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05/01/2003 08:00A Fee:43.00

Page 1 of 13

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County of Riverside

Gary L. Orso

Assessor, County Clerk & Recorder



AND WHEN RECORDED MAIL TO:
CITY OF RIVERSIDE
3900 MAIN STREET
RIVERSIDE, CALIFORNIA 92522

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AP# 24-023-018-3

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

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THIS PAGE ADDED TO PROVIDE ADEQUATE SPACE FOR RECORDING INFORMATION
(\$3.00 Additional Recording Fee Applies)

CIA 032

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Carol Britton,)
Development Fiscal Manager)

(Space above for Recorder's use.)
(Exempt from Recording Fees Per Govt Code §6103.)

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration") is made by and between Victor Sanchez (the "Participant") and the CITY OF RIVERSIDE, a municipal corporation (the "City") as of the date set forth below.

RECITALS

A. Participant and City have entered into that certain Loan Agreement dated of even date herewith (the "Agreement") pursuant to which the City has agreed to provide financial assistance to the Participant (the "City Loan") in connection with Participant's purchase of certain single family residential property (the "Property") described in the "Legal Description of the Property" attached hereto as Attachment No. 1 and incorporated by reference herein in accordance with and subject to the terms and conditions of the City of Riverside Down Payment Assistance Program (the "Program"). The Agreement is on file with the Development Department of the City and is incorporated herein by this reference. Capitalized terms used herein and not otherwise defined shall have the same meaning as set forth in the Agreement.

B. Participant has agreed to subject the Property to certain covenants, conditions and restrictions by recording this Declaration against the Property in the official land records of the County of Riverside. Participant and the City desire and intend to restrict the Property and the improvements thereon in accordance with this Declaration to preserve the Property as a valuable affordable housing resource for the benefit of Participant and the community as a whole.

NOW, THEREFORE, the parties hereto agree and covenant as follows:



ARTICLE I

NONDISCRIMINATION

Section 1. **Nondiscrimination.** Participant covenants by and for itself, its successors 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 race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall Participant itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the Property.

Section 2 **Nondiscrimination Clauses.** Participant, its successors and assigns, shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, religion, sex, marital status, national origin or ancestry of any person. 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 race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee 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, subtenants, sublessee or vendees in the land 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:

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, ancestry or national origin 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: "There shall be no discrimination against or segregation of, any person, or group of persons on account of race, color, religion, sex, marital status, ancestry or national origin, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee 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, subtenants, sublessee or vendees of the premises."



NOTWITHSTANDING THE FOREGOING, THE PARTICIPANT ACKNOWLEDGES AND AGREES THAT DURING THE TERM OF THE AGREEMENT, THE NOTE AND DEED OF TRUST EXECUTED PURSUANT THERETO, PARTICIPANT SHALL OCCUPY THE PROPERTY AS PARTICIPANT'S PRINCIPAL RESIDENCE AND SHALL NOT RENT OR LEASE THE PROPERTY.

PARTICIPANT'S INITIALS V.S.

The covenants in this Article I shall run with the Property in perpetuity.

ARTICLE II

DUTIES OF PARTICIPANT

Section 1. Maintenance. The Participant shall maintain the improvements and the landscaping on the Property, including keeping the Property free from an accumulation of debris or waste materials consistent with community standards. Participant covenants not to place chain link fencing in the front yard setback of the Property, such that such fencing is visible from the centerline of the street. Participant further agrees not to install satellite dishes, window air conditioners and security bars that are visible from the centerline of the street. All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean and good condition.

Section 2. Structural Modification. In order to protect and maintain the architectural and structural integrity of the Property, no structural modification will be made to the Property without a validly issued building permit in accordance with the requirements of the Riverside Municipal Code. Any application for a building permit pursuant to this section and in connection with a proposed exterior modification to the Property shall be accompanied by elevations and plans depicting the proposed modification.

Section 3. Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures must be removed within forty-eight hours from the Property and any necessary painting or repair completed within one (1) week of creation or within one (1) week after notice to Participant from City, whichever is less.

Section 4. Landscaping. All landscaping surrounding the Property shall be maintained in a manner consistent with standards of the City of Riverside Municipal Code (the "Code") and any rules, regulations and standards adopted pursuant to the Code. In addition, for example, the yard areas shall not contain the following: (a) lawns with grasses in excess of five (5) inches in height, (b) trees, shrubbery, lawns, and other plant life which are dying from lack of water or other necessary maintenance, (c) trees and shrubbery grown uncontrolled without proper pruning, (d) vegetation so overgrown as to be likely to harbor rats or vermin, (e) dead, decayed or diseased trees, weeds and other vegetation, and (f) inoperative irrigation system(s).

Section 5. No Nuisance. Participant shall not maintain, cause to be maintained, or allow to be maintained on or about the Property any nuisance in violation of the Riverside Municipal Code or any other public or private nuisance, including without limitation, the conduct of criminal activities set forth in the nuisance abatement provisions of the Uniform Controlled Substances Act (Health & Safety Code



Sections 11570, *et seq.*) or the Street Terrorism Enforcement and Prevention Act (Penal Code Sections 186.22 *et seq.*) or any successor statute or law.

Section 6. Use and Occupancy Standards. The Property shall be used as Participant's principal residence and for no other purpose except as expressly approved by the City in accordance with the Riverside Municipal Code. **Participant shall not enter into an agreement for the rental or lease of all or any portion of the Property.** The maximum occupancy of the Property shall not exceed the maximum number of persons permitted by the occupancy limits set forth in the Housing Quality Standards (HQS) in 24 CFR 882.109 published by HUD in effect as of the date of this Agreement or as hereafter amended. As of the date of this Agreement, HQS standards permit not more than two persons per bedroom or living/sleeping room of appropriate size. Participant shall, upon demand by the Program Administrator, submit to the City an affidavit of occupancy verifying Participant's compliance with this Section 6. Said affidavit may be required by the Program Administrator annually.

Section 7. Resale Restriction. During the Affordability Period, the Property may be sold by Participant only to an Eligible Household at an Affordable Housing Cost; provided, however, sale of the Property to a Buyer that does not qualify as an Eligible Household and/or at a Sales Price that exceeds Affordable Housing Cost shall be permitted upon payment by Participant to the City of the outstanding principal balance of the Note Amount together with the Affordability Exit Fee, if any.

ARTICLE III

RESALE AND AFFORDABILITY EXIT FEE CALCULATION

Section 1. Events of Acceleration. Pursuant to Section 2.5 of the Agreement, the loan provided to Participant (the "City Loan") shall be due and immediately payable to the City upon the occurrence of anyone of the following "Events of Acceleration": (i) the sale or transfer of the Property, including, without limitation, lease, exchange or other disposition of the Property or any interest therein whether voluntary or involuntary, except a sale or transfer which under federal law would not, by itself, permit the City to exercise a due on sale or due on encumbrance clause; (ii) the refinancing of the City Loan or the refinancing of any lien or encumbrance to which the Deed of Trust securing the City Loan is subordinate (the "First Lien") for (A) a loan amount in excess of the then current loan balance secured by the First Lien, or (B) a loan amount equal to or less than the then current loan balance secured by the First Lien (plus reasonable closing costs as determined by the Program Administrator) without the prior written approval of the Program Administrator, or (iii) such time as the Participant is no longer an occupant of the Property pursuant to Section 3.5 of the Agreement, or is in default of any other obligation under the Agreement.

Pursuant to Section 2.4 of the Agreement, Participant shall notify the City not less than thirty (30) days prior to such sale, transfer or refinancing. At the request of Participant, the City may, in its sole discretion, in writing waive the requirements of this Section 1 and defer repayment and/or extend the term of the City Loan.

Section 2. Sale to Eligible Household at Affordable Housing Cost. If the Property is sold by the Participant during the Affordability Period to a Buyer who is an Eligible Household and the Sales Price does not exceed an Affordable Housing Cost, then no Affordability Exit Fee is due to the City upon such sale, but the Note Amount is still due and payable. In order to verify the Buyer's status as an Eligible



Household, Participant shall submit to the City the identity of the proposed Buyer and adequate information evidencing the income of the proposed Buyer. Said income information shall be submitted together with the notice of proposed sale pursuant to Section 2.4 hereof not less than thirty (30) days prior to the proposed sale and shall include original or true copies of pay stubs, income tax records or other financial documents required by the City or the Program Administrator in order to verify household income and determine Eligible Household status of the proposed Buyer and whether the Property is available to such Buyer at Affordable Housing Cost. If the City or the Program Administrator is unable to verify the Buyer's income as provided herein prior to the proposed sale, then the Buyer's income shall be deemed to exceed the maximum allowable income limit for Eligible Households and the Affordability Exit Fee shall be due and payable concurrent with the repayment of the City Loan.

Section 3. Affordability Exit Fee. Except upon sale of the Property in accordance with the provisions of Section 2, above, in the event that the City Loan becomes due and payable during the Affordability Period, the Participant shall pay to the City an "Affordability Exit Fee". The Affordability Exit fee shall be determined in accordance with the following schedule:

- (i) fifteen percent (15%) of the then outstanding Note Amount shall be paid upon an Ineligible Sale any time prior to the fifth (5th) anniversary date of the Promissory Note;
- (ii) ten percent (10%) of the then outstanding Note Amount shall be paid upon an Ineligible Sale any time prior to the tenth (10th) anniversary date of the Promissory Note;
- (iii) five percent (5%) of the then outstanding Note Amount shall be paid upon An Ineligible Sale any time prior to the fifteenth (15th) anniversary date of the Promissory Note.

The Participant hereby further specifically acknowledges and agrees that: (a) the Affordability Exit Fee as may be imposed pursuant to the terms hereof, is reasonable in amount; (b) the Affordability Exit Fee shall be secured by the Deed of Trust; (c) the Affordability Exit Fee shall be paid without prejudice to the right of the City to collect any other amounts due under this Agreement or any of the Exhibits hereto; and (d) the City shall be entitled to credit bid all or a portion of the Affordability Exit Fee at any foreclosure sale under the Deed of Trust. No Affordability Exit Fee shall be due upon any sale occurring after the expiration of the Affordability Period.

Notwithstanding the foregoing, the parties acknowledge and agree that the Participant's obligation to pay the Affordability Exit Fee shall be subordinate to Participant's right to receive from available proceeds of the sale of the Property by the Participant an amount equal to Participant's down payment. In the event the net proceeds of the sale of the Property by the Participant after payment of escrow fees, title insurance costs, broker's commissions, loan fees or any other reasonable and customary closing or transaction costs, the First Lien, the Note Amount and repayment of the Participant's down payment, then the City shall accept the remaining sales proceeds as full satisfaction of Participant's obligation to pay the Affordability Exit Fee.



ARTICLE IV

OBLIGATION TO MAINTAIN, REPAIR AND REBUILD

Section 1. Maintenance by Participant. Participant shall, at his sole cost and expense, maintain and repair the Property and the improvements thereon keeping the same in good condition and making all repairs as may be required by this Declaration and the Code.

Section 2. Damage and Destruction Affecting Property-Duty to Rebuild. If all or any portion of the Property and the improvements thereon is damaged or destroyed by fire or other casualty, it shall be the duty of Participant to rebuild, repair or reconstruct the Property in a timely manner to restore it to Code compliance condition.

Section 3. Variance in Exterior Appearance and Design. If the Property is damaged or destroyed by casualty, Participant may apply to the City for approval to reconstruct, rebuild or repair the Property in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 4. Time Limitation. In the event of damage or destruction due to casualty, Participant shall be obligated to proceed with all due diligence and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or demolition and vacate within two (2) months, unless prevented by causes beyond the reasonable control of Participant.

ARTICLE V

ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in this Declaration may be enjoined, abated or remedied by appropriate legal proceeding.

Section 2. Rights of the City. As a party to this Declaration, the City is entitled to the following rights:

- a. The City has the right, but not the obligation, to enforce all of the provisions of this Declaration.
- b. Any amendment to the Declaration shall require the written consent of the City.
- c. This Declaration does not in any way infringe on the right or duties of the City to enforce any of the provisions of the Code including, but not limited to, the abatement of dangerous buildings.

Section 3. Notice of Inspection. Participant agrees and acknowledges that the City and its employees and agents shall have the right to enter upon the Property during normal business hours to ensure compliance with this Declaration and all applicable federal, state and local laws and regulations. The City agrees to notify Participant not less than forty-eight (48) hours prior to the City's proposed time



of inspection of the Property, and agrees to attempt to obtain the Participant's consent to such inspection. Upon receipt of such notice, Participant agrees to cooperate with the City in making the Property available for inspection by the City. Participant acknowledges and agrees that in the event that if for any reason Participant fails to consent to such inspection, the City may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain entry to and inspect the Property.

Section 4. **Cumulative Remedies.** The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 5. **Failure to Enforce.** The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

ARTICLE VI

GENERAL PROVISIONS

Section 1. **Severability.** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 2. **Construction.** The provisions of this Declaration shall be liberally construed for the purpose of maintaining the Property. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 3. **Amendments.** This Declaration may be amended only by the written agreement of Participant and the City.

Section 4. **Notices.** Any notice permitted or required to be delivered as provided herein to Participant shall be in writing and may be delivered either personally or by first-class or registered mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States Mail, postage prepaid, addressed to Participant. Such address may be changed from time to time by notice in writing to the City, which shall be made by certified mail to the City of Riverside at 3900 Main Street, Riverside, California 92522, Attention: Development Director, and shall be effective upon receipt.

Section 5. **Term of Declaration.** Except as provided in Article I relating to nondiscrimination, the covenants, conditions and restrictions of this Declaration shall run with the Property and shall expire concurrent with the Term of the Loan Agreement.

Section 6. **Subordination.** The City finds and declares that an economically feasible method of financing, refinancing or assisting Eligible Households pursuant to the Program on substantially comparable terms and conditions without subordination is not reasonably available.

The provisions of the Loan Agreement, this Declaration and the Deed of Trust shall be subordinate to any First Lien on the Property held by an institutional lender or investor (the "Lender") and shall not impair the rights of Lender, or Lender's assignee or successor in interest, to exercise its remedies under the



First Lien in the event of default under the First Lien by Participant. Such remedies under the First Lien include the right of foreclosure or acceptance of a deed or assignment in lieu of foreclosure, or if the mortgage is assigned to the Secretary of the United States Department of Housing and Urban Development. After such foreclosure or acceptance of a deed in lieu of foreclosure, the Agreement, this Declaration and the Deed of Trust shall be forever terminated and shall have no further effect as to the Property or any transferee thereafter; provided, however, if the holder of the First Lien acquires title to the Property pursuant to a deed or assignment in lieu of foreclosure, the Agreement, this Declaration and the Deed of Trust shall automatically terminate upon such acquisition of title, provided that (i) the City has been given written notice of a default under the First Lien, and (ii) the City shall not have cured the default under such First Lien within the 30-day period provided in such notice sent to the City.

Participant agrees it shall instruct the escrow holder for the acquisition of the Property by the Participant that the order of recording in the escrow for the purchase of the Property by the Participant shall occur as follows: 1) the First Lien; 2) the Loan Agreement; 3) the Declaration; 4) the Promissory Note; and 5) the Deed of Trust.

IN WITNESS WHEREOF, the City and Participant have executed this instrument.

CITY OF RIVERSIDE, a municipal corporation

Dated: 4-15-03

By: Carol A. Britton

PARTICIPANT

Dated: 4/18/03

By: Victor Sanchez
Printed Name: VICTOR SANCHEZ

Dated: _____

By: _____
Printed Name: _____



2003-310625
05/01/2003 08:00A
3 of 13

CLA 832

ATTACHMENT NO. 1

LEGAL DESCRIPTION OF PROPERTY

Lot 77 of Garfield Place, in the City of Riverside, County of Riverside, State of California, as shown by map on file in Book 6 Page 27 of maps, records of San Bernardino County.

Attachment No. 1



2003-310625
05/01/2003 09:00A
10 of 13

CIA 832

STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On APRIL 18 2003, before me, ARIEL MARTINEZ (name, title), personally appeared VICTOR SANCHEZ (name(s) of signer(s)),

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.



Ariel Martinez
(Signature of Notary)

CAPACITY CLAIMED BY SIGNER:

Individual
 Corporate Officer(s): _____ Title(s)
 Partner(s): Limited General
 Attorney-in-Fact
 Trustee(s)
 Guardian/Conservator
 Other: _____

SIGNER IS REPRESENTING:

Name of Person(s) or Entity(ies) _____

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED
AT RIGHT:

Title or Type of Document Declaration of eea
Number of Pages _____
Date of Document _____
Signer(s) Other Than Named Above: _____



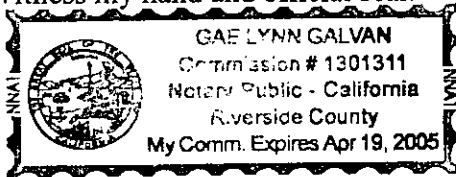
STATE OF CALIFORNIA)
) ss.
COUNTY OF RIVERSIDE)

On 4-15-03, before me, GAE LYNN GALVAN, NOTARY PUBLIC (name, title), personally appeared
Carol A. Britton (name(s) of signer(s)),

- 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.



Gae Lynn Galvan
(Signature of Notary)

CAPACITY CLAIMED BY SIGNER:

- Individual
- Corporate Officer(s): _____ Title(s) _____
- Partner(s): Limited General
- Attorney-in-Fact
- Trustee(s)
- Guardian/Conservator
- Other: _____

SIGNER IS REPRESENTING:

Name of Person(s) or Entity(ies) City of Riverside

ATTENTION NOTARY: Although the information requested below is OPTIONAL, it could prevent fraudulent attachment of this certificate to another document.

**THIS CERTIFICATE
MUST BE ATTACHED
TO THE DOCUMENT
DESCRIBED
AT RIGHT:**

Title or Type of Document Declaration of Covenants, Conditions
& Restrictions
Number of Pages 9
Date of Document 4-15-03
Signer(s) Other Than Named Above: Victor Sanchez



PENALTY OF PERJURY FOR NOTARY SEAL

(GOVERNMENT CODE 27361.7)

I certify under penalty of perjury that the Notary Seal on the document to which this statement is attached reads as follows:

NAME OF NOTARY: Gae Lynn Galvan

DATE COMMISSION EXPIRES: April 19 2005

COUNTY WHERE BOND IS FILED (if applicable): RIVERSIDE

STATE WHERE BOND IS FILED: CALIFORNIA

COMMISSION NUMBER (if applicable): #1301311

PLACE OF EXECUTION: Riverside, CALIFORNIA
(CITY & STATE)

DATE: April 29 2003

SIGNATURE: [Handwritten Signature]

PRINT NAME: LADD O. CARLTON

