

LOMA LINDA HOUSING AUTHORITY

AGENDA

REGULAR MEETING OF NOVEMBER 8, 2016

A regular meeting of the Housing Authority of the City of Loma Linda is scheduled to be held at 7:00 p.m. or as soon thereafter as possible, Tuesday, November 8, 2016 in the City Council Chamber, 25541 Barton Road, Loma Linda, California.

Reports and Documents relating to each agenda item are on file in the Office of the City Clerk and are available for public inspection during normal business hours. The Loma Linda Branch Library is also provided an agenda packet for your convenience. The agenda and reports are also located on the City's Website at www.lomalinda-ca.gov.

Materials related to an item on this Agenda submitted to the Housing Authority Board after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 25541 Barton Road, Loma Linda, CA during normal business hours. Such documents are also available on the City's website at www.lomalinda-ca.gov subject to staff's ability to post the documents before the meeting.

Persons wishing to speak on an agenda item are asked to complete an information card and present it to the City Clerk prior to consideration of the item. When the item is to be considered, please step forward to the podium, the Chair will recognize you and you may offer your comments. The Housing Authority meeting is recorded to assist in the preparation of the Minutes, and you are therefore asked to give your name and address prior to offering testimony.

The Oral Reports/Public Participation portion of the agenda pertains to items NOT on the agenda and is limited to 30 minutes; 3 minutes allotted for each speaker. Pursuant to the Brown Act, no action may be taken by the Housing Authority at this time; however, the Housing Authority Board may refer your comments/concerns to staff or request that the item be placed on a future agenda.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at (909) 799-2819. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. Later requests will be accommodated to the extent feasible.

Agenda item requests for the DECEMBER 13, 2016 meeting must be submitted in writing to the City Clerk no later than NOON, MONDAY, NOVEMBER 28, 2016

- A. Call To Order**
- B. Roll Call**
- C. Items To Be Added Or Deleted**
- D. Oral Reports/Public Participation - Non-Agenda Items (Limited to 30 minutes; 3 minutes allotted for each speaker)**
- E. Conflict of Interest Disclosure - Note agenda item that may require member abstentions due to possible conflicts of interest**

F. **Scheduled Items**

G. **Consent Calendar**

1. Demands Register
2. Minutes of October 11, 2016
3. LLHA Bill #R-2016-07 –Approving the Homebuyer Loan Agreement for the purchase of 25478 Sonora Loop by Vasiliy and Flora Babayan [**Secretary**]

H. **Chair and Member Reports**

I. **Reports of Officers**

J. **Adjournment**



City of Loma Linda Official Report

Rhodes Rigsby, Chairman
Phill Dupper, Vice-Chairman
Ovidiu Popescu, Member
Ronald Dailey, Member
John Lenart, Member

HOUSING AUTHORITY AGENDA: November 8, 2016
TO: Board Members
SUBJECT: Demands Register

Approved/Continued/Denied By City Council Date _____
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RECOMMENDATION

It is recommended that the Housing Authority Board approve the attached list of demands for payment.

Voucher List
CITY OF LOMA LINDA

Bank code : bofaha

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
1785	10/20/2016	001744 CDW GOVERNMENT, INC.	FFT6045	P-0000013713	DATA DOMAIN HARDWARE, LICENS	33.47
					Total :	33.47
1786	10/20/2016	001744 CDW GOVERNMENT, INC.	FGN0864	P-0000013713	DATA DOMAIN HARDWARE, LICENS	121.01
					Total :	121.01
1787	10/25/2016	000336 FEDEX	5-562-37616HA 5-571-08702		COURIER SERVICE COURIER SERVICE	54.85 64.77
					Total :	119.62
1788	10/25/2016	000266 ROBBINS & HOLDAWAY, A PROFESSION 32070			LEGAL SERVICES	374.06
					Total :	374.06
1789	10/25/2016	000868 SBC TAX COLLECTOR	10		2016-2017 ANNUEAL SECURED PR	45,871.03
					Total :	45,871.03
5 Vouchers for bank code : bofaha					Bank total :	46,519.19
5 Vouchers in this report					Total vouchers :	46,519.19

vchlist
10/20/2016 2:12:46PM

Voucher List
CITY OF LOMA LINDA
10/25/2016 HOUSING AUTHORITY

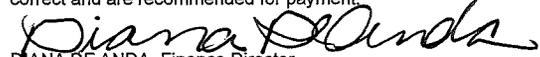
Page: 2

Bank code : bofaha

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
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CLAIMS VOUCHER APPROVAL

I have reviewed the above listing of payments on check nos.
1785 through 1789 for a total
disbursement of \$ 46,519.19, and to the best of
my knowledge, based on the information provided, they are
correct and are recommended for payment.


DIANA DE ANDA, Finance Director

Recommend that City Council approve for payment.

T. Jarb Thaipejr, City Manager

Approved by the City Council at their meeting held on
10/25/2016 and the City Treasurer is hereby directed
to pay except as noted.

Rhodes Rigsby, Mayor

Voucher List
CITY OF LOMA LINDA
10/31/2016 - HOUSING AUTHORITY

Bank code : bofaha

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
1790	10/27/2016	005600 ANDREA LARA	REQUEST		REFUND OF IMPOUND BALANCE	104.13

Total : 104.13

1 Vouchers for bank code : bofaha

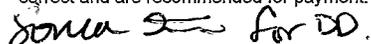
Bank total : 104.13

1 Vouchers in this report

Total vouchers : 104.13

CLAIMS VOUCHER APPROVAL

I have reviewed the above listing of payments on check nos.
1790 for a total
disbursement of \$ 104.13, and to the best of
my knowledge, based on the information provided, they are
correct and are recommended for payment.


DIANA DE ANDA, Finance Director

Recommend that City Council approve for payment.

T. Jarb Thaipejr, City Manager

Approved by the City Council at their meeting held on
11/08/2016 and the City Treasurer is hereby directed
to pay except as noted.

Rhodes Rigsby, Mayor

vchlist
11/03/2016 11:02:47AM

Voucher List
CITY OF LOMA LINDA
11/08/2016 HOUSING AUTHORITY

Page: 1

Bank code : bofaha

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
1791	11/3/2016	002713 PREFERRED MANAGEMENT GROUP	REQUEST		HOA DUES 25613 PROSPECT ANDERS	135.00
					Total :	135.00
1792	11/8/2016	004564 KTS NETWORKS, INC.	92113HA	P-0000013704	SHORETEL PHONE REPLACEMENTS	20.03
					Total :	20.03
1793	11/8/2016	003647 MID-CENTURY INSURANCE CO	G191337572HA		INSURANCE PREMIUM MARI ANGELO	1,098.50
					Total :	1,098.50
1794	11/8/2016	004999 ROGERS, ANDERSON, MALODY &, SCOTT, LL 52676HA		P-0000013749	AUDIT SERVICES	1,295.00
					Total :	1,295.00
1795	11/8/2016	001799 STRADLING,YOCCA, CARLSON, & RAUTH	0094HA 200371HA		LEGAL SERVICES LEGAL SERVICES	3,001.37 8,877.90
					Total :	11,879.27
1796	11/8/2016	005456 THE STRICKLER ASSOCIATION	LL1008	P-0000013436	CONSULTING SERVICES FOR HOUSIN	962.50
					Total :	962.50
1797	11/8/2016	005127 VOLOGY, INC.	INV405330	P-0000013519	HP HARDWARE AND ONSITE SUPPOR	80.37
					Total :	80.37
					Bank total :	15,470.67
					7 Vouchers for bank code : bofaha	
					7 Vouchers in this report	Total vouchers : 15,470.67

Page: 1

vchlist
11/03/2016 11:02:47AM

Voucher List
CITY OF LOMA LINDA
11/08/2016 HOUSING AUTHORITY

Bank code : bofaha

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
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CLAIMS VOUCHER APPROVAL

I have reviewed the above listing of payments on check nos.
1791 through 1797 for a total
disbursement of \$ 15,470.67, and to the best of
my knowledge, based on the information provided, they are
correct and are recommended for payment.


DIANA DE ANDA, Finance Director

Recommend that City Council approve for payment.

T. Jarb Thaipejr, City Manager

Approved by the City Council at their meeting held on
11/08/2016 and the City Treasurer is hereby directed
to pay except as noted.

Rhodes Rigsby, Mayor



City of Loma Linda Official Report

Rhodes Rigsby, Chairman
Phill Dupper, Vice-Chairman
Ovidiu Popescu, Member
Ronald Dailey, Member
John Lenart, Member

HOUSING AUTHORITY AGENDA: November 8, 2016
TO: Housing Authority Members
VIA: T. Jarb Thaipejr, Executive Director
FROM: Pamela Byrnes-O'Camb, Secretary
SUBJECT: Minutes of October 11, 2016

Approved/Continued/Denied By: Housing Authority Date _____
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RECOMMENDATION

It is recommended that the Housing Authority Board approve the Minutes of October 11, 2016.

Loma Linda Housing Authority

Minutes

A Regular Meeting of October 11, 2016

An adjourned regular meeting of the Loma Linda Housing Authority was called to order by Chairman Rigsby at 7:59 p.m., Tuesday, October 11, 2016, in the City Council Chamber, 25541 Barton Road, Loma Linda, California.

Board Members Present:	Chairman Rhodes Rigsby Vice-Chairman Phill Dupper Ovidiu Popescu Ron Dailey John Lenart
Board Members Absent:	None
Others Present:	Executive Director T Jarb Thaipejr General Counsel Richard Holdaway

No items were added or deleted; no public participation comments were offered upon invitation of the Chair; and no conflicts of interest were noted.

HA-2016-023 – Consent Calendar

Motion by Popescu, seconded by Dupper and unanimously carried to approve the following items

The Demands Register dated September 27, 2016 with commercial demands totaling \$6,620.39.

The Demands Register dated September 30, 2016 with commercial demands totaling \$1375.00.

The Demands Register dated October 11, 2016 with commercial demands totaling \$4,814.23.

The Minutes of September 13, 20 and 27, 2016 as presented.

LLHA Bill #R-2016-06.

Resolution No. 33

A Resolution of the Loma Linda Housing Authority approving a Homebuyer Loan Agreement with David Lightbourne (25530 Portola Loop)

The meeting adjourned at 8:00 p.m.

Approved at the meeting of _____, 2016.

Secretary



City of Loma Linda Official Report

Rhodes Rigsby, Chairman
Phillip Dupper, Vice-Chairman
Ovidiu Popescu, Member
Ronald Dailey, Member
John Lenart, Member

HOUSING AUTHORITY AGENDA: November 8, 2016

TO: Housing Authority

FROM: Pamela Byrnes-O'Camb, Secretary *pbo*

VIA: T. Jarb Thaipejr, Executive Director *T.J.T.*

SUBJECT: LLHA Bill #R-2016-07 - Approving the Homebuyer Loan Agreement between the Loma Linda Housing Authority and Vasiliy Babayan and Flora Babayan in connection with the sale of 25478 Sonora from Joshua Parck and Loren Reyes to Vasiliy Babayan and Flora Babayan

Approved/Continued/Denied
By Housing Authority
Date _____

RECOMMENDATION

It is recommended that the Housing Authority Board adopt LLHA Bill #R-2016-07.

BACKGROUND

The single family residential property known as 25478 Sonora Loop (the "Property") was sold by the Housing Authority to Jose Luis Morones in 2002 ("Prior Owner"). A loan on the Property obtained by the Prior Owner from a private lender was subsequently foreclosed; however, the Property remained subject to affordability restrictions which had been recorded as to the Property on behalf of the Loma Linda Redevelopment Agency (the "Redevelopment Agency"). Joshua Parck and Loren Reyes ("Current Owner") acquired title to the Property following completion of the foreclosure process with the consent of the Redevelopment Agency; Current Owner agreed to be bound by affordability restrictions of record as to the Property. From the initial sale of the Property by the developer of the original improvements thereon and continuing to the present time, the Property has been subject to covenants which limit the occupancy of the Property to a household of Low Income, with the additional requirement that the cost for the Property not exceed Affordable Housing Cost as determined in accordance with Health & Safety Code Section 50052.5.

The Current Owner has indicated to the Housing Authority that it desires to sell the Property, and that Current Owner has entered into a purchase and sale agreement as to the Property (the "Purchase and Sale Agreement") with Vasiliy Babayan and Flora Babayan (collectively, the "Buyer"). An independent consultant experienced in affordable housing and income qualifications has reviewed the eligibility of Buyer as a purchaser/owner of the Property and has determined that Buyer qualifies.

In connection with the proposed sale of the Property by Current Owner to Buyer, two existing loans made by the Housing Authority to Current Owner would be extinguished; in their place, two new loans would be made by the Housing Authority to Buyer, each of which would be secured by a deed of trust as to the Property. In addition, the Housing Authority would fund Ten Thousand Four Hundred Thirty Five Dollars (\$10,435.00) to the Current Owner as an accommodation in order to facilitate the sale. The terms

of such loans and payment are more fully set forth in an instrument entitled "Homebuyer Loan Agreement" (the "HLA") in the form submitted herewith.

Under the HLA, the existing affordability covenants would remain in effect.

The HLA provides for monthly payments which will conform to Affordable Housing Cost for Lower Income Households as set by the State Department of Housing and Community Development (HCD) under Health and Safety Code Sections 50052.5, 50079.5, and related regulations. The loans made under the HLA have been structured in an effort to maximize the return to the Housing Authority (in order that repayments will offset the payment to Current Owner and to provide resources for ongoing Housing Authority activities).

ANALYSIS

Housing Authority financing of the Property under the HLA will retain the affordability covenant, provide the Buyer within the lower income category the opportunity to purchase a home, and would provide a revenue source for the Housing Authority by way of monthly payments.

FINANCIAL IMPACT

Sale of the Property subject to the loans as provided under the HLA will provide the Housing Authority with revenue over time in the form of monthly payments of principal and interest. The loans by the Housing Authority would involve an initial cash outlay by the Housing Authority of \$10,435, as noted above; however, this amount would be more than recouped by the repayments of the loans.

RESOLUTION NO. ____

A RESOLUTION OF THE LOMA LINDA HOUSING AUTHORITY APPROVING A HOMEBUYER LOAN AGREEMENT WITH VASILIIY BABAYAN AND FLORA BABAYAN

(25478 Sonora Loop)

WHEREAS, California Health and Safety Code Sections 33334.2 and 33334.6 authorized and directed the Loma Linda Redevelopment Agency (the "Former Agency") to expend a certain percentage of all taxes which are allocated to the Former Agency pursuant to Section 33670 for the purposes of increasing, improving and preserving the community's supply of low and moderate income housing available at affordable housing cost to persons and families of low- and moderate-income, lower income, and very low income;

WHEREAS, pursuant to applicable law the Former Agency established a Low and Moderate Income Housing Fund (the "Housing Fund");

WHEREAS, pursuant to California Health and Safety Code Section 33334.2(e), in carrying out its affordable housing activities, the Former Agency was authorized to provide subsidies to or for the benefit of very low income and lower income households, or persons and families of low or moderate income, to the extent those households cannot obtain housing at affordable costs on the open market, and to provide financial assistance for the construction and rehabilitation of housing which will be made available at an affordable housing cost to such persons;

WHEREAS, several sites, including without limitation that land located at 25478 Sonora Loop (the "Property") were improved, in part, using moneys from the Housing Fund;

WHEREAS, ABx1 26, as adopted by the California Legislature in 2011 (the "2011 Dissolution Act") dissolved redevelopment agencies throughout the State of California, including without limitation the Former Agency. Under the 2011 Dissolution Act, housing assets, such as the interests of the Former Agency were transferred to governmental entities as designated pursuant to the 2011 Dissolution Act;

WHEREAS, acting as prescribed by the 2011 Dissolution Act, the City of Loma Linda (the "City") (i) elected to act as the successor agency to the Former Agency (acting in such capacity, the "Successor Agency") and (ii) designated the Loma Linda Housing Authority (the "Authority") to receive the housing assets of the Former Agency, including without limitation real property (the "Property");

WHEREAS, an oversight board (the "Oversight Board") has been established, acting under the 2011 Dissolution Act, for the Successor Agency. At its meeting of March 20, 2012, by its Resolution No. 2012-004, the Oversight Board approved and affirmed the transfer of the housing assets of the Former Agency to the Authority, including without limitation the Property;

WHEREAS, among the assets transferred to the Authority were covenants and deeds of trust recorded as the Property in connection with a sale of the Property in 2002 to Jose Luis Morones ("Prior Owner"). The current owners of the Property, Joshua Parck and Loren Reyes (collectively, "Seller") acquired the Property from a private lender (which had acquired the Property from the Prior Owner), with the consent of the Former Agency, as subject to covenants of record restricting

Resolution No.

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occupancy and ownership of the Property to households which at the time of purchase were households having an income not exceeding eighty percent (80%) of areawide median income, as further described at Health & Safety Code Section 50079.5 ("Low Income Households") at a housing cost not in excess of the maximum housing cost permitted under California Health & Safety Code Section 50052.5 for a Low Income Household ("Affordable Housing Cost"). The covenants of record as to the Property currently provide that they continue in effect until April 14, 2039;

WHEREAS, at the time the Seller acquired the Property, the Former Agency made loans to the Seller, secured by the Property, in the respective original principal amounts of \$97,120.00 and \$156,000.00 (the "2009 Agency Loans");

WHEREAS, Seller has entered into an agreement entitled "Purchase and Sale Agreement" dated as of October 20, 2016 (the "Purchase Agreement") with Vasilii Babayan and Flora Babayan (collectively, "Buyer" or "Program Participant") under which Seller will sell the Property to the Program Participant for a purchase price of Two Hundred Twenty Three Thousand One Hundred Twenty Dollars (\$223,120.00) (the "Purchase Price") under terms and conditions more particularly set forth in the Purchase Agreement, and a draft agreement entitled "Homebuyer Loan Agreement" dated as of November 8, 2016 between the Authority and Program Participant (the "Homebuyer Loan Agreement"). A copy of each of the Homebuyer Loan Agreement and the Purchase Agreement is on file with the Authority Secretary;

WHEREAS, Program Participant has provided financial information to the Authority and has represented that Program Participant is a low income household;

WHEREAS, in connection with the proposed sale by Seller to Buyer, Seller and Buyer have proposed that the Authority originate new loans in the combined amount of Two Hundred Eighteen Thousand Two Hundred Dollars (\$218,200.00) (the "Authority Loan Amount") to Buyer, and that the Authority authorize the expenditure of the sum of Ten Thousand Four Hundred Thirty Five Dollars (\$10,435.00) (the "Authority Accommodation Amount") to Seller (less Seller's costs of sale), the latter in consideration of the payments Seller has previously made to Authority and to induce Seller to effect the sale of the Property to Buyer;

WHEREAS, in connection with the sale by Seller to Buyer under the Purchase and Sale Agreement, the Authority will release and reconvey the deeds of trust securing repayment of the 2009 Agency Loans and the 2009 Agency Loans will thereupon be deemed cancelled;

WHEREAS, under the Homebuyer Loan Agreement, the Authority will record deeds of trust as to the Property in the amount of the Authority Loan Amount ("Authority Deeds of Trust"), and affordability covenants in place as to the Property will remain in full force and effect and will apply to the extent necessary that affordability covenants remain in effect until the later to occur of April 14, 2039 or the satisfaction in full of the Authority Deeds of Trust;

WHEREAS, the terms of the Authority Loans are set forth in the draft Homebuyer Loan Agreement;

WHEREAS, the Program Participant has acknowledged and agreed that the use of the Property will continue to be restricted to "Low Income Households" (households having an income of not to exceed eighty percent (80%) of median income, as defined in California Health and Safety Code Section 50079.5), all as more particularly provided in the Homebuyer Loan Agreement, and that the Property is required to continue to be maintained at "Affordable Housing Cost" for a Low Income Household, as defined by California Health and Safety Code Sections 50079.5 and 50052.5;

WHEREAS, the Program Participant has represented and Authority staff has confirmed that the Program Participant requires financial participation by the Authority (in the form of the Authority Loans) in order to purchase the Property and would not be able to purchase the Property without such financial participation by the Authority. Program Participant is a Low Income Household;

WHEREAS, Program Participant has represented and warranted to Authority that Program Participant intends to reside in the Property as the Buyer's principal residence at all times during the period of Program Participant's ownership of the Property;

WHEREAS, the Authority wishes to lend, and Program Participant wishes to borrow, funds to enable Program Participant to purchase the Property (under the Purchase Agreement) upon the terms and conditions set forth in the Homebuyer Loan Agreement;

WHEREAS, the Authority staff has reviewed the Program Participant's eligibility for acquisition of the Property as a Low Income Household;

WHEREAS, the preservation of the Property as an affordable housing resource which continues to be available at Affordable Housing Cost to Low Income Households, subject to long-term covenants, assists in maintaining an existing covenant, promotes the affordable housing objectives of the Authority and furthers the provision of affordable housing and provides for mechanisms to better assure the long-term affordability of the Property;

WHEREAS, the Authority has duly considered all terms and conditions of the proposed Homebuyer Loan Agreement and believes that the Homebuyer Loan Agreement is in the best interests of the Authority and the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable State and local law requirements;

WHEREAS, all actions required by all applicable law with respect to the proposed Homebuyer Loan Agreement have been taken in an appropriate and timely manner;

WHEREAS, the Authority has duly considered all of the terms and conditions of the proposed Homebuyer Loan Agreement and believes that the Homebuyer Loan Agreement is in the best interests of the City and the health, safety, and welfare of its residents, and in accord with the public purposes and provisions of applicable state and local laws and requirements.

NOW, THEREFORE, THE LOMA LINDA HOUSING AUTHORITY DOES RESOLVE AS FOLLOWS:

Resolution No.

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Section 1. The Authority finds and determines that each of the recitals set forth above is true and correct.

Section 2. The Authority hereby approves the Homebuyer Loan Agreement in substantially the form presented to the Authority, subject to such revisions as may be directed by the governing board of the Authority and such changes as may be made by the Executive Director of the Authority or his designee. The Authority authorizes the Executive Director to release and reconvey the deeds of trust securing repayment of the 2009 Agency Loans and to cancel the 2009 Agency Loans provided that the Authority Deeds of Trust are recorded and title insurance is provided for the benefit of the Authority as set forth in the Homebuyer Loan Agreement. The Executive Director of the Authority is hereby authorized to execute the Homebuyer Loan Agreement (including without limitation all attachments thereto) on behalf of the Authority, together with any instruments necessary or convenient to implement the Homebuyer Loan Agreement, to disburse the Authority Accommodation Amount, and to undertake such actions as are reasonable and necessary to further the implementation of the Homebuyer Loan Agreement. A copy of the Homebuyer Loan Agreement shall, when executed by the Authority, be placed on file in the office of the Secretary of the Authority.

Section 3 The Authority appropriates funds equal to the Authority Accommodation Amount and costs of the Authority in accomplishing the closing of the transactions referenced herein.

APPROVED AND ADOPTED this 8th day of November, 2016 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

By:

Rhodes Rigsby, Chairman

ATTEST:

Pamela Byrnes-O'Camb, Authority Secretary

HOMEBUYER LOAN AGREEMENT

THIS HOMEBUYER LOAN AGREEMENT (the "Agreement") is made as of November 8, 2016 (the "Date of Agreement") by and between VITALIY BABAYAN and FLORA BABAYAN, husband and wife (collectively, "Program Participant" or "Trustor"), and the LOMA LINDA HOUSING AUTHORITY, a public body corporate and politic (the "Authority" or "Beneficiary").

R E C I T A L S

A. The Loma Linda Redevelopment Agency ("Redevelopment Agency") entered into an agreement, dated as of April 18, 1998 (the "Original Affordable Housing Agreement") with Gardner Construction and Development, Inc. (the "Developer"), which was amended by that certain Amended and Restated First Amendment to Affordable Housing Agreement dated as of September 14, 1999 between the Developer and the Redevelopment Agency (as amended, the "Affordable Housing Agreement") under which Developer agreed to purchase certain property from the Agency, construct houses thereon and offer a certain number of those houses at affordable housing cost to low income households, subject to covenants assuring long-term affordability.

B. The Redevelopment Agency and Gardner Construction and Development, Inc., a California corporation ("Developer"), executed a Declaration of Conditions, Covenants and Restrictions dated as of June 30, 1998, which was recorded in the official land records of the County Recorder of the County of San Bernardino ("Official Records") on June 30, 1998, as Document No. 19980254424 (the "Base Covenants"). The Base Covenants affect the real property, which included (without limitation) that certain real property known as 25478 Sonora Loop, Loma Linda (herein, the "Property"). The Base Documents were modified by that instrument entitled "Declaration of Conditions Covenants and Restrictions" dated as of September 14, 1999, and recorded in the Official Records on September 30, 1999, as Document No. 99-413390 (the "First Amendment to Covenants"); the First Amendment to Covenants is hereby incorporated herein by reference. The Base Covenants, as modified by the First Amendment to Covenants and the Second Amendment to Covenants, were further modified by that instrument entitled "Certificate Regarding Declaration of Conditions, Covenants and Restrictions and Certain Other Instruments", as executed by the Redevelopment Agency, Joshua Parck and Loren Reyes, which was recorded among the Official Records on May 19, 2009 as Document No. 2009-0216180 (the "Third Amendment to Covenants"). The Third Amendment to Covenants is set forth in Exhibit D hereto at pages D-32 to D-39, inclusive. For purposes of convenience, the Base Covenants as amended by the First Amendment to Covenants, the Second Amendment to Covenants, and the Third Amendment to Covenants are referred to herein as the "CC&Rs." The CC&Rs contain requirements and limitations with respect to affordable housing, nondiscrimination, maintenance of the Site and other matters as set forth therein. A copy of the CC&Rs has been provided to and has been reviewed by Participant. Each of the First Amendment to Covenants, the Second Amendment to Covenants, and the Third Amendment to Covenants is incorporated herein by reference.

C. One of the houses developed by the Developer under the Affordable Housing Agreement is located at the Property, which is more particularly described in the Legal Description of Property, Exhibit "A" hereto. The Property, and the dwelling unit located thereon (the "Unit"), is required to be maintained and available at affordable housing cost to low income households (as such terms are defined below) pursuant to the Affordable Housing Agreement, as well as the CC&Rs.

D. Program Participant has entered into an agreement entitled "Purchase and Sale Agreement" dated as of October 20, 2016 (the "Purchase Agreement") with the current owner of the Property, Joshua Parck and Loren Reyes (collectively, the "Seller"), will sell the Property to the Program Participant for a purchase price of Two Hundred Twenty Three Thousand One Hundred Twenty (\$223,120.00) (the "Purchase Price"). The disposition of the Purchase Price is more fully described in the "Supplemental Escrow Instructions" (Exhibit J).

E. Program Participant requires assistance to purchase the Property and would not be able to purchase the Property without such assistance. Program Participant is a low income household and currently earns less than eighty percent (80%) of the current annual median income for the San Bernardino County area, as those terms are defined by California Health and Safety Code Sections 50079.5 and 50052.5.

F. Program Participant represents and warrants to Authority that Program Participant and Program Participant's immediate family intend to reside in the Property as the family's principal residence at all times during the period of Program Participant's ownership of the Property.

G. The Authority desires to assist persons of low income to purchase residential property as part of its efforts to increase, improve, and preserve low income housing available at an affordable housing cost within the corporate limits of the City of Loma Linda.

H. The Authority wishes to lend, and Program Participant wishes to borrow, funds to assist Program Participant to purchase the Property upon the terms and conditions set forth herein.

I. Throughout that period commencing as of June 30, 1998 and ending as of April 14, 2039 (which period shall hereafter be referred to herein as the "Affordability Period), the Property may only be transferred to Low Income Households at an Affordable Housing Cost ("Eligible Persons and Families") which transferee(s) execute agreements with the Authority substantially in the form of this Agreement along with the attachments hereto, or assumptions in form acceptable to and approved by Authority.

NOW, THEREFORE, for good and valuable consideration the parties agree as follows:

1. Homebuyer Loans. In connection with the purchase of the Property by the Program Participant from the Seller, and provided that Seller conveys the Property by grant deed to the Program Participant pursuant to the Purchase Agreement by the time set forth therein for conveyance of the Property, but no later than December 20, 2016 (the "Conveyance Deadline"), as such Conveyance Deadline may be extended by the Executive Director of the Authority (the "Executive Director") at his sole and absolute discretion. The Program Participant will execute promissory notes evidencing loans by the Authority to the Program Participant, as follows: (i) a loan (the "Homebuyer Senior Loan") in the original principal amount of Nine Thousand One Hundred Twenty Dollars (\$9,120.00) (the "Homebuyer Senior Loan Amount"), and (ii) a loan (the "Junior Loan") in the original principal amount of Two Hundred Nine Thousand Dollars (\$209,000.00) (the "Junior Loan Amount"). Notwithstanding such stated original principal amounts, the amount to be disbursed by the Authority to escrow shall consist of an amount equal to the sum of Ten Thousand Four Hundred Thirty Five Dollars (\$10,435.00) (the "Authority Accommodation Amount"). The balance of the Purchase Price is in consideration of release by Authority of certain loans previously made by the Redevelopment Agency to the Seller, payment of which is secured by deeds of trust as to the Property.

Prior to the conveyance of the Property to Program Participant by the Seller, Program Participant shall execute and deliver to the escrow holder designation in Section 9 hereof for delivery to the Authority: (i) a promissory note in favor of the Authority as holder, in the form of the "Homebuyer Senior Note" attached hereto as Exhibit "B" and incorporated herein; (ii) a promissory note in favor of the Authority as holder, in the form of the "Junior Note" attached hereto as Exhibit "H" and incorporated herein; (iii) a deed of trust in the form of Exhibit "C" hereto (the "Homebuyer Senior Deed of Trust"); (iv) a deed of trust in the form of Exhibit "I" hereto (the "Junior Deed of Trust"); and (v) supplemental escrow instructions in the form of Exhibit "J" hereto (the "Supplemental Escrow Instructions"); the Homebuyer Senior Deed of Trust and the Junior Deed of Trust shall have been recorded in conformity with this Agreement (and, specifically, Sections 9 and 11 hereof) as a condition to the release of funds provided by the Authority. In addition, Program Participant shall execute and deliver to escrow and cause the escrow holder to deliver to Authority, duly recorded among the Official Records, (i) the instrument entitled "Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property" (in the form of Exhibit "G" to this Agreement; herein, the "Homebuyer Certificate"), and (ii) the "Resale Restriction Agreement" (in the form of Exhibit "E" hereto).

Program Participant agrees and acknowledges that Program Participant has been provided with and has reviewed a copy of each of the Base Covenants, the First Amendment to Covenants, the Second Amendment to Covenants (a copy of each is attached at Exhibit D hereof) at pages D-25 to D-31, inclusive, the Third Amendment to Covenants (a copy of which is attached at Exhibit D at pages D-32 to D-39, inclusive), as well as the Homebuyer Certificate, and all those matters described in that preliminary title report by Ticor Title Company of California, No. 00435811-021-DN1, dated as of September 22, 2016 (the "Preliminary Title Report") and this Agreement and each and every document referenced herein. The Program Participant acknowledges that affordability is required to be maintained with respect to the Property under this Agreement, as provided in the Homebuyer Certificate and the Notice of Affordability Restrictions.

Program Participant (or Program Participant's heirs following the death of Program Participant) agrees to notify Authority not less than thirty (30) days prior to (i) the opening of escrow for the sale of the Property, (ii) the signing of any agreements or documents related to the transfer, including, without limitation, lease, exchange or other disposition of any interest in the Property, (iii) any proposed refinancing, or (iv) the close of Program Participant's probate estate. Nothing in this paragraph or this Agreement, however, shall be construed to authorize the Property to be leased or rented.

2. Maintenance of Property; Insurance. Program Participant shall maintain the improvements and landscaping on the Property in the manner prescribed by the Base Covenants and the First Amendment to Covenants, the Homebuyer Certificate and the Resale Restriction Agreement. Program Participant shall maintain, for the time any amount remains outstanding under either the Homebuyer Senior Loan or the Junior Loan, whichever remains outstanding the longest, 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 Authority as loss payee and shall contain a statement of obligation on behalf of the carrier to notify Authority 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. Program Participant shall transmit a copy of the certificate of insurance and loss payee endorsement to Authority within thirty (30) days of the effective date of this Agreement, and upon request by Authority, Program Participant shall transmit to Authority further copies of the certificate of insurance and a loss payee endorsement. The copy of

the certificate of insurance and loss payee endorsement shall be transmitted to Authority at the address set forth in Section 25 hereof. Any certificate of insurance must be in a form, content, and with companies reasonably acceptable to Authority.

3. Due on Sale, Transfer or Refinancing. Program Participant agrees to notify the Authority not less than thirty (30) days prior to (i) the sale or transfer of the Property or (ii) any refinancing of the lien of the Homebuyer Senior Deed of Trust, the Junior Deed of Trust or any other lien on the Property. Each of the Homebuyer Senior Loan and the Junior Loan and all interest accrued thereon shall be due and payable upon (i) such sale or transfer, (ii) the refinancing of any lien against the Property, or (iii) Program Participant is no longer an occupant of the Property in conformity with Section 5 of this Agreement or is in material default of any other obligation pursuant to this Agreement. If the Authority is asked to forbear from enforcing the due-on-sale clause or to allow the assumption of the loan evidenced by the Homebuyer Senior Note or the Junior Note, the party or parties so requesting shall prepare and submit to the Authority a complete package containing all information necessary to demonstrate and verify the income of the proposed transferee, the proposed housing cost, and all other information reasonably requested by the Executive Director or which would have been required had such proposed transferee attempted to qualify as original Program Participant under the terms of the Agreement. At the request of Program Participant, the Authority may, in its sole discretion, waive the requirements of this Section 3 and extend the term of the Homebuyer Senior Note.

4. Low Income Household. "Low Income" (or "Lower Income") or "Low Income Households" (or "Lower Income Households") shall mean and include: Low Income households as defined in Health and Safety Code Section 50079.5 to households earning not greater than eighty percent (80%) of "Median Income" (as defined below). Low Income Households includes low income households, as defined in Health and Safety Code Section 50079.5, very low income households, as defined in Health and Safety Code Section 50105 (households earning not greater than fifty percent [50%] of Median Income), and extremely low income households, as defined in Health and Safety Code Section 50106 (households earning not greater than thirty percent [30%] of Median Income); provided that in each event, the housing cost must be "Affordable Housing Cost" as defined below. As used herein, "Median Income" or "Median Income for the Area" means the median income for San Bernardino County as determined by Authority under Health and Safety Code Section 50052.5 and applicable regulations, if any, of the State of California.

"Affordable Housing Cost" for each owner (namely, Program Participant and all successors thereto during the Affordability Period) shall be as defined in Health and Safety Code Sections 50052.5 and 50079.5 (or its successor statute) and the implementing regulations thereto promulgated by the Housing and Community Development Department of the State of California. As of the date of the Agreement, Affordable Housing Cost for a Low Income Household means a monthly housing cost which does not exceed thirty percent (30%) times seventy percent (70%) of Median Income adjusted for family size appropriate to the Unit (or for a Very Low Income Household, a monthly housing cost that does not exceed thirty percent (30%) times fifty percent (50%) of Median Income adjusted for family size appropriate to the Unit). Pursuant to Section 50052.5, if the Property has three bedrooms the presumed household size for purposes of the Agreement is four persons.

Program Participant represents and warrants to the Authority that Program Participant, and each and every person who will reside at the Property, as the incomes of all such persons are aggregated, constitute a Low Income Household earning less than eighty percent (80%) of current annual median income for San Bernardino County, as those terms are defined by California Health

and Safety Code Sections 50079.5 and 50052.5; (ii) the Program Participant will reside in the Property as Program Participant's principal residence; (iii) information concerning income, credit scores, and all other information provided to Authority by the Participant has been true and correct. Program Participant acknowledges that the Authority has relied upon the foregoing information, representations and warranties in entering into this Agreement.

During a period ("Affordability Period") which commenced June 30, 1998 and which shall continue until the later to occur of: (i) April 14, 2039, or (ii) the confirmation in writing by the Authority, signed by the Executive Director or Finance Director of the Authority, that each of the Homebuyer Senior Loan and the Junior Loan have been satisfied in full and no moneys remain payable to the Authority (or other holder) thereunder (the later of such times as so determined by the Authority constituting the "Extended Expiration Date"), the Homebuyer Senior Loan Amount will not become due and payable if, in strict conformity with all requirements of this Agreement (but see below as to payments under the Junior Loan), Trustor sells or otherwise conveys the Property to a Low Income Household at an Affordable Housing Cost ("Eligible Persons and Families"), and the purchaser assumes the Homeowner Senior Note and the Agreement by an assignment and assumption agreement which is acceptable to the Beneficiary. Each purchaser shall be a Low Income Household, purchasing at an Affordable Housing Cost ("Eligible Persons and Families"), and which executes and delivers to Authority agreements with the Authority substantially in the form of this Agreement along with the attachments hereto, or assumptions in form acceptable to and approved by Authority. The Homebuyer Senior Note shall not be assumable excepting at the sole and absolute discretion of the Authority.

Subject to the prior written approval of the Authority having first been obtained, if the Property is sold during the Affordability Period by the Trustor to a Low Income Household, and the Sales Price does not exceed Affordable Housing Cost to such Buyer, then so long as the Trustor is not in default of the Agreement, the Homebuyer Senior Note may be assumed by the Eligible Buyer by an assignment and assumption agreement which is acceptable to the Beneficiary. Upon the effective date of such assignment and assumption with the prior written approval of the Authority, the assigning Trustor shall no longer be liable for any further obligations under the Homebuyer Senior Note which accrue after the date of such assignment and assumption. In order to verify the buyer's status as a Low Income Household, Trustor shall submit to the Authority the identity of the proposed buyer and adequate information evidencing the income and household size of the proposed buyer. Said income information shall be submitted together with the notice of proposed sale pursuant to Section 3 of this Agreement not less than thirty (30) days prior to opening of escrow for the proposed sale and shall include original or true copies of pay stubs, income tax records or other financial documents in order that the Authority may determine and verify the household income of the proposed buyer to determine whether the buyer is a Low Income Household and whether the Property is being transferred to such buyer at Affordable Housing Cost. If the Authority is unable to verify the buyer's income as provided herein prior to the proposed sale, then the buyer's income shall be deemed to exceed the maximum allowable income limit for Eligible Persons and Families.

Monthly payments shall be required to be made by Program Participant under the Junior Note; such payments are described with greater particularity in the Junior Note.

The income of co-signers and co-mortgagors will be included for determining whether Program Participant is a Low Income Household, if such co-signers and co-mortgagors are part of Program Participant's household and are residing in the Property.

5. Occupancy Standards. The Property shall be used as the personal residence of Program Participant and Program Participant's immediate family and for no other purpose. Program Participant shall not enter into an agreement for the rental or lease of the Property. The number of persons residing in the Property shall be limited to the product of the number of bedrooms in the Property multiplied by two, plus one. (For example, a two bedroom house would be limited to occupancy by five persons, a three bedroom house would be limited to occupancy by seven persons, etc.) Program Participant shall, upon demand by Authority, submit to Authority an affidavit of occupancy verifying Program Participant's compliance with this Section 5. Such affidavit may be required by Authority on an annual basis.

6. Income Information. Program Participant has submitted an eligibility verification form to the Authority prior to execution of this Agreement. Program Participant represents and warrants to the Authority that all information Program Participant has provided and will provide in the future is and will be true, correct and complete. Program Participant acknowledges that the Authority is relying upon Program Participant's representations that Program Participant's income does not exceed eighty percent (80%) of the area median income and would not have entered into this Agreement if Program Participant's income exceeded eighty percent (80%) of the area median income.

7. Loan Servicing. The Authority may contract with a private lender to originate and service one or more of the Homebuyer Senior Loan or the Junior Note.

8. Sole and Separate Property. An individual taking title in this manner is subject to special requirements because of California Community Property Laws and the Internal Revenue Code. If Program Participant becomes married and is thereafter legally separated, or files for divorce and a legal property disposition agreement exists between Program Participant and his spouse, a quitclaim deed from one spouse to the other and a copy of the property disposition agreement may be required by Authority.

9. Escrow Provisions; Title Insurance and Closing Costs.

(a) Program Participant shall open or shall cause to be opened an escrow for the conveyance of the Property by Seller to Program Participant (the "Sale Escrow") with Ticor Title Company of California, Newport Beach office (the "Escrow Holder"). Unless a form of grant deed is provided by Seller that is acceptable to Buyer, the Escrow Holder shall prepare a grant deed conveying title to the Property from Seller to Program Participant (the "Grant Deed") which grant deed shall be substantially in the form prescribed by the Purchase Agreement; vesting shall be to Vitaliy Babayan and Flora Babayan, husband and wife; Program Participant (and not the Authority) shall be responsible for determining the manner in which Program Participant holds title. Escrow Holder shall accomplish the recordation of the Grant Deed, all as more particularly set forth herein. Upon written confirmation by Seller to each of Program Participant, the Authority and the Escrow Holder, this Agreement shall constitute the joint basic escrow instructions of the Seller and the Program Participant in connection with the purchase and sale of the Property by Seller to Program Participant (upon confirmation thereof by Seller), and a duplicate original of this Agreement shall be delivered to the Escrow Holder upon the opening of the Sale Escrow. The Authority, the Seller and the Program Participant shall provide such additional escrow instructions as shall be necessary for and consistent with this Agreement relative to the sale of the Property. The Escrow Holder is hereby empowered to act under this Agreement, and the Escrow Holder, upon indicating within five (5) days after the opening of the Sale Escrow its acceptance of the provisions of this paragraph (a) of

Section 9, in writing, delivered to the Seller, Authority and the Program Participant, shall carry out its duties as Escrow Holder hereunder. Escrow Holder shall coordinate with Escrow Holder to effect the implementation of the closing of the conveyance of the Property and the recording of those additional instruments identified in paragraph (b) of this Section 9. When Ticor Title Company of California, Tustin office, as title insurer (the "Title Company") is prepared to issue its owner's policy of title insurance based upon the Purchase Price ("Owner's Policy") to Program Participant (as owner) and its lender's policies of title insurance to the Authority (as lender) in connection with each of the Homebuyer Senior Deed of Trust and the Junior Deed of Trust as provided in subsection (c), below based upon the original principal amounts of such loans as stated in the Homebuyer Senior Note and the Junior Note, respectively (the "Lender's Policies"), the Title Company shall so inform each of the Authority and Seller whereupon Authority will fund the Authority Accommodation Amount (less any closing costs chargeable to Seller); Seller will fund one-half of closing costs, as well as the premium for the Owner's Policy, the cost for a Fidelity National Home warranty or another home warranty for one year (the "Home Warranty"), and the cost of a natural hazard report (collectively, "Seller's Closing Amount"); Program Participant will fund one-half of closing costs plus that amount, if any, for the premium for the Lender's Policies, as well as, the additional amount of Five Thousand Dollars (\$5,000.00) for down payment (the "Down Payment Amount") and the additional amount of Six Hundred Dollars (\$600.00) for tax and insurance impounds (the "Initial Impound Amount"), and Buyer's share of closing costs in the approximate amount of One Thousand Three Hundred Dollars ("Buyer's Closing Amount", and, together with the Down Payment Amount and the Initial Impound Amount, the "Program Participant's Closing Amount") and Escrow Holder shall cause the recordation of the Homebuyer Declaration of Conditions, covenants and Restrictions and Agreement Affecting Real Property, the Resale Restriction Agreement, and the Homebuyer Senior Deed of Trust, the Junior Deed of Trust, deliver to the Authority the Homebuyer Senior Note and the Junior Note, disburse the Down Payment Amount, disburse the Authority Accommodation Amount to Seller, disburse the Initial Impound Amount to the Authority and charge the respective parties for their respective shares of costs as provided herein.

Provisions regarding escrow are more particularly set forth in the Supplemental Escrow Instructions as attached hereto as Exhibit "J." The Supplemental Escrow Instructions may be revised upon mutual agreement upon consultation with the Escrow Holder.

(b) The Authority agrees to open an escrow for the Homebuyer Senior Loan and the Junior Loan (which, together with the Homebuyer Senior Loan, is referred to as the "Homebuyer Loans") (the "Loan Escrow") with the Escrow Holder. The Escrow Holder shall accomplish the recordation of the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, the Resale Restriction Agreement, the Homebuyer Senior Deed of Trust and the Junior Deed of Trust, as well as the delivery of each of the Homebuyer Senior Note and the Junior Note to the Authority, all as more particularly set forth herein. This Agreement constitutes the joint basic escrow instructions of the Authority and the Program Participant in connection with the Authority Loans, and a duplicate original of this Agreement shall be delivered to the Escrow Holder upon the opening of the Loan Escrow. The Authority, the Seller and the Program Participant shall provide such additional escrow instructions as shall be necessary for and consistent with this Agreement. The Escrow Holder is hereby empowered to act under this Agreement, and the Escrow Holder, upon indicating within five (5) days after the opening of the Loan Escrow its acceptance of the provisions of this Section 9, in writing, delivered to the Authority and the Program Participant, shall carry out its duties as Escrow Holder hereunder. When the Title Company is prepared to issue its owner's policy of title insurance to Program Participant and its Lender's Policies of title insurance to the Authority (as lender) in connection with the Homebuyer Senior Deed of Trust and the Junior

Deed of Trust as provided in subsection (c), below, it shall so inform each of the Authority and Seller whereupon Authority will fund the Homebuyer Senior Loan and the Junior Loan as the principal amount of the Homebuyer Senior Loan; Seller will fund Seller's Closing Amount; Program Participant will fund Program Participant's Closing Amount and Escrow Holder shall cause the recordation of the Grant Deed, the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, the Resale Restriction Agreement, the Homebuyer Senior Deed of Trust and the Junior Deed of Trust, deliver to the Authority the Homebuyer Senior Note and the Junior Note, disburse the Authority Accommodation Amount to the Seller, disburse the Initial Impound Amount to the Authority, disburse the Grant Deed to the Program Participant and charge the respective parties for their respective shares of costs as provided herein.

Additional provisions regarding escrow are more particularly set forth in the Supplemental Escrow Instructions as attached hereto as Exhibit "J." The Supplemental Escrow Instructions may be revised upon mutual agreement upon consultation with the Escrow Holder.

Notice under this Agreement to either Vitaliy Babayan and Flora Babayan shall be deemed to constitute notice to both and to Program Participant.

All funds received in the Loan Escrow shall be deposited by the Escrow Holder, with other escrow funds of the Escrow Holder in an interest earning general escrow account or accounts with any state or national bank doing business in the State of California. Such funds may be transferred to any other general escrow account or accounts. All disbursements shall be made by check of the Escrow Holder. All adjustments are to be made on the basis of a thirty (30) day month. Interest shall be applied for the benefit of the party depositing such funds.

If this Escrow is not in condition to close on or before the Conveyance Deadline, either party hereto who then shall have fully performed the acts to be performed before the conveyance of title may, in writing, demand from the Escrow Holder the return of its money, papers or documents deposited with the Escrow Holder, with a copy to be concurrently transmitted by such party to the other party. No demand for return shall be recognized until ten (10) days after the Escrow Holder shall have mailed copies of such demand to the other party or parties at the address of its or their principal place or places of business. Objections, if any, shall be raised by written notice to the Escrow Holder and to the other party within the ten (10) day period, in which event the Escrow Holder is authorized to hold all money, papers and documents with respect to the Property until instructed by a mutual agreement of the parties or by a court of competent jurisdiction. If no such demands are made, the Escrow shall be closed as soon as possible.

The Escrow Holder shall not be obligated to return any such money, papers or documents except upon the written instructions of both the Authority and the Program Participant or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendment to these Escrow instructions shall be in writing and signed by both the Authority and the Program Participant. At the time of any amendment, the Escrow Holder shall agree to carry out its duties as Escrow Holder under such amendment.

(c) As a condition of closing, the Title Insurer shall be prepared to issue the following policies of title insurance: (i) the Owner's Policy to Program Participant and the Lender's Policies. Such policies shall be subject to the Base Covenants, the First Amendment to Covenants,

the Second Amendment to Covenants, the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, the Resale Restriction Agreement and such other encumbrances, if any, as may be approved by the Authority [collectively, the "Approved Senior Exceptions"]) and, with respect to the Junior Deed of Trust, the Approved Senior Exceptions, the Homebuyer Senior Deed of Trust and such additional encumbrances, if any, as may be approved by the Authority). Once the conditions to closing have been satisfied and the Escrow Holder and Escrow Holder have funds sufficient to defray costs of closing (including premiums for title insurance policies as described in this Section 9), the escrows shall close.

(d) Upon closing, Escrow Holder shall deliver: (i) to Program Participant, the Grant Deed, a closing statement, and a copy of the other instruments delivered to escrow; (ii) to Seller, the Authority Accommodation Amount less Seller's Closing Amount; and (iii) to Authority, Homebuyer Senior Deed of Trust, the Homebuyer Senior Note, the Junior Note, the Junior Deed of Trust, the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, the Resale Restriction Agreement, the Initial Impound Amount, and a copy of the other instruments delivered to escrow.

10. [Reserved].

11. Covenants. Program Participant and the Authority shall execute and cause to be recorded among the Official Records the Resale Restriction Agreement and the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, the Program Participant acknowledges and agrees that the Property shall only be owned by Program Participant or other persons or families of low income available at an affordable housing cost, as those terms are defined in California Health and Safety Code Sections 50093 and 50052.5, and that Program Participant shall not discriminate against any person or group of persons on the basis of race, color, religion, sex, marital status, national origin or ancestry.

12. Indemnification. The Program Participant shall defend, indemnify and hold harmless each of the Authority 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 Agreement. The Program Participant shall remain fully obligated for the payment of property taxes and assessments related to the Property. There shall be neither reduction in taxes for Program Participant, nor any transfer of responsibility to the Authority or the City to make such payments, by virtue of the moneys loaned as evidenced by the Homebuyer Senior Note or the Junior Note.

13. Miscellaneous. Time is of the essence hereof. If the Homebuyer Senior Note or the Junior Note is now, or hereafter shall be, signed by more than one party or person, each shall be the joint and several obligation of such parties or persons (including, without limitation, all makers, endorsers, guarantors and sureties), and shall be binding upon such parties and upon their respective successors and assigns.

14. Defaults. Failure or delay by either party to perform any term or provision of this Agreement which is not cured within thirty (30) days after receipt of notice from the other party constitutes a default under this Agreement; provided, however, if such default is of the nature requiring more than thirty (30) days to cure, the defaulting party shall avoid default hereunder by commencing to cure within such thirty (30) 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.

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. Remedies. Authority shall be entitled to all legal and equitable remedies available under the law upon the default of the terms of this Agreement by Program Participant. Such remedies may include, without limitation, (a) specific performance of the terms of the Agreement, (b) disgorgement of any amount of consideration received for the Property that exceeds an Affordable Housing Cost, and (c) an order to pay attorneys' fees, as set forth in Section 26 herein.

16. Non Waiver. Failure to exercise any right Authority may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

17. Documents. Program Participant is aware that the Authority has prepared certain documents to implement the Program and secure repayment of each of the Homebuyer Senior Loan and the Junior Loan. Program Participant has been encouraged by the Authority to seek legal counsel to advise Program Participant. Program Participant has reviewed and agrees to execute the following documents prior to the release of any funds by the Authority:

- (a) Disclosure Statement (Exhibit "F," as to each loan);
- (b) Homebuyer Senior Note;
- (c) Homebuyer Senior Deed of Trust;
- (d) Junior Note;
- (e) Junior Deed of Trust;
- (f) Homebuyer Certificate; and
- (g) Resale Restriction Agreement.

Program Participant agrees and acknowledges that each of the Grant Deed, the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, the Resale Restriction Agreement, the Homebuyer Senior Deed of Trust, the Junior Deed of Trust and the Homebuyer Declaration of Conditions, Covenants and Restrictions and Agreement Affecting Real Property, among the Official Records and, along with the Base Covenants, the First Amendment to Covenants, the Second Amendment to Covenants, and the Third Amendment to Covenants shall appear of record with respect to and as encumbrances to the Property.

18. Further Assurances. The Program Participant shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the

Authority shall from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

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

20. Amendment of Agreement. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Program Participant and Authority.

21. Authority May Assign. Authority may, at its option, assign its right to receive repayment of the loan proceeds without obtaining the consent of the Program Participant.

22. Program Participant Assignment Prohibited. In no event shall Program Participant assign or transfer any portion of this Agreement without the prior express written consent of the Authority, which consent may be given or withheld in the Authority's sole discretion. No assumption of either or both of the loans made by Authority as evidenced by the Homebuyer Senior Note and the Junior Note shall be permitted at any time. This Section 22 shall not prohibit the Authority's right to assign all or any portion of its rights to the loan proceeds hereunder.

23. Relationship of Program Participant and Authority. The relationship of Program Participant and Authority pursuant to this Agreement is that of debtor and creditor and shall not be construed to be a joint venture, equity venture, partnership, or other relationship.

24. Monitoring. To the extent permitted by law, Authority and its designated employees and agents shall have the right to enter the Property at all reasonable times without a warrant for the purpose of monitoring Program Participant's compliance with this Agreement. Any such entry shall be made only after reasonable notice to Program Participant, which shall mean at least forty-eight (48) hours in all non-emergency situations. Upon receipt of such notice, Program Participant agrees to consent to entry by Authority and to cooperate in making the Property available for inspection by Authority. Program Participant acknowledges and agrees that if for any reason Program Participant fails to consent to such entry or inspection, Authority may obtain an administrative inspection warrant or take such other legal actions as may be necessary to gain access to and inspect the Property. Authority shall indemnify and hold harmless Program Participant from any costs, claims, damages or liabilities pertaining to any such entry.

25. Notices. Any notices, requests or approvals given under this Agreement from one party to another may be personally delivered or deposited with the United States Postal Service for mailing, postage prepaid, registered or certified mail, return receipt requested to the following address:

To Program Participant: Vitaliy Babayan and Flora Babayan
1365 Crafton Avenue, Apt. 1078
Mentone, California 92359

To Authority: Loma Linda Housing Authority
25541 Barton Road
Loma Linda, California 92354
Attention: Executive Director

Either party may change its address for notice by giving written notice thereof to the other party. Following close of escrow, the address for notice for Program Participant shall be: 25478 Sonora Loop, Loma Linda, California 92354.

Notice to Seller shall be given as follows: Joshua Parck and Loren Reyes, 25478 Sonora Loop, Loma Linda, California 92354 (and, after close of escrow, Joshua Parck and Loren Reyes, [Seller post-closing address: to come]).

26. Joint and Several Liability. Each of Vitaliy Babayan and Flora Babayan shall be jointly and severally liable under this Agreement.

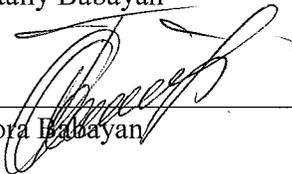
27. No Third Party Beneficiaries Except City. The City shall be deemed to be a third party beneficiary of this Agreement (including without limitation the Exhibits hereto). Excepting for the City, there shall be no third party beneficiaries of this Agreement. Seller is not a third party beneficiary of this Agreement.

28. Entire Agreement. This Agreement constitutes the entire understanding and agreement of the parties. This Agreement integrates all of the terms and conditions mentioned herein or incidental thereto, and supersedes all prior negotiations, discussions and previous agreements between the Authority and the Program Participant concerning all or any part of the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Date of Agreement as set forth above.

“PROGRAM PARTICIPANT”

By: Babu -
Vitaliy Babayan

By: 
Flora Babayan

“AUTHORITY”

LOMA LINDA HOUSING AUTHORITY, a public
body corporate and politic

By: _____
T. Jarb Thaipejr
Its: Executive Director

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

Lot 42 of Tract No. 15917, in the City of Loma Linda, County of San Bernardino, State of California, as per map recorded in Book 275, Page(s) 31 to 37 inclusive of Maps, in the office of the County Recorder of said County.

APN: 0283-271-13-0-000