts of both Parties. Each Party shall acknowledge the other Party's participation in the Program in all documents prepared for a Project, including contracts, brochures, press releases, reports, onsite signage, or other written or oral communications promoting the Project. The Parties shall obtain the prior review and approval of the other Party of the content, form, and location of all acknowledgments prior to their use, which approval shall not be unreasonably withheld. The following credit lines shall be used: "This Program is funded by the Redevelopment Agency of the City of San Diego" and "This Program is administered and managed by the San Diego Housing Commission on behalf of the Redevelopment Agency of the City of San Diego."

7.3 Mutual Indemnification: The Parties each agree to defend, indemnify, protect, and hold the other Party's officers, officials, agents, and employees harmless from any and all actions, suits, proceedings, liability, claims, demands for, damages or injuries to any person, including injury to their officers, officials, agents, and employees, or property and all claims

which arise from or are directly connected with the negligence or failure to perform services or other obligations of this Agreement, or are caused or claimed to be caused by the negligence of their officers, officials, agents, or employees, and all expenses of investigating and defending against same; provided, however, that this indemnification and hold harmless shall not include any claim arising from the established sole negligence or willful misconduct of the other Party, its officers, officials, agents, or employees.

ARTICLE 8: TERMINATION OF AGREEMENT

8.1 Parties' Rights to Terminate for Convenience: Either Party may, at its sole option and for its convenience, terminate this Agreement by providing thirty (30) calendar days' prior written notice of such termination to the other Party. Such notice shall be delivered by certified mail with return receipt for delivery to the non-terminating Party. The termination of the Agreement shall be effective upon receipt of the notice by the non-terminating Party.

8.2 Agency's Right to Terminate for Default: If the Commission fails to perform or adequately perform any obligation required by this Agreement, the Commission's failure shall constitute a default of this Agreement. If the Commission fails to satisfactorily cure a default within ten (10) calendar days of receiving written notice from the Agency specifying the nature of the default, the Agency shall have the right in its sole discretion to immediately terminate this Agreement, and terminate each and every right of the Commission, and any person claiming any rights by or through the Commission under this Agreement. The rights and remedies of the Agency enumerated in this Section are cumulative and shall not limit the Agency's rights under any other provision of this Agreement or otherwise waive or deny any right or remedy at law or in equity, existing as of the date of this Agreement or enacted or established at a later date, that may be available to the Agency against the Commission.

8.3 Completion of Work and Agency's Right to Documents: After termination of this Agreement by the Agency or the Commission, the Commission shall complete any and all additional work necessary for the orderly filing of documents and closing of any Agency Account created in furtherance of the Program and under this Agreement. Notwithstanding the termination of this Agreement, the Agency shall pay the Commission for such work in accordance with Section 6 of this Agreement. The Commission shall deliver to the Agency all reports, files, books, records, letters, calculations, real property related documents, and all other documents and records prepared, received or maintained in the administration, management and implementation of the Program. By delivering such documents as called for in this Section, the Commission discharges the Agency of all of the Agency's further payment obligations and liabilities under this Agreement.

ARTICLE 9: BOOKS, RECORDS AND OTHER DOCUMENTS

9.1 Complete Books, Records and Other Documents: The Commission shall maintain or cause to be maintained complete and accurate reports, files, books, records, letters, calculations, real property related documents, and all other documents and records prepared, received or maintained in the administration, management and implementation of the Program under this Agreement.

9.2 Availability: All reports, files, books, records, letters, calculations, real property related documents, and all other documents and records prepared, received or maintained in the administration, management and implementation of the Program under this Agreement shall be made available to the Agency, the City Auditor and Comptroller, or the Agency's designee, for copying and inspection at any time without notice during normal business hours.

9.3 Access: The Agency shall have full and free access to all reports, files, books, records, letters, calculations, real property related documents, and all other documents and records of the Commission that are pertinent to the obligations of all Parties under this Agreement.

9.4 Ownership: Any reports, files, books, records, letters, calculations, real property related documents, and all other documents and records prepared, received or maintained in the administration, management and implementation of the Program under this Agreement shall become the property of the Agency. However, the Commission retains the right to use and distribute at its sole discretion any such documents in order to perform its services and obligations under this Agreement and in accordance with all applicable laws, regulations and policies. The Agency is not required to secure the prior written authorization from the Commission for the distribution of any such documents.

9.5 Delivery: In the event of termination of this Agreement by either Agency or the Commission, the Commission shall provide the Agency with all reports, files, books, records, letters, calculations, real property related documents, and all other documents and records prepared, received or maintained in the administration, management and implementation of the Program under this Agreement.

ARTICLE 10: SUBCONTRACT, ASSIGN, TRANSFER AND DELEGATE

The Commission shall not subcontract, assign, transfer, or delegate any of the rights, duties or responsibilities contained in this Agreement, without the advance written consent of the Agency. If the Commission does subcontract, assign, transfer, or delegate any of the rights, duties or responsibilities in violation of this Agreement, such subcontract, assignment, transfer, or delegation or other such effectuation shall be null and void and this Agreement may be immediately terminated by the Agency.

ARTICLE 11: MISCELLANEOUS

11.1 Entire Agreement: It is expressly understood and agreed that this Agreement constitutes the entire agreement between the Agency and the Commission and in no event shall the Commission be entitled to any compensation, benefits, reimbursements or ancillary services other than as expressly provided herein. No verbal agreements or conversation with any officer, agent or employee of either Party shall effect or modify any of the terms and conditions of this Agreement.

11.2 Signing Authority: The representative signing on behalf of each Party to this Agreement represents that authority has been obtained to execute this Agreement on behalf of said Party.

11.3 Time of Essence: Time is expressly declared to be of the essence in this Agreement, and of every provision in which time is an element.

11.4 Captions: Article, Section or Paragraph titles and captions contained in this Agreement are inserted as a matter of convenience and for reference, and are not a substantive part of this Agreement.

11.5 Additional Documents: The Parties each agree to sign any additional documents, which are reasonably necessary to carry out this Agreement or to accomplish its intent.

11.6 Benefit and Burden: This Agreement shall be binding upon and inure to the benefit of the Parties and their respective heirs, representatives, successors and assigns. This Agreement is not intended to benefit any person other than the Parties hereto.

11.7 Governing Law: This Agreement has been entered into in the State of California, and shall be interpreted and enforced under California law.

11.8 Attorney's Fees: The prevailing party in any action, including, but not limited to, arbitration, a petition for writ of mandate, and/or an action for declaratory relief, brought to enforce, interpret or reform the provisions of this Agreement shall be entitled to reasonable attorney's fees and costs incurred in such action including, but not limited to, expert's fees and costs, and other costs regardless of whether recoverable as such under statute.

11.9 Signatures: This Agreement may be signed in counterpart.

11.10 Approvals:

11.10.1 Except as otherwise expressly provided in this Agreement, approvals required of the Agency or the Commission in this Agreement shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either Party to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure by either Party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

11.10.2 When this Agreement refers to an act or approval to be performed by the Agency, that act or approval may be performed in writing by the Agency's Executive Director or designee, unless this Agreement specifies otherwise. In this regard, however, the Executive Director or designee, in his/her sole discretion, may refer any approvals required of the Agency that may be approved by the Executive Director or designee to the Agency Board for consideration and action. When this Agreement refers to an act or approval to be performed by the Commission, that act or approval may be performed in writing by the Commission's Chief Executive Officer or designee, unless this Agreement specifies otherwise. Notwithstanding, however, any amendments or modifications of this Agreement, or to any provisions hereof, shall be approved by the governing body of the Agency [Board] and the Commission.

ARTICLE 12: AMENDMENTS OR MODIFICATIONS TO AGREEMENT

Any amendments or modifications of this Agreement, or to any provisions hereof, shall be approved in writing by the governing body of the Agency [Board] and the Commission.

IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director or designee, and by the San Diego Housing Commission, by and through its Chief Executive Officer or designee.

**REDEVELOPMENT AGENCY OF
THE CITY OF SAN DIEGO**

Dated: _____

By: _____
William Anderson
Assistant Executive Director

SAN DIEGO HOUSING COMMISSION

Dated: _____

By: _____
Carol Vaughan
Interim President and
Chief Executive Officer

WE HEREBY APPROVE the form and legality of the foregoing Agreement on this _____ day of _____ 2008.

Michael J. Aguirre, General Counsel
Redevelopment Agency of the City
of San Diego

Christensen Schwerdtfeger & Spath, LLP

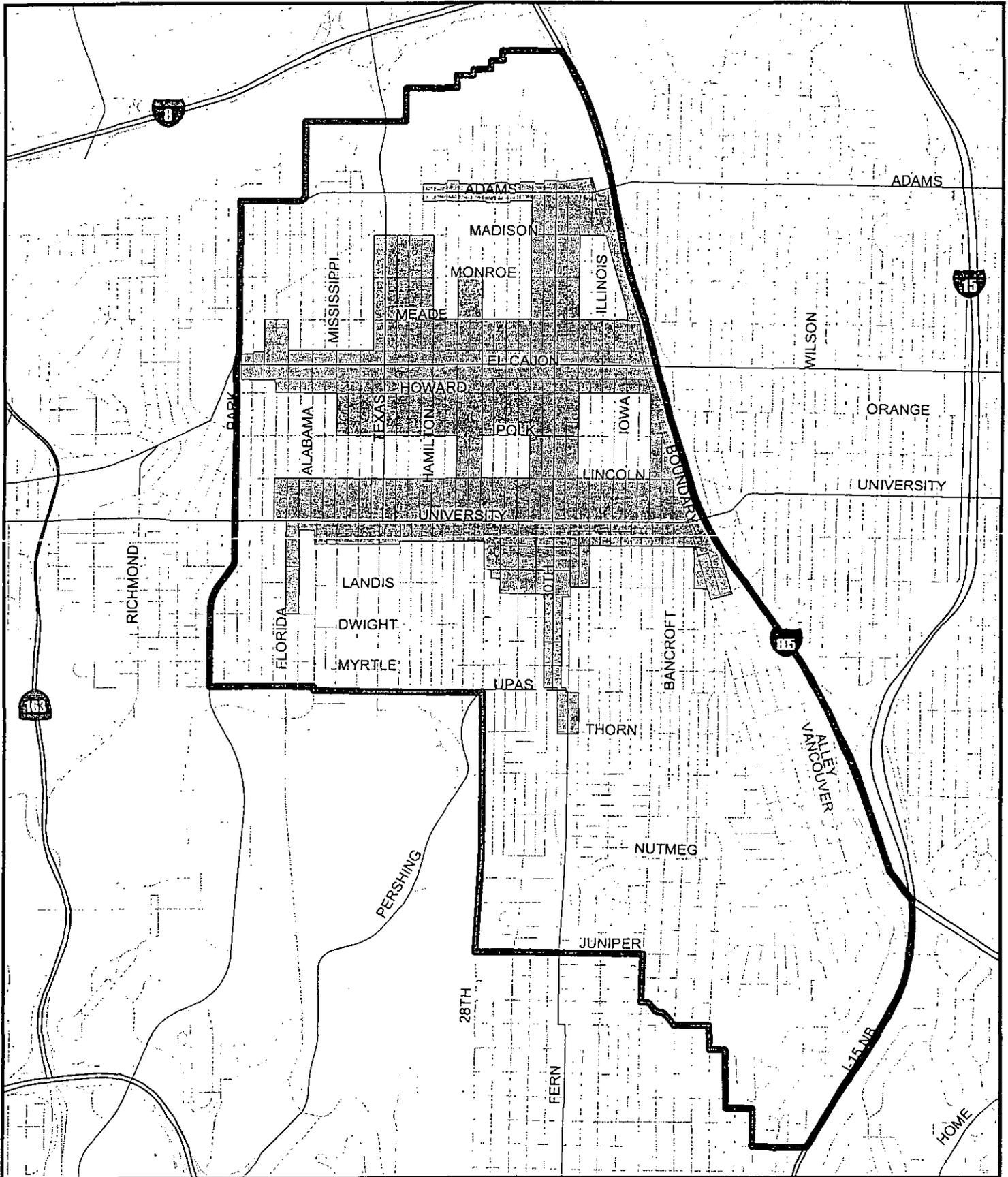
By: _____
Kendall D. Berkey
Deputy General Counsel

By: _____
Walter F. Spath III
General Counsel
San Diego Housing Commission

Exhibits:

- Exhibit "A": Map of Greater North Park Community
- Exhibit "B": Program Guidelines

NORTH PARK



001039

Agreement By and Between
The Redevelopment Agency of the City of San Diego
And
The City of San Diego Housing Commission
In Connection with the North Park Redevelopment Housing Enhancement Loan Program

Exhibit B

(behind this page)

001041



THE CITY OF SAN DIEGO

PROGRAM GUIDELINES

(Approved _____, 2008)

North Park Redevelopment Housing Enhancement Loan Program

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

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

The Program is intended to do the following:

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

1. **ELIGIBILITY CRITERIA**

001043(A) **ELIGIBLE PARTICIPANTS**

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

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

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

(B) ELIGIBLE PROPERTIES

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

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

(C) ELIGIBLE IMPROVEMENTS

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

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

001044

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

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

2. PROGRAM BENEFITS

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

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

(A) LOAN AMOUNT

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

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

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

(B) INTEREST RATE

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

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

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

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

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

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

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

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

001046

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

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

3. GENERAL CONDITIONS

(A) APPLICATION

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

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

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

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

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

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

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

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

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

(C) INSURANCE REQUIREMENTS

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

(D) FUNDS AVAILABILITY

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

(E) PROJECT MANAGEMENT

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

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

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

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

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

001048 The Participant is solely responsible for making all payments to the contractor, suppliers, and vendors and is solely responsible for ensuring that all contractors, subcontractors, material suppliers, and other vendors are paid in full.

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

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

(F) COMPLETION OF PROJECT

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

(G) OBLIGATION TO REFRAIN FROM DISCRIMINATION

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

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

4. PROJECT ADMINISTRATOR

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

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

001049

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

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

###

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

001051

Exhibit A
(behind this page)

001053

OFFICIAL BUSINESS

Document entitled to free
recording per Government
Code Section 6103

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

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

(SPACE ABOVE FOR RECORDER'S USE ONLY)

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

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

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

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

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

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

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

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

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

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

time of sale does not exceed 100% AMI.

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

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

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

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

Section 1.6. Indemnification and Hold Harmless.

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

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

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

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

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

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

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

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

Section 1.9. Remedies.

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

proceeding may be instituted.

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

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

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

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

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

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

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

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

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

With a copy to:

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

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

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

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

BORROWER: **TO BE ADDED**

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

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

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

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

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

001061-

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

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

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

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

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

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

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

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

(a) BORROWER covenants and agrees for itself, its successors, its assigns, and every successor in interest to the PROPERTY or any part thereof, there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in Subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor shall BORROWER itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the PROPERTY.

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

i. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in Subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

ii. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, successors, assigns, and all persons claiming under or through him or her, that this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of

Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

iii. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, Subdivision (m) and Paragraph (1) of Subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

[THIS PORTION OF THE PAGE IS INTENTIONALLY LEFT BLANK]

001064

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

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

COMMISSION:

SAN DIEGO HOUSING COMMISSION, a public agency

By: _____
Name: _____
Title: _____

Date: _____

BORROWER:

By: _____
Name: _____
Title: Property Owner

Date: _____

BORROWER:

By: _____
Name: _____
Title: Property Owner

Date: _____

****All Signatures must be notarized***

001065

EXHIBIT "A"

Legal Description

[Behind this page]

001066

EXHIBIT "B"

Program Guidelines

[Behind this page]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

As of January 1, 2008

State of California
County of San Diego

On _____ before me, _____, **a**
Notary Public, in and for State, personally appeared, _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

001068

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

As of January 1, 2008

State of California
County of San Diego

On _____ before me, _____, **a**
Notary Public, in and for State, personally appeared, _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

001069

REQUEST FOR COUNCIL ACTION
CITY OF SAN DIEGO

1. CERTIFICATE NUMBER
(for auditor's use only) 331
07/08

TO:
CITY ATTORNEY

2. FROM: (ORIGINATING DEPARTMENT)
CITY PLANNING AND COMMUNITY INVESTMENT/
REDEVELOPMENT DIVISION

3. DATE
May 30, 2008

4. SUBJECT: Housing Enhancement Loan Program in the North Park Redevelopment Project Area
(Companion to Redevelopment Agency)

5. Primary Contact: (Name, Phone & Mail Sta.)
Michele St. Bernard, 236-6531, 56D

6. Secondary Contact (Name, Phone & Mail Sta.)
Michael Lengyel, 236-6269, 56D

7. Check box if report to Council is attached.

8. COMPLETE FOR ACCOUNTING PURPOSES

FUND	98302				
DEPT.	983021				
ORGANIZATION	2007				
OBJECT ACCOUNT	4651				
JOB ORDER	002007				
C.I.P. NUMBER					
AMOUNT	\$470,000				

9. ADDITIONAL INFORMATION/
ESTIMATED COST:
Fiscal Impact: \$470,000.
Funds are available from the
North Park Housing low- and
moderate-income housing fund
(Line of Credit) for this
program.

10. ROUTING AND APPROVALS

ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED	ROUTE (#)	APPROVING AUTHORITY	APPROVING SIGNATURE	DATE SIGNED
1	Redevelopment Finance	Scott Mercer	6/4/08	6	Auditor	Rolando Charvel	6/13/08
2	Assistant Director, CP&CI, Redevelopment	Janice L. Wicknick	6/4/08	7	City Attorney	Kendall Berkey	6/16/08
3	EOC	Bern Rayford	6/4/08	8	Originating Department	Michael Lengyel	6/18/08
4	EAS	Terri Bumgardner	6/7/08				
5	Deputy Chief Operating Officer, City Planning and Development	William Anderson	6/5/08				
				9	Docket Coord. Council Liaison		6/16/08
				COUNCIL PRESIDENT <input type="checkbox"/> Spob <input type="checkbox"/> CONSENT <input checked="" type="checkbox"/> ADOPTION <input type="checkbox"/> REFER TO _____ COUNCIL DATE: 7/8/08			

11. PREPARATION OF: RESOLUTION ORDINANCE(S) AGREEMENT(S) DEED(S)

- Approve and adopt findings that permit the use of low-and-moderate income housing funds outside the North Park Redevelopment Project Area.

DOCKET OF: July 8, 2008

11a. STAFF RECOMMENDATIONS: Approve the resolution.

12. SPECIAL CONDITIONS (REFER TO A.R. 3.20 FOR INFORMATION ON COMPLETING THIS SECTION.)

COUNCIL DISTRICT(S): 3

Community Planning Area(s): North Park

Environmental Impact: This activity is not a "project" and therefore exempt from CEQA pursuant to State CEQA Guidelines, Section 15060(c)(3). This activity is categorically exempt from the California Environmental Quality Act [CEQA] pursuant to State CEQA Guidelines Section 15301(a).

Housing Impact: Program will assist low-and-moderate income owner-occupants enhance their homes.

Other Issues: None.

City Clerk Instruction: Please send copies of the resolution to Jeannette Santos, MS 56D and Michele St. Bernard, MS 56D

001071.

EXECUTIVE SUMMARY SHEET

DATE REPORT ISSUED: July 2, 2008

REPORT NO: RA-08-18
RTC-08-094

ATTENTION: Honorable Chair and Members of the Redevelopment Agency
Council President and Members of the City Council
Docket of July 8, 2008

ORIGINATING DEPT: City Planning & Community Investment, Redevelopment Division,
North Park Redevelopment Project Area

SUBJECT: Housing Enhancement Loan Program (HELP) in the Greater North Park
Community

COUNCIL DISTRICT(S): Three

STAFF CONTACT: Michele St. Bernard (619) 236-6531, mstbernard@sandiego.gov

REQUESTED ACTION:

1. That the Redevelopment Agency adopt the North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP) Guidelines.
2. That the City Council and the Redevelopment Agency approve and adopt findings that permit the use of low-and-moderate income housing funds outside the North Park Redevelopment Project Area.
3. That the Redevelopment Agency authorize the expenditure of up to \$470,000 from the North Park Housing Line of Credit for the implementation of the North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP).
4. That the Redevelopment Agency approve the Agreement By and Between the Redevelopment Agency of the City of San Diego and the City of San Diego Housing Commission in Connection with the North Park Redevelopment Housing Enhancement Loan Program.

STAFF RECOMMENDATION:

That the City Council and the Redevelopment Agency approve the resolutions.

EXECUTIVE SUMMARY:

The proposed North Park Redevelopment Project Area Housing Enhancement Loan Program (HELP) provides forgivable loans to assist low- and moderate income households offset the cost of qualified improvements. The loans will be used to address interior and exterior conditions of properties to repair health and safety hazards and to rehabilitate, repair and install improvements, including improvements not eligible in existing rehabilitation programs such as fencing, sidewalks and landscaping. The loans may be increased up to an additional \$5,000 for qualifying energy and water conserving improvements.

The Agency would enter into an agreement with the Housing Commission to administer and provide outreach services for the program.

001072

FISCAL CONSIDERATIONS:

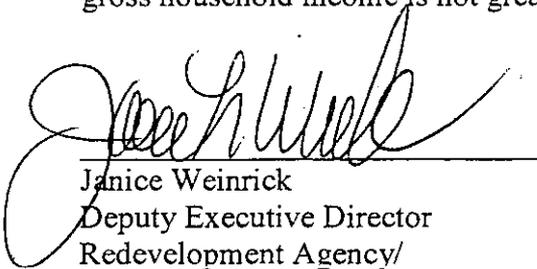
This agreement proposes to expend up to \$470,000 from the Agency's Low and Moderate Income Housing Set Aside Funds (Line of Credit) for North Park. Adequate funds are currently available for the proposed program.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

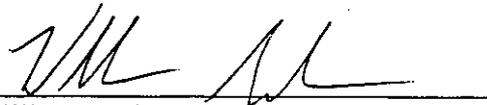
On January 8, 2008, the PAC voted 10-0-0 to recommend the approval of the Housing Enhancement Loan Program Guidelines and the \$470,000 expenditure from the Low and Moderate Income Housing Set Aside Funds (Line of Credit) for North Park.

KEY STAKEHOLDERS & PROJECTED IMPACTS (if applicable):

Owner-occupants of one- and two- unit properties within the Greater North Park Community whose gross household income is not greater than 100% of the Area Median Income.



Janice Weinrick
Deputy Executive Director
Redevelopment Agency/
Assistant Director
City Planning and Community Investment



William Anderson
Assistant Executive Director
Redevelopment Agency/
Deputy Chief Operating Officer
Executive Director of City Planning
and Development

001073

RESOLUTION NUMBER R-_____

DATE OF FINAL PASSAGE _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN DIEGO MAKING CERTAIN FINDINGS RELATING TO THE USE OF LOW- AND MODERATE- INCOME HOUSING TAX INCREMENT (SET-ASIDE) FUNDS OUTSIDE OF THE NORTH PARK REDEVELOPMENT PROJECT AREA FOR THE NORTH PARK REDEVELOPMENT HOUSING ENHANCEMENT LOAN PROGRAM.

WHEREAS, in accordance with California Community Redevelopment Law, codified as California Health and Safety Code Section 33000 *et seq.* [CRL], the Redevelopment Agency of the City of San Diego [Agency] has set aside twenty percent (20%) of all tax increment funds [Set-Aside Funds] generated by redevelopment project areas for the purpose of increasing, improving and preserving the City of San Diego's supply of low- and moderate- income housing available at affordable housing cost to persons and families of low or moderate income and very low income households; and

WHEREAS, Section 33334.2 of the CRL provides that Set-Aside Funds shall be used to provide housing for specific income groups, and that findings of benefit [Findings of Benefit] to the redevelopment project area from which the funds are derived must be made by the Agency and the City Council prior to the allocation of the Set-Aside Funds outside of the redevelopment project area; and

WHEREAS, the Agency has also adopted Redevelopment Agency Policy 100-1 which allows for the use of Set-Aside Funds outside of a redevelopment project area provided the Findings of Benefit are made as required by the CRL; and

WHEREAS, the Agency proposes to establish the North Park Redevelopment Housing Enhancement Loan Program [North Park HELP Program] to provide loans, forgivable over a ten (10) year period, for the enhancement/rehabilitation of eligible owner-occupied one- and two-unit properties within the North Park Redevelopment Project Area [Project Area] and the Greater North Park Community Planning Area which is outside the boundaries of the Project Area; and

WHEREAS, in order to implement the North Park HELP Program, the Agency desires to allocate Four Hundred Seventy Thousand Dollars (\$470,000) of Set-Aside Funds to be used inside and outside of the Project Area as contemplated by the North Park HELP Program; and

WHEREAS, the City Council finds that the expenditure of the Project Area Set-Aside Funds in the amount of Four Hundred Seventy Thousand Dollars (\$470,000) inside and outside of the Project Area for the North Park HELP Program will be of benefit to the Project Area;

NOW, THEREFORE,

BE IT RESOLVED, that the Council of the City of San Diego makes the Findings of Benefit to the North Park Redevelopment Project Area as more fully set forth in Attachment "A", attached hereto and incorporated herein by this reference.

BE IT FURTHER RESOLVED, that the Set-Aside Funds in the amount of Four Hundred Seventy Thousand Dollars (\$470,000) identified above shall be utilized for the "North

Park Redevelopment Housing Enhancement Loan Program” in the North Park Redevelopment Project Area and Greater North Park Community Planning Area.

APPROVED: MICHAEL J. AGUIRRE, City Attorney

By Kendall D. Berkey
Kendall D. Berkey
Deputy City Attorney

KDB:nda
05/30/08
Or.Dept:Redev.Agency
R-2008-1121
MMS#6334
Comp. RA-2008-139
RA-2008-140
RA-2008-141
RA-2008-142

I hereby certify that the foregoing Resolution was passed by the Council of the City of San Diego, at this meeting of _____.

ELIZABETH S. MALAND
City Clerk

By _____
Deputy City Clerk

Approved: _____
(date)

JERRY SANDERS, Mayor

Vetoed: _____
(date)

JERRY SANDERS, Mayor

001077

Attachment A
(behind this page)

**FINDINGS OF BENEFIT
FOR THE USE OF NORTH PARK REDEVELOPMENT PROJECT AREA
LOW- AND MODERATE- INCOME HOUSING TAX INCREMENT SET-ASIDE FUNDS
OUTSIDE OF THE PROJECT AREA**

The proposed use of Low- and Moderate- Income Housing Set-Aside Funds [LMIHF] from the North Park Redevelopment Project Area [Project Area] for the North Park Housing Enhancement Loan Program [North park HELP Program] in the Greater North Park Community Planning Area will benefit the Project Area providing the funds in that:

1. The provision and preservation of affordable housing is, in itself, a fundamental purpose of redevelopment. Any preservation of the stock of available housing for low- and moderate- income persons benefits the surrounding areas, including the project area providing the funds, by encouraging local accommodations for a diverse workforce and consumers at various income levels throughout the City.
2. The North Park HELP Program will help fulfill the goals of the North Park Redevelopment Plan and Implementation Plans [Plans] for the Project Area. The owner-occupants eligible for the North Park HELP program will live in the North Park Redevelopment Project Area or in the adjacent Greater North Park Community Planning Area. Their close proximity within and to the Project Area promotes the success of the Plans, which include: improving, promoting and preserving the positive neighborhood characteristics of North Park, promoting varied housing opportunities, improving and enhancing the housing stock within North Park, and supporting and promoting the growth and vitality of the North Park business environment.
3. The North Park HELP program will support home-ownership by low and moderate-income residents.
4. The use of \$470,000 in North Park Redevelopment Project Area LMIHF for the North Park HELP Program would enable the Agency to disburse approximately 13 loans to owner-occupied, income eligible households seeking to rehabilitate homes located within the North Park Redevelopment Project Area and/or the adjacent North Park Community Planning Area.