

**COMMUNITY DEVELOPMENT BLOCK GRANT
SINGLE FAMILY OWNER-OCCUPIED HOUSING REHABILITATION PROGRAM**

**LOAN AGREEMENT
BETWEEN**

THE CITY OF STOCKTON

AND

ROSALIE SANGUINO ST. MARY

DATED: NOVEMBER 30, 2018

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
SINGLE FAMILY OWNER-OCCUPIED HOUSING REHABILITATION PROGRAM**

**LOAN AGREEMENT
(\$135,000- CDBG Funds)**

This Agreement (the "AGREEMENT") is made this 30th day of November 2018, by and between the City of Stockton (the "CITY"), a municipal corporation, and Rosalie Sanguino St. Mary (the "BORROWER").

RECITALS

1. CITY wishes to promote the preservation of owner-occupied housing in the Stockton community and to provide an opportunity for persons and families of low-income to improve their home to a decent, safe and sanitary condition.
2. CITY has applied for and received Community Development Block Grant ("CDBG") funds for fiscal year 2018-2019 from the United States Government under Title I of the Housing and Community Development Act of 1974, Public Law 93-383.
3. BORROWER wishes to receive from CITY, and CITY wishes to extend to BORROWER CDBG funds to support rehabilitation of property located at 2440 South Monroe Street, Stockton, California, hereinafter referred to as the "PROPERTY".
4. As a condition of receiving the CDBG funds, BORROWER shall execute, among other things, this AGREEMENT, a Promissory Note, and a Deed of Trust, which Deed of Trust shall be recorded against the PROPERTY. These instruments are intended to secure CITY's continuing interest in the affordability and habitability of the PROPERTY, as well as the secure performance of other covenants contained in these agreements.

NOW, THEREFORE, IN CONSIDERATION of the mutual agreements, obligations, and representations, and in further consideration for providing the CDBG funds, BORROWER and CITY hereby agree as follows:

ARTICLES

1. DEFINITIONS

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

- 1.1. "**AGREEMENT**" means this agreement entered into between the CITY and BORROWER.
- 1.2. "**ASSISTED UNIT**" means the owner-occupied housing unit which is assisted with CDBG funds as designated by BORROWER.
- 1.3. "**CDBG NOTE**" (the "NOTE") is that certain Promissory Note in the principal amount of One Hundred Thirty-Five Thousand and 00/100 Dollars (\$135,000.00) to be executed by BORROWER in favor of the CITY, evidencing all or any part of the CDBG funds, which is secured by the Deed of Trust, as well as any amendments thereto,

modifications thereof or restatements thereof. The terms of the NOTE are hereby incorporated into this Agreement by this reference.

- 1.4. **"CITY"** means the City of Stockton, a municipal corporation, and its authorized representatives, officers, officials, directors, employees, and agents.
- 1.5. **"COMMENCEMENT OF REHABILITATION"** means the time CONTRACTOR begins physical rehabilitation work on the PROJECT at the PROPERTY, including site preparatory work, beyond maintenance of the PROPERTY in its status quo condition. Such work shall not include work related solely to remediation of Hazardous Materials.
- 1.6. **"CONTRACTOR"** is a private individual, partnership or corporation licensed by the California State Contractor's Licensing Board.
- 1.7. **"DEED OF TRUST"** is that Deed of Trust, assignment of rents, and security agreement placed on the PROPERTY as security for the assistance by BORROWER as trustor with the CITY as beneficiary, as well as any amendments to, modifications of, and restatements of said Deed of Trust. The terms of the Deed of Trust are hereby incorporated into the AGREEMENT by this reference.
- 1.8. **"DOCUMENTS"** are collectively this AGREEMENT, the DEED OF TRUST, and the NOTE, as they may be amended, modified, or restated from time to time, along with all exhibits and attachments to these Documents.
- 1.9. **"HAZARDOUS MATERIALS"** means any hazardous or toxic substances, materials, wastes, pollutants, or contaminants which are defined, regulated, or listed as "hazardous substances", "hazardous wastes", "hazardous materials", "pollutants", "contaminants", or "toxic substances", under federal or state environmental, health and safety laws and regulations, including without limitation, petroleum and petroleum byproducts, flammable explosives, urea formaldehyde insulation, radioactive materials, asbestos, and lead. HAZARDOUS MATERIALS do not include substances that are used or consumed in the normal course of developing, operating, or occupying a housing project, to the extent and degree that such substances are stored, used, and disposed of in the manner and in amounts that are consistent with normal practice and legal standards.
- 1.10. **"PROPERTY"** consists of the rehabilitation of real property located at 2440 South Monroe Street, Stockton, California, and more particularly described in the attached Exhibit A, which is incorporated into this AGREEMENT by this reference.
- 1.11. **"PROJECT"** is the rehabilitation of the residential structure located on the PROPERTY as described in the attached Exhibit B.

2. **TERMS OF ASSISTANCE**

- 2.1. **ASSISTANCE.** The CITY agrees to provide the CDBG funds to BORROWER under the terms and conditions of the DOCUMENTS. The proceeds of the assistance shall only be used by BORROWER to pay for eligible CDBG costs associated with the LOAN.
- 2.2. **AMOUNT OF ASSISTANCE.** On and subject to the terms and conditions of the DOCUMENTS, CITY agrees to offer and BORROWER agrees to accept the CDBG assistance in total amount not to exceed One Hundred Thirty-Five Thousand Dollars (\$135,000.00) evidenced by the NOTE. Said NOTE shall be secured by DEED OF TRUST recorded against PROPERTY.
- 2.3. **INTEREST RATE OF ASSISTANCE.** The CDBG funds loaned to BORROWER for the rehabilitation of the PROJECT shall be subject to an interest rate of one percent (1%).

- 2.4. **TERM.** The term for owner-occupied rehabilitation loans shall be a maximum of thirty (30) years; or upon refinance or sale of PROPERTY; or when no longer owner-occupied.
- 2.5. **USE OF FUNDS.** CDBG funds may be used only for the eligible CDBG costs associated with the LOAN as well as any revisions to the PROJECT eligible costs, pursuant to CDBG regulations, and as authorized by this AGREEMENT or that are approved in writing by the CITY.

3. **DISBURSEMENT**

- 3.1. **DISBURSEMENT OF CDBG PROCEEDS.** Disbursement of all CDBG proceeds for the PROJECT shall be made by the CITY upon presentation of approved invoices. Once invoices for payment have been received, CITY shall have fifteen (15) days to initiate payment. Payment of invoices for all rehabilitation work shall be subject to a site inspection, verification, and approval that all work covered by invoices is completed to the satisfaction of the CITY.

4. **DEVELOPMENT OF PROPERTY**

- 4.1. **CONFIGURATION OF THE PROPERTY.** The BORROWER may, by contract, require the CONTRACTOR to rehabilitate the PROPERTY pursuant to current building and housing codes as they apply to a single-family dwelling by contract as well as to BORROWER's requirements. At a minimum, CONTRACTOR shall perform all rehabilitation by contract. The CONTRACTOR shall require that: (a) all work performed shall at a minimum meet or exceed Housing and Urban Development's (HUD) Housing Quality Standards, and (b) perform all rehabilitation work as contained in the scope of work.
- 4.2. **COMMENCEMENT OF REHABILITATION.** The contract shall require that CONTRACTOR begin rehabilitation of the PROPERTY no later than thirty (30) days from the date of the issuance of a Notice to Proceed.
- 4.3. **SCHEDULING AND EXTENSION OF TIME.** It shall be the responsibility of the CONTRACTOR to coordinate and schedule the work to be performed so that commencement and completion of rehabilitation will take place in accordance with the provisions of this AGREEMENT. CITY may extend the time for commencement or completion in writing in its sole and absolute discretion. Any time extension granted to CONTRACTOR to complete the work, and sale of the home shall not constitute a waiver of any other rights of CITY under the AGREEMENT.
- 4.4. **QUALITY OF WORK.** CONTRACTOR shall rehabilitate the dwelling and shall employ all new building materials of a quality suitable for the requirements of the PROPERTY. CONTRACTOR shall develop the PROJECT in full conformance with applicable local, state, and federal statutes, regulations, and building and housing codes, including but not limited to meeting the HUD's Housing Quality Standards set out in 24 C.F.R. Part 882.109 and the cost-effective and energy conservation and effectiveness standards in 24 C.F.R. Part 882.109, to the extent applicable.
- 4.5. **ADDITIONS OR CHANGES IN WORK.** CITY shall be notified in a timely manner of any changes in the work required to be performed under this AGREEMENT. Consent to any additions, changes, or deletions to the work shall not relieve or release BORROWER from any other obligations in the AGREEMENT.

- 4.6. **RECORDS.** BORROWER shall be accountable to CITY for all funds disbursed to CONTRACTOR pursuant to the AGREEMENT and CITY agrees to maintain records that accurately and fully show the date, amount, purpose, and payee of all expenditures drawn from CDBG funds, and to keep all invoices, receipts, and other documents related to expenditures from said funds for not less than five (5) years after completion of PROJECT.
- 4.7. CITY shall promptly comply with all requirements or conditions of the AGREEMENT relating to notices, extensions, and other events required to be reported or requested. CITY shall promptly supply, upon the request of U.S. Department of Housing and Urban Development (HUD), any and all information and documentation which involves the PROJECT and cooperate with BORROWER in the rehabilitation of the PROJECT.
- 4.8. **INSPECTIONS.** BORROWER, by contract, shall permit and facilitate, and require its CONTRACTOR to permit and facilitate, observation and inspection at the job site by CITY and by public authorities during reasonable business hours for the purpose of determining compliance with this AGREEMENT.
- 4.9. **REHABILITATION RESPONSIBILITIES.** BORROWER shall be solely responsible for all aspects of conduct in connection with the PROJECT, including, but not limited to, the supervision of rehabilitation work, and the qualifications, financial conditions, and performance of all architects, engineers, contractors, subcontractors, suppliers, consultants, and property managers. Any review or inspection undertaken by CITY with reference to the PROJECT is solely for the purpose of determining whether BORROWER is properly discharging its obligations to CITY, and should not be relied upon by BORROWER or by any third parties as a warranty or representation by CITY as to the quality of the rehabilitation of the PROJECT.
- 4.10. **TRANSFER OF PROPERTY.** This CDBG loan may not be assumed and the CITY will not allow for subordination of its original loan position. Therefore, BORROWER shall not make or create, and shall not, prior to the completion of the PROJECT and thereafter, make or permit any sale, assignment, conveyance, lease, or other transfer of this AGREEMENT, the PROJECT, or the PROPERTY, or any part thereof, including the sale of any interests of BORROWER without approval of the CITY. Should such sale, assignment, conveyance, lease or other transfer occur, the balance of the loan, plus any accrued interest due shall be immediately paid to the CITY.
- 4.11. **MECHANICS LIENS AND STOP NOTICES.** If any claim of lien is filed against the PROPERTY or a stop notice affecting the PROJECT is served on CITY or other third party in connection with the PROPERTY, CONTRACTOR shall, within twenty (20) days of such filing or service, either pay and fully discharge the lien or stop notice, effect the release of such lien or stop notice by delivering to CITY a surety bond in sufficient form and amount, or provide CITY with other assurance satisfactory to CITY that the claim of lien or stop notice will be paid or discharged.
- If CONTRACTOR fails to discharge bond or otherwise satisfy CITY with respect to any lien, encumbrance, charge, or claim referred to herein, then in addition to any other right or remedy, CITY may, but shall be under no obligation to, discharge such lien, encumbrance, charge, or claim at BORROWER's expense. Alternatively, CITY may require CONTRACTOR to immediately deposit with CITY the amount necessary to satisfy such lien or claim and any costs, pending resolution thereof. CITY may use such deposit to satisfy any claim or lien that is adversely determined against CONTRACTOR.

- 4.12. **BARRIERS TO THE DISABLED.** The PROJECT shall be developed and maintained to comply with all applicable local, state and federal requirements for access for disabled persons.
- 4.13. **LEAD-BASED PAINT.** If evaluation for the presence of lead-based paint is required under local, state or federal regulation, the CITY shall ensure the testing of the paint for lead, and shall maintain records which confirm that the disposal of lead-based paint is appropriate and that defective paint debris is treated and disposed of in accordance with local, state and federal requirements. In the event that lead-based paint is determined to be present on the site, and the dwelling is vacant, occupancy of the dwelling unit affected by this AGREEMENT shall not occur until such time as a lead-based paint clearance is obtained.
- 4.14. **FEES, TAXES, AND OTHER LEVIES.** BORROWER shall be responsible for payment of all fees, assessments, taxes, charges, and levies imposed by any public authority or utility company with respect to the PROPERTY or the PROJECT, and shall pay such charges prior to delinquency.
- 4.15. **DAMAGE TO PROPERTY.** To the extent consistent with the requirements of the beneficiary of any permitted encumbrance identified in Exhibit C or otherwise approved by the CITY, if any building or improvement on the PROPERTY is damaged or destroyed by an insurable cause, BORROWER shall, at its cost and expense, diligently undertake to repair or restore said buildings and improvements. Such work or repair shall be commencing within ninety (90) days after the damage or loss occurs and shall be complete within one year thereafter. All insurance proceeds collected for such damage or destruction shall be applied to the cost of such repairs or restoration and, if such insurance proceeds shall be insufficient for such purpose, BORROWER shall make up the deficiency.
- 4.16. **UNAVOIDABLE DELAY IN PERFORMANCE.** The time for performance of provisions of this AGREEMENT by either party shall be extended for a period equal to the period of any delay directly affecting the PROJECT or the AGREEMENT which is caused by: war, insurrection, strike or other labor disputes; lock-outs, riots; floods, earthquakes, fires, casualties, acts of God, acts of public enemy; epidemics, quarantine restrictions,; freight embargoes, lack of transportation; suits filed by third parties concerning or arising out of this AGREEMENT; or unseasonable weather conditions. An extension of time for any of the above-specified causes will be deemed granted only if written notice by the party claiming such extension is sent to the other party within ten (10) calendar days from the commencement of the cause and such extension of time is either accepted by the other party in writing, or is not rejected in writing by the other party within ten (10) calendar days of receipt of the notice. In any event, construction of the PROJECT must be completed no later than ninety (90) calendar days after the scheduled completion date specified therein, any avoidable delay notwithstanding. Times of performance under the AGREEMENT may also be extended for any cause for a period of time not to cumulatively exceed one hundred and twenty (120) days by the mutual written agreement of the CITY and BORROWER.
5. **NONDISCRIMINATION**
- 5.1. **NONDISCRIMINATION.** BORROWER shall not discriminate or segregate in the rehabilitation, use, enjoyment, occupancy or conveyance of any part of the PROPERTY

on the basis of race, color, ancestry, national origin, religion, sex, sexual orientation and preference, age, marital status, family status, source of income, physical or mental disability, Acquired Immune Deficiency Syndrome (AIDS) or AIDS-related conditions (ARC), or any other arbitrary basis. BORROWER shall otherwise comply with all applicable local, state, and federal laws concerning discrimination in housing.

6. EMPLOYMENT

- 6.1. **EQUAL EMPLOYMENT OPPORTUNITY.** BORROWER and any contractors, subcontractors, and professional service providers for the PROJECT shall comply with all requirements concerning equal employment opportunity, if applicable, which are hereby incorporated into this AGREEMENT by this reference, and shall incorporate such provisions in all rehabilitation contracts, professional services contracts, and subcontracts for work on the PROJECT.
- 6.2. **ENFORCEMENT OF EMPLOYMENT REQUIREMENTS.** In the event of any violation or deficiency with respect to the equal opportunity provisions herein, including failure to provide adequate documentation as specified herein, by BORROWER or by any contractor or subcontractor employed on the PROJECT, CITY, in addition to other rights and remedies afforded by this AGREEMENT or applicable law, may: (a) demand that any noncomplying party comply with these requirements; (b) withhold disbursement of loan proceeds to corporation or any contractor or subcontractor until such violations are corrected; (c) impose liquidated damages on the noncomplying party in the form of a forfeiture of up to one thousand dollars (\$1,000.00) or one percent (1%) of the contract whichever is less, the amount of such forfeiture to be determined solely by CITY; and/or (d) pursue any lawful administrative or court remedy to enforce these requirements. Any noncomplying party shall comply with any demand to correct any noncompliance within ten (10) calendar days of said demand; and if full compliance is not possible within ten (10) days, shall commence to correct any noncompliance within ten (10) days and completely correct the noncompliance as reasonably possible thereafter. BORROWER shall monitor and cooperate with CITY in the mutual enforcement of the equal employment opportunity requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that BORROWER fails to monitor or enforce these requirements against any contractor or subcontractor, CITY may withhold payments to BORROWER, may impose liquidated damages on BORROWER in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare an Event of Default and pursue any of the other remedies available under this AGREEMENT.

7. INDEMNITY AND INSURANCE

- 7.1. **INSURANCE COVERAGE.** BORROWER shall cause to have in full force and effect during the term of the AGREEMENT the insurance coverage in the minimum amount to be determined by the CITY. In addition, CITY shall ensure that the general contractor for the PROJECT maintains the insurance coverage specified by law.
- 7.2. **INSURANCE ADVANCES.** In the event BORROWER fails to maintain the full insurance coverage required by this AGREEMENT, CITY, after at least seven (7) business days of prior written notice to BORROWER, may, but shall be under no

obligation to, take out the required policies of insurance and pay the premiums on such policies. Any amount so advanced by CITY, together with interest thereon from the date of such advance at the same rate of indebtedness as specified in the NOTE (unless payment of such and interest rate would be contrary to applicable law, in which event such sums shall bear interest at the highest rate than allowed by applicable law), shall become an additional obligation of BORROWER to CITY and shall be secured by Deed of Trust.

- 7.3. **NON-LIABILITY OF OFFICIALS, EMPLOYEES AND AGENTS.** CITY shall not be personally liable to BORROWER for any obligation created under the terms of this AGREEMENT except in the case of actual fraud or willful misconduct by such person.
- 7.4. **INDEMNITY.** Except for the sole negligence of the CITY, the BORROWER undertakes and agrees to defend, indemnify, and hold harmless CITY from and against all suits and causes of action, claims, losses, demands and expenses, including, but not limited to, attorney's fees and costs of litigation, damage or liability of any nature whatsoever, arising in any manner by reason of or incident to the performance of this AGREEMENT on the part of the BORROWER or any contractor or subcontractor of corporation or on the PROPERTY or the PROJECT, whether or not contributed to by an act or omission of the CITY. BORROWER shall pay immediately upon CITY's demand any amounts owing under this indemnity. The duty of BORROWER to indemnify includes the duty to defend CITY or, at CITY's choosing, to pay CITY's costs of its defense in any court action, administrative action, or other proceeding brought by any third party arising from the PROPERTY or the PROJECT. BORROWER's duty to indemnify CITY shall survive the term of this AGREEMENT and the reconveyance of the Deed of Trust.
- 7.5. **USE OF INSURANCE PROCEEDS; CONDEMNATION.** In the event of any fire or other casualty to any real property securing the fund in whole or in part, or eminent domain proceedings resulting in condemnation of such PROPERTY or any part thereof, such event shall not constitute a default under the AGREEMENT and the BORROWER shall have the right to rebuild the affected PROPERTY, and to use all available insurance or condemnation proceeds to that end, provided that: (a) the available proceeds, together with any funds supplied by BORROWER from other sources, are sufficient to rebuild the affected PROPERTY in a manner that provides adequate security to the CITY for repayment of the funds; and (b) no material default then exists under any AGREEMENT other than defaults which are a result of a fire or other casualty or condemnation.

8. **HAZARDOUS MATERIALS**

- 8.1. **NOTIFICATION TO CITY.** BORROWER shall immediately notify CITY in writing of: (a) the discovery of any concentration or amount of Hazardous Materials on or under the PROPERTY requiring notice to be given to any governmental entity or agency under Hazardous Materials Laws; (b) any knowledge by BORROWER (after verification of the veracity of such knowledge to BORROWER's reasonable satisfaction) that the PROPERTY does not comply with any Hazardous Materials Laws; (c) the receipt by BORROWER of written notice of any Hazardous Materials claims; and (d) the discovery by BORROWER of any occurrence or condition on the PROPERTY or on any real property located within 2,000 feet of the PROPERTY that could cause the PROPERTY or any part thereof to be designated as a "hazardous waste property" or as a "border

zone property” under California Health and Safety Code Sections 25220, et seq., or regulations adopted therewith.

- 8.2. **USE AND OPERATION OF PROPERTY.** Neither BORROWER, nor any agent, employee, or contractor of BORROWER, nor any authorized user of the PROPERTY shall use the PROPERTY or allow the PROPERTY to be used for the generation, manufacture, storage, disposal, or release of Hazardous Materials. BORROWER shall comply and cause the PROJECT to comply with Hazardous Materials Laws.
- 8.3. **REMEDIAL ACTIONS.** If BORROWER has actual knowledge of the presence of any Hazardous Materials on or under the PROPERTY, BORROWER shall immediately take, at no cost or expense to the CITY, all handling, treatment, removal, storage, decontamination, cleanup, transport, disposal or other remedial action, if any, required by any Hazardous Materials Laws or by any orders or requests of any governmental entity or agency or any judgement, consent decree, settlement of compromise with respect to any Hazardous Materials claims. The foregoing, however, shall be subject to BORROWER’s right of contest below.
- 8.4. **RIGHT OF CONTEST.** BORROWER may contest in good faith any claim, demand, levy or assessment under Hazardous Materials Laws if: (a) the contest is based on a material question of law or fact raised by BORROWER in good faith; (b) BORROWER promptly commences and thereafter diligently pursues the contest; (c) the contest will not materially impair the taking of any remedial action with respect to such claim, demand, levy or assessment, and (d) if requested by CITY, BORROWER deposits with CITY any funds or other forms of assurance CITY in good faith from time to time determines appropriate to protect CITY from the consequences of the contest being unsuccessful and any remedial action then reasonably necessary. No Event of Default shall be deemed to exit with respect to any claim, demand, levy or assessment being contested by BORROWER under the conditions of this Section 8.4.
- 8.5. **ENVIRONMENTAL INDEMNITY.** BORROWER shall defend, indemnify, and hold CITY from and harmless against any claims, demands, administrative actions, litigation, liabilities, losses, damages, response costs, and penalties, including all costs of legal proceedings and attorney’s fees, that CITY may directly or indirectly sustain or suffer as a consequence of any inaccuracy or breach of any representation, warranty, agreement, or covenant contained in this AGREEMENT with respect to Hazardous Materials, or as a consequence of any use, generation, manufacture, storage, release, or disposal (whether or not BORROWER know of same) of any Hazardous Materials occurring prior to or during BORROWER’s use of PROPERTY.

9. **DEFAULT AND REMEDIES**

- 9.1. **EVENTS OF DEFAULT.** The occurrence of any of the following events shall upon giving of applicable notice and, expiration of applicable cure period, constitute an “Event of Default” under this AGREEMENT:
 - A. **Monetary.** 1) BORROWER’s failure to pay when due any sums payable under, the NOTE or any advances made by CITY under the Deed of Trust or this AGREEMENT; 2) BORROWER’s use of CDBG funds for costs other than eligible CDBG costs respectively, or for uses inconsistent with other terms and restrictions in the AGREEMENT; 3) BORROWER’s failure to obtain and maintain the insurance coverage required under this AGREEMENT; 4) BORROWER’s failure to make any

other payment or assessment due under the AGREEMENT; 5) BORROWER's default in any other financing of the PROJECT.

- B. **Rehabilitation.** 1) CONTRACTOR's substantial deviation in the work of rehabilitation specified in the Scope of Work, without CITY's prior written consent; 2) CONTRACTOR's use of defective or unauthorized materials or defective workmanship in rehabilitating the PROJECT; 3) CONTRACTOR's failure to commence or complete rehabilitation, without proper justification under the unavoidable delay provision of this AGREEMENT, according to the schedule specified in this AGREEMENT; 4) the cessation of construction prior to completion of the PROJECT for a period of more than fifteen (15) continuous calendar days; 5) any material adverse change in the condition of the PROJECT that gives CITY reasonable cause to believe that the PROJECT cannot be rehabilitated by the schedule completion date according to the terms of this AGREEMENT; 6) the filing of any claim of lien against the PROPERTY or service on CITY of any stop notice relating to the PROJECT and the continuance of the claim of lien or stop notice for twenty (20) days after such filing or service without payment, discharge, or satisfaction as provided for in this AGREEMENT; 7) CONTRACTOR's failure to remedy any deficiencies in record keeping or failure to provide records to CITY upon CITY's request; 8) BORROWER's failure to substantially comply with any local, state and federal laws or CITY policies governing rehabilitation, including but not limited to, provisions of this AGREEMENT pertaining to affirmative action and equal employment opportunity, minority and female-owned business enterprises, disabled access, lead-based paint, and Hazardous Materials.
- C. **General performance of obligations.** 1) any substantial or continuous breach by BORROWER of any material obligations imposed in the AGREEMENT; 2) any breach as to CDBG obligations shall be a breach of both.
- D. **General performance of other obligations.** Any substantial or continuous breach by BORROWER of any material obligations on BORROWER imposed by any other agreements with respect to the financing, development, or operation of the PROPERTY or the PROJECT, whether or not CITY is a party to such agreement.
- E. **Representations and warranties.** A determination by CITY that any of BORROWER's representations or warranties made in the Loan Documents, any statements made to CITY by BORROWER, or any certificates, documents, or schedules supplied to CITY by BORROWER were untrue in any material respect when made, or that BORROWER concealed or failed to disclose a material fact from CITY.
- F. **Damage to PROPERTY.** Material damage or destruction to the PROPERTY by fire or other casualty, if BORROWER does not take steps to reconstruct the PROPERTY to the extent required by the AGREEMENT.
- G. **Bankruptcy, dissolution, and insolvency.** BORROWER or any instrument controlling BORROWER's 1) filing, either voluntarily or involuntarily, for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or sixty (60) days after the filing; 2) making a general assignment for the benefit of creditors; 3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party

before the earlier of final relief or sixty (60) days after the filing; 4) insolvency; 5) failure, inability or admission in writing of its inability to pay its debts as they become due.

H. **Default in the note.** Any event of default as to the NOTE shall be considered a default as to each obligation.

9.2. **NOTICE OF DEFAULT AND OPPORTUNITY TO CURE.** For Events of Default which are not exclusively monetary, CITY shall give written notice to BORROWER of any Event of Default by specifying: (a) the nature of the event or deficiency giving rise to the Default, (b) the action required to cure the deficiency, if any action to cure is possible, and (c) a date, which shall not be less than thirty (30) calendar days from the date of receipt of the notice or the date the notice was refused, by which such action to cure must be taken. If the CITY will seek remedies to accelerate the AGREEMENT as well as any monies advanced to BORROWER by CITY.

9.3. **CITY'S REMEDIES.** Upon the happening of an Event of Default by BORROWER and a failure to cur said Event of Default within the time specified in the notice of Event of Default (if a notice is required), CITY's obligation to disburse CDBG funds shall terminate, and CITY may also, in addition to other rights and remedies permitted by the AGREEMENT or applicable law, proceed with any or all of the following remedies in any order or combination CITY may choose in its sole discretion:

- A. Terminate this AGREEMENT, in which event the entire principal amount outstanding and all accrued interest under the NOTE, as well as any other monies advanced to BORROWER by CITY including administrative costs, shall immediately become due and payable at the option of the CITY;
- B. Bring an action in equitable relief 1) seeking the specific performance by BORROWER of the terms and conditions of the AGREEMENT, and/or 2) enjoining, abating, or preventing any violation of said terms and conditions, and/or 3) seeking declaratory relief;
- C. Order immediate stoppage of rehabilitation and demand that any condition leading to the Event of Default be corrected before construction may continue;
- D. Initiate and pursue any private and/or judicial foreclosure action allowed under applicable law and the power of sale provision in the Deed of Trust;
- E. With respect to defaults under Hazardous Materials provisions herein, pursue the rights and remedies permitted under California Civil Code Section 2929.5 and California Code of Civil Procedure Sections 564, 726.5 and 736; or
- F. Pursue any other remedy allowed at law or in equity.

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

9.4. **BORROWER'S REMEDIES.** Upon the fault or failure of CITY to meet any of its obligations under the AGREEMENT, BORROWER may:

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

10. **GENERAL PROVISIONS**

- 10.1. **GOVERNING LAW.** The documents shall be interpreted under and be governed by the laws of the State of California, except for those provisions relating to choice of law or those provisions preempted by federal law.
- 10.2. **STATUTORY REFERENCES.** All references in the documents to particular statutes, regulations, ordinances, or resolutions of the United States, the State of California, or the City of Stockton shall be deemed to include the same stature, regulation, ordinance, or resolution as hereafter amended or renumbered, or if repealed, to such other provision as may thereafter govern the same subject as the provision to which specific reference was made.
- 10.3. **ATTORNEY'S FEES AND COSTS.** In the event of any Event of Default or any legal or administrative action is commenced to interpret or to enforce the terms of the AGREEMENT, the prevailing party in any such action shall be entitled to recover all reasonable attorney's fees (which as to any party shall include the allocated reasonable costs for services of any party's in-house counsel and/or private counsel) and costs in such action.
- 10.4. **TIME.** Time is of the essence in this AGREEMENT.
- 10.5. **CONSENTS AND APPROVALS.** Except as expressly provided herein, any consent or approval of CITY or BORROWER required under the AGREEMENT shall not be unreasonably withheld. Any approval required under the AGREEMENT shall be in writing and executed by an authorized representative of the party granting the approval.
- 10.6. **RELATIONSHIP OF PARTIES.** The relationship of BORROWER and CITY for this PROPERTY under this AGREEMENT is and at all times shall remain solely that of a debtor and a creditor, and shall not be construed as a joint venture, equity venture, partnership, or any other relationship. CITY neither undertakes nor assumes any responsibility or duty to BORROWER (except as provided for herein) or any third party with respect to the PROPERTY, the PROPERTY, or the AGREEMENT. Except as CITY may specify in writing BORROWER shall have no authority to act as an agent of CITY or to bind CITY to any obligation.
- 10.7. **WAIVER.** Any waiver by CITY of any obligation in this AGREEMENT must be in writing. No waiver will be implied from any delay or failure by CITY to take action on any breach or default of BORROWER or to pursue any remedy allowed under the AGREEMENT or applicable law. Any extension of time granted to BORROWER to perform any obligation under the AGREEMENT shall not operate as a waiver or release from any of its obligations under the AGREEMENT. Consent by CITY to any act or omission by BORROWER shall not be construed to be a consent to any other or subsequent act or omission or to waive the requirement for CITY's written consent to future waivers.
- 10.8. **INTEGRATION.** This AGREEMENT and the other Loan Documents, including exhibits, executed by BORROWER for the PROPERTY, contain the entire agreement of the parties and supersede any and all prior negotiations.
- 10.9. **OTHER AGREEMENTS.** BORROWER represents that it has not entered into any agreements that are inconsistent with the terms of the AGREEMENT. BORROWER shall not enter into any agreements that are inconsistent with the terms of the AGREEMENT without an express waiver by CITY in writing.

10.10. **AMENDMENTS AND MODIFICATIONS.** Any amendments or modifications to the AGREEMENT must be in writing, and shall be made only if executed by both BORROWER and CITY.

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

IN WITNESS WHEREOF, the parties hereby have executed this AGREEMENT as of the date first above written.

Rosalie Sanguino St. Mary, Borrower

CITY OF STOCKTON, a municipal corporation

By: _____
Laurie Montes, Deputy City Manager

Approved as to form:
John M. Luebberke, City Attorney

By: _____
Assistant City Attorney

Attested:

By: _____
Christian Clegg
Deputy City Manager/Interim City Clerk, City of Stockton
Office of the City Clerk

EXHIBIT A

LEGAL DESCRIPTION

Parcel A Of Parcel Map Filed February 10, 1981 in Volume 9 Of Parcel Maps, Page 240, San Joaquin County Records.

APN: 165-350-480

EXHIBIT B

DESCRIPTION OF WORK

Description of Work to Be Performed

Name: **ROSE ST. MARY**
Parcel No. **165-350-480**
Address: **2440 SOUTH MONROE STREET**
STOCKTON, CA 95206

Date Prepared: **JUNE 26, 2018**
Date Revised: **AUGUST 22, 2018**
Counselor: **MICHAEL S. ISLAS**

Standard Specifications

All workmanship and materials must comply with the City of Stockton's ***Standard Specifications For Rehabilitation*** dated December 2013, a copy of which is available for review at the Economic Development Department, Housing Division office located at 400 East Main Street, 4th Floor. All work must meet the latest City of Stockton-approved versions of the California Building Code, Stockton Municipal Codes and all other codes applied from time to time by the City.

Plans, Permits, and Fees

The contractor will be responsible for preparing and submitting all necessary building drawings, engineering calculations, or any other specification as required by the City of Stockton Housing Division, Public Works Department or Community Development Department in order to obtain a building permit. The contractor will be responsible for obtaining all permits required by the City or other agencies necessary to perform this Description of Work To Be Performed.

CARPENTRY

1. Complete all the work on the attached Termite Report not already mentioned in this Description of Work. Provide a notice of completion from the Termite Company for all chemical treating performed.
2. Complete all the work on the attached lead based paint report. Provide a lead based paint clearance from a certified lead based paint inspector. Complete all work in compliance with HUD's lead based paint abatement procedures and regulations.
3. Remove the front porch roof structure and rebuild using the existing metal posts and railings. Use V-rustic siding for the roof sheathing and appearance grade lumber for the exposed framing.
4. Re-weld the broken mounting brackets and install the missing spindles on the front porch metal guard railing.
5. Replace the two sets of steps at the two rear entrances with new 42" wide properly sized steps with a minimum of 12" treads, and risers to meet code.
6. Contact the services of a licensed Tree Trimming Company to top, prune and shape the

tree in the front yard, removing all branches from over the roof line. Trim the branches from neighbor's tree that are growing over the south property line.

7. Strip the roof covering to expose the sheathing on the entire house. Repair all visible rot or termite-damaged eaves, any additional damaged found past the eaves will be addressed through a change order. Install solid sheathing as necessary. Install a 30-year guarantee composition dimensional shingle roof covering over a 15-lb. felt underlayment and as per manufacturer's specifications. Install new roof sables, step, saddle, and counter flashing in an approved manner. Color of shingles is the choice of owner as per availability. Install 10 additional attic eyebrow vents at the ridge and eave line.
8. Install new seamless, metal, fascia style rain gutters on all eaves of the house to code. Install metal downspouts in an approved manner. Consult counselor for quantity and location of downspouts. Install approved splash blocks. Seal all seams and joints with caulking approved for this use. See standard specifications. Color choice of owner as per availability.
9. Replace the rear service room entrance door with a new solid core, six panel metal door complete with a pre-hung frame, trim, aluminum door bottom with sill and built-in weather-stripping. Size and swing same as original. Refer to painting section for type of finish.
10. Replace all the bedroom, bathroom and closet doors with new six panel, hollow core, wood doors set in prehung frames. Size and swing same as original. Use bi-fold doors for the bedroom closets. This does not include the two louver doors in the service room which shall remain and be protected during the course of construction.
11. Replace all the windows with new white, vinyl replacement sashes with double pane glass set in caulking and complete with screens. Use the existing frames, do not remove. Use replacement windows with an exterior stucco flange for flush installation. Use horizontal sliding windows, size and opening direction same as original.
12. Replace the sliding glass door with a new white, vinyl replacement unit with double pane glass and complete with a sliding screen door. Install a unit with an exterior stucco flange for flush installation. Size and opening direction same as existing.
13. Replace all the door casements with new. Use the same style and size of original. This does not include the two louvered doors.
14. Replace all the baseboards in each room including closets with new; use same style and size.
15. Section out the damaged sheetrock ceiling in the dining room and replace, tape, and top.

16. Remove all the ceiling tiles and all the paneling and marlite from all rooms. Patch and tape over any holes and cracks, remove any glue residue and retexture all the walls and ceilings in each room including closets with a sprayed-on medium knock down finish.
17. Install new pre-finished upper and lower kitchen cabinets with dimensions of standard width as per sketch. Use 42" upper cabinets without soffit. Use solid wood face frames, not plywood. Particle board or melamine is not permitted in the construction of these cabinets. Drawers will have mechanical guides with fronts glued and nailed to the drawer sides. All cabinets to have plywood backs and a bank of drawers. Finish color of cabinets and style of cabinet doors and drawer fronts to be the choice of owner. This will include all hardware and handles. See standard specifications.
18. Remove and discard the cabinet over the washing machine. Ready the wall for re-texturing.
19. Install granite counter tops with four inch back and end splashes on the kitchen cabinets. Color choice of owner, maximum allowance \$300.00 per 8' slab labor and taxes not included.
20. Strip the underlayment from the kitchen, dining room, service room and both bathrooms to expose the subfloor. Call P.M. for an inspection; if damage is found, a change order will be written to cover the cost or repairs. Install new underlayment to match the original underlayment thickness. Refer to the floor covering section.
21. Remove the wall heaters and discard. Seal the openings to match adjacent surfaces. Properly cap and terminate the gas lines.
22. Remove the window and wall mounted air conditioning units and leave for the owners.
23. Remove the bathtub and the wall coverings surrounding the tub in the hall bathroom to expose the framing and subfloor. Call P.M. for an inspection; if damage is found, a change order will be written to cover the cost or repairs.
24. Install new door bumpers for all doors.
25. Install new M.R. sheetrock and cultured marble walls 5' high above the tub on three walls. Include 2" dog legs next to the tub and a built-in soap dish. Wrap the window sides and sill. Color choice of owner. Refer to Plumbing items.
26. Remove the wall coverings from the stall shower and the shower pan in the rear bathroom to expose the framing and subfloor. Call P.M. for an inspection; if damage is found, a change order will be written to cover the cost or repairs. Move the partition wall if and as necessary to accommodate the installation of a new 32" fiberglass shower pan. Refer to plumbing items. Remove the medicine cabinet and wall shelf and discard.
27. Install new M.R. sheetrock and cultured marble walls 6' high above the new shower pan

on three walls in the rear bathroom. Include 2" dog legs next to the pan and a built-in soap dish. Color choice of owner. Refer to Plumbing items.

28. Install a 30" vanity with a granite counter top with four inch back and end splashes in the service room as per sketch. Refer to Plumbing items for sink and faucet description. Vanity style and color choice of owner. Maximum allowance \$600.00; for base and top. Labor and taxes not included.
29. Install a 36" bathroom vanity with a cultured marbled sink and top combination in the hall bathroom. Style and color choice of owner. Maximum allowance \$600.00; labor and taxes not included.
30. Install a new surfaced mounted medicine cabinet centered over the hall bathroom vanity. Size and style choice of owners. Maximum allowance \$200.00; labor and taxes not included.
31. Install new towel and paper holders in each bathroom. Style choice of owner maximum allowance \$100.00 per set; labor and taxes not included.
32. Install new door knobs on all interior doors. Use Kwik-set brand, Tylo style. Install privacy locks on the bathroom doors.
33. Install new entry and deadbolt locksets on each entrance door including the new garage pedestrian door and the front security screen door keyed alike. Use Kwickset brand. Tylo style.
34. Install a new glass bathtub and stall shower enclosure in the hall and rear bathrooms. Style and color choice of owner. Maximum allowance \$350.00 each; labor and taxes not included.
35. Install piers and girders to level the floor between the kitchen and dining room as much as possible. All precast piers shall be on a standard sized footing. Consult with P.M. and refer to the Termite Report.
36. Install blown-in insulation in the attic to obtain an R-38 factor. Provide blocking where required around vents. Provide the P.M. with a certificate of installation if an insulation subcontractor is use.
37. Replace all damaged or missing foundation vents.
38. Replace the vent for the dryer with a new vent that allows the dryer to be placed up against the wall.

PLUMBING

39. Install a new 40-gallon gas-fired water heater in the same location complete with a new

vent, flex gas line, gas valve, water supply lines and shut-off valve, earthquake straps, and pressure relief valve with drain line to the exterior to meet code. Drain pans are required over wood floor systems.

40. Install a new roof mounted, dual pack, central heat and air conditioning unit with a supply duct to each room to code. Install an openable return air grill to house a filter in the hall. Use a nationally known name brand unit. Size of unit to conform to the State Energy Code. Provide the P.M. and Building Dept. with a duct test certification showing 5% leakage or less. Provide load engineering for the roof framing as required by the Building Dept.
41. Install a complete plumbing system to service a washing machine with a 2" drain line and supply valves in a wall box to code directly behind the washer. Conceal all rough plumbing in walls. Refer to sketch.
42. Replace the wall hung faucet over the new laundry tray with a new same styled faucet.
43. Install a new 22"x25" self-riming fiberglass laundry tray complete with a new trap and drain assembly in the new service room vanity. Refer to attached product description sheet, this sink can be found at Home Depot and Grainger.
44. Install a new double bowl, 8-inch-deep minimum, white, porcelain enameled, cast iron kitchen sink complete with strainers and a new drain assembly.
45. Install a new deck mounted, single handle faucet with an integral sprayer head on the kitchen sink. Brand, style and color choice of owner; maximum allowance \$200.00 for the faucet, labor and taxes not included.
46. Install a new single handle faucet with a pop-up drain assembly on the hall bathroom lavatory. Brand, style and color choice of owner; maximum allowance \$100.00, labor and taxes not included.
47. Install a new single handle, bathtub water mixing valve with an overhead shower in the hall bathroom to code. Match lavatory brand, style and color.
48. Install a new chrome, single handle, stall shower water mixing valve in the rear bathroom to code. Use Delta brand.
49. Install a new 32" wide fiberglass stall shower pan in the rear bathroom complete with a new trap and drain assembly to code.
50. Install new water supply lines and angle stop valves with beauty rings for the bathroom and kitchen faucets.
51. Install a new white, 17" high minimum, Grade A, water saver, toilet complete with a new seat, supply lines and angle stop valves with beauty rings in each bathroom.

- 52. Install a new 5', white, steel bathtub complete with a new chrome over flow drain assembly and new trap in the hall bathroom to code.
- 53. Install a new 30" gas stove complete with new gas valve and flex gas line. Brand, color and features, choice of owner. Maximum allowance \$650.00 for stove only, labor and taxes not included.

ELECTRICAL

- 54. Install hardwired smoke detectors with battery back-up on the ceilings of the both halls and each bedroom. Hall units are to be a combination carbon monoxide and smoke detector. Smoke detectors are to be wired together to sound simultaneously.
- 55. Install a 30" over the range microwave oven with the exhaust fan vented through the roof as per code. Brand, color and features choice of owner, maximum allowance \$350.00, labor and taxes not included.
- 56. Install a quiet 70 cfm minimum ceiling mounted exhaust fan in each bathroom complete with the required vent work to code. Each unit to be controlled by its own separate wall hung switch.
- 57. Pre-wire for a garbage disposal under the kitchen sink controlled by a wall switch above the counter top as per sketch.
- 58. Install new plastic cover plates on all outlets and switches.
- 59. Install a new dishwasher complete to code as per sketch. Brand, color and features choice of owner, maximum allowance \$400.00, labor and taxes not included.
- 60. Relocate and install a new fluorescent light fixture to the center of the kitchen ceiling. Use same switch location. Style of fixture, choice of owner. Maximum allowance \$200.00 labor and taxes not included.
- 61. Install new paddle fans with lights on the ceilings of each bedroom complete with a U.L. approved paddle fan box. Use existing switch locations. Style and size choice of owner, maximum allowance \$100.00 per fan. Labor and taxes not included.
- 62. Install a new exterior light fixture with switch to serve the rear sliding glass door entrance. Style of fixture choice of owner; maximum allowance \$75.00, labor and taxes not included.
- 63. Replace the exterior light fixtures with new light fixtures at the front and rear entrances. Use existing locations and switches. Style of fixtures choice of owner; maximum allowance \$75.00 each, labor and taxes not included.

64. Install a paddle fan with light centered on the living room ceiling complete with a U.L. approved paddle fan box. Install two three way switches, one at the front entrance and one at the hall. Consult P.M. for exact locations. Style and size choice of owner, maximum allowance \$100.00 labor and taxes not included.
65. Remove the old service equipment and raceway. Convert any existing fuse boxes or subpanels into junction boxes and divide the wiring onto additional circuits as necessary. Install a new 200 amp. surfaced mounted service panel and raceway to code. Call P.G. & E. Co. for location of new installation on building. If location of new installation is changed, make the surface of the old location match the adjacent surfaces. All work must comply with the current National Electrical Code and the P.G. & E. green book.
66. Install a new GFIC receptacle in a weather proof box on the exterior wall next to the rear service room door as per sketch.
67. Replace each hall light fixture with new light fixtures. Style of fixtures choice of owners; maximum allowance \$50.00 each, labor and taxes not included.
68. Install a new light fixture over the hall bathroom vanity. Style of fixtures choice of owners; maximum allowance \$100.00, labor and taxes not included.
69. Install a ceiling mounted florescent light fixture in the service room. Style of fixture choice of owners; maximum allowance \$100.00, labor and taxes not included.
70. Replace the existing receptacles in each bathroom, on the kitchen counter tops, and at each exterior location with grounded GFIC receptacles to code. Exterior outlets must be in weather proof boxes to meet code.
71. Install a new grounded receptacle under the kitchen sink to service the garbage disposal and dishwasher.
72. Install additional new grounded GFIC receptacles on the kitchen counter top and service room vanity as per sketch.
73. Replace the light fixture with a new light fixture on the dining room ceiling. Style of fixture choice of owners; maximum allowance \$150.00, labor and taxes not included.
74. Replace the three worn receptacles in the front corner bedroom with new.
75. Install two additional grounded receptacles on the walls of the middle front bedroom. Consult owner for exact locations.
76. Remove the box and properly terminate wiring and seal the opening at the unused switch above the kitchen stove.

PAINTING

77. Properly prepare surfaces and paint the walls, ceilings, doors, windows sills, and all woodwork in each room of the house, including closets with one coat of Low VOC latex primer and one coat of Low VOC latex semi-gloss paint. The owner may choose two colors per room, one for the trim and one for the field. This not will include the kitchen or bathroom cabinets. See standard specifications.
78. Properly prepare surfaces, seal all cracks and holes, replace any loose areas of stucco and paint the complete exterior of the house; including all wood trim, all doors, security bars and doors, gutters, downspouts, roof safes, and valley tin with one coat of exterior primer and one coat of gloss house paint. The owner may choose two colors: one for the trim and one for the field. See standard specifications.

FLOOR COVERINGS

79. Properly prepare floor surfaces and install wood faux vinyl laminate flooring in the both bathrooms, kitchen and service room. Color, size, and pattern choice of owner. Maximum allowance \$3.00 per sq. ft.; required underlayment labor and taxes not included.
80. Install wood laminate flooring in the living room, dining room, hallways, and each bedroom including all closets. Color, size, and pattern choice of owner. Maximum allowance \$3.00 per sq. ft.; required underlayment labor and taxes not included.

LABOR

81. Cut down and remove all the weeds in all the yard areas to grade. Remove all trash and debris and from all yard areas and properly dispose. Consult owner for stored items that are to remain. **OWNER TO PERFORM THIS ITEM.**
82. Locate and properly fill the abandon well in the back yard as per the SJC Health Dept. requirements. Provide certification of completion form the Health Dept. to the P.M.
83. PERMIT

NOTE: The contractor must follow the attached abatement procedures for lead based paint. Refer to the attachments for the specific areas of concern and for details of prohibited methods of paint removal. It is the responsibility of the contractor to obtain and provide a clear lead certification from a certified contractor.
DO NOT PAY THE ABATEMENT CONTRACTOR UNTIL THIS PROJECT HAS PASSED CERTIFICATION.

EXHIBIT C

PERMITTED ENCUMBRANCES

1. Property Taxes, including any assessments collected with taxes, for the fiscal year 2018-2019, a lien not yet due and payable.
2. Said land lies within the boundaries of the Flood Protection Restoration Assessment District, established under the guidelines of the San Joaquin Area Flood Control Agency Resolution of Intention SJAFCOA No. 95-0026.
3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5, (commencing with Section 75) to the Revenue and Taxation Code of the State of California.
4. Easements as shown or delineated on the filed map, and incidents thereto.
5. Covenants, Conditions and Restrictions in an instrument recorded in Official Records, any amendments and/or modifications thereto which in part provide that a violation thereof shall not defeat or render invalid the lien of any first mortgage or Deed of Trust made in good faith and for value.

NOTE: Section 12956.2 of the Government Code provides the following: If this document contains any restrictions on race, color, religion, familial status, marital status, disability, national origin, or ancestry, that restriction violates State and Federal Fair Housing laws and is void. Any person holding an interest in this property may request that the county recorder remove the restrictive language pursuant to subdivision (c) of Section 12956.1 of the Government Code.