



Meeting Date: 03/20/2007

ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: *Maureen Hooper* *Maureen Hooper*, Redevelopment Project Manager _____ Agenda Item No. I-1
 Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other (Specify) _____

DATE: March 9, 2007

TO: Community Development Commission

FROM: Curtis Cannon, Director *[Signature]*
Community Development Department

SUBJECT: **Affordable Housing and Loan Agreement (Agreement) with Housing Opportunity Management and Education (HOME) Corporation**

RECOMMENDATION

That the Community Development Commission:

1. Approve and authorize the Chairman to execute an Affordable Housing and Loan Agreement (A-6855) with Housing Opportunity Management Education (HOME) Corporation in the amount of \$340,000 to provide a loan for the purchase of the property at 131 East Seventh Street for the development of affordable housing.
2. Approve the appropriation of funds in the amount of \$340,000 from the Housing Set-Aside Fund Balance to a new project, "CDC Loan/131 E. Seventh Street", from which a loan will be provided to the HOME Corporation.

DISCUSSION

At its meeting of February 10, 2004 City Council designated the HOME Corporation as a Community Housing Development Organization (CHD). Up to that point in time, funds advanced by the City for housing programs to the HOME Corporation had been for housing counseling programs for first time homebuyers. In July 2006 the City provided a loan to the HOME Corporation in the amount of \$840,000 as gap financing to purchase five lots in the Colonia, an area that the HOME Corporation has been exploring for affordable housing opportunities. The HOME Corporation also has been exploring affordable housing opportunities in the Meta District within the Central City Revitalization Project Area (CCRP). The recommended action before the CDC is to provide a loan to the HOME Corporation to enable its purchase of one property to be included in a proposed multi-property 72-unit housing project.

The HOME Corporation proposed to build a 72-unit affordable housing development, of which 85

percent will be targeted to families earning 100% of the area median income. The remaining 15% will be targeted to families earning 50-80% of median income, consistent with California Redevelopment Law's affordable housing requirements. CDC staff agrees that this mix of affordability will help bring economic diversity to the Meta District.

CDC staff has determined that the proposed project would implement elements of CDC's approved housing strategy. Additionally, the proposed project supports the housing strategy under consideration for the Meta District Plan, a comprehensive plan to help maximize the potential for reinvestment, land use (including housing densities), and circulation, to assist in revitalizing the Meta Street area. (the Meta District Plan is to be considered by City Council in late April/early May.)

The Agreement contains the following terms:

1. The CDC will loan HOME Corporation \$340,000 at LAIF plus 3% per annum. Private funds will secure the balance of the \$350,000 purchase price of the land plus closing costs. If the project does not go forward HOME Corporation must repay the \$340,000 with interest.
2. The loan will be repaid upon either the execution of a Disposition and Development Agreement (DDA) for the project, or nine (9) months from the date of the Promissory Note, whichever occurs earlier.

FINANCIAL IMPACT

The Special Budget Appropriation will appropriate funds in the amount of \$340,000 from the Housing Set-Aside Fund Balance to a new project, "CDC Loan/131 E. Seventh Street", from which a loan will be provided to the HOME Corporation. There are sufficient funds available in Fund 441 to cover the \$340,000 appropriation.

Attachment #1 - Special Budget Appropriation
#2 - Affordable Housing and Loan Agreement

Note: The Affordable Housing and Loan Agreement, with supporting documents, has been provided to the City Council. Copies are available for review at the Circulation Desk in the Library after 6:00 p.m. on the Thursday prior to the Council meeting and at the City Clerk's Office after 8:00 a.m. on Friday.

CITY OF OXNARD
REQUEST FOR SPECIAL BUDGET APPROPRIATION

To the City Manager:

March 20, 2007

Request is hereby made for an appropriation of total \$ 340,000

Reason for appropriation: CDC loan to the HOME Corporation for the purchase of the property at
 131 East Seventh Street

<u>FUND</u>	<u>DESCRIPTION/ACCOUNT</u>	<u>AMOUNT</u>
Housing Set-Aside (441)	CDC Loan-131 East Seventh Street 441-86XX (0786XX) 827-8363 - CDC Loans/Grants	<u>340,000</u>
	Net Estimated Change to Housing Set-Aside Fund Balance	<u>(340,000)</u>

Brian D. Pennington

 Manager

REQUIRES COMMISSION APPROVAL

DIRECTOR OF FINANCE

Susan Windler

Disposition

Approved _____

Rejected _____

Transfer by Journal Voucher _____

City Manager

000003

Attachment #1

AFFORDABLE HOUSING AND LOAN AGREEMENT
(Housing Opportunity Management and Education Corporation)

This AFFORDABLE HOUSING AND LOAN AGREEMENT (the "Agreement") is entered into this ____ day of _____, 2007, between the City of Oxnard Community Development Commission (hereinafter referred to as ("CDC")) on the one hand, and Housing Opportunity Management and Education Corporation (hereinafter referred to as "Developer") on the other hand.

RECITALS

Developer and the City of Oxnard ("City") and the CDC are negotiating concerning Developer's acquisition of City and CDC property and incorporation of each property into a "Project" in the Central City Revitalization Project Area. If the parties reach an agreement on the Project, they will enter a Disposition and Development Agreement or similar agreement concerning the Project ("DDA"). This property on which the Project will be developed includes a .2 acre parcel at 131 E. Seventh Street in the City of Oxnard (the "Property"). Developer has requested that CDC loan to Developer funds necessary to purchase the Property. CDC is willing to loan funds under the terms set forth in this Agreement.

CDC has determined that the Project, constructed and operated in accordance with the terms and conditions set forth herein, would implement elements of CDC's approved housing strategy and that the financial assistance provided herein is necessary to make the project financially feasible.

1. PROJECT SCOPE:

A. Definitions. As used in this Agreement, unless a different meaning is apparent from the context or is specified elsewhere in this Agreement, the following words and terms shall have the same meaning given or attributed to them in the California Health and Safety Code and in Title 25 of the California Code of Administrative Regulations.

- (1) adjusted income;
- (2) annual income;
- (3) housing cost;
- (4) family;
- (5) household;
- (6) low or lower-income household or family;
- (7) monthly adjusted income;
- (8) monthly income;
- (9) operating expenses;
- (10) moderate income family;
- (11) very low income family;

B. Project Description and Affordability Requirements.

- (1) The City, CDC and Developer will negotiate for a Project which provides that

at least 15% of the units be affordable to moderate, low or very low income families, and at least 40% of that 15% be affordable to very low income families.

(2) The Project shall meet all City ordinances, conditions, rules and regulations and shall be required to have approval of the City of Oxnard Planning Commission and City Council as provided by City ordinances, resolutions, and other applicable requirements. Nothing in this Agreement requires City to exercise its police or regulatory power in a certain manner.

(3) Developer will execute an Agreement Containing Covenants Affecting Real Property ("Regulatory Agreement") in the form and substance attached hereto as Exhibit B, restricting sale of the units as set forth above. The restrictions of this Regulatory Agreement are in addition to and independent of restrictions imposed by any other funding or regulatory entity.

(4) Developer will establish restrictions and preferences for Developer's sale of the affordable units as follows:

a. During the entire period of time that units are sold, preference in offering units for sale will be given first to Oxnard residents, then to persons who work in Oxnard, but reside elsewhere. Developer will maintain and update a list of all such persons.

b. Prior to offering the first unit for sale, Developer will submit to the CDC's Director a marketing plan, which Developer believes satisfies this Agreement. Within 30 days, the CDC Director shall indicate in writing whether the plan complies with the Agreement. No units shall be sold until the Developer submits a plan which the CDC Director certifies complies with this Agreement.

(5) Unless such requirement is in writing waived by the CDC Director, Developer will require from each Purchaser of an affordable unit that the purchaser, prior to executing purchase money loan documents, provide a certificate of completion of a homeownership course by a provider acceptable to the CDC Director.

C. Project Funding. Subject to and in accordance with the terms and conditions set forth in this Agreement, CDC shall loan the following sums to be used solely for acquisition of the Property.

(1) Loan Amount. CDC will make available to Developer the sum of Three Hundred Forty Thousand Dollars (\$340,000). Such financial assistance is referred to herein as "the Loan". The Loan shall be evidenced by this Agreement and by a Promissory Note ("Promissory Note"), secured by a first lien priority Deed of Trust ("Deed of Trust"), encumbering the Property, both in form and substance reasonably satisfactory to CDC. The Loan shall bear interest, as provided in a Promissory Note. Exhibits C and D are a Promissory Note and Deed of Trust in such form and substance.

(2) CDC shall be required to advance funds only when Developer provides for the benefit of CDC an American Land Title Association (ALTA) Lender's policy of mortgage title insurance in the original principal amount of the Loan. Said policy shall (1) show fee title to the Project site vested in Developer free and clear; (2) insure CDC as beneficiary under the Deed of Trust; and (3) show title to be free and clear of all liens and encumbrances prior or superior to the lien of the Deed of Trust, except such liens and encumbrances as CDC shall expressly approve in writing, provided, however, CDC will subordinate the Loan as provided in section C (8) below. Developer shall be responsible for the cost of such ALTA lender's policy.

(3) Escrow. All advances of funds will be made through an escrow of CDC's choice.

(4) Repayment Terms. The Loan shall be due and payable upon the earlier of (1) execution of a DDA for the Project, except to the extent otherwise provided therein; (2) nine (9) months from the date of the Promissory Note.

(5) Transfer. Upon any transfer or sale of the Property, the Loan shall be due and payable.

(6) Subordination. [Intentionally omitted].

(7) Approval. CDC shall not be required to advance funds unless and until the CDC Director receives an appraisal of the Property satisfactory in the sole discretion of the CDC Director, to support the Loan.

(8) Information Requests. Developer shall, upon request of CDC promptly (and in no event later than thirty (30) days from request) provide all documentation required by CDC necessary and appropriate to audit expenditure of the funds loaned under this Agreement.

D. Affordability Requirements. The affordable units shall be sold strictly in accordance with this Agreement.

E. Schedule of Performance. The Developer shall perform its obligations under the ENA as provided therein.

2. CONSTRUCTION REQUIREMENTS. [Intentionally omitted].

3. LOAN FUND DISBURSEMENT. [Intentionally omitted].

4. MAINTENANCE AND REPAIRS. [Intentionally omitted].

5. MONITORING PERFORMANCE. [Intentionally omitted].

6. ENFORCEMENT OF THE AGREEMENT. The affordability requirements of this Agreement, and in the Regulatory Agreement constitute covenants, conditions and restrictions that run with the land and are enforceable by any means permitted by law. Subject to the provisions of Paragraph 16 below, if Developer fails to perform any obligation under this Agreement, the Regulatory Agreement, the Promissory Note, or the Deed of Trust (or fails to cause the Regulatory Agreement and Deed of Trust to be recorded against the Property as soon as Developer becomes the owner of the Property) and fails to cure the default within thirty (30) days after CDC has notified Developer in writing of the default or if the default cannot be cured within thirty (30) days, fails to commence to cure within thirty (30) days and thereafter diligently pursue such cure, CDC shall have the right to enforce this Agreement by any or all of the following actions as well as any other action available under law:

A. Foreclosure Under Deed of Trust and Recovery of Loan Funds. CDC may declare a default, terminate this Agreement, and proceed to recover the amount of Loan Funds under the Regulatory Agreement, Deed of Trust, and Promissory Note.

B. Action to Compel Performance or for Damages. CDC may bring an action at law or in equity to compel Developer's performance of its obligations under this Agreement, and/or for damages.

C. Remedies provided under Loan Documents. CDC may exercise any other remedy provided under this Agreement, the Regulatory Agreement, Deed of Trust, and Promissory Note.

7. INSURANCE. With respect to any Project activity, and before taking any construction related action under this Agreement, Developer shall obtain and maintain in full force and effect throughout the period of this Agreement, the minimum insurance coverages set forth in the attached Exhibit INS-A.

8. HOLD HARMLESS, INDEMNIFICATION. During the period commencing with execution of this Agreement by CDC, and continuing until such time as the Developer no longer owns any portion of the Property, Developer agrees to and shall defend, indemnify and hold harmless the CDC, the CDC of Oxnard, the City of Oxnard Housing Authority, and their respective council members, commissioners, directors, officers, employees, contractors and agents from and against all claims, liability, loss, damage, costs or expenses (including reasonable attorneys' fees and court costs) arising from or as a result of the death of any person or any accident, injury, loss or damage whatsoever caused by any person or to the property of any person which shall occur on or adjacent to the Property, or in connection with the activities of Developer under this Agreement, and which shall be directly or indirectly caused by any acts done (including the failure to pay prevailing wages or Davis-Bacon wages or to comply with any applicable labor laws) or any errors or omissions of Developer or its officer, employees, contractors or agents, save and except claims or litigation arising through the sole negligence or wrongdoing and/or willful misconduct of CDC or any other indemnitee. Developer is not obligated to indemnify CDC or others for claims based upon their use of information provided by Developer, provided the information itself is accurate. Developer shall at all times indemnify and hold harmless CDC, its officers and employees, from all loss, litigation,

liability, damage, or expense, including, without limitation, potential tenant relocation costs arising under this Agreement and/or any subcontract which Developer enters into relating to implementation of the Project.

9. **SALE OF PROPERTY/CHANGE OF USE.** Developer agrees and declares that the Property and the Project shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, operated, sold, and approved subject to all obligations set forth or incorporated in this Agreement, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property and the Project. All of the obligations set forth or incorporated in this Agreement shall constitute covenants which run with the land and shall be binding on Developer and its successors and assigns, and all parties having or acquiring any right, title or interest in, or to any part of the Property or Project.

10. **DEVELOPER TRANSFER.** Developer shall not assign or transfer all or any part of this Agreement without the prior written approval of CDC. CDC agrees to give such approval if: (1) in the sole discretion of CDC's Director, the proposed reconstituted or new Developer is comparable in all material respects (including experience, character and financial capability) to Developer; (3) original Developer remains fully responsible under this Agreement or the Housing Director is satisfied in his or her sole discretion that the CDC's interests are adequately protected if the Developer is released. Any such change (or assignment of this Agreement in connection therewith) shall be by instruments reasonably satisfactory to the General Counsel of CDC. Evidence of the proposed assignees' qualifications to meet the obligations of the Developer under this Agreement shall be subject to the approval of the CDC's Director or his designee, which approval is not unreasonably to be withheld.

Developer represents and agrees that prior to issuance by CDC of a Certificate of Occupancy for all the units to be developed, and without the prior written approval of CDC, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means.

Developer shall promptly notify CDC of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. If without the prior approval of CDC, there is any significant change (voluntary or involuntary) in membership, management or control, of Developer or its associates (other than such changes occasioned by the death or incapacity of any individual) prior to issuance of a Certificate of Occupancy for all units to be developed, Developer shall be in default under this Agreement.

11. **PERMITS AND OTHER APPROVALS.** Developer shall obtain all zone changes, permits, licenses and other approvals that may be necessary in order to legally proceed with the Project. Nothing in this Agreement shall be construed to require or obligate the CDC to approve any zone changes, to issue any conditional use permits, to issue any building permits, or other permits, to approve any tentative or final maps regarding the Project, or to give or issue any other approvals regarding the Project. Any application by Developer for any such permits and/or approvals shall be

processed as any other applications for similar permits or approvals are processed under applicable laws.

12. **AUTHORITY TO BIND.** By entering into this Agreement, Developer certifies it is qualified and licensed to conduct business in the State of California.

13. **NOTICES.** Notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing and shall be given by personal delivery, mail or telegram or facsimile and addressed, if to CDC, City of Oxnard Community Development Commission, 305 W. Third Street, Oxnard, California 93030, Attn: CDC Director, or if to Developer, at Housing Opportunity Management and Education Corporation, 415 West Fifth Street, Oxnard, California 93030. Notice by personal delivery shall be deemed effective upon the delivery of such notice to the party for whom it is intended at the recipient's address. Notice by mail shall be deemed effective two (2) business days after depositing such notice, certified or registered mail, postage prepaid, properly stamped and sealed, with the United States Postal Service, properly addressed regardless of whether or when the notice is actually received by the addressee. Notice by telegram shall be deemed effective upon the transmission of the telegram, telegraph charges prepaid, to the party for whom it is intended at the recipient's address. Notice by facsimile shall be effective upon transmission. Notice by overnight guaranteed delivery service shall be deemed effective one (1) business day after depositing such notice with said service, charges prepaid and properly addressed. Either party may give notice of any change of address in accordance with the notice procedures described above.

14. **COMPLIANCE WITH LAW.** Developer shall comply with all applicable laws and regulations in the implementation of this Agreement.

15. **CONTRACTUAL RELATIONSHIP.** The contractual relationship between CDC and Developer is independent and under no circumstances shall Developer be considered an agent, partner, or joint venturer of CDC.

16. **ENFORCED DELAY; EXTENSION OF TIMES OF PERFORMANCE.** In addition to specific provisions of this Agreement, performance by any of the parties hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where delays or defaults are due to: war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, casualties, acts of God, acts of the public enemy, terrorist attacks, epidemics, quarantine restrictions, freight embargos, lack of transportation, governmental restrictions or priority, litigation, unusually severe weather, inability to secure necessary labor, materials or tools, delays of any contractor, subcontractor or supplier, acts or omissions of another party, acts or failures to act of any public or governmental agency or entity (other than the acts or failures to act of CDC which shall not excuse performance by CDC), or any other causes beyond the control or without the fault of the party claiming an extension of time to perform. Notwithstanding anything to the contrary in this Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by the mutual

agreement of CDC and Developer.

17. PARTIAL RELEASE OF LIABILITY. [Intentionally omitted].

18. BENEFIT OF AGREEMENT. This Agreement and every provision hereof are for the exclusive benefit of Developer and CDC and not for the benefit of any other party. There shall be no incidental or other beneficiaries of any of Developer's or CDC's obligations under this Agreement.

19. FORMS AND SUBSTANCE OF EXHIBITS. Documents in the form and substance of the attached Exhibits are an integral part of this Agreement. Such documents, however, may be changed prior to execution in manners that in the opinion of CDC's City Attorney, do not materially affect the substance of the Agreement contained therein. In addition, the exhibits to the Agreement may be modified to satisfy the lenders providing assistance to the Project. The CDC's deeds of trust securing purchaser loans may, in the reasonable judgment of the CDC Director that subordination is necessary and appropriate, be subordinated to other financing.

20. ENFORCEMENT OF AGREEMENT. If any terms, provisions, conditions or covenants in this Agreement, or the application thereof to any party or circumstances, shall to any extent be held invalid or unenforceable, the remainder of this Agreement, or the application of such terms, provisions, conditions or covenants to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

21. CONSENT OR APPROVALS, MODIFICATIONS, FURTHER AGREEMENT BY CDC'S DIRECTOR. Wherein under this Agreement, CDC consent or approval is required, such consent or approval may be manifested by a writing executed by the CDC's Director. The Regulatory Agreement, Promissory Note, and Deed of Trust, as well as other documents, may be accepted or executed by the CDC's Director, upon the advice of the General Counsel that such documents implement the agreements contained in this Agreement. This Agreement may be modified by documents or agreements which, in the opinion of the City Attorney, implement the Agreement or do not intentionally alter its terms.

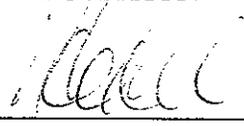
22. GOVERNING LAW. The terms of this Agreement shall be interpreted according to the laws of the State of California. Should litigation occur, venue shall be in the Superior Court of Ventura County.

23. SUPERSEDES PRIOR AGREEMENTS. The provisions of this Agreement supersede all prior agreements and understandings between the parties hereto with regard to the subject matter hereof. This Agreement sets forth the parties' entire and only understanding with respect to the subject matter hereof.

CITY OF OXNARD COMMUNITY
DEVELOPMENT COMMISSION

HOUSING OPPORTUNITY
MANAGEMENT AND EDUCATION
CORPORATION

Dr. Thomas E. Holden, Chairman

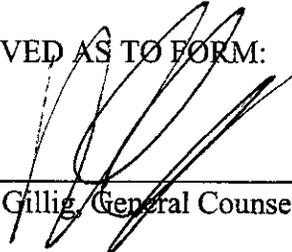


Henry Casillas, Executive Director

ATTEST:

Daniel Martinez, Secretary Designate

APPROVED AS TO FORM:



Gary L. Gillig, General Counsel

APPROVED AS TO INSURANCE:

Susan Winder, Acting Finance Director

EXHIBIT LIST

- A - Legal Description
 - B - Regulatory Agreement
 - C - Promissory Note
 - D - Deed of Trust
- INS-A

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF OXNARD, COUNTY OF VENTURA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lots 17 and 18 in Block D of the Rice Tract, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 1-A, Page 34 of Maps, in the office of the County Recorder of said County.

APN: 201-0-272-040

EXHIBIT "B"

REGULATORY AGREEMENT

Recording Requested by and
When Recorded Return to:

City of Oxnard Community Development Commission
305 West Third Street
Oxnard, California 93030
Attention: City Clerk

No Recording Fee Required In Accordance
With California Government Code Section 6103

SPACE ABOVE THIS LINE FOR RECORDING USE

AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY

THIS AGREEMENT CONTAINING COVENANTS AFFECTING REAL PROPERTY ("Covenants") is entered into on March 20, 2007 by and between THE CITY OF OXNARD COMMUNITY DEVELOPMENT COMMISSION, ("CDC"), and HOUSING OPPORTUNITY MANAGEMENT AND EDUCATION CORPORATION, (Developer").

WHEREAS, Developer is or will be the owner of that certain real property in the City of Oxnard, County of Ventura, State of California ("Property") described in Exhibit "A" attached hereto and incorporated herein by this reference; and,

WHEREAS, Developer and CDC have entered into an Affordable Housing and Loan Agreement ("Agreement") effective as of March 20, 2007 in which Developer has agreed to develop the Property.

NOW, THEREFORE, CDC AND DEVELOPER COVENANT AND AGREE AS FOLLOWS:

1. Developer, its successors and assigns, shall develop, use, sell and maintain the Property only in accordance with the Agreement and these Covenants.

Attachment #2
Exhibit B
Page 11 of 22

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2. As used in this Agreement, unless a different meaning is apparent from the context or is specified elsewhere in this Agreement, the words and terms used herein have the same meaning as do the same words and terms as used in the Agreement.

3. The Project shall meet all City ordinances, conditions, rules and regulations and shall be required to have approval of the City of Oxnard Planning Commission and City Council as provided by City ordinances, resolutions, and other applicable requirements. Nothing in this Agreement requires CDC to exercise its police or regulatory power in a certain manner.

4. Developer will comply with all other provisions of the Agreement.

5. Reference is made to the Agreement for details concerning the requirements thereof.

6. Developer shall maintain any improvements on the Property and shall keep the Property free from any accumulation of debris or waste materials, and Developer shall maintain any required landscaping in a healthy condition as provided in the Agreement of the DDA referenced in the Agreement, until such time that all of the units are sold to owner occupiers, provided, however, that once a particular unit or portion of the Property has been transferred to an ultimate owner the obligations in this subparagraph shall cease for such portion, and once right of way has been dedicated to the public and accepted or deeded to and accepted by a homeowner's association, the obligations in this subparagraph shall cease with respect to property so dedicated or deeded.

7. [Intentionally omitted].

8. CDC, its successors and assigns, is deemed the beneficiary of the covenants contained herein, without regard to technical classification and designation. The covenants shall run in favor of CDC, its successors and assigns, without regard to whether CDC has been, remains, or is an owner of any land or interest therein.

9. The provisions contained herein are covenants running with the land and shall bind Developer, its successors and assigns.

10. CDC and its successors and assigns, and Developer and its successors and assigns shall have the right to consent and agree to changes in, or to eliminate in whole or in part, any of the covenants or restrictions contained in these covenants without the consent of any tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under a deed of trust or any other person or entity having any interest less than a fee in the Property.

11. There shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, national origin, sex, age, disability, marital status, sexual preference, creed, ancestry, familial status, medical condition, or retaliation for having filed a discrimination complaint, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Developer itself or any person claiming under or through it, establish or permit any such practice or practices or discrimination or segregation with reference to the selection, location, number use or occupancy of buyers, tenants, lessees, subtenants, sublessees, or vendees of the Property.

12. The Developer shall refrain from restricting the rental, sale or lease of the Property to any person on the basis of race, color, religion, ancestry, familial status, national origin, sex, age, disability, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of 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."

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

That there shall be no discrimination against or segregation of any person or group of persons, on account of any bases listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Section 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."

(c) "In contracts relating to the sale, transfer, or leasing of land or any interest therein acquired by the agency within any survey area or redevelopment project the foregoing provisions in substantially the form set forth shall be included and the contracts shall further provide that the foregoing provisions shall be binding upon and shall obligate the contracting party or parties and any subcontracting party or parties, or other transferees under the instrument."

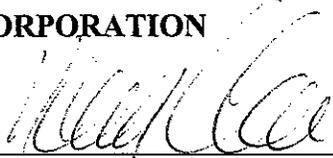
13. Developer shall perform each and every obligation set forth in these Covenants and the Agreement respecting the Property. Provided that Developer has complied with all provisions of these Covenants and the Agreement with respect to a particular affordable unit and has sold the unit to an eligible purchaser subject to the Resale Restriction Agreement, Developer shall be deemed to have satisfied Developer's obligations under these Covenants and the Agreement with respect to such affordable unit and shall be released from further obligations of these Covenants and the Agreement with respect to such affordable unit. CDC shall, upon request of Developer, provide written evidence of the satisfaction of such obligations and release of such further responsibility. When all obligations under these Covenants have been satisfied, CDC shall, upon request, provide Developer with written evidence of the satisfaction of such obligations and a release from further responsibility hereunder.

IN WITNESS WHEREOF, CDC and Developer have executed this Agreement.

**CITY OF OXNARD COMMUNITY
DEVELOPMENT COMMISSION**

**HOUSING OPPORTUNITY
MANAGEMENT AND EDUCATION
CORPORATION**

Dr. Thomas E. Holden
Chairman

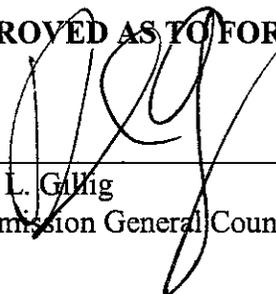


Henry Casillas, Executive Director

ATTEST:

Daniel Martinez
Commission Secretary Designate

APPROVED AS TO FORM:



Gary L. Gillig
Commission General Counsel

EXHIBIT "A"

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF OXNARD, COUNTY OF VENTURA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Lots 17 and 18 in Block D of the Rice Tract, in the City of Oxnard, County of Ventura, State of California, as per map recorded in Book 1-A, Page 34 of Maps, in the office of the County Recorder of said County.

APN: 201-0-272-040

EXHIBIT "C"

PROMISSORY NOTE
Affordable Housing Assistance
(Secured by Deed of Trust)

\$340,000.00

Oxnard, California
_____, 200_

FOR VALUE RECEIVED, the undersigned, Home Opportunity Management and Education Corporation ("Borrower"), hereby promises to pay to the order of the City of Oxnard Community Development Commission ("Lender"), the principal sum of Three Hundred Forty Thousand Dollars (\$340,000.00), with interest on the unpaid balance thereof from the date of this Note set forth above until repaid at the rate of LAIF plus three percent (3%) per annum (except as otherwise provided herein). Both principal and interest are payable as hereinafter provided, to Lender at 300 W. Third Street, Oxnard, California 93030, Attention: Finance Department, or at such other place as from time to time may be designated by the holder of this Promissory Note ("Note"). The term "Loan" as used herein, means the Loan evidenced by this Note.

All of the provisions of this Note are agreements which are secured by the Deed of Trust securing this Note. A default in observance of any of the provisions is a default with consequences under the Deed of Trust.

1. **PAYMENTS**. Borrower promises to pay interest and principal and any other charges under this Note as follows:

a. Sums outstanding under this Note shall be due and payable as provided in paragraph 1. C. of the Affordable Housing and Loan Agreement ("Agreement") dated _____ by and between CDC and Borrower, and in no event later than nine months from the date of the Agreement

b. All sums outstanding under this Note and unpaid shall without any reduction become immediately due and payable upon any default under this Note, or upon any transfer of the property securing payment of this Note not permitted by the Agreement or any change in ownership or composition of the Borrower not permitted by the Agreement.

2. **PAST DUE PRINCIPAL AND INTEREST**. Any amount of principal or interest on the Loan or any fee or expense or other amount payable hereunder shall, to the extent permitted by law, bear interest from such payment's due date until paid at the rate of 10% per annum, which interest shall be immediately due and payable.

3. **NO DEDUCTIONS, NO OFFSETS**. All payments of principal and interest

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hereunder shall be made without deduction of any present and future taxes, levies, duties, imposts, deductions, charges or withholdings imposed by any existing or future law, rule, regulation, treaty, directive or requirement whether or not having the force of law, which amounts shall be paid by Borrower. Borrower will pay the amounts necessary such that the gross amount of the principal and interest received by Lender is not less than that required by this Note. All stamp and documentary taxes shall be paid by Borrower. If, notwithstanding the foregoing, Lender pays any such taxes, Borrower will reimburse Lender for the amount paid, as additional interest, within five (5) days of Lender's demand for payment. Borrower will furnish Lender official tax receipts or other evidence of payment of all such amounts.

4. **ABSENCE OF USURY.** Borrower and Lender intend that the Loan be exempt from the restrictions contained in the California usury law, or if not exempt, that the Loan shall be in compliance with any applicable usury law. In furtherance thereof, Borrower and Lender agree that none of the terms and provisions contained in this Note, or in any other instrument executed in connection herewith, shall ever be construed to create a contract to pay for the use, forbearance or detention of money, or interest at a rate in excess of the maximum interest rate permitted to be charged by applicable law. Therefore, if a court ultimately determines that the Loan is not exempt from the California usury law, or if a court determines that the usury law of another jurisdiction should be applied to the Loan: (a) neither Borrower nor any endorsers or other parties now or hereafter becoming liable for payment of this Note shall ever be required to pay interest on this Note at a rate in excess of the maximum interest that may be lawfully charged under applicable law, and the provisions of this Section shall control over all other provisions of this Note and any other instruments now or hereafter executed in connection herewith; (b) if the maturity hereof shall be accelerated for any reason or if the principal of this Note is paid prior to the end of the term of this Note, and as a result thereof the interest received for the actual period of existence of the Loan would be unlawful, the holder of this Note shall refund to Borrower the amount of such excess or shall credit the amount of such excess against the principal balance of the Note then outstanding; and (c) in the event that Lender or any other holder of this Note shall collect monies which are deemed to constitute interest which would increase the effective interest rate on this Note to a rate in excess of that permitted to be charged by applicable law, all such sums deemed to constitute interest in excess of the legal rate shall, upon such determination, at the option of the holder of this Note, be first, credited against the principal balance of this Note then outstanding, and second, returned to the Borrower.

5. **PREPAYMENT.** This Note may be prepaid in whole or in part without penalty or charge.

6. **ATTORNEY'S FEES.** Should the indebtedness represented by this Note or any part thereof be collected at law or in equity or through any bankruptcy (including, without limitation, any action for relief from the automatic stay or any other bankruptcy proceeding) receivership, probate or other court proceedings or by any judicial or non-judicial foreclosure proceeding, or if this Note is placed in the hands of attorneys for collection after default, the Borrower and all endorsers, guarantors and sureties of this Note jointly and severally agree to pay, in addition to the principal and interest due and payable hereon, reasonable attorneys' fees and collection costs and expenses. Should any action be brought to construe, clarify, or obtain a

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declaration as to the terms of this Note or the parties' obligations under it, the prevailing party in such action shall recover its reasonable attorneys' fees.

7. **WAIVER OF PRESENTMENT.** Borrower, and any and all endorsers, guarantors and sureties of this Note, and all other persons liable or to become liable on this Note, jointly and severally waive presentment for payment, demand, notice of demand and of dishonor and nonpayment of this Note, notice of intention to accelerate the maturity of this Note, protest and notice of protest, diligence in collecting, and the bringing of suit against any other party, and agree to all renewals, extensions, modifications, partial payments, releases or substitutions of security, in whole or in part, with or without notice, before or after maturity. The pleading of any statute of limitations as a defense to any demand against the makers, endorsers, guarantors and sureties is expressly waived by each and all such parties to the extent permitted by law.

8. **LOSS OF NOTE.** Upon notice from any holder to Borrower of the loss, theft, destruction or mutilation of this Note and, upon receipt of indemnity reasonably satisfactory to Borrower from any holder of this note (except that if Lender or the Oxnard Community Development Commission is the holder of this Note, an indemnification from Lender shall be sufficient) or, in the case of mutilation hereof, upon surrender of the mutilated Note, Borrower will make and deliver a new note of like tenor in lieu of this Note.

9. **SUCCESSORS AND ASSIGNS.** This Note shall be binding upon and shall inure to the benefit of Borrower and Lender, and their successors and assigns.

10. **SEVERABLE PROVISIONS.** Every provision of this Note is intended to be severable. If any term or provision hereof is declared by a court of competent jurisdiction to be illegal, invalid or unenforceable for any reason whatsoever, such illegality, invalidity or enforceability shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

11. **NOTICES.** Notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Note shall be in writing and shall be given by personal delivery, mail or telegram or facsimile and addressed, if to Lender, 305 W. Third Street, Oxnard, California 93030, Attention: Community Development Director, or if to Borrower, at 451 W. Fifth Street, Oxnard, California 93030. Notice by personal delivery shall be deemed effective upon the delivery of such notice to the party for whom it is intended at the recipient's address. Notice by mail shall be deemed effective two (2) business days after depositing such notice, certified or registered mail, postage prepaid, properly stamped and sealed, with the United States Postal Service, properly addressed regardless of whether or when the notice is actually received by the addressee. Notice by telegram shall be deemed effective upon the transmission of the telegram, telegraph charges prepaid, to the party for whom it is intended at the recipient's address. Notice by facsimile shall be effective upon transmission. Notice by overnight guaranteed delivery service shall be deemed effective one (1) business day after depositing such notice with said service, charges prepaid and properly addressed. Either party may give notice of any change of address in accordance with the notice procedures described above.

12. **DEFAULT**. Any failure to perform any obligation of Borrower under this Note, the Deed of Trust, the Agreement, or the Regulatory Agreement shall be considered a default hereunder.

13. **JOINT AND SEVERAL**. The obligations of Borrower in this Note shall be joint and several obligations of Borrower and of each Borrower, if more than one, and of each of Borrower's heirs, devisees, legatees, administrators, executors, personal representatives, successors and assigns.

14. **GENDER**. In this Note, whenever the context so requires, the masculine gender includes feminine and/or neuter, and the singular number includes the plural.

15. **TIME OF ESSENCE**. Time is of the essence in this Note and the performance of each of the covenants and agreements contained herein.

16. **GOVERNING LAW**. This Note shall be construed and enforced in accordance with the laws of the State of California.

17. **AUTHORITY**. The person executing this Note represents and warrants that such person has the authority to execute this Note and bind borrower to its provisions.

18. **CAPTIONS AND REFERENCES**. The captions of the Paragraphs of this Note are for the purposes of convenience only and are not intended to be part of this Note and shall not be deemed to modify, explain, enlarge or restrict any of the provisions hereof. All "Paragraph" references are to the paragraphs of this Note, unless otherwise indicated.

19. **SECURITY**. This Note is secured by a deed of trust executed concurrently herewith, encumbering the property described therein.

DISCLOSURES. BORROWER HEREBY ACKNOWLEDGES THAT INTEREST IN THIS NOTE MAY AT TIMES TO BE CALCULATED BY HOLDER ON THE BASIS OF A THREE HUNDRED SIXTY (360) DAY YEAR AND IS FULLY AWARE THAT SUCH CALCULATIONS MAY RESULT IN AN ACCRUAL AND/OR PAYMENT OF INTEREST IN AMOUNTS GREATER THAN CORRESPONDING INTEREST CALCULATIONS BASED ON A THREE HUNDRED SIXTY (360) DAY YEAR.

HOUSING OPPORTUNITY MANAGEMENT
AND EDUCATION CORPORATION

Henry Casillas, Executive Director

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EXHIBIT D

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Oxnard Community Development Commission
305 W. Third Street
Oxnard, CA 93030
Attn: City Clerk

Request recording without fee. Record for the benefit of the
City of Oxnard pursuant to Section 6103 of the Government Code.

(Space above this line for Recorder's use)

DEED OF TRUST WITH ASSIGNMENT OF RENTS
(This Deed of Trust contains an acceleration clause)
(Secures Agreement Containing Covenants Affecting Real Property,
Promissory Note, Affordable Housing Agreement)

This DEED OF TRUST is made ____, 200__, between Housing Opportunity Management and Education Corporation, herein called TRUSTOR, whose address is _____, _____ Company, herein called TRUSTEE, and the City of Oxnard Community Development Commission, (the "CDC"), herein called BENEFICIARY,

WITNESSETH: That Trustor grants to Trustee in Trust, with Power of Sale, that property in the County of Ventura, State of California, described as:

[See Attached Exhibit A]

Together with the rents, issues and profits thereof, subject, however, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits.

For the Purpose of Securing the performance of each agreement of Trustor incorporated by reference or contained herein; and performance of all obligations of that certain Agreement Containing Covenants Affecting Real Property dated _____, that certain Affordable Housing Agreement dated July 25, 2006, and that certain Promissory Note of even date herewith ("Promissory Note"), in the face amount of \$349,500 made by Trustor. This Deed of Trust secures all obligations of each of the foregoing agreements. Any default in the performance of obligations under any of such agreements is a default under each of the agreements and is a default hereunder, and entitles Beneficiary and Trustee to exercise all rights and remedies herein described.

To protect the security of this Deed of Trust, and with respect to the property above described, Trustor expressly makes each and all of the agreements, and adopts and agrees to perform and be bound by each and all of the terms and provisions set forth in subdivision A, and it is mutually agreed that each and all of the terms and provisions set forth in subdivision B of the fictitious deed of trust recorded in Orange County August 17, 1964, and in all other counties August 18, 1964, in the book and at the page of Official Records in the office of the county recorder of the county where said property is located, noted below opposite the name of such county, namely:

COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE	COUNTY	BOOK	PAGE
Alameda	1288	556	Madera	911	136	San Luis Obispo	1311	137
Alpine	3	130-31	Marin	1849	122	San Mateo	4778	175
Amador	133	438	Mariposa	90	453	Santa Barbara	2065	881
Butte	1330	513	Mendocino	667	99	Santa Clara	6626	664
Calaveras	185	338	Merced	1660	753	Santa Cruz	1638	607
Colusa	323	391	Modoc	191	93	Shasta	800	633
Contra Costa	4684	1	Mono	69	302	San Diego Series5	1964	149774
Del Norte	101	549	Monterey	357	239	Sierra	38	187
El Dorado	704	635	Napa	704	742	Siskiyou	506	762
Fresno	5052	623	Nevada	363	94	Solano	1287	621
Glenn	469	76	Orange	7182	18	Sonoma	2067	427
Humboldt	801	83	Placer	1028	379	Stanislaus	1970	56
Imperial	1189	701	Plumas	166	1307	Sutter	655	585
Inyo	165	672	Riverside	3778	347	Tehama	457	183
Kern	3756	690	Sacramento	5039	124	Trinity	108	595
Kings	858	713	San Benito	300	405	Tulare	2530	108
Lake	437	110	San Bernardino	6213	768	Tuolumne	177	160
Lassen	192	367	San Francisco	A-804	596	Ventura	2607	237
Los Angeles	T-3878	874	San Joaquin	2855	283	Yolo	769	16
						Yuba	398	693

shall inure to and bind the parties hereto, with respect to the property above described. Said Agreements, terms and provisions contained in said subdivisions A and B, (identical in all counties, and attached hereto), are by the within reference thereto, incorporated herein and made a part of this Deed of Trust for all purposes as fully as if set forth at length herein, and Beneficiary may charge for a statement regarding the obligation secured hereby; provided the charge therefore does not exceed the maximum allowed by law.

The Trustor acknowledges receipt of a copy of such provisions of such fictitious deed of trust.

If the Trustor shall sell, convey or alienate said property, or any part thereof, or any interest therein, or shall be divested of his title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the written consent of the beneficiary being first had and obtained, beneficiary shall have the right, at its option, except as prohibited by law, to declare any indebtedness or obligations secured hereby, irrespective of the maturity date specified in any note evidencing the same, immediately due and payable.

The undersigned Trustor, requests that a copy of any notice of default and any notice of sale hereunder be made to him as his address hereinbefore set forth.

SIGNATURE TO DEED OF TRUST WITH ASSIGNMENT OF RENTS

HOUSING OPPORTUNITY MANAGEMENT AND EDUCATION CORPORATION

By: _____
Its: _____

STATE OF CALIFORNIA)
 }
COUNTY OF _____ }

On _____, before me, _____, personally appeared _____, personally known to me (or 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.

WITNESS my hand and official seal.

Signature _____