

**Special Meeting of Oversight Board of the Successor Agency to the San Jacinto  
Redevelopment Agency**

**November 15, 2012 10:00 a.m.**

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625 S. Pico Ave  
San Jacinto Community Center, San Jacinto, California 92583

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**1. ORGANIZATION**

**1.1 Call to Order**

**1.2 Pledge of Allegiance**

**2. PUBLIC COMMENTS:**

**3. STAFF REPORTS**

**3.1 Consideration of a resolution of the Oversight Board of the Successor Agency of the Dissolved San Jacinto Redevelopment Agency approving the minutes of the October 11, 2012 Oversight Board Meeting / Approve / Oversight Board Secretary**

**3.2 Consideration of a resolution of the Oversight Board of the Successor Agency of the Dissolved San Jacinto Redevelopment Agency Approving a Affirming the Decision by the Housing Authority to Release the Regulatory Agreement Recorded Against 689 S. San Marcos Place, San Jacinto, CA / Approve / Management Analyst**

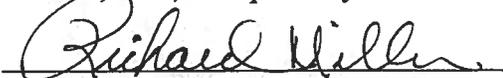
**3.3 Hold Public Comment Session to Review Independent Accountant's Report on the Due Diligence Review of the Low and Moderate Income Housing Fund of the Successor Agency to the Dissolved San Jacinto Redevelopment Agency**

**4. REPORTS / DISCUSSIONS**

**5. CLOSED SESSION**

**6. ADJOURNMENT**

*I, Richard Miller, Secretary of the Oversight Board of the City of San Jacinto, do hereby certify that I caused to be posted the foregoing agenda this 9<sup>th</sup> day of November, 2012, as required by law.*

  
*Richard Miller, Board Secretary*

## **AGENDA ITEM 3.1**

November 15, 2012

**TO:** Honorable Chairperson and Members of the Oversight Board of the Successor Agency to the Dissolved San Jacinto Redevelopment Agency

**FROM:** Richard Miller  
Oversight Board Secretary

**SUBJECT:** Resolution of the Oversight Board of the Successor Agency to the Dissolved San Jacinto Redevelopment Agency, Approving the Minutes of the October 11, 2012 Oversight Board Meeting

### **RECOMMENDATION**

Staff recommends that the Oversight Board, by motion, approve and adopt Resolution No. OB 12-14 approving the minutes of the October 11, 2012 Oversight Board meeting.

### **DISCUSSION**

The Oversight Board held a regular meeting on October 11, 2012. The Oversight Board must now approve the minutes of that meeting. Pursuant to Health and Safety Code Section 34179(e), all actions taken by the Oversight Board must be adopted by resolution.

### **FISCAL IMPACT**

No funds are involved with the approval of the minutes.

### **ATTACHMENTS**

- Oversight Board Resolution No. OB 12-14
- October 11, 2012 Oversight Board Minutes

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE DISSOLVED SAN JACINTO REDEVELOPMENT AGENCY, APPROVING THE MINUTES OF THE AUGUST 24, 2012 OVERSIGHT BOARD MEETING**

**WHEREAS**, pursuant to Health and Safety Code section 34173(d), the City of San Jacinto ("Successor Agency") is the successor agency to the dissolved San Jacinto Redevelopment Agency, confirmed by Resolution No. 3408 adopted on January 9, 2012; and

**WHEREAS**, pursuant to Health and Safety Code section 34179(a), the Oversight Board is the oversight board to the Successor Agency; and

**WHEREAS**, the Oversight Board held a public meeting on October 11, 2012, and has prepared the minutes for that meeting, which are attached hereto as Exhibit A and incorporated herein by this reference.

**NOW, THEREFORE, BE IT RESOLVED**, ordered, and determined by the Oversight Board to the Successor Agency to the dissolved San Jacinto Redevelopment Agency:

SECTION 1. Recitals. The Recitals preceding this Resolution are true and correct and are incorporated into this Resolution.

SECTION 2. CEQA Compliance. The approval of the Minutes through this Resolution does not commit the Oversight Board to any action that may have a significant effect on the environment. As a result, such action does not constitute a project subject to the requirements of the California Environmental Quality Act.

SECTION 3. Approval of the Minutes. The Oversight Board hereby approves and adopts the Minutes attached to this Resolution as Exhibit A.

SECTION 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Oversight Board declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

SECTION 5. Certification. The City Clerk of the City of San Jacinto, acting on behalf of the Oversight Board as its Secretary, shall certify to the adoption of this Resolution.

SECTION 6. Effective Date. Pursuant to Health and Safety Code Section 34179(h), all actions taken by the Oversight Board may be reviewed by the State of California Department of Finance, and, therefore, this Resolution shall not be effective for five (5) business days, pending a request for review by the State of California Department of Finance.

**MOVED, PASSED AND ADOPTED** on the 15th day of November, 2012, by the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:

\_\_\_\_\_  
Fred Frontino, Chairperson

ATTEST:

\_\_\_\_\_  
Richard Miller, Oversight Board Secretary

**EXHIBIT A**

**OCTOBER 11, 2012 MINUTES**

(Attached behind this cover page)

## MINUTES

### OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE CITY OF SAN JACINTO REDEVELOPMENT AGENCY

October 11, 2012 10:00 a.m.

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625 S. Pico Ave  
San Jacinto Community Center, San Jacinto, California 92583

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#### 1. ORGANIZATION

##### 1.1 Call to Order

Oversight Board Chairman Fred Frontino called the meeting of the Oversight Board of the Successor Agency to the City of San Jacinto Redevelopment Agency to order at 10:02 a.m. All members present except Charles Turner

##### 1.2 Pledge of Allegiance

Oversight Board Member Seth Heeren led the pledge of allegiance.

#### 2. PUBLIC COMMENTS:

None

#### 3. STAFF REPORTS

- 3.1 Consideration of a resolution of the Oversight Board of the Successor Agency of the Dissolved San Jacinto Redevelopment Agency approving the minutes of the August 24, 2012 Oversight Board Meeting / Approve / Oversight Board Secretary

**M/S/C (Elam/Tim) to approve the Oversight Board minutes of August 24, 2012.**

Motion carried 6/0.

Ayes: Elam, Heeren, Hults, Paisley, Prill, Frontino

Nays: None

Absent: Turner

Abstain: None

- 3.2 Consideration of a resolution of the Oversight Board of the Successor Agency of the Dissolved San Jacinto Redevelopment Agency Approving a Purchase and Sale Agreement with Mark Development, Inc. / Approve / Management Analyst

Management Analyst David Clayton presented the staff report. Staff recommended that the Oversight Board, approve Resolution No. OB

12-13 as well as the Purchase and Sale Agreement with Mark Development.

**M/S/C (Elam/Heeren) to approve Item 3.2 as presented. Motion carried 6/0.**

Ayes: Elam, Heeren, Hults, Paisley, Prill, Frontino  
Nays: None  
Absent: Turner  
Abstain: None

**4. REPORTS / DISCUSSIONS**

Acting Finance Director Tom Prill discussed the due diligence report.

Elizabeth Hull with Best Best and Krieger reviewed the two meetings that would be needed in regards to the audit. The first is a Public Comment meeting that has to be noticed. The second will be a follow-up meeting for any action that needs to be taken.

It was decided to schedule the Public Comment meeting on November 8, 2012.

**5. CLOSED SESSION**

None

**6. ADJOURNMENT**

Having no further business the meeting was adjourned at 10:23 a.m.

## AGENDA ITEM 3.2

November 15, 2012

**TO:** The Honorable Chairperson and Members of the Oversight Board of the Successor Agency to the Dissolved San Jacinto Redevelopment Agency

**FROM:** David Clayton, Management Analyst

**SUBJECT:** Affirm Release of Regulatory Agreement Recorded Against 686 S. San Marcos Place, San Jacinto, CA By Housing Authority As A Result of A Rehabilitation Loan of the Former Redevelopment Agency In Order To Accommodate A Pending Short Sale As A Means of Preventing Foreclosures and Blight From Vacant, Unoccupied Properties

### **RECOMMENDATION:**

Staff recommends that the Board of Directors, by motion, approve and adopt Resolution No. OB 12-15 affirming the release of the Regulatory Agreement recorded against 686 S. San Marcos Place, San Jacinto CA ("Subject Property") by the Housing Authority as a result of a rehabilitation loan from the former Redevelopment Agency in order to accommodate a pending short sale as a means of preventing foreclosures and blight from vacant unoccupied properties.

Staff further recommends that the Board of Directors affirm the Housing Authority's decision to direct its Executive Director to sign the necessary release documents and to take any other actions necessary to facilitate a short sale of the Subject Property.

### **DISCUSSION:**

The property owner, Ms. Mary Rocco ("Owner"), of the Subject Property with the assistance of Altura Credit Union, formerly the Riverside County's Credit Union, has requested a zero demand letter from the City of San Jacinto ("City") regarding a recorded Regulatory Agreement against the Subject Property, and release of said Regulatory Agreement from the Subject Property.

On April 14, 2005, the former San Jacinto Redevelopment Agency ("Agency") granted a rehabilitation loan ("Agency Loan") for the purpose of assisting Owner to finance the rehabilitation of the Subject Property. The amount of the Agency Loan was originally for \$30,000 but was subsequently reduced by the former Redevelopment Agency to \$28,988 to reflect the actual costs of rehabilitation.

The former Redevelopment Agency agreed to make the Agency Loan to the Owner for the Subject Property conditioned on, and induced by, Owner's agreement to restrict the use of the Subject Property for the term of the Agency Loan to owner-occupancy for low and moderate income individuals for 45 years ("Regulatory Agreement"). The purpose of the Regulatory Agreement was to increase the supply of low and moderate income housing available at an affordable housing cost in accordance with the affordability requirements of the former Community Redevelopment Law. Pursuant to the Regulatory Agreement, the former Redevelopment Agency was to forgive the Agency Loan in full if, after the thirtieth anniversary of the date the Regulatory Agreement was recorded and the Owner had not otherwise breached the terms and provisions of this Regulatory Agreement.

The current fair market value of the Subject Property is less than the outstanding balance due on the first mortgage, and the Owner is not able to continue making payments on the first mortgage.

Pursuant to Health and Safety Code section 34172, the former Redevelopment Agency was dissolved as of February 1, 2012 and the City was deemed the successor agency of the former Redevelopment Agency ("Successor Agency"). However, on January 27, 2012, the City pursuant to Resolution No. 3410 elected to not retain the former Redevelopment Agency's housing assets and functions and designated the San Jacinto Housing Authority ("Housing Authority") as the entity to assume the former Redevelopment Agency's housing assets and functions. On April 6, 2012, the Oversight Board of the Successor Agency to the former Redevelopment Agency approved a resolution transferring the housing assets to the Housing Authority.

On October 19, 2012, the Housing Authority released the Regulatory Agreement and forgave the balance of the Agency Loan in order to accommodate a pending short sale by a potential buyer who desires to occupy the Subject Property as his/her primary residence. Both the Oversight Board and the Housing Authority are aware that no funds would be received in the event the Subject Property goes into foreclosure.

Although the Oversight Board transferred the housing assets to the Housing Authority, and thus the Housing Authority believes it has the ability to authorize release of the Regulatory Agreement without Oversight Board Approval, the title company involved in this transaction has informed the Housing Authority that it will not proceed with the short sale without a resolution from the Oversight Board approving the release, and without approval from the State Department of Finance.

### **ALTERNATIVES:**

In addition to the staff's recommendation to adopt the Resolution, the Board of Directors may also select the following two alternatives:

1. Continue the item for additional future discussion.
2. Decline to adopt Resolution.

**FISCAL IMPACT:**

So long as the Regulatory Agreement is recognized as a housing asset of the Housing Authority, there is no fiscal impact to the former San Jacinto Redevelopment Agency. Further, there appears to be no likelihood of recovery of any funds related to the Regulatory Agreement for the reasons set forth above in this staff report.

**ATTACHMENTS:**

- Resolution No. OB 12-15

**A RESOLUTION OF THE OVERSIGHT BOARD OF THE  
FORMER SAN JACINTO REDEVELOPMENT AGENCY  
AFFIRMING THE DECISION BY THE HOUSING  
AUTHORITY TO RELEASE THE REGULATORY  
AGREEMENT RECORDED AGAINST 686 S. SAN  
MARCOS PLACE AS A RESULT OF A REHABILITATION  
LOAN PROVIDED TO THE OWNER OF THE PROPERTY  
IN ORDER TO ALLOW FOR A PENDING SHORT SALE  
AS A MEANS OF PREVENTING FORECLOSURES AND  
BLIGHT FROM VACANT, UNOCCUPIED PROPERTIES**

**WHEREAS**, the former San Jacinto Redevelopment Agency (“Redevelopment Agency”) granted a rehabilitation loan (“Agency Loan”) on April 14, 2005 for the purpose of assisting Ms. Mary Rocco (“Owner”) to finance the rehabilitation of a residential property located at 686 S. San Marcos Place, City of San Jacinto, California (APN 437-091-010) (“Subject Property”); and

**WHEREAS**, the amount of the Agency Loan was originally \$30,000, but was subsequently reduced by the former Redevelopment Agency to \$28,988 to reflect the actual costs of rehabilitation; and

**WHEREAS**, the former Redevelopment Agency agreed to make the Agency Loan to the Owner for the Subject Property conditioned on, and induced by, Owner’s agreement to restrict the use of the Subject Property for 45 years to owner-occupancy for low and moderate income individuals (“Regulatory Agreement”); and

**WHEREAS**, the purpose of the Regulatory Agreement was to increase the supply of low and moderate income housing available at an affordable housing cost in accordance with the affordability requirements of the former Community Redevelopment Law; and

**WHEREAS**, pursuant to the Regulatory Agreement, the former Redevelopment Agency was to forgive the Agency Loan in full if, after the thirtieth anniversary of the date the Regulatory Agreement was recorded, the Owner had not otherwise breached the terms and provisions of the Regulatory Agreement; and

**WHEREAS**, the current fair market value of the Subject Property is less than the outstanding balance due on the first mortgage, and the Owner is not able to continue making payments on the first mortgage; and

**WHEREAS**, the City of San Jacinto formed the San Jacinto Housing Authority (“Housing Authority”) on March 15, 2011; and

**WHEREAS**, pursuant to Health and Safety Code section 34172, the former Redevelopment Agency was dissolved as of February 1, 2012; and

**WHEREAS**, the City of San Jacinto is the successor agency of the former Redevelopment Agency (“Successor Agency”); and

**WHEREAS**, on January 27, 2012, the City of San Jacinto pursuant to Resolution No. 3410 elected to not retain the former Redevelopment Agency’s housing assets and functions and designated the Housing Authority as the entity to assume the former Redevelopment Agency’s housing assets and functions; and

**WHEREAS**, on April 6, 2012, the Oversight Board of the Successor Agency to the San Jacinto Redevelopment Agency approved a resolution transferring the housing assets to the Housing Authority; and

**WHEREAS**, due to the economic downturn in the real estate market, many homeowners who need to sell their properties are often not able to sell at a price that allows them to recover sufficient funds to pay the existing mortgages on the property; and

**WHEREAS**, many first lenders are now agreeing to accept less than is owed on the first mortgage as full payment (i.e. a short sale) instead of having to seek a foreclosure sale. Most first lenders are also asking junior lien holders to accept less than the full amount owed, or agree to a short sale; and

**WHEREAS**, Altura Credit Union, formerly Riverside County’s Credit Union, has agreed to a short sale of the Subject Property subject to a “zero demand” letter being issued by the Housing Authority, pursuant to which the Housing Authority agrees to forgive the Agency Loan, in full, and to release the Regulatory Agreement; and

**WHEREAS**, pursuant to existing law and the terms of the Regulatory Agreement, the Agency Loan was discharged by the Housing Authority on October 19, 2012 pursuant to Resolution No. HA 12-01 and the Regulatory Agreement was directed to be removed from title in order to encourage this short sale as a means of preventing foreclosures and blight from vacant, unoccupied properties; and

**WHEREAS**, in order to satisfy a request from the title company involved in the proposed short sale of the Subject Property, the Housing Authority is now seeking affirmation by the Oversight Board of the Housing Authority’s decision adopted pursuant to the Resolution reference above.

**NOW, THEREFORE, BE IT RESOLVED**, ordered, and determined by the Housing Authority as follows:

SECTION 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. Release of Regulatory Agreement/Forgiveness of Agency Loan. The Oversight Board of the former San Jacinto Redevelopment Agency hereby affirms the decision by the Housing Authority to release the Regulatory Agreement on the Subject Property attached as Exhibit "A" and recognizes these items as assets of the Housing Authority and affirms that it is within the Housing Authority's sole power to forgive the balance of the former Agency Loan in its entirety, and to direct release of the Regulatory Agreement.

SECTION 3. Authorization to Sign Release Documents. The Oversight Board of the former San Jacinto Redevelopment Agency also affirms that the Housing Authority is within its rights to authorize its Executive Director to sign a release, in the form attached hereto as Exhibit "B", and to take any other actions necessary in order to facilitate a short sale of the Subject Property.

SECTION 4. Severability. If any provision of this Resolution or the application of any such provision to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this Resolution that can be given effect without the invalid provision or application, and to this end the provisions of this Resolution are severable. The Board of Directors declares that it would have adopted this Resolution irrespective of the invalidity of any particular portion of this Resolution.

**MOVED, PASSED AND ADOPTED** at a special meeting of the Oversight Board of the former San Jacinto Redevelopment Agency, on the 15th day of November, 2012, by the following vote:

AYES:  
NAYS:  
ABSENT:  
ABSTAIN:

**SIGNATURE PAGE  
TO  
RESOLUTION NO. \_\_\_\_**

Oversight Board of the former San  
Jacinto Redevelopment Agency

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Fred Frontino, Chairperson

ATTEST:

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Richard Miller, Authority Secretary

**CERTIFICATION**

STATE OF CALIFORNIA )  
COUNTY OF RIVERSIDE ) ss  
CITY OF SAN JACINTO )

I, \_\_\_\_\_, hereby certify that the foregoing is a true copy of Resolution No. \_\_\_\_\_, was adopted by the Oversight Board of the former San Jacinto Redevelopment Agency at a special meeting thereof held the 15th day of November, 2012.

WITNESS my hand this 15th day of November, 2012.

\_\_\_\_\_  
Richard Miller, Oversight Board Secretary

**EXHIBIT "A"**

**REGULATORY AGREEMENT**

DOC # 2005-0520101

06/30/2005 08:08A Fee:NC

Page 1 of 19

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



RECORDING REQUESTED BY and )  
WHEN RECORDED MAIL TO: )

CITY CLERK )  
REDEVELOPMENT AGENCY OF THE )  
CITY OF SAN JACINTO )  
201 EAST MAIN STREET )  
SAN JACINTO, CALIFORNIA 92583 )

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(Exempt from Recording Fees Per Government Code § 6103)

(Space provided above for Recorder)



REGULATORY AGREEMENT  
(Covenants Concerning Real Property)

APN 437-091-010

(Notice to Lenders – This instrument does not include a Request for Special Notice  
pursuant to Civil Code Section 2924b – It is filed as a separate instrument)

DOC # 2005-0445915

05/03/2005 08:00A Fee:NC

Page 1 of 19

Recorded In Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



RECORDING REQUESTED BY and )  
WHEN RECORDED MAIL TO: )

CITY CLERK )  
REDEVELOPMENT AGENCY OF THE )  
CITY OF SAN JACINTO )  
201 EAST MAIN STREET )  
SAN JACINTO, CALIFORNIA 92583 )

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(Exempt from Recording Fees Per Government Code § 6103.)

(Space Above Provided For Recorder)

**REGULATORY AGREEMENT**  
(Covenants Concerning Real Property)



(Notice to Lenders – This Instrument Includes a Request for Special  
Notice pursuant to Civil Code Section 2924b)

A.P.N. 437-091-010

THIS REGULATORY AGREEMENT ("Regulatory Agreement") is made as of April 14, 2005  
by, Mary Rocco, ("Owner") in favor of the REDEVELOPMENT AGENCY OF THE CITY OF SAN  
JACINTO, a public body, corporate and politic ("Agency").

RECITALS

A. Agency, acting to carry out its public purposes under the California Community  
Redevelopment Law ("CRL") (Health and Safety Code Section 33000 et seq.) to make financial  
assistance available to assist persons and families of low or moderate income to preserve  
ownership housing, is making a loan ("Agency Loan") to Owner pursuant to the terms of that  
certain Housing Rehabilitation Program Agreement ("Agreement") dated April 14, 2005 by  
and between Owner and Agency for the purpose of assisting Owner to finance the rehabilitation of  
that certain residential real property ("Property") described on the attached Exhibit A which is  
incorporated herein by this reference; and

B. Agency's agreement to make the Agency Loan to the Owner is conditioned on, and  
was induced by, Owner's agreement to restrict the use the Property for the term of the Agency  
Loan to owner-occupancy for low and moderate income individuals; and

C. Owner desires to subject the Property to the restrictions and provisions set forth in  
these Recitals.

RVFPUBKCV684534.2

NOW THEREFORE, Owner covenants, warrants and agrees, for itself, its successors and assigns, as follows:

1. Fundamental Provisions: The following shall serve as the basic terms of this Regulatory Agreement:

(a) Amount of Agency Loan. The amount of the Agency Loan made by the Agency to the Owner named herein is the sum of \$30,000.00.

(b) Definitions. For purposes of this Regulatory Agreement, the terms listed below shall have the meanings hereinafter specified.

i. Affordable Housing Cost shall have meaning set forth in California Health and Safety Code Section 50052.5(b), as such statute may be amended from time to time with respect to low and moderate income households, and any successor statutes thereto.

ii. Capital Improvement shall be any addition or betterment made to the Property consists of more than mere repairs or replacement of existing facilities or improvements and which has a useful life of five (5) years or more.

iii. Capital Improvement Investment shall mean and refer to the sum of cash invested in Capital Improvements in the Property from time to time by the Owner, as evidenced by receipts for any work or material supplied to improve the Property.

iv. Consumer Price Index (or "CPI") means and refers to the revised Consumer Price Index for All Urban Consumers, U.S. City Average, 1982-1984=100, as published by the Bureau of Labor Statistics of the United States Department of Labor, or if such agency shall cease to publish such an index, then any comparable index published by any other federal or state agency which is approved by the Agency.

v. Qualified Persons means Persons and Families of Low or Moderate Income, as defined in California Health and Safety Code Section 50093 (as such statute may be amended from time to time, and any successor statutes thereto) and otherwise meeting the requirements hereof.

vi. Persons and Families of Low or Moderate Income shall have the meaning ascribed to such term in California Health and Safety Code Section 50093, as such statute may be amended from time to time, and any successor statutes thereto.

The terms Person or Family of Low or Moderate Income and Affordable Housing Cost are further defined in Title 25 of the California Code of Regulations Section 6910, et seq., as from time to time amended, and any successor regulations thereto. The terms and provisions of California Health and Safety Code

Sections 50093, 50105, 50052.5, and Title 25 of the California Code of Regulations Section 6910, et seq., as amended, and any successor statutes or regulations thereto, are incorporated herein by this reference.

2. Restriction on Transfer. Owner shall not sell, convey, transfer, lease, assign, encumber, mortgage, or hypothecate the Property, or enter into an agreement to sell, convey, lease, assign, transfer, encumber, mortgage, or hypothecate the Property, except for a sale to a Qualified Person as set forth in this Regulatory Agreement and except as otherwise provided in this Regulatory Agreement.

3. Term. The term of the restrictive covenants described in this Regulatory Agreement ("Term") shall commence on the date this instrument is recorded in the Official Records of the Riverside County Recorder, and shall end on the date that is forty-five (45) years thereafter (unless sooner terminated pursuant to the provisions hereof); provided, however, the covenants against discrimination set forth herein shall remain in effect in perpetuity.

4. Covenant to Maintain Affordability/Principal Residency Requirement

(a) The Agency Loan is being given by the Agency to the Owner to increase and improve the community's supply of low- and moderate-income housing available at an Affordable Housing Cost in accordance with the affordable housing requirements of the CRL. To this end, the Owner agrees that during the Term the Property shall, except as otherwise provided in this Regulatory Agreement, remain affordable only at an Affordable Housing Cost and shall only be sold to and owned by Qualified Persons.

(b) If, after the thirtieth (30<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of the Riverside County Recorder, the Owner has not otherwise breached the terms and provisions of the Agreement or this Regulatory Agreement, then the Agency shall forgive the Agency Loan in full.

5. Permitted Transfers and Mortgages.

(a) Conveyances to a Third Party Qualified Person. Subject to the provisions of this Agreement, the Owner may convey the Property to a Qualified Person on the condition that (i) Owner complies with the requirements hereof, (ii) the purchase price does not exceed the maximum permitted resale price set forth herein, and (iii) the purchaser covenants to occupy the Property as such party's principal residence. During the Term, any permitted transferee shall acquire the Property subject to the terms and conditions hereof.

(b) Intra-Family Conveyances. The following transfers of title shall not be breaches of this instrument: transfer by gift, devise, or inheritance to the Owner's spouse; taking of title by surviving joint tenant that is the Owner's spouse; transfer of title to a spouse as part of a divorce or dissolution proceedings; acquisition of title in conjunction with marriage. A transfer to children of the Owner where the income of such children exceeds the maximum household income applicable to the Property permitted hereunder shall give rise to the option in favor of the Agency to purchase the Property described in Section 6. A transfer to children of an Owner where the income of such children does not exceed a Moderate Income is permitted hereunder. Any transferee hereunder shall take title to the Property subject to the terms, conditions, restrictions

and requirements hereof and the transferee shall execute any reasonable document required by the Agency to ratify the assumption by such transferee of the terms hereof.

(c) First Trust Deed. The Owner may encumber or refinance the Property with a first position deed of trust or mortgage on the condition that the interest, terms and conditions are reasonable at the time the financing takes place (in the opinion of the Agency).

(d) Second Trust Deeds. The Agency shall consider in good faith whether to permit a loan, to be secured by a junior trust deed or mortgage encumbering the Property, the proceeds of which are to be used to pay for repairs or the construction of improvements to the Property, on the following terms and conditions: (i) the cost of the repairs or the improvements (plus loan fees and loan costs), does not exceed the principal amount of such loan, (ii) the loan is originated by a bank, savings and loan association, or other institutional lender, (iii) the interest rate and payment terms thereon are reasonable (in the Agency's reasonable opinion), (iv) the Owner shall be capable of meeting the monthly payments provided by such loan (in the Agency's reasonable opinion), and (v) the Property is not over-encumbered.

6. Agency Option to Purchase.

(a) Option. In order to maintain and insure that the Property shall remain affordable to and only occupied by Persons or Families of Low or Moderate Income, the Agency is hereby granted the option, throughout the Term hereof, to purchase the Property ("Option") in the event the Owner desires to transfer the Property, or to find another Person or Family of Low or Moderate Income to purchase the Property. The purchase price shall be the amount set forth in Subsection 6(b) below, and the option shall be exercised by the Agency, if at all, within one hundred twenty (120) calendar days after the Agency's receipt of the written notice ("Notice of Proposed Sale") of the Owner's desire to transfer the Property. During such one hundred twenty (120) calendar day period the Owner may also concurrently attempt to market the Property to sell it to a Person or Family of Low or Moderate Income. In the event that the Agency exercises the Option, then the Agency shall promptly open escrow and shall close escrow for the purchase of the Property prior to the date that is one hundred eighty (180) calendar days after the Agency's receipt of the Notice of Proposed Sale. If the Agency exercises the Option to purchase but, due to the Agency's sole fault, the Agency does not close escrow within one hundred eighty (180) calendar days after the date the Agency first received the Owner's Notice of Proposed Sale, then the Owner shall be entitled to sell the Property to a person or family that is not a Person or Family of Low or Moderate Income, or otherwise; provided, however, if the Property is sold to a person or family that is not a Person or Family of Low or Moderate Income, then the Owner shall repay the Agency Loan and interest thereon to the Agency as provided in Section 7(c) below. Title to the Property shall be delivered to the Agency at the close of escrow free and clear of monetary liens and encumbrances, and closing costs shall be allocated in the fashion as is customary for buyers and sellers in Riverside County.

(b) Purchase Price. The purchase price of the Property to be paid by the Agency or its designee shall be the lower of:

- i. The purchase price as agreed upon between the Owner and the Agency; or
- ii. The sum of:

(A) The Owner's purchase price of the Property multiplied by the percentage increase in the Consumer Price Index from that published for the date nearest the date of close of escrow of the Owner's purchase of the Property over that published nearest the date of completion and executing of the Notice of Proposed Sale; plus

(B) The actual cost, as evidenced by receipts, of Capital Improvement Investments in the Property, multiplied by the percentage increase in the Consumer Price Index from the time of completion of each item of Capital Improvement; plus

(C) Brokerage commissions, if any, paid by such Owner in connection with such resale, and escrow costs, title insurance premiums paid, and other customary closing costs and fees; plus

(D) Any ordinary escrow costs incurred by the Owner in connection with its original purchase of the Property or that may be incurred in connection with such resale transaction; plus

(E) In the event the Owner sells the Property after a default under a mortgage or deed of trust, but prior to a trustee's sale or foreclosure sale, the purchase price shall be further increased by all expenses actually incurred by the holder of such mortgage or beneficiary under such deed of trust due to the Owner's default including, but not limited to, trustee's fees, attorney's fees, costs of sale and debt service on the debt secured by such mortgage or deed of trust. The foregoing shall also apply to a deed in lieu of foreclosure.

7. Resale Price Controls and Procedures.

(a) If the Owner elects at any time during the Term to sell the Property, then the Owner shall, prior to signing a listing agreement or other authorization to sell with a real estate broker, first provide to the Agency a Notice of Proposed Sale setting forth the Owner's intention to sell the Property, and a property information form to be prepared by the Agency. Such Notice shall contain information about the Owner's original purchase price of the Property and the Owner's Capital Improvement Investment. Agency or its designee shall have one hundred twenty (120) calendar days from the time following the receipt by the Agency or its designee of the Notice of Proposed Sale to exercise the Agency's Option described in Section 6; provided, however, the Agency or its designee may shorten such time period upon a showing of hardship by the Owner. The Owner agrees to consider as purchasers those Persons or Families of Low or Moderate Income identified on a list that may be obtained by the Agency. Nothing contained herein shall be construed as imposing on the Agency any obligation to find a purchaser of the Property if the Owner has elected to sell the Property.

(b) Resale to Qualified Person. The Owner may sell the Property to Qualified Person. If the Owner resells the Property to a Qualified Person at a price that does not exceed the price set forth in Section 9, then the provisions of this Regulatory Agreement shall continue to encumber the Property, and the Agency shall subordinate its interest in any new deed

of trust as provided herein. Each successor in interest to Owner that is a Person or Family of Low or Moderate Income, shall acquire the Property subject to the continuation of the restrictions on such Property provided in this Regulatory Agreement; and if Agency purchases such Property and resells the Property, such acquisition shall not operate to merge this Regulatory Agreement into Agency's fee interest.

(c) If, after expiration of the one hundred twenty (120) calendar day period, Agency or its designee elects not to purchase the Property or has failed to procure an eligible and qualified buyer, then the Owner shall then be free to seek a buyer for the Property without any limitation on resale price or income level of the purchaser. However, if the purchaser is not a Person or Family of Low or Moderate Income, then, to compensate the Agency for loss of the affordability restrictions on the Property and to allow the Agency to fund the rehabilitation of other affordable units, the Owner shall pay to the Agency a percentage share of the appreciation in the value of the Property ("Appreciation Share") and the amount of the Agency Loan, as follows:

1) If the Property is sold on or before the (10<sup>th</sup>) tenth anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency: (i) fifteen percent (15%) of the appreciation in the value of the Property, and (ii) the full amount of the Agency Loan.

2) If the Property is sold after the tenth (10<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County and on or before the twentieth (20<sup>th</sup>) anniversary of the date this Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency (i) ten percent (10%) of the appreciation in the value of the Property, and (ii) the full amount of the Agency Loan.

3) If the Property is sold after the twentieth (20<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County and on or before the thirtieth (30<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency (i) five percent (5%) of the appreciation in the value of the Property, and (ii) the full amount of the Agency Loan.

4) If the Property is sold after the thirtieth (30<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County and on or before the forty-fifth (45<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency two percent (2%) of the appreciation in the value of the Property and shall not be required to pay to the Agency the amount of the Agency Loan or any interest accrued thereon and the Agency Loan shall be forgiven as further described in Section 4(b).

(d) The escrow instructions may provide for conditions or contingencies of the type and nature customarily included in residential purchase escrows (including but not limited to financing contingencies, inspection rights, and preliminary title report approvals), provided that any such conditions or contingencies (other than the status of title to the Property at the time of conveyance and other conditions which by their nature cannot be satisfied prior to closing) must be satisfied or waived on or before the close of escrow. The proceeds of the sale shall be used to pay off all monetary liens and encumbrances upon the close of escrow.

(e) The Owner shall notify any proposed purchaser in writing prior to such person's execution of escrow instructions, deposit receipt, purchase and sale agreement or similar agreement, whichever is earliest, that the title to the Property will be restricted in the manner described herein.

(f) The Owner may require a deposit to open escrow in an amount not to exceed three percent (3%) of the purchase price. Title to the Property shall be delivered to the purchaser at the close of escrow free and clear of monetary liens and encumbrances. Closing costs shall be allocated between the buyer and seller according to the customary practices in Riverside County in effect at the time the escrow is opened.

(g) For the purpose of confirming with the Agency that a proposed purchaser is a Person or Family of Low or Moderate Income that will be paying a purchase price that is in compliance with the terms hereof, the Owner shall notify the Agency in writing of any offer from a prospective purchaser and providing the Agency with such financial, credit, or other information on such prospective purchaser as required by the Agency, including the following:

- i. Name and address of the purchaser.
- ii. Number of persons comprising the purchaser's household and their names and ages.
- iii. Proposed purchase price of the Property, and any other consideration for the purchase of the Property.
- iv. Amount of down payment.
- v. Terms of any loan that will be used by the purchaser to finance the purchase of the Property, including, but not limited to, principal, interest rate, term, and loan fees.
- vi. Closing date.
- vii. Aggregate annual income of the purchaser's household.
- viii. Most recent federal and state income tax returns of the purchaser and all other members of the purchaser's household for the preceding two (2) calendar years, and verification of the proposed purchaser's salary or wages from the purchaser's employer.
- ix. Copy of any proposed purchase and sale agreement, escrow instructions, loan application, or other agreements between the Owner and the purchaser of the Property or relating to the sale of the Property.
- x. A written statement signed by the proposed purchaser that the Property will be occupied by the purchaser of such Property and used as his or her primary residence.

In lieu of providing the foregoing information, these requirements shall be deemed to have been satisfied by delivery to the Agency of a written certification of the foregoing information from the purchaser's lender who shall hold a first position trust deed encumbering the Property, which certification shall be furnished to Agency at least fifteen (15) calendar days prior to the close of escrow for the Property.

(h) The Agency shall have thirty (30) calendar days to review the information in Section 7g. The Agency may require the purchaser to submit other written documentation reasonably requested by the Agency to verify the information set forth herein and to determine that the Affordable Housing Cost restrictions of this Instrument shall be satisfied. If the Agency receives all such prospective purchaser information requested by the Agency, the Agency shall determine whether the prospective purchaser is qualified to purchase the Property as a Person or Family of Low or Moderate Income, and shall thereafter promptly notify the Owner in writing that the prospective sale is authorized and approved, or that the prospective purchaser does not qualify to purchase the Property as a person or family of low or moderate income. The Agency hereby designates the Executive Director of the Agency to make the evaluations, reviews and determinations set forth in this Section 7.

(i) If the Agency notifies the Owner that the sale is authorized and approved, the Owner shall proceed to complete the sale of the Property within seventy-five (75) calendar days of the date of such approval from the Agency.

8. Notification Prior to Mortgage, Encumbrance or Hypothecation. If Owner desires to refinance any loan secured by a first deed encumbering the Property, or to borrow funds for a new loan to be secured by a junior trust deed encumbering the Property the proceeds of which are to be used to pay for repairs or the construction of improvements to the Property, then at least fifteen (15) calendar days prior to the recordation of the deed of trust or mortgage, the Owner shall submit to the Agency in writing the following information:

- (a) Name and address of lender.
- (b) Terms of the loan, including, but not limited to, principal, interest rate, term, and loan fees.
- (c) Closing date of the loan.
- (d) Aggregate annual income of the Owner's household.
- (e) Most recent federal and state income tax returns of the Owner and all other members of the Owner's or lessee's household.
- (f) Copy of any proposed escrow instructions, loan application, or other agreements between the Owner and the lender.

The Agency shall have 30 days to review the information. The Owner shall submit to the Agency other written documentation reasonably requested by the Agency to verify the information set forth herein.

9. Restriction on Resale Price. Except as permitted otherwise herein, the Owner shall not resell the Property at a price higher than the greater of the following:

(a) The actual purchase price by the Owner for the Property plus reasonable and customary escrow closing and title costs, and reasonable and customary brokerage commissions (not to exceed 6% of the sale price), actually Incurred by the Owner in purchasing the Property and in reselling same, if any; or

(b) An Affordable Housing Cost for the prospective purchaser, assuming (i) a reasonable down payment, and (ii) a thirty (30) year fixed rate mortgage at prevailing interest rates.

10. Occupancy Requirement.

(a) The Property shall be used as the principal residence of Owner and Owner's family and for no other purpose. Owner shall not rent or lease any of the Property, including any room, out-building, or other portion of the Property or accept any compensation from any person or entity for the use of the Property. The maximum occupancy of the Property shall not exceed the maximum occupancy allowed by the San Jacinto Municipal Code or other applicable law, if any.

(b) The Agency shall have the right to monitor whether the Property is Owner-occupied by requesting that Owner provide the Agency, no more frequently than annually, with a written certification under penalty of perjury that the Property is Owner-occupied, accompanied by supporting documentation reasonably satisfactory to the Agency. In the event of a breach or threatened breach of this Section, the Agency, the City of San Jacinto ("City"), or their successors or assigns shall be entitled to institute legal action to enforce performance of this Section, and to obtain an injunction prohibiting anyone but Owner from occupying the Property and/or requiring Owner to occupy the Property to a person or family who will occupy the Property as its primary residence.

(c) These owner-occupancy restrictions may be modified or terminated only upon the approval of the Agency. Any modification must be in writing.

11. Maintenance of Property.

(a) Owner shall maintain the interior and exterior of the Improvements and the landscaping on the Property in a manner consistent with community standards, which will uphold the value of the Property, in accordance with this Regulatory Agreement and the San Jacinto Municipal Code. Owner shall not commit waste upon the Property. Owner shall not remove or demolish the Improvements on the Property. If Owner at any time fails to so keep and maintain the Property in good condition and repair, after 30 days notice from Agency, Agency shall have a right to enter onto the Property and perform such deferred maintenance, and Owner shall promptly reimburse Agency for all costs incurred in performing such maintenance.

(b) Owner shall maintain the Property free from drug-related or gang activities, and from all other form of criminal activity or public nuisance.

(c) After Agency receives a Notice of Proposed Sale, Owner shall permit the Agency to inspect the Property prior to sale, upon reasonable prior notice from the Agency. Following such inspection, if the Agency determines that the Property is not in compliance with this Section, the

Agency shall deliver to the Owner a list of repairs that are required to be made to the Property to comply with this Section. At Owner's sole cost and expense, Owner shall complete such repairs, or provide for such repairs to be completed, to the reasonable satisfaction of the Agency prior to the sale. With the consent of the Agency, Owner may provide for such repairs to be paid out of the portion of net sale proceeds to be paid to Owner.

12. Indemnification. Owner shall defend, indemnify, and hold harmless the Agency and the City and their respective officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating in any manner to the Property or this Regulatory Agreement. Owner shall remain fully obligated for the payment of taxes, liens and transfer of responsibility to the Agency to make such payments, by virtue of the Agency Loan.

13. Insurance. Owner shall maintain, during the term of the Regulatory Agreement, an all-risk property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on the Property. The policy shall name the Agency as a loss payee and shall contain a statement of obligation on behalf of the carrier to notify the Agency of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Owner shall transmit a copy of the certificate of insurance and loss payee endorsement to Agency within thirty (30) days of the effective date of this Regulatory Agreement, and Owner shall annually transmit to Agency a copy of the certificate of insurance and a loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Agency at the address set forth in this Regulatory Agreement. Any certificate of insurance must be in a form, content, and with companies admitted in the State of California and approved by Agency. In the event Owner fails to provide the insurance required by this Section, Agency shall have the right, but not the obligation, to obtain insurance on behalf of the Agency only, and Owner shall immediately upon demand pay Agency the premiums on insurance procured by its pursuant to this section, Agency may add the amount of any such premium to the accelerated balance due in the event of a default under this Regulatory Agreement. Such added sum shall bear interest at the maximum rate provided by law until the same has been paid in full.

14. Defaults.

(a) This Regulatory Agreement is made pursuant to a property Housing Rehabilitation program (the "Program") designed solely for the benefit of Qualified Persons as described by the terms and conditions set forth in the Agreement and this Regulatory Agreement. Default in such terms and conditions will result in the frustration of the Program objectives and the loss of Program funds available to assist Qualified Persons pursuant to the Program. The parties agree that Agency would have not made the Agency Loan but for Owner's representations, warranties, and agreement to the terms and conditions set forth in the Agreement and this Regulatory Agreement. Therefore, in the event Owner is in default of this Regulatory Agreement by fraudulently or intentionally misrepresenting the income information submitted to the Agency, or failing to occupy the Property, or by the occurrence of any event of default hereunder, Owner and Agency further agree that interest on the Agency Loan, from and after the date of such default, will accrue and be due and payable on demand at the rate of ten percent (10%) per annum until such defaults are cured or the Agency Loan is repaid through sale, foreclosure, or otherwise.

(b) Failure to delay by either party to perform any term or provision of this Regulatory Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Regulatory Agreement; provided, however, if such default is of the nature requiring more than thirty (30) calendar days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) calendar day period, and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

(c) The Injured party shall give written notice of default to the party in default, specifying the default complained of by the Injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

15. Notices. Except as otherwise expressly provided in this Regulatory Agreement, in every case when, under the provisions of this Regulatory Agreement, it shall be necessary or desirable for one party to serve any notice, request, demand, report or other communication on another party, the same shall be in writing and shall not be effective for any purpose unless served (a) personally, (b) by independent, reputable, overnight commercial courier, or (c) by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

To Owner: Mary F. Rocco  
686 San Marcos Place  
San Jacinto, California 92583

To Agency: Redevelopment Agency of the City of San Jacinto  
201 East Main Street  
San Jacinto, California 92583  
Attention: Executive Director

Either party may change its address for notice by giving written notice thereof to the other party.

16. Nondiscrimination. Owner covenants by and for himself, his or her heirs, executors, administrators, successors and assigns, and all persons claiming under or through him or her that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, sex, marital status, familial status, disability, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, leases, subtenants, sub-lessees, or vendees of the Property. Owner shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, religion, sex, marital status, familial status, disability, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

(a) In deeds: "The Owner herein covenants by and for himself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them; that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the Owner himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub-lessee or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-lessees, subtenants or vendees in the premises herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-lessees, subtenants or vendees in the premises."

The foregoing shall be covenant running with the land for the benefit of Agency and City, and as a burden upon the Property, and shall remain in effect in perpetuity.

17. Rights of First Lien Holder. No violation or breach of this Regulatory Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other security instrument permitted by the Agreement or this Regulatory Agreement and made in good faith and for value. Notwithstanding any provisions herein, this Regulatory Agreement shall not diminish or affect the rights of City Mortgage, or its successor and assigns (the "First Lien Lender") under that certain deed of trust ("First Lien Deed of Trust") dated July 16, 2003 and executed by the Owner in favor of the First Lien Lender and recorded in the County of Riverside on July 14, 2003 and assigned Instrument No 37031734-E75. Agency and Owner acknowledge and agree that this Regulatory Agreement is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Lien Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Lien Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Lien Deed of Trust, curing defaults by the Owner under the First Lien or for any other purpose expressly permitted by the First Lien Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Lien Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict

and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Lien Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Owner's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Owner or a related entity to the Owner), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Lien Deed of Trust shall receive title to the Property free and clear from such restrictions. Further, if the First Lien Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, this instrument shall automatically terminate upon the First Lien, or diligently pursued curing the default as determined by the First Lien Lender, within the 60-day period provided in such notice sent to the Agency.

18. Covenants Run With the Land. Notwithstanding any other provision of law, this Regulatory Agreement shall run with the land and shall be enforceable against the Owner and successors in interest by the Agency or the City. Except for the nondiscrimination provisions set forth above, which shall remain in effect in perpetuity, the requirements of this Regulatory Agreement shall remain in effect until the earlier of (a) the end of the Term, or (b) repayment in full of the Agency Loan with interest upon a sale to a Non-Qualified Person. This Regulatory Agreement, without regard to technical classification or designation, shall be binding for the benefit of the Agency and the City, and such covenants shall run in favor of the Agency and the City for the entire period during which such covenants shall be in force and effect, without regard to whether the Agency or the City is or remains an owner of any land or interest therein to which such covenants relate. The Agency and the City, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other proper proceedings to enforce the curing of such breach. If Owner is more than one person, the obligations of Owner hereunder are joint and several as to each person comprising the Owner.

19. Changes to Agreement. Only the Agency, its successor, and assigns, and the Owner and the successors and assigns of the Owner in and to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, this Regulatory Agreement or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder, licensee, trustee, beneficiary under a deed of trust or any other person or entity having an interest less than a fee in the Property. This Regulatory Agreement shall not benefit or be enforceable by any person, or firm, or corporation, public or private, except the Agency and the Owner and their respective successors and assigns.

20. Administration. Agency may administer the terms hereof or may, from time to time assign its rights hereunder or designate another entity, person, licensed real estate broker or organization to administer the terms hereof.

21. Independent and Severable Provisions. In the event that any provision of this instrument is held by a court of competent jurisdiction to be unenforceable or invalid, such holding shall not render unenforceable any other provision hereof, each provision hereof being expressly severable and independently enforceable to the fullest extent permitted by law.

22. Successors and Assigns. The restrictions on transfer of the Property shall be binding upon Owner and Owner's heirs, successors and assigns, and shall inure to the benefit of Agency and its

successors and assigns. Agency may, at its option, assign its rights under this Regulatory Agreement and any related documents without obtaining the consent of the Owner.

23. Further Assurances and Recordations. Owner covenants that upon request of Agency, Owner, or its heirs, successors or assigns, will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further Instruments and agreements and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this Instrument. At the expiration of the Term, Agency agrees to provide to Owner an Instrument in recordable form that has the effect of confirming the termination of the affordable housing requirements of this Regulatory Agreement.

24. Relationship of Owner and Agency. The relationship of Owner and Agency pursuant to this Regulatory Agreement is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership, or other relationship.

25. Captions and Section Headings. Captions and section headings used herein are for convenience only and shall not be used in construing this Instrument.

26. No Waiver. No waiver by Agency of its rights hereunder, or of any breach by Owner of any covenant, restriction, or condition herein contained, shall be effective unless such waiver is in writing, signed by Agency and delivered to Owner. Any waiver by Agency of its power to terminate Owner's estate herein or of any covenant, restriction, or condition herein contained, or the failure by Agency to exercise any right or remedy with respect to any breach or breaches, shall not constitute a waiver or relinquishment for the future of any rights regarding subsequent sales, or of any such covenant or condition nor bar any right or remedy of Agency in respect of any subsequent breach.

27. Entire Agreement. This Instrument constitutes the entire agreement of the parties hereto, and the provisions hereof may be modified or amended only by a written Instrument signed by the party to be charged.

28. Attorney's Fees. In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Regulatory Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees in an amount determined by the court.

29. Governing Law. Owner hereby agrees to comply with all ordinances, rules, and regulations of the Agency and the City. Nothing in this Regulatory Agreement is intended to be, nor shall it be deemed to be, a waiver of any City ordinance, rule, or regulation. This Regulatory Agreement shall be governed by the laws of the State of California. Any legal action brought under this Regulatory Agreement must be instituted in the Superior Court of the County of Riverside, State of California.

30. Recording. Owner agrees and acknowledges that this Regulatory Agreement shall be recorded against the Property with the County Recorder of the County of Riverside and shall appear of record with respect to and as encumbrances to the Property.

31. Income Information. Owner has submitted eligibility verification information to the Agency prior to execution of this Regulatory Agreement. Owner represents, warrants, and hereby declares to the Agency under penalty of perjury under the laws of the State of California that all information

Owner has provided and will provide in the future to the Agency is and will be true, correct and complete. Owner acknowledges that the Agency is relying upon Owner's representations that Owner is a Qualified Person, and Agency would not have entered into this Regulatory Agreement if Owner did not so qualify.

32. Request for Notice from Lenders. Owner shall cause a Request for Notice to be recorded on the Property requesting a statutory notice of default as set forth in the California Civil Code. Such notice shall be sent to Agency at the address set forth in this Regulatory Agreement.

(SIGNATURE PAGES FOLLOW)

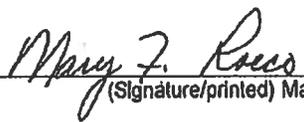
WHEREFORE, the parties have executed this Regulatory Agreement as of the day and year last written below.

"Agency" <sup>U8</sup>  
  
\_\_\_\_\_  
Agency Executive Director - Peter A. Cozzitini  
4-18-05  
\_\_\_\_\_  
(Date Signed)

Attest:

  
\_\_\_\_\_  
Agency Secretary  
20 JUN 05  
\_\_\_\_\_  
(Date Signed)

"Owner"

+   
\_\_\_\_\_  
(Signature/printed) Mary F. Rocco  
April 14, 2005  
\_\_\_\_\_  
(Date Signed)

\_\_\_\_\_  
(Signature/printed) N/A  
\_\_\_\_\_  
(Date Signed) N/A

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

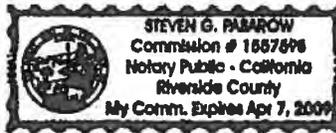
On April 18, 2005, before me, Steven G. Pasarow, Notary Public, personally appeared Peter A. Cosentini, Executive Director, personally known to me, to be the person whose name is subscribed to the within Instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(Seal)

Signature  
Printed: Steven G. Pasarow

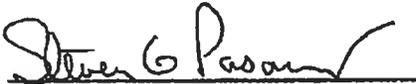


STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

On April 14, 2005, before me, Steven G. Pasarow, Notary Public, personally appeared Mary F. Rocco, proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(Seal)

Signature  
Printed: Steven G. Pasarow

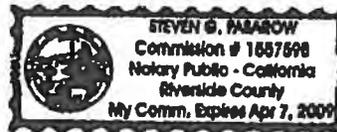


EXHIBIT A

LEGAL DESCRIPTION

LOT 9 BLK 1 MB 020/055 MANG / DIVINE'S SUB DIVISION. IN THE CITY OF SAN JACINTO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20, PAGE 5, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

DOC # 2005-0445915

05/03/2005 08:00A Fee:NC

Page 1 of 18

Recorded in Official Records

County of Riverside

Larry W. Ward

Assessor, County Clerk & Recorder



RECORDING REQUESTED BY and )  
WHEN RECORDED MAIL TO: )

CITY CLERK )  
REDEVELOPMENT AGENCY OF THE )  
CITY OF SAN JACINTO )  
201 EAST MAIN STREET )  
SAN JACINTO, CALIFORNIA 92583 )

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A	R	L			COPY	LONG	REFUND	INCH	EXAM

(Exempt from Recording Fees Per Government Code § 6103.)

(Space Above Provided For Recorder)

**REGULATORY AGREEMENT**  
(Covenants Concerning Real Property)



(Notice to Lenders – This Instrument Includes a Request for Special  
Notice pursuant to Civil Code Section 2924b)

A.P.N. 437-091-010

THIS REGULATORY AGREEMENT ("Regulatory Agreement") is made as of April 14, 2005  
by Mary Rocco, ("Owner") in favor of the REDEVELOPMENT AGENCY OF THE CITY OF SAN  
JACINTO, a public body, corporate and politic ("Agency").

RECITALS

A. Agency, acting to carry out its public purposes under the California Community  
Redevelopment Law ("CRL") (Health and Safety Code Section 33000 et seq.) to make financial  
assistance available to assist persons and families of low or moderate income to preserve  
ownership housing, is making a loan ("Agency Loan") to Owner pursuant to the terms of that  
certain Housing Rehabilitation Program Agreement ("Agreement") dated April 14, 2005 by  
and between Owner and Agency for the purpose of assisting Owner to finance the rehabilitation of  
that certain residential real property ("Property") described on the attached Exhibit A which is  
incorporated herein by this reference; and

B. Agency's agreement to make the Agency Loan to the Owner is conditioned on, and  
was induced by, Owner's agreement to restrict the use the Property for the term of the Agency  
Loan to owner-occupancy for low and moderate income individuals; and

C. Owner desires to subject the Property to the restrictions and provisions set forth in  
these Recitals.

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NOW THEREFORE, Owner covenants, warrants and agrees, for itself, its successors and assigns, as follows:

1. Fundamental Provisions: The following shall serve as the basic terms of this Regulatory Agreement:

(a) Amount of Agency Loan. The amount of the Agency Loan made by the Agency to the Owner named herein is the sum of \$30,000.00.

(b) Definitions. For purposes of this Regulatory Agreement, the terms listed below shall have the meanings hereinafter specified.

i. Affordable Housing Cost shall have meaning set forth in California Health and Safety Code Section 50052.5(b), as such statute may be amended from time to time with respect to low and moderate income households, and any successor statutes thereto.

ii. Capital Improvement shall be any addition or betterment made to the Property consists of more than mere repairs or replacement of existing facilities or improvements and which has a useful life of five (5) years or more.

iii. Capital Improvement Investment shall mean and refer to the sum of cash invested in Capital Improvements in the Property from time to time by the Owner, as evidenced by receipts for any work or material supplied to improve the Property.

iv. Consumer Price Index (or "CPI") means and refers to the revised Consumer Price Index for All Urban Consumers, U.S. City Average, 1982-1984=100, as published by the Bureau of Labor Statistics of the United States Department of Labor, or if such agency shall cease to publish such an index, then any comparable index published by any other federal or state agency which is approved by the Agency.

v. Qualified Persons means Persons and Families of Low or Moderate Income, as defined in California Health and Safety Code Section 50093 (as such statute may be amended from time to time, and any successor statutes thereto) and otherwise meeting the requirements hereof.

vi. Persons and Families of Low or Moderate Income shall have the meaning ascribed to such term in California Health and Safety Code Section 50093, as such statute may be amended from time to time, and any successor statutes thereto.

The terms Person or Family of Low or Moderate Income and Affordable Housing Cost are further defined in Title 25 of the California Code of Regulations Section 6910, et seq., as from time to time amended, and any successor regulations thereto. The terms and provisions of California Health and Safety Code

Sections 50093, 50105, 50052.5, and Title 25 of the California Code of Regulations Section 6910, et seq., as amended, and any successor statutes or regulations thereto, are incorporated herein by this reference.

2. Restriction on Transfer. Owner shall not sell, convey, transfer, lease, assign, encumber, mortgage, or hypothecate the Property, or enter into an agreement to sell, convey, lease, assign, transfer, encumber, mortgage, or hypothecate the Property, except for a sale to a Qualified Person as set forth in this Regulatory Agreement and except as otherwise provided in this Regulatory Agreement.

3. Term. The term of the restrictive covenants described in this Regulatory Agreement ("Term") shall commence on the date this Instrument is recorded in the Official Records of the Riverside County Recorder, and shall end on the date that is forty-five (45) years thereafter (unless sooner terminated pursuant to the provisions hereof); provided, however, the covenants against discrimination set forth herein shall remain in effect in perpetuity.

4. Covenant to Maintain Affordability/Principal Residency Requirement

(a) The Agency Loan is being given by the Agency to the Owner to increase and improve the community's supply of low- and moderate-income housing available at an Affordable Housing Cost in accordance with the affordable housing requirements of the CRL. To this end, the Owner agrees that during the Term the Property shall, except as otherwise provided in this Regulatory Agreement, remain affordable only at an Affordable Housing Cost and shall only be sold to and owned by Qualified Persons.

(b) If, after the thirtieth (30<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of the Riverside County Recorder, the Owner has not otherwise breached the terms and provisions of the Agreement or this Regulatory Agreement, then the Agency shall forgive the Agency Loan in full.

5. Permitted Transfers and Mortgages.

(a) Conveyances to a Third Party Qualified Person. Subject to the provisions of this Agreement, the Owner may convey the Property to a Qualified Person on the condition that (i) Owner complies with the requirements hereof, (ii) the purchase price does not exceed the maximum permitted resale price set forth herein, and (iii) the purchaser covenants to occupy the Property as such party's principal residence. During the Term, any permitted transferee shall acquire the Property subject to the terms and conditions hereof.

(b) Intra-Family Conveyances. The following transfers of title shall not be breaches of this Instrument: transfer by gift, devise, or inheritance to the Owner's spouse; taking of title by surviving joint tenant that is the Owner's spouse; transfer of title to a spouse as part of a divorce or dissolution proceedings; acquisition of title in conjunction with marriage. A transfer to children of the Owner where the income of such children exceeds the maximum household income applicable to the Property permitted hereunder shall give rise to the option in favor of the Agency to purchase the Property described in Section 6. A transfer to children of an Owner where the income of such children does not exceed a Moderate Income is permitted hereunder. Any transferee hereunder shall take title to the Property subject to the terms, conditions, restrictions

and requirements hereof and the transferee shall execute any reasonable document required by the Agency to ratify the assumption by such transferee of the terms hereof.

(c) First Trust Deed. The Owner may encumber or refinance the Property with a first position deed of trust or mortgage on the condition that the interest, terms and conditions are reasonable at the time the financing takes place (in the opinion of the Agency).

(d) Second Trust Deeds. The Agency shall consider in good faith whether to permit a loan, to be secured by a junior trust deed or mortgage encumbering the Property, the proceeds of which are to be used to pay for repairs or the construction of improvements to the Property, on the following terms and conditions: (i) the cost of the repairs or the improvements (plus loan fees and loan costs), does not exceed the principal amount of such loan, (ii) the loan is originated by a bank, savings and loan association, or other institutional lender, (iii) the interest rate and payment terms thereon are reasonable (in the Agency's reasonable opinion), (iv) the Owner shall be capable of meeting the monthly payments provided by such loan (in the Agency's reasonable opinion), and (v) the Property is not over-encumbered.

6. Agency Option to Purchase.

(a) Option. In order to maintain and insure that the Property shall remain affordable to and only occupied by Persons or Families of Low or Moderate Income, the Agency is hereby granted the option, throughout the Term hereof, to purchase the Property ("Option") in the event the Owner desires to transfer the Property, or to find another Person or Family of Low or Moderate income to purchase the Property. The purchase price shall be the amount set forth in Subsection 6(b) below, and the option shall be exercised by the Agency, if at all, within one hundred twenty (120) calendar days after the Agency's receipt of the written notice ("Notice of Proposed Sale") of the Owner's desire to transfer the Property. During such one hundred twenty (120) calendar day period the Owner may also concurrently attempt to market the Property to sell it to a Person or Family of Low or Moderate income. In the event that the Agency exercises the Option, then the Agency shall promptly open escrow and shall close of escrow for the purchase of the Property prior to the date that is one hundred eight (180) calendar days after the Agency's receipt of the Notice of Proposed Sale. If the Agency exercises the Option to purchase but, due to the Agency's sole fault, the Agency does not close escrow within one hundred eighty (180) calendar days after the date the Agency first received the Owner's Notice of Proposed Sale, then the Owner shall be entitled to sell the Property to a person or family that is not a Person or Family of Low or Moderate Income, or otherwise; provided, however, if the Property is sold to a person or family that is not a Person or Family of Low or Moderate income, then the Owner shall repay the Agency Loan and interest thereon to the Agency as provided in Section 7(c) below. Title to the Property shall be delivered to the Agency at the close of escrow free and clear of monetary liens and encumbrances, and closing costs shall be allocated in the fashion as is customary for buyers and sellers in Riverside County.

(b) Purchase Price. The purchase price of the Property to be paid by the Agency or its designee shall be the lower of:

- i. The purchase price as agreed upon between the Owner and the Agency; or
- ii. The sum of:

(A) The Owner's purchase price of the Property multiplied by the percentage increase in the Consumer Price Index from that published for the date nearest the date of close of escrow of the Owner's purchase of the Property over that published nearest the date of completion and executing of the Notice of Proposed Sale; plus

(B) The actual cost, as evidenced by receipts, of Capital Improvement Investments in the Property, multiplied by the percentage increase in the Consumer Price Index from the time of completion of each item of Capital Improvement; plus

(C) Brokerage commissions, if any, paid by such Owner in connection with such resale, and escrow costs, title insurance premiums paid, and other customary closing costs and fees; plus

(D) Any ordinary escrow costs incurred by the Owner in connection with its original purchase of the Property or that may be incurred in connection with such resale transaction; plus

(E) In the event the Owner sells the Property after a default under a mortgage or deed of trust, but prior to a trustee's sale or foreclosure sale, the purchase price shall be further increased by all expenses actually incurred by the holder of such mortgage or beneficiary under such deed of trust due to the Owner's default including, but not limited to, trustee's fees, attorney's fees, costs of sale and debt service on the debt secured by such mortgage or deed of trust. The foregoing shall also apply to a deed in lieu of foreclosure.

7. Resale Price Controls and Procedures.

(a) If the Owner elects at any time during the Term to sell the Property, then the Owner shall, prior to signing a listing agreement or other authorization to sell with a real estate broker, first provide to the Agency a Notice of Proposed Sale setting forth the Owner's intention to sell the Property, and a property information form to be prepared by the Agency. Such Notice shall contain information about the Owner's original purchase price of the Property and the Owner's Capital Improvement Investment. Agency or its designee shall have one hundred twenty (120) calendar days from the time following the receipt by the Agency or its designee of the Notice of Proposed Sale to exercise the Agency's Option described in Section 6; provided, however, the Agency or its designee may shorten such time period upon a showing of hardship by the Owner. The Owner agrees to consider as purchasers those Persons or Families of Low or Moderate Income identified on a list that may be obtained by the Agency. Nothing contained herein shall be construed as imposing on the Agency any obligation to find a purchaser of the Property if the Owner has elected to sell the Property.

(b) Resale to Qualified Person. The Owner may sell the Property to Qualified Person. If the Owner resells the Property to a Qualified Person at a price that does not exceed the price set forth in Section 9, then the provisions of this Regulatory Agreement shall continue to encumber the Property, and the Agency shall subordinate its interest in any new deed

of trust as provided herein. Each successor in interest to Owner that is a Person or Family of Low or Moderate Income, shall acquire the Property subject to the continuation of the restrictions on such Property provided in this Regulatory Agreement; and if Agency purchases such Property and resells the Property, such acquisition shall not operate to merge this Regulatory Agreement into Agency's fee interest.

(c) If, after expiration of the one hundred twenty (120) calendar day period, Agency or its designee elects not to purchase the Property or has failed to procure an eligible and qualified buyer, then the Owner shall then be free to seek a buyer for the Property without any limitation on resale price or income level of the purchaser. However, if the purchaser is not a Person or Family of Low or Moderate Income, then, to compensate the Agency for loss of the affordability restrictions on the Property and to allow the Agency to fund the rehabilitation of other affordable units, the Owner shall pay to the Agency a percentage share of the appreciation in the value of the Property ("Appreciation Share") and the amount of the Agency Loan, as follows:

1) If the Property is sold on or before the (10<sup>th</sup>) tenth anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency: (i) fifteen percent (15%) of the appreciation in the value of the Property, and (ii) the full amount of the Agency Loan.

2) If the Property is sold after the tenth (10<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County and on or before the twentieth (20<sup>th</sup>) anniversary of the date this Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency (i) ten percent (10%) of the appreciation in the value of the Property, and (ii) the full amount of the Agency Loan.

3) If the Property is sold after the twentieth (20<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County and on or before the thirtieth (30<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency (i) five percent (5%) of the appreciation in the value of the Property, and (ii) the full amount of the Agency Loan.

4) If the Property is sold after the thirtieth (30<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County and on or before the forty-fifth (45<sup>th</sup>) anniversary of the date this Regulatory Agreement is recorded in the Official Records of Riverside County, then the Owner shall pay to the Agency two percent (2%) of the appreciation in the value of the Property and shall not be required to pay to the Agency the amount of the Agency Loan or any interest accrued thereon and the Agency Loan shall be forgiven as further described in Section 4(b).

(d) The escrow instructions may provide for conditions or contingencies of the type and nature customarily included in residential purchase escrows (including but not limited to financing contingencies, inspection rights, and preliminary title report approvals), provided that any such conditions or contingencies (other than the status of title to the Property at the time of conveyance and other conditions which by their nature cannot be satisfied prior to closing) must be satisfied or waived on or before the close of escrow. The proceeds of the sale shall be used to pay off all monetary liens and encumbrances upon the close of escrow.

(e) The Owner shall notify any proposed purchaser in writing prior to such person's execution of escrow instructions, deposit receipt, purchase and sale agreement or similar agreement, whichever is earliest, that the title to the Property will be restricted in the manner described herein.

(f) The Owner may require a deposit to open escrow in an amount not to exceed three percent (3%) of the purchase price. Title to the Property shall be delivered to the purchaser at the close of escrow free and clear of monetary liens and encumbrances. Closing costs shall be allocated between the buyer and seller according to the customary practices in Riverside County in effect at the time the escrow is opened.

(g) For the purpose of confirming with the Agency that a proposed purchaser is a Person or Family of Low or Moderate Income that will be paying a purchase price that is in compliance with the terms hereof, the Owner shall notify the Agency in writing of any offer from a prospective purchaser and providing the Agency with such financial, credit, or other information on such prospective purchaser as required by the Agency, including the following:

- i. Name and address of the purchaser.
- ii. Number of persons comprising the purchaser's household and their names and ages.
- iii. Proposed purchase price of the Property, and any other consideration for the purchase of the Property.
- iv. Amount of down payment.
- v. Terms of any loan that will be used by the purchaser to finance the purchase of the Property, including, but not limited to, principal, interest rate, term, and loan fees.
- vi. Closing date.
- vii. Aggregate annual income of the purchaser's household.
- viii. Most recent federal and state income tax returns of the purchaser and all other members of the purchaser's household for the preceding two (2) calendar years, and verification of the proposed purchaser's salary or wages from the purchaser's employer.
- ix. Copy of any proposed purchase and sale agreement, escrow instructions, loan application, or other agreements between the Owner and the purchaser of the Property or relating to the sale of the Property.
- x. A written statement signed by the proposed purchaser that the Property will be occupied by the purchaser of such Property and used as his or her primary residence.

In lieu of providing the foregoing information, these requirements shall be deemed to have been satisfied by delivery to the Agency of a written certification of the foregoing information from the purchaser's lender who shall hold a first position trust deed encumbering the Property, which certification shall be furnished to Agency at least fifteen (15) calendar days prior to the close of escrow for the Property.

(h) The Agency shall have thirty (30) calendar days to review the information in Section 7g. The Agency may require the purchaser to submit other written documentation reasonably requested by the Agency to verify the information set forth herein and to determine that the Affordable Housing Cost restrictions of this instrument shall be satisfied. If the Agency receives all such prospective purchaser information requested by the Agency, the Agency shall determine whether the prospective purchaser is qualified to purchase the Property as a Person or Family of Low or Moderate Income, and shall thereafter promptly notify the Owner in writing that the prospective sale is authorized and approved, or that the prospective purchaser does not qualify to purchase the Property as a person or family of low or moderate income. The Agency hereby designates the Executive Director of the Agency to make the evaluations, reviews and determinations set forth in this Section 7.

(i) If the Agency notifies the Owner that the sale is authorized and approved, the Owner shall proceed to complete the sale of the Property within seventy-five (75) calendar days of the date of such approval from the Agency.

8. Notification Prior to Mortgage, Encumbrance or Hypothecation. If Owner desires to refinance any loan secured by a first deed encumbering the Property, or to borrow funds for a new loan to be secured by a junior trust deed encumbering the Property the proceeds of which are to be used to pay for repairs or the construction of improvements to the Property, then at least fifteen (15) calendar days prior to the recordation of the deed of trust or mortgage, the Owner shall submit to the Agency in writing the following information:

- (a) Name and address of lender.
- (b) Terms of the loan, including, but not limited to, principal, interest rate, term, and loan fees.
- (c) Closing date of the loan.
- (d) Aggregate annual income of the Owner's household.
- (e) Most recent federal and state income tax returns of the Owner and all other members of the Owner's or lessee's household.
- (f) Copy of any proposed escrow instructions, loan application, or other agreements between the Owner and the lender.

The Agency shall have 30 days to review the information. The Owner shall submit to the Agency other written documentation reasonably requested by the Agency to verify the information set forth herein.

9. Restriction on Resale Price. Except as permitted otherwise herein, the Owner shall not resell the Property at a price higher than the greater of the following:

(a) The actual purchase price by the Owner for the Property plus reasonable and customary escrow closing and title costs, and reasonable and customary brokerage commissions (not to exceed 6% of the sale price), actually incurred by the Owner in purchasing the Property and in reselling same, if any; or

(b) An Affordable Housing Cost for the prospective purchaser, assuming (i) a reasonable down payment, and (ii) a thirty (30) year fixed rate mortgage at prevailing interest rates.

10. Occupancy Requirement.

(a) The Property shall be used as the principal residence of Owner and Owner's family and for no other purpose. Owner shall not rent or lease any of the Property, including any room, out-building, or other portion of the Property or accept any compensation from any person or entity for the use of the Property. The maximum occupancy of the Property shall not exceed the maximum occupancy allowed by the San Jacinto Municipal Code or other applicable law, if any.

(b) The Agency shall have the right to monitor whether the Property is Owner-occupied by requesting that Owner provide the Agency, no more frequently than annually, with a written certification under penalty of perjury that the Property is Owner-occupied, accompanied by supporting documentation reasonably satisfactory to the Agency. In the event of a breach or threatened breach of this Section, the Agency, the City of San Jacinto ("City"), or their successors or assigns shall be entitled to institute legal action to enforce performance of this Section, and to obtain an injunction prohibiting anyone but Owner from occupying the Property and/or requiring Owner to occupy the Property to a person or family who will occupy the Property as its primary residence.

(c) These owner-occupancy restrictions may be modified or terminated only upon the approval of the Agency. Any modification must be in writing.

11. Maintenance of Property.

(a) Owner shall maintain the interior and exterior of the improvements and the landscaping on the Property in a manner consistent with community standards, which will uphold the value of the Property, in accordance with this Regulatory Agreement and the San Jacinto Municipal Code. Owner shall not commit waste upon the Property. Owner shall not remove or demolish the improvements on the Property. If Owner at any time fails to so keep and maintain the Property in good condition and repair, after 30 days notice from Agency, Agency shall have a right to enter onto the Property and perform such deferred maintenance, and Owner shall promptly reimburse Agency for all costs incurred in performing such maintenance.

(b) Owner shall maintain the Property free from drug-related or gang activities, and from all other form of criminal activity or public nuisance.

(c) After Agency receives a Notice of Proposed Sale, Owner shall permit the Agency to inspect the Property prior to sale, upon reasonable prior notice from the Agency. Following such inspection, if the Agency determines that the Property is not in compliance with this Section, the

Agency shall deliver to the Owner a list of repairs that are required to be made to the Property to comply with this Section. At Owner's sole cost and expense, Owner shall complete such repairs, or provide for such repairs to be completed, to the reasonable satisfaction of the Agency prior to the sale. With the consent of the Agency, Owner may provide for such repairs to be paid out of the portion of net sale proceeds to be paid to Owner.

12. Indemnification. Owner shall defend, indemnify, and hold harmless the Agency and the City and their respective officers, agents, employees, representatives and volunteers from and against any loss, liability, claim or judgment relating in any manner to the Property or this Regulatory Agreement. Owner shall remain fully obligated for the payment of taxes, liens and transfer of responsibility to the Agency to make such payments, by virtue of the Agency Loan.

13. Insurance. Owner shall maintain, during the term of the Regulatory Agreement, an all-risk property insurance policy insuring the Property in an amount equal to the full replacement value of the structures on the Property. The policy shall name the Agency as a loss payee and shall contain a statement of obligation on behalf of the carrier to notify the Agency of any material change, cancellation or termination of coverage at least thirty (30) days in advance of the effective date of such material change, cancellation or termination. Owner shall transmit a copy of the certificate of insurance and loss payee endorsement to Agency within thirty (30) days of the effective date of this Regulatory Agreement, and Owner shall annually transmit to Agency a copy of the certificate of insurance and a loss payee endorsement, signed by an authorized agent of the insurance carrier setting forth the general provisions of coverage. The copy of the certificate of insurance and loss payee endorsement shall be transmitted to Agency at the address set forth in this Regulatory Agreement. Any certificate of insurance must be in a form, content, and with companies admitted in the State of California and approved by Agency. In the event Owner fails to provide the insurance required by this Section, Agency shall have the right, but not the obligation, to obtain insurance on behalf of the Agency only, and Owner shall immediately upon demand pay Agency the premiums on insurance procured by its pursuant to this section, Agency may add the amount of any such premium to the accelerated balance due in the event of a default under this Regulatory Agreement. Such added sum shall bear interest at the maximum rate provided by law until the same has been paid in full.

14. Defaults.

(a) This Regulatory Agreement is made pursuant to a property Housing Rehabilitation program (the "Program") designed solely for the benefit of Qualified Persons as described by the terms and conditions set forth in the Agreement and this Regulatory Agreement. Default in such terms and conditions will result in the frustration of the Program objectives and the loss of Program funds available to assist Qualified Persons pursuant to the Program. The parties agree that Agency would have not made the Agency Loan but for Owner's representations, warranties, and agreement to the terms and conditions set forth in the Agreement and this Regulatory Agreement. Therefore, in the event Owner is in default of this Regulatory Agreement by fraudulently or intentionally misrepresenting the income information submitted to the Agency, or failing to occupy the Property, or by the occurrence of any event of default hereunder, Owner and Agency further agree that interest on the Agency Loan, from and after the date of such default, will accrue and be due and payable on demand at the rate of ten percent (10%) per annum until such defaults are cured or the Agency Loan is repaid through sale, foreclosure, or otherwise.

(b) Failure to delay by either party to perform any term or provision of this Regulatory Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Regulatory Agreement; provided, however, if such default is of the nature requiring more than thirty (30) calendar days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) calendar day period, and thereafter diligently pursuing such cure to completion. The party who so fails or delays must immediately commence to cure, correct, or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence.

(c) The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Except as required to protect against further damages, the injured party may not institute proceedings against the party in default until thirty (30) days after giving such notice. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default.

15. **Notices.** Except as otherwise expressly provided in this Regulatory Agreement, in every case when, under the provisions of this Regulatory Agreement, it shall be necessary or desirable for one party to serve any notice, request, demand, report or other communication on another party, the same shall be in writing and shall not be effective for any purpose unless served (a) personally, (b) by independent, reputable, overnight commercial courier, or (c) by deposit in the United States mail, postage and fees fully prepaid, registered or certified mail, with return receipt requested, addressed as follows:

To Owner: Mary F. Rocco  
686 San Marcos Place  
San Jacinto, California 92583

To Agency: Redevelopment Agency of the City of San Jacinto  
201 East Main Street  
San Jacinto, California 92583  
Attention: Executive Director

Either party may change its address for notice by giving written notice thereof to the other party.

16. **Nondiscrimination.** Owner covenants by and for himself, his or her heirs, executors, administrators, successors and assigns, and all persons claiming under or through him or her that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, sex, marital status, familial status, disability, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, or any part thereof, nor shall Owner or any person claiming under or through Owner establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use of occupancy of tenants, leases, subtenants, sub-lessees, or vendees of the Property. Owner shall refrain from restricting the rental, sale or lease of the Property on the basis of race, color, religion, sex, marital status, familial status, disability, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or non-segregation clauses:

(a) In deeds: "The Owner herein covenants by and for himself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them; that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, religion, sex, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the Owner himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sub-lessee or vendees in the land herein conveyed. The foregoing covenants shall run with the land."

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

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-lessees, subtenants or vendees in the premises herein leased."

(c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, religion, sex, marital status, familial status, disability, ancestry or national origin in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sub-lessees, subtenants or vendees in the premises."

The foregoing shall be covenant running with the land for the benefit of Agency and City, and as a burden upon the Property, and shall remain in effect in perpetuity.

17. Rights of First Lien Holder. No violation or breach of this Regulatory Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other security instrument permitted by the Agreement or this Regulatory Agreement and made in good faith and for value. Notwithstanding any provisions herein, this Regulatory Agreement shall not diminish or affect the rights of City Mortgage, or its successor and assigns (the "First Lien Lender") under that certain deed of trust ("First Lien Deed of Trust") dated July 16, 2003 and executed by the Owner in favor of the First Lien Lender and recorded in the County of Riverside on July 14, 2003 and assigned Instrument No 37031734-E75. Agency and Owner acknowledge and agree that this Regulatory Agreement is subject and subordinate in all respects to the liens, terms, covenants and conditions of the First Lien Deed of Trust and to all advances heretofore made or which may hereafter be made pursuant to the First Lien Deed of Trust including all sums advanced for the purpose of (a) protecting or further securing the lien of the First Lien Deed of Trust, curing defaults by the Owner under the First Lien or for any other purpose expressly permitted by the First Lien Deed of Trust or (b) constructing, renovating, repairing, furnishing, fixturing or equipping the Property. The terms and provisions of the First Lien Deed of Trust are paramount and controlling, and they supersede any other terms and provisions hereof in conflict

and they supersede any other terms and provisions hereof in conflict therewith. In the event of a foreclosure or deed in lieu of foreclosure of the First Lien Deed of Trust, any provisions herein or any provisions in any other collateral agreement restricting the use of the Property to low or moderate income households or otherwise restricting the Owner's ability to sell the Property shall have no further force or effect on subsequent owners or purchasers of the Property. Any person, including his successors or assigns (other than the Owner or a related entity to the Owner), receiving title to the Property through a foreclosure or deed in lieu of foreclosure of the First Lien Deed of Trust shall receive title to the Property free and clear from such restrictions. Further, if the First Lien Lender acquires title to the Property pursuant to a deed in lieu of foreclosure, this instrument shall automatically terminate upon the First Lien, or diligently pursued curing the default as determined by the First Lien Lender, within the 60-day period provided in such notice sent to the Agency.

18. Covenants Run With the Land. Notwithstanding any other provision of law, this Regulatory Agreement shall run with the land and shall be enforceable against the Owner and successors in interest by the Agency or the City. Except for the nondiscrimination provisions set forth above, which shall remain in effect in perpetuity, the requirements of this Regulatory Agreement shall remain in effect until the earlier of (a) the end of the Term, or (b) repayment in full of the Agency Loan with interest upon a sale to a Non-Qualified Person. This Regulatory Agreement, without regard to technical classification or designation, shall be binding for the benefit of the Agency and the City, and such covenants shall run in favor of the Agency and the City for the entire period during which such covenants shall be in force and effect, without regard to whether the Agency or the City is or remains an owner of any land or interest therein to which such covenants relate. The Agency and the City, in the event of any breach of any such covenants, shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other proper proceedings to enforce the curing of such breach. If Owner is more than one person, the obligations of Owner hereunder are joint and several as to each person comprising the Owner.

19. Changes to Agreement. Only the Agency, its successor, and assigns, and the Owner and the successors and assigns of the Owner in and to the Property shall have the right to consent and agree to changes in, or to eliminate in whole or in part, this Regulatory Agreement or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder, licensee, trustee, beneficiary under a deed of trust or any other person or entity having an interest less than a fee in the Property. This Regulatory Agreement shall not benefit or be enforceable by any person, or firm, or corporation, public or private, except the Agency and the Owner and their respective successors and assigns.

20. Administration. Agency may administer the terms hereof or may, from time to time assign its rights hereunder or designate another entity, person, licensed real estate broker or organization to administer the terms hereof.

21. Independent and Severable Provisions. In the event that any provision of this instrument is held by a court of competent jurisdiction to be unenforceable or invalid, such holding shall not render unenforceable any other provision hereof, each provision hereof being expressly severable and independently enforceable to the fullest extent permitted by law.

22. Successors and Assigns. The restrictions on transfer of the Property shall be binding upon Owner and Owner's heirs, successors and assigns, and shall inure to the benefit of Agency and its

successors and assigns. Agency may, at its option, assign its rights under this Regulatory Agreement and any related documents without obtaining the consent of the Owner.

23. Further Assurances and Recordations. Owner covenants that upon request of Agency, Owner, or its heirs, successors or assigns, will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such further instruments and agreements and do such further acts as may be necessary, desirable or proper to carry out more effectively the purpose of this instrument. At the expiration of the Term, Agency agrees to provide to Owner an instrument in recordable form that has the effect of confirming the termination of the affordable housing requirements of this Regulatory Agreement.

24. Relationship of Owner and Agency. The relationship of Owner and Agency pursuant to this Regulatory Agreement is that of debtor and creditor and shall not be, or be construed to be a joint venture, equity venture, partnership, or other relationship.

25. Captions and Section Headings. Captions and section headings used herein are for convenience only and shall not be used in construing this instrument.

26. No Waiver. No waiver by Agency of its rights hereunder, or of any breach by Owner of any covenant, restriction, or condition herein contained, shall be effective unless such waiver is in writing, signed by Agency and delivered to Owner. Any waiver by Agency of its power to terminate Owner's estate herein or of any covenant, restriction, or condition herein contained, or the failure by Agency to exercise any right or remedy with respect to any breach or breaches, shall not constitute a waiver or relinquishment for the future of any rights regarding subsequent sales, or of any such covenant or condition nor bar any right or remedy of Agency in respect of any subsequent breach.

27. Entire Agreement. This Instrument constitutes the entire agreement of the parties hereto, and the provisions hereof may be modified or amended only by a written instrument signed by the party to be charged.

28. Attorney's Fees. In any action brought to declare the rights granted herein or to enforce or to interpret any of the terms of this Regulatory Agreement, the prevailing party shall be entitled to an award of reasonable attorney's fees in an amount determined by the court.

29. Governing Law. Owner hereby agrees to comply with all ordinances, rules, and regulations of the Agency and the City. Nothing in this Regulatory Agreement is intended to be, nor shall it be deemed to be, a waiver of any City ordinance, rule, or regulation. This Regulatory Agreement shall be governed by the laws of the State of California. Any legal action brought under this Regulatory Agreement must be instituted in the Superior Court of the County of Riverside, State of California.

30. Recording. Owner agrees and acknowledges that this Regulatory Agreement shall be recorded against the Property with the County Recorder of the County of Riverside and shall appear of record with respect to and as encumbrances to the Property.

31. Income Information. Owner has submitted eligibility verification information to the Agency prior to execution of this Regulatory Agreement. Owner represents, warrants, and hereby declares to the Agency under penalty of perjury under the laws of the State of California that all information

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Owner has provided and will provide in the future to the Agency is and will be true, correct and complete. Owner acknowledges that the Agency is relying upon Owner's representations that Owner is a Qualified Person, and Agency would not have entered into this Regulatory Agreement if Owner did not so qualify.

32. Request for Notice from Lenders. Owner shall cause a Request for Notice to be recorded on the Property requesting a statutory notice of default as set forth in the California Civil Code. Such notice shall be sent to Agency at the address set forth in this Regulatory Agreement.

(SIGNATURE PAGES FOLLOW)

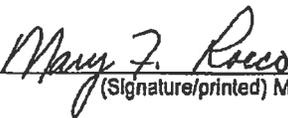
WHEREFORE, the parties have executed this Regulatory Agreement as of the day and year last written below.

✓ "Agency" <sup>U8</sup>  
  
\_\_\_\_\_  
Agency Executive Director- Peter A. Cozzitini  
4-18-05  
\_\_\_\_\_  
(Date Signed)

Attest:

\_\_\_\_\_  
Agency Secretary  
\_\_\_\_\_  
(Date Signed)

"Owner"

+   
\_\_\_\_\_  
(Signature/printed) Mary F. Rocco  
April 14, 2005  
\_\_\_\_\_  
(Date Signed)

\_\_\_\_\_  
N/A  
(Signature/printed)  
\_\_\_\_\_  
N/A  
(Date Signed)

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

On April 18, 2005, before me, Steven G. Pasarow, Notary Public, personally appeared Peter A. Cosentini, Executive Director, personally known to me, to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Signature

Printed: Steven G. Pasarow

(Seal)

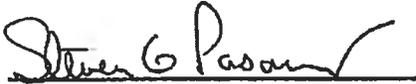


STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

On April 14, 2005, before me, Steven G. Pasarow, Notary Public, personally appeared Mary F. Rocco, proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Signature

Printed: Steven G. Pasarow

(Seal)

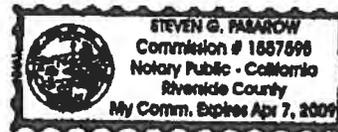


EXHIBIT A

LEGAL DESCRIPTION

LOT 9 BLK 1 MB 020/055 MANG / DIVINE'S SUB DIVISION. IN THE CITY OF SAN JACINTO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20, PAGE 5, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

RECORDED REQUESTED BY and )  
WHEN RECORDED MAIL TO: )  
CITY CLERK )  
REDEVELOPMENT AGENCY OF THE )  
CITY OF SAN JACINTO )  
201 EAST MAIN STREET )  
SAN JACINTO, CALIFORNIA 92583 )

(Exempt from Recording Fees Per Government Code §6103.) (Space Above Provided For Recorder)

**REQUEST FOR NOTICE  
UNDER SECTION 2924b CIVIL CODE**

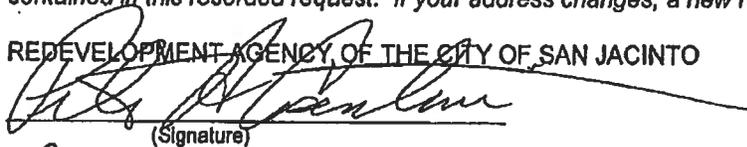
**REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO**

In accordance with Civil Code, section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. 2003-530039 on 7/16/03, Official Records of Riverside, California, executed by Mary F. Rocco as Trustor in which Riverside County's Credit Union is named as Beneficiary and Riverside County's Credit Union as Trustee

be mailed to:  
CITY CLERK  
REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
201 EAST MAIN STREET  
SAN JACINTO, CALIFORNIA 92583

NOTICE: A copy of any notice of default and any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO

  
(Signature)

Peter A. Cosentini  
(Printed Name) Peter A. Cosentini

Executive Director  
(Title)

04-18-2005  
(Date Signed)

**EXHIBIT "B"**

**RELEASE DOCUMENTS**

TO BE RECORDED AND UPON  
RECORDATION RETURN TO:

San Jacinto Housing Authority  
Authority Secretary  
595 S. San Jacinto Avenue  
San Jacinto, CA 92583

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APN 437-091-010

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
EXEMPT FROM RECORDING FEES – GOVERNMENT CODE SECTION 27383

**RELEASE OF REGULATORY AGREEMENT**  
(Covenants Concerning Real Property)

by and among

SAN JACINTO HOUSING AUTHORITY, a California public agency as successor to the  
REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO, a public body corporate  
and politic

and

MARY ROCCO

as Owner

Dated as of April 14, 2005

Relating to:

\$30,000

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO**  
**AGENCY LOAN**

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## RELEASE OF REGULATORY AGREEMENT

**THE RELEASE OF REGULATORY AGREEMENT** (this "Agreement") is made and entered as of this \_\_\_th day of October, 2012, by and among SAN JACINTO HOUSING AUTHORITY, a California public agency as successor to the REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO, a public body corporate and politic, duly organized and existing under the laws of the State of California, as lender (the "Agency" or "Authority"), and MARY ROCCO, as owner (the "Owner").

### *WITNESSETH*

**WHEREAS**, Agency, acting to carry out its public purpose under the California Community Redevelopment Law ("CRL")("Health and Safety Code 33000 et seq.) to make financial assistance available to assist persons and families of low or moderate income to preserve ownership housing, made a loan ("Agency Loan") to Owner pursuant to the terms of that certain Regulatory Agreement dated April 14, 2005 by and between Owner and Agency as amended recorded as Document Number 2005-0520101 in the County of Riverside for the purpose of assisting owner to finance the rehabilitation of that certain residential real property ("Property") described on the attached Exhibit A which is incorporated herein by this reference; and

**WHEREAS**, Agency's agreement to make the Agency Loan to the Owner was conditioned on, and was induced by, Owner's agreement to restrict the use of Property for the term of the Agency Loan to owner occupancy for low and moderate income individuals; and

**WHEREAS**, since that time the Owner has defaulted on the Altura Credit Unions 1st Mortgage loan and the Property is now facing foreclosure. Authority/Agency has approved the release of the Agency Loan in order to allow the approved short sale by Altura Credit Union to go forward.

**WHEREAS**, Authority now agrees to release this Regulatory Agreement its proportionate share of any appreciation in the value of the Property from any subsequent sale;

**NOW, THEREFORE**, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Owner hereby agree as follows:

**Section 1. Release of Property from Regulatory Agreement.** The Authority and the Owner hereby agree that the Regulatory Agreement shall have no further force or effect with respect to the Property and each such document shall cease to be an encumbrance on the Property.

**Section 2. Agreement to Record.** The parties hereto represent, warrant and covenant to cause this Agreement to be recorded in the real property records of the County of Riverside, California.

**Section 3. Effective Date.** This Agreement shall be effective as of the date hereof.

**Section 4. Multiple Counterparts.** This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

**Section 5. Governing Law.** This Agreement shall be governed by the laws of the State of California.

**IN WITNESS WHEREOF,** the Authority, the Association and the Owner have executed this Release by duly authorized representatives, all as of the date first written above.

SAN JACINTO HOUSING AUTHORITY, a California public agency as successor to the REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO, a public body corporate and politic

\_\_\_\_\_  
Timothy Hults, Executive Director

Attest:

\_\_\_\_\_  
Authority Secretary, Richard Miller

MARY ROCCO, Owner  
\_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

**APN: 437-091-010**

LOT 9 BLK 1 MB 020/055 MANG/DIVINE'S SUB DIVISION. IN THE CITY OF SAN JACINTO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20, PAGE 5, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

**ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA**

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name of Signer(s)

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

**OPTIONAL**

Though the data below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent reattachment of this form.

**CAPACITY CLAIMED BY SIGNER**

**DESCRIPTION OF ATTACHED DOCUMENT**

- Individual
- Corporate Officer

\_\_\_\_\_  
Title(s)

\_\_\_\_\_  
Title or Type of Document

- Partner(s)  Limited
- General

\_\_\_\_\_  
Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: \_\_\_\_\_

\_\_\_\_\_  
Date Of Document

Signer is representing:  
Name Of Person(s) Or Entity(ies)  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signer(s) Other Than Named Above

**ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA**

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

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WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

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- Corporate Officer

- \_\_\_\_\_  
Title(s)
- Partner(s)  Limited
  - Attorney-In-Fact  General
  - Trustee(s)
  - Guardian/Conservator
  - Other: \_\_\_\_\_

\_\_\_\_\_  
Title or Type of Document

\_\_\_\_\_  
Number Of Pages

\_\_\_\_\_  
Date Of Document

Signer is representing:  
Name Of Person(s) Or Entity(ies)  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signer(s) Other Than Named Above

**ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA**

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name of Signer(s)

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

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WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

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- Partner(s)  Limited
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Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: \_\_\_\_\_

\_\_\_\_\_  
Date Of Document

Signer is representing:  
Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signer(s) Other Than Named Above

TO BE RECORDED AND UPON  
RECORDATION RETURN TO:

San Jacinto Housing Authority  
Authority Secretary  
595 S. San Jacinto Avenue  
San Jacinto, CA 92583

---

APN 437-091-010

SPACE ABOVE THIS LINE FOR RECORDER'S USE  
EXEMPT FROM RECORDING FEES – GOVERNMENT CODE SECTION 27383

**RELEASE OF REGULATORY AGREEMENT**  
(Covenants Concerning Real Property)

by and among

SAN JACINTO HOUSING AUTHORITY, a California public agency as successor to the  
REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO, a public body corporate  
and politic

and

MARY ROCCO

as Owner

Dated as of April 14, 2005

Relating to:

\$30,000

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO**  
**AGENCY LOAN**

---

## RELEASE OF REGULATORY AGREEMENT

**THE RELEASE OF REGULATORY AGREEMENT** (this "Agreement") is made and entered as of this \_\_th day of October, 2012, by and among SAN JACINTO HOUSING AUTHORITY, a California public agency as successor to the REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO, a public body corporate and politic, duly organized and existing under the laws of the State of California, as lender (the "Agency" or "Authority"), and MARY ROCCO, as owner (the "Owner").

### *WITNESSETH*

**WHEREAS**, Agency, acting to carry out its public purpose under the California Community Redevelopment Law ("CRL")("Health and Safety Code 33000 et seq.) to make financial assistance available to assist persons and families of low or moderate income to preserve ownership housing, made a loan ("Agency Loan") to Owner pursuant to the terms of that certain Regulatory Agreement dated April 14, 2005 by and between Owner and Agency recorded as Document Number 2005-0445915 in the County of Riverside for the purpose of assisting owner to finance the rehabilitation of that certain residential real property ("Property") described on the attached Exhibit A which is incorporated herein by this reference; and

**WHEREAS**, Agency's agreement to make the Agency Loan to the Owner was conditioned on, and was induced by, Owner's agreement to restrict the use of Property for the term of the Agency Loan to owner occupancy for low and moderate income individuals; and

**WHEREAS**, since that time the Owner has defaulted on the Altura Credit Unions 1st Mortgage loan and the Property is now facing foreclosure. Authority/Agency has approved the release of the Agency Loan in order to allow the approved short sale by Altura Credit Union to go forward.

**WHEREAS**, Authority now agrees to release this Regulatory Agreement its proportionate share of any appreciation in the value of the Property from any subsequent sale;

**NOW, THEREFORE**, in consideration of the mutual covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Authority and the Owner hereby agree as follows:

**Section 1. Release of Property from Regulatory Agreement.** The Authority and the Owner hereby agree that the Regulatory Agreement shall have no further force or effect with respect to the Property and each such document shall cease to be an encumbrance on the Property.

**Section 2. Agreement to Record.** The parties hereto represent, warrant and covenant to cause this Agreement to be recorded in the real property records of the County of Riverside, California.

**Section 3. Effective Date.** This Agreement shall be effective as of the date hereof.

**Section 4. Multiple Counterparts.** This Agreement may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

**Section 5. Governing Law.** This Agreement shall be governed by the laws of the State of California.

**IN WITNESS WHEREOF,** the Authority, the Association and the Owner have executed this Release by duly authorized representatives, all as of the date first written above.

SAN JACINTO HOUSING AUTHORITY, a California public agency as successor to the REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO, a public body corporate and politic

\_\_\_\_\_  
Tim Hults, Executive Director

Attest:

\_\_\_\_\_  
Authority Secretary, Rick Miller

MARY ROCCO, Owner  
\_\_\_\_\_

**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

**APN: 437-091-010**

LOT 9 BLK 1 MB 020/055 MANG/DIVINE'S SUB DIVISION. IN THE CITY OF SAN JACINTO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 20, PAGE 5, OF MAPS IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

**ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA**

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name of Signer(s)

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

**OPTIONAL**

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**CAPACITY CLAIMED BY SIGNER**

**DESCRIPTION OF ATTACHED DOCUMENT**

- Individual
- Corporate Officer

\_\_\_\_\_  
Title(s)

\_\_\_\_\_  
Title or Type of Document

- Partner(s)  Limited
- General

\_\_\_\_\_  
Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: \_\_\_\_\_

\_\_\_\_\_  
Date Of Document

Signer is representing:  
Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Signer(s) Other Than Named Above

**ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA**

STATE OF CALIFORNIA )  
 COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name of Signer(s)

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

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

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 Signature of Notary Public

**OPTIONAL**

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\_\_\_\_\_  
Title(s)

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- Partner(s)  Limited
- General

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Number Of Pages

- Attorney-In-Fact
- Trustee(s)
- Guardian/Conservator
- Other: \_\_\_\_\_

\_\_\_\_\_  
Date Of Document

Signer is representing:  
 Name Of Person(s) Or Entity(ies)

\_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
Signer(s) Other Than Named Above

**ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA**

STATE OF CALIFORNIA )  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_  
Date Name And Title Of Officer (e.g. "Jane Doe, Notary Public")

personally appeared \_\_\_\_\_  
Name of Signer(s)

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

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature of Notary Public

**OPTIONAL**

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**CAPACITY CLAIMED BY SIGNER**

**DESCRIPTION OF ATTACHED DOCUMENT**

- Individual
- Corporate Officer

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Title(s)
- Partner(s)  Limited
  - Attorney-In-Fact  General
  - Trustee(s)
  - Guardian/Conservator
  - Other: \_\_\_\_\_

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Title or Type of Document

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Number Of Pages

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## AGENDA ITEM 3.3

November 15, 2012

**TO:** The Honorable Chairperson and Members of the Oversight Board of the Successor Agency to the Dissolved San Jacinto Redevelopment Agency

**FROM:** David Clayton, Management Analyst

**SUBJECT:** Hold Public Comment Session to Review Independent Accountant's Report on the Due Diligence Review of the Low and Moderate Income Housing Fund of the Successor Agency to the Dissolved San Jacinto Redevelopment Agency.

### **RECOMMENDATION:**

Staff recommends that the Oversight Board convene a public comment session to review the Due Diligence Review for the Low and Moderate Income Housing Fund.

### **BACKGROUND:**

Health and Safety Code Section 34179.5 requires the Successor Agency to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities, and to provide to the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance, the results of the Due Diligence Review of the Low and Moderate Income Housing Fund (Attachment A).

Following receipt of the Report, the Oversight Board is required to convene a public comment session, to be held not less than 5 business days prior to the approval vote by the Oversight Board. For the Low and Moderate Income Housing Fund, the Oversight Board must review, approve, and transmit to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. The review and approval must occur in public sessions.

### **DISCUSSION:**

Health and Safety Code Section 34179.5 requires the Successor Agency to hire a licensed accountant, approved by the County Auditor-Controller, to conduct a Due Diligence Review to determine the unobligated balances available for transfer to taxing entities. Rogers Anderson Malody & Scott conducted a review of the Low and Moderate

Income Housing Fund to meet the requirements of Section 34179.5, and prepared a Report on that review.

Pursuant to Health and Safety Code Section 34179.6(a), the Successor Agency must provide the Oversight Board, County Auditor-Controller, State Controller, and the Department of Finance, the results of the Due Diligence Review of the Low and Moderate Income Housing Fund.

Following receipt of the Report, the Oversight Board is required to convene a public comment session, to be held not less than 5 business days prior to the approval vote by the Oversight Board. For the Low and Moderate Income Housing Fund, the Oversight Board must review, approve, and transmit to the Department of Finance and the County Auditor-Controller the determination of the amount of cash and cash equivalents that are available for disbursement to taxing entities. The review and approval must occur in public sessions.

Section 34179.6 empowers the Oversight Board to authorize a successor agency to retain certain assets or funds, such as restricted funds, including bond or grant funds or cash funds that are required to fund an enforceable obligation, physical assets such as equipment or land; and funds to satisfy obligations that will be placed on the Recognized Obligation Payment Schedule for the current fiscal year. An oversight board that makes that authorization must identify to the Department of Finance the amount of funds authorized for retention, the source of those funds, and the purposes for which those funds are being retained. The determination and authorization to retain funds and assets is then subject to the review and approval of the Department of Finance.

**CEQA:**

The action taken by the Oversight Board to hold a public comment session on the Due Diligence Review for the Low and Moderate Income Housing Fund does not commit the Oversight Board to any actions that may have a significant effect on the environment. As a result, such actions do not constitute projects subject to the requirements of the California Environmental Quality Act.

**FISCAL IMPACT:**

No fiscal impact will result from holding a public comment session to review the Due Diligence Review.

**ATTACHMENTS:**

- Due Diligence Review of the Low and Moderate Income Housing Fund Report

**DRAFT**  
**Subject to Change**

Pursuant to the Redevelopment Agency Dissolution  
Trailer Bill AB1484 of 2012 (Health and Safety §34179.5)

***City of San Jacinto as the Successor Agency of the  
Redevelopment Agency of the City of San Jacinto***

Independent Accountant's Report on  
Applying Agreed-Upon Procedures

**REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO**  
**DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5**  
**LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES**

**Subject to Change**

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**DRAFT**  
**Subject to Change**

Oversight Board of the Successor Agency for the  
Redevelopment Agency of the City of San Jacinto  
595 South San Jacinto Avenue, Building B  
San Jacinto, CA 92583

***Independent Accountant's Report on  
Applying Agreed-Upon Procedures***

We have performed the minimum required agreed-upon procedures enumerated in Attachment "A", which were agreed to by the Oversight Board of the Successor Agency for the Redevelopment Agency of the City of San Jacinto, the California State Controller's Office and the State of California Department of Finance (Agencies) solely to assist you in ensuring that the dissolved redevelopment agency is complying with its statutory requirements with respect to AB1484 (Health and Safety §34179.5(a)) with regards to the transfer of unencumbered low and moderate income housing funds to the Agency. Management of the Agency is responsible for the accounting records pertaining to statutory compliance pursuant to Health and Safety §34179.5(a).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The scope of this engagement was limited to performing the minimum required agreed-upon procedures as set forth in Attachment A, along with the findings noted as a result of the procedures performed.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion as to the appropriateness of the results summarized after each procedure in Attachment A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the applicable State Agencies and the Agency, and is not intended to be, and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Rogers Anderson Maloney & Scott, LLP*

November \_\_\_\_, 2012

REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

Attachment A

**DRAFT**  
**Subject to Change**

**Purpose:** To determine the unobligated balances available for transfer to taxing entities of the Low and Moderate Income Housing Fund. [Health and Safety Code section 34179.5]

**Citation:** 34179.5(c)(1) The dollar value of assets transferred from the former redevelopment agency to the successor agency on or about February 1, 2012.

1. We obtained from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency to the Successor Agency on February 1, 2012. We agreed the amounts on this listing to account balances established in the accounting records of the Successor Agency.

**Results:**

*We obtained from the Successor Agency a listing of all assets that were transferred from the former redevelopment agency (Low and Moderate Income Housing Fund) to the Successor Agency on February 1, 2012. We agreed the amounts on this listing to the reconciled account balances established in the accounting records of the Successor Agency.*

*We noted that \$4,932,889 in Low and Moderate Income Housing Fund assets were transferred from the former redevelopment agency to the Low and Moderate Income Housing Fund of the Successor Agency as of February 1, 2012.*

REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

Attachment A

**DRAFT**  
**Subject to Change**

Citation: 34179.5(c)(2) The dollar value of assets and cash and cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to the city, county, or city and county that formed the redevelopment agency and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

2. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:

- A. We obtained a listing prepared by the Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from January 1, 2011 through January 31, 2012. For each transfer, the Agency described the purpose of the transfer and described in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. See Attachment 2A.

*Results:*

*According to the Successor Agency, there were no transfers from the Low and Moderate Income Fund of the former redevelopment agency to the City or County for the period from January 1, 2011 through January 31, 2012.*

- B. We obtained a listing prepared by the Agency of transfers (excluding payments for goods and services) from the Agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Agency described the purpose of the transfer and described in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. See Attachment 2.B.

*Results:*

*We obtained a listing prepared by the Successor Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to the city, county, or city and county that formed the redevelopment agency for the period from February 1, 2012 through June 30, 2012. For each transfer, the Successor Agency described the purpose of the transfer and described in what sense the transfer was required by one of the Successor Agency's enforceable obligations or other legal requirements. The State Controller's Office has not completed its review of transfers required under both Sections 34176.5 and 34178.8. Based on the listing of transfers from the Low and Moderate Income Housing Fund of the former redevelopment agency to the City of San Jacinto for the period February 1, 2012 through June 30, 2012, we noted 37 transfers totaling \$3,976,702.*

- C. For each transfer, we obtained the legal document that formed the basis for the enforceable obligation that required any transfer. We noted in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

*Results:*

*We obtained from the Successor Agency a copy of the "Housing Assets List" submitted to the State of California, Department of Finance (DOF).*

Citation: 34179.5(c)(3) The dollar value of any cash or cash equivalents transferred after January 1, 2011, through June 30, 2012, by the redevelopment agency or the successor agency to any other public agency or private party and the purpose of each transfer. The review shall provide documentation of any enforceable obligation that required the transfer.

3. If the State Controller's Office has completed its review of transfers required under both Sections 34167.5 and 34178.8 and issued its report regarding such review, attach a copy of that report as an exhibit to the AUP report. If this has not yet occurred, perform the following procedures:
  - A. We obtained a listing prepared by the Agency of transfers (excluding payments for goods and services) from the former redevelopment agency to any other public agency or to private parties for the period from January 1, 2011 through January 31, 2012. For each transfer, the Agency described the purpose of the transfer and described in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements.

*Results:*

*Based on the listing of transfers from the Low and Moderate Income Housing Fund of the former redevelopment agency to any other public agency or private for the period January 1, 2011 through January 31, 2012, we noted 20 transfers, totaling \$185,346 to private parties and none to any other public agency.*

*See Attachment 3.A for listing obtained from the Successor Agency.*

- B. We obtained a listing prepared by the Agency of transfers (excluding payments for goods and services) from the Agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012. For each transfer, the Agency should describe the purpose of the transfer and describe in what sense the transfer was required by one of the Agency's enforceable obligations or other legal requirements. See Attachment 3B.

*Results:*

*According to the Successor Agency, there were no transfers from the Low and Moderate Income Fund of the former redevelopment agency to any other public agency or private parties for the period from February 1, 2012 through June 30, 2012.*

- C. For each transfer, we obtained the legal document that formed the basis for the enforceable obligation that required any transfer. Note in the AUP report the absence of any such legal document or the absence of language in the document that required the transfer.

*Results:*

*We obtained, from the Successor Agency a copy of the "Claim for Relocation Payment – Residential" between the Redevelopment Agency of the City of San Jacinto and a private party. This Agreement is dated June 6, 2011. There were 19 Down Payment Assistance Grants paid out during the period of January 1, 2011 and January 31, 2012. We reviewed the grant documents related to each of these grants.*

REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

Attachment A

**DRAFT**  
**Subject to Change**

Citation: 34179.5(c)(4) The review shall provide expenditure and revenue accounting information and identify transfers and funding sources for the 2010–11 and 2011–12 fiscal years that reconciles balances, assets, and liabilities of the successor agency on June 30, 2012 to those reported to the Controller for the 2009–10 fiscal year.

4. We performed the following procedures:

- A. We obtained from the Successor Agency a summary of the financial transactions of the Redevelopment Agency and the Successor Agency in the format set forth in the attached schedule for the fiscal periods indicated in the schedule. For purposes of this summary, the financial transactions should be presented using the modified accrual basis of accounting.
- B. We ascertained that for each period presented the total of revenues, expenditures, and transfers accounts fully for the changes in equity from the previous fiscal period.
- C. We compared amounts in the schedule relevant to the fiscal year ended June 30, 2010 to the state controller's report filed for the Redevelopment Agency for that period.
- D. We compared amounts in the schedule for the other fiscal periods presented to account balances in the accounting records or other supporting schedules and described in the report the type of support provided for each fiscal period.

*Results:*

*Procedure 4 pertains to the Successor Agency as a whole; these procedures are to be addressed and presented in the report due on December 15, 2012.*

Citation: 34179.5(c)(5)(A) A separate accounting for the balance for the Low and Moderate Income Housing Fund for all other funds and accounts combined shall be made as follows:

(A) A statement of the total value of each fund as of June 30, 2012.

5. We obtained from the Agency a listing of all assets of the Low and Moderate Income Agency of the Successor Agency as of June 30, 2012 for the report that is due October 1, 2012. The attached schedule includes only those assets of the Low and Moderate Income Agency that were held by the Agency as of June 30, 2012 and excludes all assets held by the entity that assumed the Asset function previously performed by the former redevelopment agency. We agreed the assets so listed to recorded balances reflected in the accounting records of the Agency.

*Results:*

*We obtained from the Successor Agency a listing of all assets of the Low and Moderate Income Housing Asset Fund as of June 30, 2012 for this report. The listing includes only those assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012 and excludes all assets held by the entity that assumed the housing function previously performed by the former redevelopment agency. We agreed the assets, so listed, to the reconciled account balances reflected in the accounting records of the Successor Agency.*

*See Attachment 5 for the listing, obtained from the Successor Agency, of assets of the Low and Moderate Income Housing Fund that were held by the Successor Agency as of June 30, 2012.*

**DRAFT**  
**Subject to Change**

Citation: 34179.5(c)(5)(B) An itemized statement listing any amounts that are legally restricted as to purpose and cannot be provided to taxing entities. This could include the proceeds of any bonds, grant funds, or funds provided by other governmental entities that place conditions on their use.

6. We obtained from the Successor Agency a listing of asset balances held on June 30, 2012 that are restricted for the following purposes:

A. Unspent bond proceeds:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures, amounts set aside for debt service payments, etc.)
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

*Results:*

*According to the Successor Agency, there were no unspent bond proceeds contained in the Low and Moderate Income Fund of the Successor Agency June 30, 2012*

B. Grant proceeds and program income that are restricted by third parties:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the grant agreement that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by the Successor Agency as restricted.

*Results:*

*According to the Successor Agency, there were no Grant Proceeds or Program Income held by the Low and Moderate Income Fund of the Successor Agency at June 30, 2012.*

C. Other assets considered to be legally restricted:

- i. Obtain the Successor Agency's computation of the restricted balances (e.g., total proceeds less eligible project expenditures).
- ii. Trace individual components of this computation to related account balances in the accounting records, or to other supporting documentation (specify in the AUP report a description of such documentation).
- iii. Obtain from the Successor Agency a copy of the legal document that sets forth the restriction pertaining to these balances. Note in the AUP report the absence of language restricting the use of the balances that were identified by Successor the Agency as restricted.

*Results:*

*by According to the Successor Agency, there were no other assets considered to be legally restricted held the Low and Moderate Income Fund of the Successor Agency at June 30, 2012.*

**DRAFT**  
**Subject to Change**

- D. Attach the above mentioned Successor Agency prepared schedule(s) as an exhibit to the AUP report. For each restriction identified on these schedules, indicate in the report the period of time for which the restrictions are in effect. If the restrictions are in effect until the related assets are expended for their intended purpose, this should be indicated in the report.

*Results:*

*The Successor Agency did not prepare schedules related to procedures 6.A, 6.B, and 6.C, as there are no assets held at June 30, 2012 that meet the criteria stated in these procedures*

**DRAFT**  
**Subject to Change**

Citation: 34179.5(c)(5)(C) An itemized statement of the values of any assets that are not cash or cash equivalents. This may include physical assets, land, records, and equipment. For the purpose of this accounting, physical assets may be valued at purchase cost or at any recently estimated market value. The statement shall list separately housing-related assets.

7. Perform the following procedures:

- A. We obtained from the Agency a listing of assets as of June 30, 2012 that are *not* liquid or otherwise available for distribution (such as capital assets, land held for resale, long-term receivables, etc.) and we ascertained if the values are listed at either purchase cost (based on book value reflected in the accounting records of the Agency) or market value as recently estimated by the Agency.

*Results:*

*We obtained from the Successor Agency a listing of assets as of June 30, 2012 that are not liquid or otherwise available for distribution. We noted that \$41,405 of assets at June 30, 2012 were not liquid or otherwise available for distribution. The assets as stated are based on book value as reflected in the accounting records of the Successor Agency.*

*See Attachment 7A for listing of assets obtained from the Successor Agency.*

- B. If the assets listed at 7(A) were listed at purchase cost, we traced the amounts to a previously audited financial statement (or to the accounting records of the Agency) and noted any differences.

*Results:*

*We traced the amount to the Successor Agency's records, noting no differences.*

- C. For any differences noted in 7(B), inspect evidence of disposal of the asset and ascertain that the proceeds were deposited into the Successor Agency trust fund. If the differences are due to additions (this generally is not expected to occur), inspect the supporting documentation and note the circumstances.

*Results:*

*We noted no differences in Procedure 7(B).*

- D. If the assets listed at 7(A) are listed at recently estimated market value, inspect the evidence (if any) supporting the value and note the methodology used. If no evidence is available to support the value and/or methodology, note the lack of evidence.

*Results:*

*Procedure 7(D) is not applicable since the assets identified in procedure 7(A) are not listed at estimated market value.*

Citation: 34179.5(c)(5)(D) An itemized listing of any current balances that are legally or contractually dedicated or restricted for the funding of an enforceable obligation that identifies the nature of the dedication or restriction and the specific enforceable obligation. In addition, the successor agency shall provide a listing of all approved enforceable obligations that includes a projection of annual spending requirements to satisfy each obligation and a projection of annual revenues available to fund those requirements. If a review finds that future revenues together with dedicated or restricted balances are insufficient to fund future obligations and thus retention of current balances is required, it shall identify the amount of current balances necessary for retention. The review shall also detail the projected property tax revenues and other general purpose revenues to be received by the successor agency, together with both the amount and timing of the bond debt service payments of the successor agency, for the period in which the oversight board anticipates the successor agency will have insufficient property tax revenue to pay the specified obligations.

8. We performed the following procedures:

- A. If the Successor Agency believes that asset balances need to be retained to satisfy enforceable obligations, obtain from the Successor Agency an itemized schedule of asset balances (resources) as of June 30, 2012 that are dedicated or restricted for the funding of enforceable obligations and perform the following procedures. The schedule should identify the amount dedicated or restricted, the nature of the dedication or restriction, the specific enforceable obligation to which the dedication or restriction relates, and the language in the legal document that is associated with the enforceable obligation that specifies the dedication of existing asset balances toward payment of that obligation.
  - i. Compare all information on the schedule to the legal documents that form the basis for the dedication or restriction of the resource balance in question.
  - ii. Compare all current balances to the amounts reported in the accounting records of the Successor Agency or to an alternative computation.
  - iii. Compare the specified enforceable obligations to those that were included in the final Recognized Obligation Payment Schedule approved by the California Department of Finance.
  - iv. Attach as an exhibit to the report the listing obtained from the Successor Agency. Identify in the report any listed balances for which the Successor Agency was unable to provide appropriate restricting language in the legal document associated with the enforceable obligation.

*Results:*

*The Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are sufficient to fund future Low and Moderate Income Housing Fund obligations.*

- B. If the Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are insufficient to fund future obligation payments and thus retention of current balances is required, obtain from the Successor Agency a schedule of approved enforceable obligations that includes a projection of the annual spending requirements to satisfy each obligation and a projection of the annual revenues available to fund those requirements and perform the following procedures:
  - i. Compare the enforceable obligations to those that were approved by the California Department of Finance. Procedures to accomplish this may include reviewing the letter from the California Department of Finance approving the Recognized Enforceable Obligation Payment Schedules for the six month period from January 1, 2012 through June 30, 2012 and for the six month period July 1, 2012 through December 31, 2012.

REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

**DRAFT**  
**Subject to Change**

Attachment A

- ii. Compare the forecasted annual spending requirements to the legal document supporting each enforceable obligation.
  - a. Obtain from the Successor Agency its assumptions relating to the forecasted annual spending requirements and disclose in the report major assumptions associated with the projections.
- iii. For the forecasted annual revenues:
  - b. Obtain from the Successor Agency its assumptions for the forecasted annual revenues and disclose in the report major assumptions associated with the projections.

*Results:*

*The Successor Agency believes that future revenues together with balances dedicated or restricted to an enforceable obligation are sufficient to fund future Low and Moderate Income Housing Fund obligations.*

- C. If the Successor Agency believes that projected property tax revenues and other general purpose revenues to be received by the Successor Agency are insufficient to pay bond debt service payments (considering both the timing and amount of the related cash flows), obtain from the Successor Agency a schedule demonstrating this insufficiency and apply the following procedures to the information reflected in that schedule.
  - i. Compare the timing and amounts of bond debt service payments to the related bond debt service schedules in the bond agreement.
  - ii. Obtain the assumptions for the forecasted property tax revenues and disclose major assumptions associated with the projections.
  - iii. Obtain the assumptions for the forecasted other general purpose revenues and disclose major assumptions associated with the projections.

*Results:*

*The procedure is not applicable as there are no Low and Moderate Income Housing Bonds issued and outstanding at June 30, 2012.*

- D. If procedures A, B, or C were performed, calculate the amount of current unrestricted balances necessary for retention in order to meet the enforceable obligations by performing the following procedures.
  - i. Combine the amount of identified current dedicated or restricted balances and the amount of forecasted annual revenues to arrive at the amount of total resources available to fund enforceable obligations.
  - ii. Reduce the amount of total resources available by the amount forecasted for the annual spending requirements. A negative result indicates the amount of current unrestricted balances that needs to be retained.
  - iii. Include the calculation in the AUP report.

*Results:*

*These procedure are not necessary, as procedure 8(A), 8(B), 8(C) did not apply to this Successor Agency's Low and Moderate Income Fund.*

REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES

Attachment A

**DRAFT**  
**Subject to Change**

Citation: 34179.5(c)(5)(E) An itemized list and analysis of any amounts of current balances that are needed to satisfy obligations that will be placed on the Recognized Obligation Payment Schedules for the current fiscal year.

9. If the Successor Agency believes that cash balances as of June 30, 2012 need to be retained to satisfy obligations on the Recognized Obligation Payment Schedule (ROPS) for the period of July 1, 2012 through June 30, 2013, obtain a copy of the final ROPS for the period of July 1, 2012 through December 31, 2012 and a copy of the final ROPS for the period January 1, 2013 through June 30, 2013. For each obligation listed on the ROPS, the Successor Agency should add columns identifying (1) any dollar amounts of existing cash that are needed to satisfy that obligation and (2) the Successor Agency's explanation as to why the Successor Agency believes that such balances are needed to satisfy the obligation. Include this schedule as an attachment to the AUP report.

*Results:*

*According to the Successor Agency, no cash needs to be retained to satisfy obligations on ROPS 2 and ROPS 3.*

Citation: 34179.5(c)(6) The review shall total the net balances available after deducting the total amounts described in subparagraphs (B) to (E), inclusive, of paragraph (5). The review shall add any amounts that were transferred as identified in paragraphs (2) and (3) of subdivision (c) if an enforceable obligation to make that transfer did not exist. The resulting sum shall be available for allocation to affected taxing entities pursuant to Section 34179.6. It shall be a rebuttable presumption that cash and cash equivalent balances available to the successor agency are available and sufficient to disburse the amount determined in this paragraph to taxing entities. If the review finds that there are insufficient cash balances to transfer or that cash or cash equivalents are specifically obligated to the purposes described in subparagraphs (B), (D), and (E) of paragraph (5) in such amounts that there is insufficient cash to provide the full amount determined pursuant to this paragraph, that amount shall be demonstrated in an additional itemized schedule.

10. Include (or present) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities. Amounts included in the calculation should agree to the results of the procedures performed in each section above. The schedule should also include a deduction to recognize amounts already paid to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance. The amount of this deduction presented should be agreed to evidence of payment. The attached example summary schedule may be considered for this purpose. Separate schedules should be completed for the Low and Moderate Income Housing Fund and for all other funds combined (excluding the Low and Moderate Income Housing Fund).

*Results:*

*We have included (prepared by the Successor Agency) a schedule detailing the computation of the Balance Available for Allocation to Affected Taxing Entities from the Low and Moderate Income Housing Fund. We agreed amounts included in the calculation to the results of the procedures performed in each section of the report referenced in the calculation. The schedule does not contain a payment to the County Auditor-Controller on July 12, 2012 as directed by the California Department of Finance because the Low and Moderate Income Housing Fund of the Successor Agency was not required to make such payment.*

*See Attachment 10 for the complete calculation obtained from Management of the Successor Agency.*

11. We obtained a representation letter from Successor Agency management acknowledging their responsibility for the data provided to the practitioner and the data presented in the report or in any attachments to the report. Included in the representations should be an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the AUP report and its related exhibits.

*Results:*

*We obtained a representation letter dated November \_\_\_\_\_, 2012 from the Successor Agency's management acknowledging their responsibility for the data provided to us and the data presented in the report and in all attachments to the report. Included in the representations is an acknowledgment that management is not aware of any transfers (as defined by Section 34179.5) from either the former redevelopment agency or the Successor Agency to other parties for the period from January 1, 2011 through June 30, 2012 that have not been properly identified in the Agreed-Upon Procedures Report and its related exhibits.*

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

Attachment 2.A

2A. Transfers from former RDA to City during January 1, 2011 through January 31, 2012

Transfer description	Transfer amount	Transfer date	City/County	Enforceable obligation Required by	If yes, date
None - N/A	\$ -				
Total	\$ -				

Schedule prepared by the Successor Agency

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

**2B. Transfers from SA to City during February 1, 2012 through June 30, 2012**

Transfer description	Transfer amount	Transfer date	City/County	Enforceable obligation	
				Required by	If yes, date
Loan Receivable - San Jacinto Santa Fe, LP	\$ 2,300,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Interest Receivable	83,004	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Land Held for Resale - 239 W. 7th Street	166,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Land Held for Resale - 599 1st Street	126,859	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Land Held for Resale - 7th St. & Las Rosas (1)	-	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Anaya	49,081	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Back	64,702	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Banda	50,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Barrow	44,598	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Cordero	70,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Gonzalez	50,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Holmes	30,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Hopper-Porter	44,247	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Hostetter	49,971	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Ivery	49,315	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Kim	28,595	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Lopez, E.	25,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Lopez, J.	30,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Marquez	28,832	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Montes	50,884	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Orendain	46,223	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Pacheco	30,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012

**COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
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Subject to Change**

**Attachment 2.B**

Loan Receivable - Putnam	43,095	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Ramirez	41,613	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Ramos	30,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Redmond	35,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Rocco (2)	28,988	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Romo	30,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Williams	30,991	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Reed	50,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Saille	35,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Slayton	48,324	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Stone	9,912	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Thompson	30,381	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Trujillo	50,000	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Vazquez	47,739	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
Loan Receivable - Videla	48,348	2/1/2012	San Jacinto Housing Authority	Housing Asset Transfer	2/1/2012
<b>Total</b>	<b>\$ 3,976,702</b>				

(1) These parcels were inadvertently included on the Housing Asset List as Item #1 at a cost of \$46,948. They were originally bought with LMIHF funds in 1999, but were reverted to a Non-Housing asset in July 2009 after development did not occur within a timely, 10-year extended period. The Non-Housing fund did pay the LMIHF the original property cost plus interest (based on LAIF rates), resulting in the total cost of \$46,948. Accordingly, this is now a Successor Agency asset and not a Housing Authority asset. This was also one of the properties that was questioned by DOF in their determination letter dated November 2, 2012 for the Housing Asset List.

(2) This "loan" was originally reported on the Housing Asset List as \$58,988. The original maximum grant amount was \$30,000, but only \$28,988 was actually expended. Somehow over the years, these two amounts were combined in our records in error.

*Schedule prepared by Successor Agency*

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

3A. Transfers from former RDA to Other Public Agency/Private Parties during January 1, 2011 through January 31, 2012

Transfer description	Transfer amount	Transfer date	Other public agency or private parties	Enforceable obligation	
				Required by	If yes, date
Down payment assistance grant	\$ 11,094	1/31/2011	Escrow - Zettler	Down Payment Assistance Agreement	1/13/2011
Down payment assistance grant	10,679	1/31/2011	Escrow - Randle	Down Payment Assistance Agreement	1/18/2011
Down payment assistance grant	8,399	2/28/2011	Escrow - Gillman	Down Payment Assistance Agreement	2/24/2011
Down payment assistance grant	10,799	2/28/2011	Escrow - Woodworth	Down Payment Assistance Agreement	2/11/2011
Down payment assistance grant	7,470	2/28/2011	Escrow - Willingham	Down Payment Assistance Agreement	2/4/2011
Down payment assistance grant	8,400	2/28/2011	Escrow - Rodriguez	Down Payment Assistance Agreement	2/2/2011
Down payment assistance grant	11,819	2/28/2011	Escrow - Bouroumand	Down Payment Assistance Agreement	2/15/2011
Down payment assistance grant	10,200	3/31/2011	Escrow - Ruiz	Down Payment Assistance Agreement	3/1/2011
Down payment assistance grant	10,979	3/31/2011	Escrow - Arambula	Down Payment Assistance Agreement	3/2/2011
Down payment assistance grant	6,600	3/31/2011	Escrow - Henderson	Down Payment Assistance Agreement	3/28/2011
Down payment assistance grant	10,950	4/30/2011	Escrow - Hall	Down Payment Assistance Agreement	4/25/2011
Down payment assistance grant	11,820	4/30/2011	Escrow - Hundley	Down Payment Assistance Agreement	4/6/2011
Down payment assistance grant	10,674	5/31/2011	Escrow - Griner	Down Payment Assistance Agreement	5/4/2011
Down payment assistance grant	10,139	5/31/2011	Escrow - Navarro	Down Payment Assistance Agreement	5/10/2011
Down payment assistance grant	8,994	5/31/2011	Escrow - Rumisek	Down Payment Assistance Agreement	5/11/2011
Down payment assistance grant	6,600	5/31/2011	Escrow - Nash	Down Payment Assistance Agreement	5/21/2011
Down payment assistance grant	8,100	5/31/2011	Escrow - Porras & Castellanos	Down Payment Assistance Agreement	5/23/2011
Down payment assistance grant	8,580	5/31/2011	Escrow - Bennett	Down Payment Assistance Agreement	5/25/2011
Down payment assistance grant	11,700	5/31/2011	Escrow - Devilbiss	Down Payment Assistance Agreement	5/25/2011
Relocation assistance	1,350	7/6/2011	Wade Rose	Relocation Agreement	6/2/2011
<b>Total</b>	<b>\$ 185,346</b>				

Schedule prepared by the Successor Agency

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

3B. Transfers from SA to Other Public Agency/Private Parties during February 1, 2012 through June 30, 2012

Transfer description	Transfer amount	Transfer date	Other public agency or private parties	Enforceable obligation Required by	If yes, date
None - N/A	\$ -				
Total	\$ -				

Schedule prepared by the Successor Agency

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DUE DILIGENCE REVIEW PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

5. Listing of assets of LMIH Fund and SA Funds as of June 30, 2012

SJ Fund	GL Account	Asset description	Amount
184	101.11-00	Cash and investments	\$ 624,990
189	101.11-00	Cash and investments	219,980
189	101.11-80	Cash with fiscal agent	3
189	103.12-99	Due from CIP Fund 199	41,405
Total			\$ 886,378

Schedule prepared by the Successor Agency

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DUE FROM CIP FUND PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

7. Listing of assets not liquid or available for distribution as of June 30, 2012 - Successor Agency Funds

ID#	Asset Information		GL	Amount	Valuation
	Account Name	Description			
#03-062	Housing Rehab Program	Due From CIP Fund 199	103.12-99	\$ 41,405	Book value
Total assets not liquid or available for distribution				\$ 41,405	

Schedule prepared by the Successor Agency

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DIVERSITY AND AFFORDABILITY HOUSING PROGRAM  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

8. Schedule of asset balances - restricted/dedicated as of June 30, 2012 - Successor Agency Funds

8A.	Description	Unencumbered LMIH Fund
	None - N/A - for LMIHF/Housing	\$ -
	Total restricted/dedicated	\$ -
8B	None - N/A - for LMIHF/Housing	
8C	None - N/A - for LMIHF/Housing	
8D	None - N/A - for LMIHF/Housing	

Schedule prepared by the Successor Agency

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
DIVERSITY AND AFFORDABILITY HOUSING FUND  
LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

9. *Cash balances to be retained as of June 30, 2012 for 2012-2013 ROPS - Successor Agency Funds*

There are no cash balances that would need to be retained as of June 30, 2012 for the LMHF/Housing.

*Schedule prepared by the Successor Agency*

COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF SAN JACINTO  
 DIVERSITY AND AFFORDABLE HOUSING PURSUANT H&S CODE SECTION 34179.5  
 LOW AND MODERATE INCOME HOUSING FUND AGREED-UPON PROCEDURES  
**Subject to Change**

10. Summary of balances available for allocation affected taxing entities - Successor Agency Funds

Total amount of assets held by the Successor Agency as of June 30, 2012 (procedure 5)	Housing \$ 886,378
Add the amount of any assets transferred to the City or other parties for which an enforceable obligation with a third party requiring such transfer and obligating the use of the transferred assets did not exist (procedures 2 and 3)	-
Less assets legally restricted for uses specified by debt covenants, grant restrictions, or restrictions imposed by other governments (procedure 6)	-
Less assets that are not cash or cash equivalents (e.g., physical assets) - (procedure 7)	(41,405)
Less balances that are legally restricted for the funding of an enforceable obligation (net of projected annual revenues available to fund those obligations) - (procedure 8)	-
Less balances needed to satisfy ROPS for the 2012-13 fiscal year (procedure 9)	-
Less the amount of payments made on July 12, 2012 to the County Auditor-Controller as directed by the California Department of Finance	-
Amount to be remitted to the County for disbursement to taxing entities	<u>\$ 844,973</u>

Schedule prepared by the Successor Agency