

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

**LOAN AGREEMENT
BETWEEN**

THE CITY OF STOCKTON

AND

LUCINO AND VIRGINIA NAVARETTE

DATED: JUNE 30, 2018

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

**LOAN AGREEMENT
(\$125,000.00- CDBG Funds)**

This Agreement (the "AGREEMENT") is made this 30th day of June, 2018, by and between the City of Stockton (the "CITY"), a municipal corporation, and Lucino and Virginia Navarrete (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 2017-2018 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 2154 South Union 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 Twenty Five Thousand Dollars 00/100 (\$125,000.00) 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 2154 South Union 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 Twenty Five Thousand 00/100 Dollars (\$125,000.00) 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 exist 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 statute, 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.

CITY OF STOCKTON, a municipal corporation


Lucino Navarrete, Borrower

By: _____
Laurie Montes, Deputy City Manager


Virginia Navarrete, Borrower

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

By: _____
Deputy City Attorney

Attested:

By: _____
Bret Hunter, CMC, City Clerk, City of Stockton

EXHIBIT A

LEGAL DESCRIPTION

Lot 7, Block 24, Knights Addition to the City of Stockton, in Vol. 1 of Maps and Plats, Page 63, San Joaquin County Records.

APN: 169-074-140

EXHIBIT B**DESCRIPTION OF WORK****Description of Work to Be Performed**

Name: LUCINO & VIRGINIA NAVARRETE Date Prepared: APRIL 10, 2018
Parcel No. 169-074-140 Date Revised:
Address: 2154 SOUTH UNION STREET Counselor: MICHAEL S. ISLAS
STOCKTON, CA 95206

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. Demolish the entire carport, 1/2 bathroom, laundry area, and water heater closet addition including the raised footings, walls and patio cover on the north side of the house. Haul away and properly dispose of all debris. Leaving the concrete floor in place, clean and undisturbed. Cap all plumbing and electrical behind the walls. Refer to sketch.
3. Upon removal of the carport, construct new eaves along the entire north side of the house to match the south side.
4. Remove all covers from the foundation vents and replace any damaged or missing screens.
5. Demolish the front porch roof structure and covering leaving the concrete porch in place. Remove all electrical conduit and wiring.

5. Remove the tile from the front porch and steps to expose the concrete. Once the tile is removed and the Project Manager (P.M.) has inspected the condition of the surface a change order will be used to specify and cover the cost of a yet to be determine the type of finish.
7. Construct a new front porch shed roof design structure with four evenly spaced support posts on raised metal bases properly secured to the concrete porch to code. Install the new support posts and properly sized header to obtain an 8' high clearance below the bottom of the header and the concrete floor.
Shorten the width and raised the attachment level to the house to obtain the proper slope and head clearance. Use appearance grade lumber for exposed material. Create 12"x12" boxed columns around the support posts and stucco to match the texture of the house. Install a 3" round vent at the top and bottom of each column facing the house. Consult P.M.
8. Remove the master bedroom rear porch roof structure and posts and re-construct to code with new 4"x4" support posts set on raised metal bases properly secured to the concrete. Size same as existing approximately 8'x5'. Use shed roof design.
9. Replace all the window sashes in each room with new white, double pane, vinyl replacement windows with stucco flanges designed for flush mountings set in caulking. Do not remove the existing metal frames. Window are to be horizontal sliding and the same size. Remove and rehang the security bars.
10. Replace the sliding glass door unit in the rear master bedroom with a new white, double pane glass, replacement vinyl unit with stucco flanges designed for flush mounting and a sliding screen door. Size and direction of opening same as existing. Reuse the existing door casings.
11. Remove the security door from the sliding glass door and weld a screen to the inside to prevent access to the lock. Reinstall. Consult P.M.
12. Install new Kwickset brand, Tylo model entry and deadbolt lock sets keyed alike on the front entry and side kitchen doors, and each security door. Bore an additional hole in the front entrance door for the deadbolt installation.
13. Remove the side kitchen entry door and two sidelights. Frame and trim out a new opening to house two new white, vinyl, side stationary windows with double pane glass and a new 3' metal, solid core, six panel door, set in a pre-hung frame with an aluminum door bottom and threshold with built-in weather stripping. Side stationary windows to be the same size as original. Door swing to be the same as existing. Reinstall the existing security door.
14. Construct a utility closet for the water heater and furnace with two combustion air vents in the master bedroom as per sketch. Move the master bedroom closet wall to gain the required space necessary accommodate both units. Re-install the closet shelf and pole. Install a 32" flush, metal utility door with an outside swing. Install a Kwickset brand passage door knob. Sheetrock, tape, and top interior.

15. Rearrange the wall partitions in the kitchen and bathroom to create a larger bathroom and a laundry closet with an adjoining guest closet with 3 shelves and a pole as per sketch. Move the kitchen/bathroom wall partition approximately 12" into the kitchen area to accommodate the new bathroom floor plan door enlargement. Consult P.M.
16. Install addition attic insulation to obtain an R-38 level. Block around vents to code.
17. Install the missing closet doors in the middle bedroom with new mirrored wardrobe doors with a new track.
18. Remove the two wall air conditioner units and seal the openings to match the adjacent surfaces on both the interior and exterior walls.
19. Remove all the baseboards, tile and underlayment from the floors of the living room, kitchen, bathroom, and hallway to expose the subfloor. Remove all carpets and baseboards in all bedrooms including the closets.
20. Remove all the paneling from each room to expose the sheetrock. Patch, tape and feather smooth any previous patch work, holes and cracks. Remove any remaining glue, properly prepare surfaces and apply a medium knock down texture on all walls and ceilings that are not acoustic of each room including closets. Protect acoustic ceilings at all times.
21. Repair the walls and seal all the openings along the entire exterior north side of the house where the carport and bathroom once were. Apply stucco to the entire north side of the house to match the adjacent surfaces of the house.
22. Remove the porch cover and posts at the rear of the master bedroom and install new 4"x4" support posts set on raised metal bases. Construct a new shed porch cover approximately 8'X5'.
23. Install openable security bars over the rear window of the middle north bedroom. Unit must meet egress codes.
24. Enlarge the opening in the bathroom to accommodate a 3' door, install a prehung 3' six panel, hollow core door complete with new door casing to match the original as per sketch. Install a Kwickset brand, Tylo model door knob with privacy lock.
25. Remove the bathtub, toilet, and wall surround, vanity and medicine cabinet from the bathroom.
26. Install cultured marbled on all three walls of the new stall shower a minimum of 6 feet from the top of the shower pan. Color choice of owner. Include a built-in corner soap dish.
27. Install a chrome stall shower enclosure in the bathroom.

28. Install wood wall backing and install two horizontal and one vertical grab bars in the stall shower. Color choice of owner. Consult P.M. for exact size, location and backing inspection before covering up.
29. Construct and install a custom fit vanity cabinet to fit the approximately 41" opening in the bathroom. Install a granite counter top with a 4" backsplash. Vanity to have a bank of drawers. Style and finish of cabinet doors and color of granite; choice of owner. Use solid wood face frames, not plywood. Particle board and melamine is not permitted in the construction of this vanity.
30. Replace the exterior subarea access door and frame on the south side of the house with like kind.
31. Install new upper and lower prefinished kitchen cabinets as per sketch. Use 42" upper cabinets without soffit. Use solid wood face frames, not plywood. Particle board and 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. Style and color of cabinet doors and drawer fronts to be the choice of owner. This will include all hardware and handles. See standard specifications.
32. Install granite countertops with a full tile backsplash on the kitchen cabinets. Color choice of owner, maximum allowance \$250.00 per 8' length of granite and \$3.00 per sq. ft. of tile; labor and taxes not included.
33. Remove the wall furnace in the hall and seal the opening to match adjacent surfaces.
34. Install a new mirror and medicine cabinet over the bathroom vanity. Style choice of owner, maximum allowance \$200.00. Labor and taxes not included.
35. 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 safes, step, saddle, and counter flashing in an approved manner. Color of shingles is the choice of owner as per availability. Install additional eyebrow attic ventilation to meet code. Install a minimum of three on the south and north sides, upper and lower. 12 total. Re-install existing turbine vents. This includes both new front and rear porch roofs.
36. Install new seamless, metal, fascia style rain gutters on all eaves of the house and porches 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.

37. Install new particle board underlayment in the living room, bathroom, hallway, and kitchen floors including the new closets.
38. Install new baseboard in the living room, kitchen, bathroom, hallway and each bedroom including all closets. Owner's choice of material. Maximum allowance \$3.00 per linear foot, labor and taxes not included.
39. Form and pour a 42" wide, curved concrete wheel chair ramp with 4" high wheel curbs placed from the driveway near the water meter to the front porch, centered to the doorway. Install W.W.F #10 or a rebar grid. Consult P.M.
40. Install a new 6 foot high, 1"x8", dog-eared, redwood fencing with P/T rails and posts and a 3' wide gate complete with hardware from the north side fence to the house wall. Set posts 3' deep in wet concrete, contact P.M. for post hole inspection prior to pouring. Consult owner for exact placement.
41. Enlarge the kitchen to the living room passage to 3' by removing a stud next to the bedroom wall. Install new matching door casement.

PLUMBING

42. Install the necessary plumbing to relocate the water heater as per sketch. Install a new 30 gallon gas-fired water heater 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.
43. Install a white, 42"x60" fiberglass shower pan with a new 2" drain assembly complete with trap to code. Refer to sketch. Use Kohler brand, model K-8659-0 or equal. Refer to attached flyer.
44. Install a new single handle, chrome water mixing shower valve with a hand-held shower head in the bathroom to code. Use Delta brand or equal.
45. Install a single handle, chrome faucet with a pop-up drain assembly on the bathroom lavatory. Use Delta brand or equal. Match shower valve style.
46. Install a new deck mounted, single handle, chrome faucet with an integral faucet head on the kitchen sink. Use Delta brand or equal.
47. Install new water supply lines and angle stop valves with beauty rings for the kitchen and bathroom faucets.
48. Install a new white, 17" high, Grade A, water saver, toilet complete with a new seat, supply line and angle stop valve with beauty ring in the bathroom.

49. Relocate the toilet supply valve and closet flange when the rear wall is moved to position the new toilet next to the new wall.
50. Install the required supply lines, valves and 2" drain line with trap in a wall box to service the washing machine in the new location as per sketch to code.
51. Install a new double bowl, high quality, 8-inch-deep minimum, stainless steel kitchen sink complete with new strainers and a drain assembly.
52. Install a new white sink in the bathroom vanity. Size and shape choice of owner. Maximum allowance \$150.00, labor and taxes not included.
53. Install a new 30" gas stove as per sketch to code. Brand, features, and color choice of owner. Maximum allowance \$650.00; labor and taxes not included.
54. Remove the galvanized water line from the front porch and install a hose bib at its original location.
55. Install a new central heat and air conditioning unit with a ceiling mounted supply register to each room and an openable, properly sized, return air grill designed to hold an air filter in the hall ceiling to code. Use a nationally known name brand. Size of unit to conform to the State Energy Code. Duct testing must pass a 6% leakage test and a copy must be submitted to the P.M. Install the furnace in the new utility closet as per sketch and the air condenser at the north side of the house.
56. Relocate the existing laundry tray and faucet to the rear of the house, north of the porch. Form and pour a concrete pad for the tray to set on. Provide and install to code all necessary rough and finish plumbing to code to complete this task. Conceal new rough plumbing into walls.

ELECTRICAL

57. Install hardwired smoke detectors with battery back-up on the ceilings of the hall and each bedroom. Smoke detectors are to be wired together to sound simultaneously. The hall unit must be a combination smoke and carbon monoxide detector. Place the hall unit a minimum of 3' from the ceiling return air grill.
58. 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. Remove any unused wiring and conduit.
59. Install a new light fixture to code over the vanity in the bathroom controlled by a new switch as per sketch. Style of fixture is the choice of owner. Maximum allowance is \$100.00 per fixture; labor and taxes not included.

60. Install two new fluorescent light fixtures on the ceiling of the kitchen. Refer to sketch. Style of fixture choice of owner, maximum allowance \$200.00 per fixture; labor and taxes not included. This includes 3-way switches.
61. Install a 30" over the range microwave oven with an exhaust fan vented to the exterior to code. Brand, features, and color choice of owner. Maximum allowance \$300.00; labor and taxes not included.
62. Install a new dishwasher complete with an air gap device and an electrical outlet to code. Brand, features, and color; choice of owner. Maximum allowance \$500.00, labor and taxes not included.
63. Install a new $\frac{3}{4}$ hp garbage disposal under the kitchen sink., use existing switch location and install a receptacle under the sink to code.
64. Replace the task light over the kitchen sink with a new can fixture recessed into the cabinet and controlled by a wall switch as per sketch.
65. Install a 220v outlet to service the dryer to code as per sketch.
66. Remove all the wiring and fixtures from the front porch, carport and rooms on the north side of the house. Properly cap and terminate in electrical boxes.
67. Install 4 new exterior light fixtures, 1 at each entrance door. Use existing locations and switches. Style of fixtures is the choice of owner. Maximum allowance is \$75.00 per fixture; labor and taxes not included.
68. Install a new combination light and exhaust fan vented to the exterior as per code in the new laundry closet. Unit is to be controlled by separate switches for the light and fan.
69. Install a new combination light and exhaust fan vented to the exterior as per code in the bathroom as per sketch. Unit is to be controlled by separate switches for the light and fan.
70. Install GFIC receptacles in the bathroom, on the kitchen counter top and at each exterior entrance as per sketch. Install an outlet behind the new gas stove.
71. Install a receptacle on its own breaker to service the washing machine to code as per sketch.
72. Install motion detector, dual flood lights at the front, rear and both sides of the house. Fixtures are to be controlled by wall switches. Place fixtures and switches at locations selected by the owner. Brand and style of light fixtures choice of owner, maximum allowance \$75.00 per fixture. Labor and taxes not included.

FLOORING

73. Properly prepare surfaces and install vinyl, wood like flooring in the living room, hallways, kitchen, bathroom and each bedroom including each closets and the new laundry and guest closets. Owner's choice of brand, color and size. Maximum allowance \$3.00 per sq. ft.; labor, baseboards, and taxes not included.

PAINTING

74. Properly prepare and paint the walls, ceilings, doors, and 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.

75. Power water blast the complete exterior of the house to remove any loose stucco and dirt. Apply Wel-crete or equal stucco epoxy sealant to repaired areas and stucco to match the existing textured finish.

76. Properly prepare and paint the complete exterior of the house; including all wood trim, all doors, security doors and window bars, gutters, downspouts, roof safes, and valley tin with one coat of exterior primer and one coat of stucco house paint. The owner may choose two colors: one for the trim and one for the field. See standard specifications.

77. PERMIT

NOTE:

* THIS OFFICE TO BE NOTIFIED IMMEDIATELY OF ANY CHANGE IN LISTED SUBCONTRACTORS.

* TERMITE REPORT SHALL BECOME PART OF THIS DESCRIPTION OF WORK, TO BE PERFORMED.

* THE WINNING CONTRACTOR WILL BE REQUIRED TO FURNISH APPROVED PLANS AND SPECIFICATIONS.

* ALL WORK SHALL BE COVERED BY STANDARD SPECIFICATIONS, DATED DECEMBER 2013 AND BY DESCRIPTION OF MATERIALS WHEN APPLICABLE.

* CONTRACTOR TO FURNISH WORKING PLANS FOR ALL PERMITS.

* DIMENSION TO TAKE PREFERENCE OVER SCALING SKETCH.

EXHIBIT C

PERMITTED ENCUMBRANCES

1. Property Taxes, including any assessments collected with taxes, for the fiscal year 2017-2018, 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 SJAFCA 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 show 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 © of Section 12956.1 of the Government Code.