

MEMBER CITIES

Alhambra
 Apple Valley
 Azusa
 Baldwin Park
 Barstow
 Bell
 Bellflower
 Brea
 Capitola
 Carson
 Chino
 Claremont
 Colton
 Commerce
 Compton
 Covina
 Downey
 Duarte
 El Monte
 Fairfield
 Fontana
 Fresno
 Gardena
 Garden Grove
 Glendale
 Glendora
 Hawaiian Gardens
 Hawthorne
 Hermosa Beach
 Huntington Park
 Indio
 Inglewood
 La Habra
 La Puente
 Lakewood
 Lancaster
 Lawndale
 Long Beach
 Los Angeles
 Lynwood
 Monrovia
 Montclair
 Montebello
 Monterey Park
 Morgan Hill
 Norwalk
 Oceanside
 Palmdale
 Palm Springs
 Paramount
 Pico Rivera
 Plana Community Services District
 Pomona
 Rancho Cucamonga
 Rialto
 Riverside
 Rohnert Park
 Salinas
 San Bernardino
 San Bernardino County
 San Diego County
 San Fernando
 San Juan Capistrano
 San Marcos
 San Mateo County
 Santa Clarita
 Santa Rosa
 Signal Hill
 South Gate
 Vernon
 Vista
 West Covina
 Whittier
 Yucaipa

BOARD MEMBERS

OFFICERS
 Mike McCormick, President
 Vernon
 Mario Gomez, Vice President
 Huntington Park
 Stephen Ajobiewe, Treasurer
 Compton

DIRECTORS

Ricardo Pachco, Baldwin Park
 (Vacant), Compton
 (Vacant), Hawthorne
 Peter Tucker, Hermosa Beach
 Jim Morton, Lynwood
 (Vacant), San Fernando
 Gil Hurtado, South Gate

Secretary/Program Administrator

Debbie Smith
 General Legal Counsel
 Scott Campbell
 Best Best & Krieger, LLP

INDEPENDENT CITIES FINANCE AUTHORITY
 Regular Meeting Of The Board Of Directors
 Regular Meeting Of The Executive Committee

Wednesday, April 10, 2013
 12:00 noon

NOTE LOCATION

Huntington Park City Hall
 Planning Conference Room
 6550 Miles Avenue
 Huntington Park, CA 90255

MEETING AGENDA

STAFF REPORTS AND OTHER WRITTEN DOCUMENTS RELATED TO ITEMS ON THIS AGENDA CAN BE OBTAINED FROM THE INDEPENDENT CITIES FINANCE AUTHORITY BY CALLING (877) 906-0941.

FOR YOUR INFORMATION: The Authority Board/Executive Committee will hear from the public on any item on the agenda or an item of interest to the Board/Executive Committee that is not on the Agenda. These items may be referred for administrative action or scheduled on a future Agenda. Comments are to be limited to three minutes for each speaker, unless extended by the Authority Board. Each speaker will have an opportunity to speak on any Agenda item. You have the opportunity to address the Authority Board at the following times.

- A. **AGENDA ITEM:** at the time the Authority Board considers the Agenda item or during Public Comment, and
- B. **NON-AGENDA ITEMS:** during Public Comment - comments will be received for a maximum 30-minute period; any additional requests will be heard following the completion of the Agenda.
- C. **PUBLIC HEARINGS:** at the time of the Public Hearing

I. CALL TO ORDER. (Page 4)

II. ROLL CALL. (Page 4)

City of Baldwin Park
 City of Compton
 City of Hawthorne
 City of Hermosa Beach
 City of Huntington Park

City of Lynwood
 City of San Fernando
 City of South Gate
 City of Vernon

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA. (Page 4)

IV. PUBLIC COMMENT. At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Authority. Reasonable time limits are imposed on each topic and each speaker. In accordance with the provisions of the Ralph M. Brown Act (GC § 54950 et seq.), no action or discussion may take place by the Board on any item not on the posted agenda. The Board may respond to statements made or questions asked, and may direct staff to report back on the topic at a future meeting. *(Page 5)*

V. NEW BUSINESS.

- A. Approval Of Minutes Of The March 20, 2013 Board of Directors Meeting. *(Pages 5 & 16-24)*
RECOMMEND APPROVAL
- B. Approval And Adoption Of Resolution 2013-3 (A Resolution Of The Board Of Directors For The Independent Cities Finance Authority (I) Authorizing Its Sponsorship Of The ICFA *Advantage* Down Payment Assistance Program; and (II) Delegating To The Board Secretary And General Legal Counsel The Power To Take All Such Actions As Are Necessary Or Appropriate To Accomplish The Foregoing *(Pages 6-9 & 25-61)*
RECOMMEND APPROVAL/ADOPTION
- C. Approval And Adoption Of Resolution 2013-4 (A Resolution Of The Board Of Directors/Executive Committee Of The Independent Cities Finance Authority Authorizing The Issuance Of Its Not To Exceed \$10,750,000 Aggregate Principal Amount Of Independent Cities Finance Authority Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified School Construction Bonds – Direct Subsidy) And Approving Certain Documents And Authorizing Certain Actions In Connection Therewith). *(Pages 9-11 & 62-67)*
RECOMMEND APPROVAL/ADOPTION
- D. Discussion Of AB 1059 (Wieckowski) - Public Officers And Employees: Financial Interests; ICFA's Position Thereon, And Other Related Issues. *(Pages 11-12 & 68-70)*
RECOMMEND TAKING A POSITION ON AB 1059
- E. Discussion And Approval Of Current Efforts To Engage Cities And Approval Of Sponsorship Of PublicCeo.com *(Pages 12-13 & 71-73)*
RECOMMEND APPROVAL
- F. Update On Pending Projects/Activities. *(Page 13)*
INFORMATION ONLY

VI. COMMENTS FROM BOARD MEMBERS. *(Page 14)*

VII. MATTERS FROM STAFF. *(Page 14)*

VIII. ADJOURNMENT. *(Page 14)*

The public shall have an opportunity to comment on any item as each item is considered by the Board/Executive Committee and prior to action being taken. Agenda Reports are available at the Independent Cities Finance Authority office upon request by calling (877) 906-0941.

NOTICE: New items will not be considered after 2:00 p.m. unless the Board of Directors/ Executive Committee votes to extend the time limit. Any items on the agenda that are not completed will be forward to the next regular Board of Directors/Executive Committee meeting.

IN COMPLIANCE WITH THE AMERICAN DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN THIS MEETING, PLEASE CONTACT THE INDEPENDENT CITIES FINANCE AUTHORITY AT (877) 906-0941. NOTIFICATION 48 HOURS PRIOR TO THE MEETING WILL ENABLE THE INDEPENDENT CITIES FINANCE AUTHORITY TO MAKE REASONABLE ARRANGEMENTS TO ENSURE ACCESSIBILITY TO THIS MEETING.

NOTE TO CITY CLERKS:

Please post this Meeting Notice in three separate locations, just as you would a City Council agenda.

INDEPENDENT CITIES FINANCE AUTHORITY
REGULAR MEETING OF THE BOARD OF DIRECTORS
REGULAR MEETING OF THE EXECUTIVE COMMITTEE

April 10, 2013 - 12:00 noon

AGENDA SUMMARY

I. CALL TO ORDER.

II. ROLL CALL.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

A roll call of the following member cities will be conducted:

City of Baldwin Park	City of Lynwood
City of Compton	City of San Fernando
City of Hawthorne	City of South Gate
City of Hermosa Beach	City of Vernon
City of Huntington Park	

C. RECOMMENDATION:

None.

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

IV. PUBLIC COMMENT.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

At this time the public shall have an opportunity to comment on any non-agenda item relevant to the jurisdiction of the Agency. Reasonable time limits are imposed on each topic and each speaker. In accordance with the provisions of the Ralph M. Brown Act (GC §54950 et seq.), no action or discussion may take place by the Board on any item not on the posted agenda. The Board may respond to statements made or questions asked, and may direct staff to report back on the topic at a future meeting.

C. RECOMMENDATION:

None.

V. NEW BUSINESS.

A. APPROVAL OF MINUTES OF THE MARCH 20, 2013 BOARD OF DIRECTORS MEETING.

A. MATERIAL ENCLOSED: **(PAGES 16-24)**

Minutes of the March 20, 2013 Board of Directors meeting.

B. COMMENTS:

None.

C. RECOMMENDATION:

Approve the minutes of the March 20, 2013 Board of Directors meeting.

B. APPROVAL AND ADOPTION OF RESOLUTION 2013-3 (A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE INDEPENDENT CITIES FINANCE AUTHORITY (I) AUTHORIZING ITS SPONSORSHIP OF THE ICFA ADVANTAGE DOWN PAYMENT ASSISTANCE PROGRAM; AND (II) DELEGATING TO THE BOARD SECRETARY AND GENERAL LEGAL COUNSEL THE POWER TO TAKE ALL SUCH ACTIONS AS ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE FOREGOING

A. MATERIAL ENCLOSED: (PAGES 25-61)

1. Resolution 2013-3 (Pages 25-27)
2. Board Executive Summary (Pages 28)
3. Community Loan Program Agreement (Pages 29-43)
4. Lender Invitation To Participation (Pages 44-51)
4. Independent Cities Finance Authority Program Administration Agreement (Pages 52-61)

B. COMMENTS:

This program was conceptually approved by the Board of Directors at its meeting of March 20, 2013 based upon George K. Baum & Company and ICFA General Legal Counsel finalizing all documentation relating thereto.

By way of background, George K. Baum & Company is proposing an ICFA sponsored down payment assistance program originated by local lenders for the benefit of qualified homebuyers within ICFA member cities and counties.

As a joint powers authority, ICFA is empowered by the Department of Housing and Urban Development (HUD) to provide homebuyers with down payment and/or closing cost assistance in connection with 30-year fixed rate FHA, VA, and USDA mortgage loans for the purchase of homes within ICFA's jurisdiction. Program participants are as follows:

Sponsor	Independent Cities Finance Authority
Lenders	Lender accepts loan applications, locks in loan rates, underwrites, and funds the loans
Servicers	Sets the loan rates daily, accepts loan reservations, purchases loans from Lenders, sells the loan into the secondary market, and services the mortgage loans
Administrator	George K. Baum & Company will confirm rates and prices with the Servicer, verify loan compliance prior to closing

Local Lenders and Servicers: This Program is ideal for those Lenders who wish to retain the servicing rights to their own loan originations or to other Servicers looking to purchase loans from local Lenders.

ICFA Sponsorship: As a "sponsor" of the assistance, ICFA must:

- ▶ Authorize the Program via Board resolution and signed agreements with Lenders and Servicers
- ▶ Set the terms and conditions by which the loans are originated to comply with HUD guidelines
- ▶ "Directly fund" the Assistance at the loan closing via wire transfer for the benefit of the borrower. Lender funding requests and wire transfers may be administered by a local custodial agent.

4% in Borrower Assistance: As proposed, the Program provides for a 3% Grant, the proceeds of which can be used to fund most of the Borrower's 3.5% down payment for FHA loans, closing costs for VA and USDA loans. The Program will also cover the 1% origination fee typically charged to the Borrower.

Program Loan Rates: FHA, VA, USDA 30-year fixed rate mortgage loan rates will be set daily by the Servicer, at an above market rate sufficient to:

- ▶ Replenish the ICFA's Grant Fund
- ▶ Pay the Lenders the appropriate compensation for the origination of such loans
- ▶ Pay all related Program fees and expenses

AGENDA SUMMARY

March 20, 2013

Page 5

ICFA is not involved in, nor is it responsible for, the pricing, posting and hedging of such loan rates, nor is it liable for the subsequent market sale of the mortgage loans at the required price.

Borrower Eligibility Not limited to first-time homebuyers, 620 minimum credit score, purchases and rate/term refinancings, qualifying incomes not to exceed 115% of the county median income. Primary residences only, owner occupied, second homes are not permitted.

Program Area: ICFA member cities in Los Angeles County and Riverside County, San Bernardino County and San Diego County (excluding City of San Diego). Riverside County will be approached about joining ICFA so that the Program may be available throughout the County.

Program Fees: The Servicers will replenish the ICFA Grant Fund once the loans are purchased (typically, within 30 days of loan closing). ICFA will receive a .50% per loan fee of the mortgage loan amount as the loans are purchased (.875% received, of which .375% is payable to GKB as the Program Administrator). All loans closed with ICFA Grant funding must be sold to the Servicer, or the Lender must pay ICFA a non-delivery fee equal to 6% of the final mortgage loan amount.

Relative to the documents contained in the agenda packet, it should be noted that final comments on the Program Administration Agreement are forthcoming from George K. Baum & Company. The document is being recommended for approval as long as such comments in ICFA's General Legal Counsel's opinion do not adversely affect the interests of ICFA.

Marc Paskulin of George K. Baum & Company will provide a verbal presentation and answer any questions.

C. RECOMMENDATION:

1. Approve/adopt Resolution 2013-3 approving an ICFA *Advantage* Down Payment Assistance Program; and
2. Authorize President McCormick and staff to execute all necessary documents for implementation of said program.

C. APPROVAL AND ADOPTION OF RESOLUTION 2013-4 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$10,750,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (ALLIANCE BLOOMFIELD TECHNOLOGY ACADEMY PROJECT) SERIES 2013 (TAXABLE QUALIFIED SCHOOL CONSTRUCTION BONDS - DIRECT SUBSIDY) AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH).

A. MATERIAL ENCLOSED: (PAGES 62-67) AND UNNUMBERED DOCUMENTS DELIVERED UNDER SEPARATE COVER

1. Resolution 2013-4 (Pages 62-67)
2. Loan Agreement
3. Trust Indenture
4. Bond Placement Agreement

B. COMMENTS:

On February 11, 2013, the ICFA Board of Directors adopted a Reimbursement Resolution on behalf of Alliance For College-Ready Public Schools. The Reimbursement Resolution expresses ICFA's intent to issue Qualified School Construction Bonds (QSCB's) to reimburse costs to be incurred by the owner for the acquisition and construction of charter school facilities located at 7907 Santa Fe Avenue, Huntington Park, CA. The QSCBs will allow the project to benefit from a form of Federal subsidy. Alliance has received an allocation of QSCBs from the State of California through the California School Finance Authority (CSFA). It is anticipated

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March 20, 2013

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that the actual amount of QSCBs to be issued will be approximately \$10,750,000, and will be purchased by three sophisticated investors. No TEFRA hearing is required in connection with the issuance of the QSCBs.

The proposed project lies on several parcels of land totaling approximately 30,000 square feet. The project will support Alliance Bloomfield Technology Academy, a new Blended Learning for Alliance School Transformation (BLAST) school using technology to increase efficiencies in staffing and facilities while allowing for more direct contact with the teacher by utilizing smaller learning groups. The area of the project will be used to facilitate the education of approximately 600 students in grades 9 through 12 and will include 18 classrooms and administration space. Construction of the project is expected to be completed by August, 2013.

The School intends to lease the project from Alliance for College-Ready Public Schools, or an entity to be named, that will be a special purpose entity created by Alliance to own the facility and lease it to School and to make monthly lease payments to the Lessor in an amount sufficient to ensure that payments on the QSCBs. The Lessor, in turn, will forward the lease payments to the bond trustee. In addition to the lease payments, the owners of the QSCBs will also be repaid, in part, by a Federal subsidy payment received by or on behalf of the Authority on the QSCBs (the "Direct Payment"). The Direct Payment lowers the amount of the lease payments thereby benefitting the School.

The resolution also includes acceptance of the County of Los Angeles as an associate member of the Authority so that ICFA can issue bonds for this project. Draft bond documents are distributed via email for review. For more details, please refer first to the Bond Placement Agreement and then to the individual documents contained therein.

C. RECOMMENDATION:

1. Approve/adopt Resolution 2013-4 approving the bond issuance and the various agreements and documents relating thereto; and
2. Authorize President McCormick and staff to execute all necessary documents.

D. **DISCUSSION OF AB 1059 (WIECKOWSKI) - PUBLIC OFFICERS AND EMPLOYEES: FINANCIAL INTERESTS; ICFA'S POSITION THEREON, AND OTHER RELATED ISSUES.**

A. MATERIAL ENCLOSED: **(PAGES 68-70)**

AB 1059 (Wieckowski).

B. COMMENTS:

This matter was deferred from the March 20, 2013 Board of Directors meeting.

BACKGROUND:

As reported at the September 2012 and March 2013 Board meetings, the California State Treasurer, Bill Lockyer, has been very outspoken about his displeasure with two Joint Powers Authorities -- the California Statewide Communities Development Authority and the California Municipal Finance authority -- primarily because of their business model, i.e. they do not conduct the public's business like the governmental agencies they are. As a result, Mr. Lockyer had the Joint Legislative Audit Committee conduct an audit of the two JPA's, as well as the California Health Facilities Finance Authority, which is a JPA located within the State Treasurer's Office.

The bottom line is that the two JPA's rely wholly on private consulting firms to act as staff whose duties involve reviewing and making recommendations on bond issuances. The consulting firms receive a percentage of the fees associated with each bond issued by the JPA and provide no accounting of said fees.

As a result, legislation has been introduced to address the issue. The latest amendments of the bill will exclude contract employees who function as direct staff members, as well as exempt other contractors who offer advice and then participate in the project, however, amendments are still being made. The latest version of the bill will be presented at the Board meeting.

AB 1059 will be heard before the Assembly Elections & Redistricting Committee on April 23, 2013 at 1:30 p.m.

C. RECOMMENDATION:

Discuss the matter and take a position on AB 1095.

E. DISCUSSION AND APPROVAL OF CURRENT EFFORTS TO ENGAGE CITIES AND APPROVAL OF SPONSORSHIP OF PUBLICCEO.COM.

A. MATERIAL ENCLOSED: (PAGES 71-74)

1. PublicCeo.com Advertising Syndicate. (Pages 71-73)
2. PublicCeo.com Website Home Page. (Page 74)

B. COMMENTS:

This matter was deferred from the March 20, 2013 Board of Directors meeting.

Working with Tripepi Smith & Associates a three-pronged approach to engaging member cities is planned: 1) An email will be sent to city managers reminding them of the good work ICFA does; 2) This will be followed up with a hard mailer using the print material developed last year; and 3) staff will call the City Managers personally to set up in person meetings.

This work will be done in concert with continued efforts on other fronts, including:

AGENDA SUMMARY

March 20, 2013

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- ▶ Sponsoring PublicCEO.com at a fee of \$3,600 per year. With 21,000 people on it's mailing list, this is a great way to get ICFA's name out. As part of ICFA's sponsorship, an ad on the home page and interior pages of the PublicCEO website will rotate every third time a page is presented; an ad on the daily email generated by PublicCEO.com will rotate weekly between one of three syndicate members; and placement of one article per quarter on the website, which will also appear in that day's email distribution.
- ▶ Hosting an ICFA webinar in June or July. Since the ICFA educational conference brought a lot of attention to ICFA, it is suggested that the Board consider hosting a webinar wherein one or two experts would give a free presentation online. The cost of a webinar would be minimal and could be just as effective in promoting ICFA and driving traffic to the website.
- ▶ Hosting an ICFA booth at the Contract Cities conference in May.

Staff will be available to answer any questions.

C. RECOMMENDATION:

1. Authorize the sponsorship of PublicCEO.com at a fee of \$3,600 per year; and
2. Authorize staff to proceed with planning and implementing an ICFA webinar in June or July.

F. UPDATE ON PENDING PROJECTS/ACTIVITIES.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

Staff will provide a verbal update on pending ICFA projects/activities.

C. RECOMMENDATION:

Information only.

AGENDA SUMMARY

March 20, 2013

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VI. COMMENTS FROM BOARD MEMBERS.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

VII. MATTERS FROM STAFF.

A. MATERIAL ENCLOSED:

None.

B. COMMENTS:

None.

C. RECOMMENDATION:

None.

VIII. ADJOURNMENT.

ATTACHMENTS

For The March 20, 2013
Independent Cities Finance Authority
Regular Board Of Directors Meeting/
Regular Executive Committee Meeting

**INDEPENDENT CITIES FINANCE AUTHORITY
BOARD OF DIRECTORS REGULAR ANNUAL MEETING
MARCH 20, 2013**

MINUTES

I. CALL TO ORDER.

The regular meeting of the Board of Directors of the Independent Cities Finance Authority (ICFA) was called to order AT South Gate Park in the City of South Gate on March 20, 2013 at 12:10 p.m. by President Mike McCormick.

II. ROLL CALL.

Members Of The Executive Committee/Board of Directors Present (Voting)

W. Michael McCormick	Vernon
Mario Gomez	Huntington Park
Gil Hurtado	South Gate
Jim Morton	Lynwood
Ricardo Pacheco	Baldwin Park

Alternate Members Of The Board of Directors Present

None

The cities of Compton, Hawthorne, Hermosa Beach, and San Fernando were not represented by a voting member.

Guests Present

April Davila	Tripepi Smith & Associates
Pam Newcomb	Kinsell, Newcomb & De Dios
Preston Olsen	Ballard Spahr
Marc Paskulin	George K. Baum & Company
Ryder Smith	Tripepi Smith & Associates
George Turk	Millennium Housing
Wes Wolf	Wolf & Company
Bruce Young	U.S. Advocacy

Staff Present

Parissh Knox	Best Best & Krieger LLP
Debbie Smith	Smith, Alvarez & Castillo/ICFA

III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.

There were no amendments or adjustments to the agenda.

IV. PUBLIC COMMENTS.

There were no members of the public who wished to speak.

V. NEW BUSINESS.

A. APPROVAL OF MINUTES OF THE DECEMBER 5, 2012 AND FEBRUARY 11, 2013 BOARD OF DIRECTORS MEETINGS.

It was moved by Mario Gomez, seconded by Jim Morton, and carried by the following roll call vote that the minutes of the December 5, 2012 and February 11, 2013 Board of Directors meetings be approved:

AYES: Mario Gomez, W. Michael McCormick, Jim Morton,
Ricardo Pacheco
NOES: None
ABSTAIN: Gil Hurtado

B. APPROVAL OF THE CITY OF SAN MARCOS AS AN ASSOCIATE MEMBER (NON-VOTING) OF THE INDEPENDENT CITIES FINANCE AUTHORITY.

Staff reported generally as follows:

In order for ICFA to approve a project in the City of San Marcos, action must be taken to approve the City as an associate member of the Authority. It was noted that the City of San Marcos took action on March 12, 2013 to become an associate member of ICFA.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried as follows:

1. To approve the City of San Marcos as an associate member (non-voting) of ICFA; and
2. To authorize President McCormick and staff to execute any and all necessary documents relating thereto.

C. APPROVAL OF THE FINANCING OF A 340 UNIT MANUFACTURED HOME COMMUNITY BY ICFA FOR MILLENNIUM HOUSING OF CALIFORNIA AND ITS AFFILIATES, COACH OF SAN DIEGO, INC. AND MILLENNIUM HOUSING CORPORATION LOCATED IN THE CITY OF SAN MARCOS, COUNTY OF SAN DIEGO.

Staff reported generally as follows:

The proposal is to finance the refunding of a manufactured home community in the City of San Marcos (Rancho Vallecitos Mobile Home Park).

George Turk of Millennium Housing provided a brief report on the park and on all aspects of financing of the project. He noted that the existing debt will be retired and \$1 million of upgrades will be available for street repairs, rental assistance, etc. He further indicated that due to cutbacks, the City of San Marcos has opted to issue the bonds through ICFA.

Staff presented a report on manufactured home communities financed through ICFA, the financial team, and costs of issuance for the project.

President McCormick thanked Mr. Turk for bringing this financing to the Authority (the fifteenth one), and asked if there were any questions or comments. There were none.

It was moved by Gil Hurtado, seconded by Mario Gomez, and unanimously carried to approve all aspects of the proposed financing on behalf of Millennium Housing.

- D. APPROVAL AND ADOPTION OF RESOLUTION 2013-2 (A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$23,000,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY MOBILE HOME PARK REVENUE REFUNDING BONDS (RANCHO VALLECITOS MOBILE ESTATES) SERIES 2013, AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH) .**

Staff reported generally as follows:

Resolution 2013-2 is the ICFA document which formally authorizes the issuance and delivery of the bonds and authorizes the execution of the bond documents. The various bond documents facilitate the funding thereof.

It was noted that ICFA will receive a fee at closing equal to 20 basis points times the principal amount of the bonds issued. ICFA will thereafter receive an annual fee equal to 10 basis points on the outstanding principal of the bonds as

long as the bonds are outstanding. The bonds are not an obligation of the Authority. They are payable solely from revenues from the parks to repayment of the bonds. Generally, after issuance of the bonds, ICFA's responsibilities will be limited to reviewing reports provided by the Oversight Agent and the Trustee.

President McCormick asked if there were any questions or comments. There were none.

It was moved by Gil Hurtado, seconded by Mario Gomez, and unanimously carried as follows:

1. To approve/adopt Resolution 2013-2 approving the bond issuance and the various agreements and documents relating thereto; and
2. To authorize President McCormick and staff to execute all necessary documents.

E. DISCUSSION OF CONDUIT ISSUERS LEGISLATION (AB 1059 - WIECKOWSKI), ICFA'S POSITION THEREON, AND OTHER RELATED ISSUES.

Staff reported generally as follows:

As reported at the September 2012 Board meeting, the California State Treasurer, Bill Lockyer, has been very outspoken about his displeasure with two Joint Powers Authorities -- the California Statewide Communities Development Authority and the California Municipal Finance authority -- primarily because of their business model, i.e. they do not conduct the public's business like the governmental agencies they are. As a result, Mr. Lockyer had the Joint Legislative Audit Committee conduct an audit of the two JPA's, as well as the California Health Facilities Finance Authority, which is a JPA located within the State Treasurer's Office.

Staff introduced Bruce Young of U.S. Advocacy who was retained by ICFA to represent the Authority in this matter. Mr. Young reported generally as follows:

The bottom line is that the two JPA's rely wholly on private consulting firms to act as staff whose duties involve reviewing and making recommendations on bond issuances. The consulting firms receive a percentage of the fees associated with each bond issued by the JPA and provide no accounting of said fees.

As a result, legislation has been introduced to address the issue. The latest amendments of the bill will exclude contract employees who function as direct staff members, as well as exempt other contractors who offer advice and then participate in the project.

Mr. Young asked for authorization to suggest an amendment to AB 1059 which would allow ICFA to issue bonds outside of the State of California as long as monies come back to California.

Staff was directed to forward a copy of the amended bill to Board Members upon receipt, and further directed to agendize the matter at a meeting to be held on April 10, 2013.

It was further noted that Mr. Young's contract with ICFA has expired and suggested that the contract be renewed through December of 2013.

After discussion of the entire issue and legislation, President McCormick asked if there were any further questions or comments. There were none.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried as follows:

1. That the amended legislation be sent to Board Members for their review;
2. That the contract with U.S. Advocacy be extended through December 2013 at a fee of \$7,500 per month; and
3. To agendize the matter for a meeting to be held on April 10, 2013.

F1. APPROVAL AND ADOPTION OF RESOLUTION 2013-3 (A RESOLUTION OF THE BOARD OF DIRECTORS FOR THE INDEPENDENT CITIES FINANCE AUTHORITY (I) AUTHORIZING ITS SPONSORSHIP OF THE ICFA ADVANTAGE DOWN PAYMENT ASSISTANCE PROGRAM; AND (II) DELEGATING TO THE BOARD SECRETARY AND GENERAL LEGAL COUNSEL THE POWER TO TAKE ALL SUCH ACTIONS AS ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE FOREGOING).

Staff reported generally as follows:

George K. Baum & Company is proposing an ICFA sponsored down payment assistance program originated by local lenders for the benefit of qualified homebuyers within ICFA member cities and counties. As a joint powers authority, ICFA is empowered by

the Department of Housing and Urban Development (HUD) to provide homebuyers with down payment and/or closing cost assistance in connection with 30-year fixed rates mortgage loans.

Prior to introducing Marc Paskulin of George K. Baum & Company, staff noted that conceptual approval is being sought for this program as ICFA General Legal Counsel has some items that need more clarification before recommending approval.

Mr. Paskulin referred those present to the materials contained in the agenda packet noting that the program provides a 3% grant, the proceeds of which can be used to fund most of the borrower's 3.5% down payment for FHA loans and/or closing costs for VA and USDA loans. The program will also cover the 1% original fee typically charged to the borrower.

As a sponsor of the program, ICFA would authorize the program via a Board resolution and signed agreements with lenders and servicers; set the terms and conditions by which the loans are originated to comply with HUD guidelines; and "directly fund" the assistance at loan closing via wire transfer for the benefit of the borrower.

The lenders would accept loan applications, lock in loan rates, underwrite and fund the loans; the servicers would set the loan rates, accept loan reservations, purchase loans from the lenders, sell the loans into the secondary market, and service the mortgage loans; the administrator (George K. Baum & Company) will confirm the rates and prices with the servicer and verify loan compliance prior to closing.

The servicers will replenish the ICFA grant fund once the loans are purchased (typically within 30 days of loan closing). ICFA will receive a .50% per loan fee of the mortgage loan amount as the loans are purchased. All loans closed with the ICFA grant funding must be sold to the servicer or the lender must pay ICFA a non-delivery fee equal to 6% of the final mortgage loan amount.

In response to a question regarding the start up costs, Mr. Paskulin anticipated that it would cost the Authority \$25,000-\$30,000 up front.

After a lengthy discussion regarding the pros and cons of the program, it was unanimously agreed to authorize Mr. Paskulin and ICFA General Legal Counsel to finalize all documentation and bring the issue before the Board at the April 10, 2013 meeting for final approval.

F.2 DISCUSSION/APPROVAL OF ASSOCIATE MEMBERSHIP IN CRHMFA HOMEBUYERS FUND.

On behalf of CRHMFA Homebuyers Fund (CHF), Wes Wolf reported generally as follows:

For over 20 years, CHF has offered homebuyer programs featuring competitive financing and down payment assistance. More recently, CHF has expanded its public purpose to provide competitive financing to homebuyers interested in energy efficiency improvements to their home as part of the CHF Residential Energy Retrofit Program. CHF has partnered with Pacific Gas & Electric (PG&E) since 2010 and is now working with Southern California Edison to expand the program to Southern California.

CHF is asking ICFA become an associate member of their organization and thereby promote the CHF programs to the residents of ICFA member cities. Should the Board agree to become an associate member of CHF, ICFA and CHF would agree on compensation terms for ICFA's efforts.

President McCormick asked if there were any questions or comments. There were none.

It was moved by Mario Gomez, seconded by Gil Hurtado, and unanimously carried as follows:

1. To approve associate membership in the CRHMFA Homebuyers Fund (CHF); and
2. To authorize President McCormick and staff to execute necessary documents relating thereto.

G. DISCUSSION AND REVIEW OF ICFA WEBSITE ANALYTICS REPORT, AND REPORT ON CURRENT EFFORTS.

Staff introduced Ryder Smith of Tripepi Smith & Associates who reported generally as follows:

Mr. Smith referred those present to the material contained in the agenda packet and noted that traffic to the ICFA website is steadily growing. The website is being updated regularly, newsletters are sent on a monthly basis, deal announcements are being sent once approved and members are being kept informed of what ICFA is doing. The Constant Contact list currently consists of approximately 500 individuals, with updates/additions being made on a regular basis. ICFA is also

visible through social media on Twitter, Facebook and LinkedIn. The bottom line is that ICFA is showing momentum and is becoming more transparent.

Relative to current efforts to engage member cities and other potential partners, staff noted that a three-pronged approach is being planned to contact city managers and request in person meetings.

In addition, it was suggested that ICFA become a sponsor of PublicCEO.com at a fee of \$3,600 per year, host an ICFA webinar in June or July, and sponsor a booth at the upcoming California Contract Cities Association Annual Municipal Seminar.

After discussion, staff was directed to provide further information on PublicCEO.com and to agendaize the matter for the April 10, 2013 Board meeting.

H. REPORT ON ICFA EDUCATIONAL SEMINAR HELD ON JANUARY 16, 2013.

Staff reported generally as follows:

Staff referred those present to materials contained in the agenda packet and noted that as part of the ICFA marketing plan, an ICFA educational conference was held on January 16, 2013 at Luminarias Restaurant in Monterey Park. A report was provided on the topics/speakers, financial sponsors, media sponsors and financial accounting of the event.

I. UPDATE ON PENDING PROJECTS/ACTIVITIES.

Staff provided an update on the status of the Alliance For College-Ready Public School reimbursement resolution adopted in February noting that in order for the project to proceed through ICFA, the County of Los Angeles needs to take action to become an associate member of the Authority. All parties involved are working diligently to make this happen.

VI. COMMENTS FROM BOARD MEMBERS.

Mario Gomez noted that three cities currently do not have active Board Members. Staff noted that correspondence has been sent to those cities on behalf of President McCormick. An update will be provided at the April 10, 2013 Board meeting.

Ricardo Pacheco commended staff for being proactive in the conduit issuers legislation. He also asked ICFA to sponsor a community event in April (he will provide staff with further details).

Jim Morton thanked staff for their efforts and professionalism.

Gil Hurtado noted that both he and Bill DeWitt were successful in their re-election efforts earlier this month. All congratulated him for a job well done.

Mr. Hurtado also noted that the South Gate Junior Athletic Association will conduct its opening day ceremonies on May 4th in South Gate and would like a representative from ICFA to attend so he can thank the Authority for their charitable contribution to the organization. Vice President Gomez agreed to attend on behalf of ICFA.

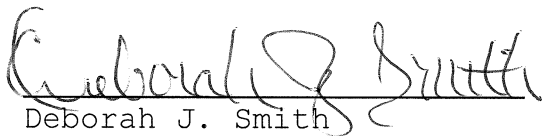
VII. COMMENTS FROM STAFF.

George Turk indicated that he may have a manufactured home community in the City of Carpinteria to come before the Board in a few months.

VIII. ADJOURNMENT.

There being no further business to be discussed, the meeting was adjourned at 1:10 p.m.

Respectfully submitted,


Deborah J. Smith
Program Administrator

RESOLUTION NO. 2013-3

RESOLUTION OF THE BOARD OF DIRECTORS FOR THE INDEPENDENT CITIES FINANCE AUTHORITY (I) AUTHORIZING ITS SPONSORSHIP OF THE ICFA *ADVANTAGE* DOWN ASSISTANCE PROGRAM; AND (II) DELEGATING TO THE BOARD SECRETARY AND GENERAL LEGAL COUNSEL THE POWER TO TAKE ALL SUCH ACTIONS AS ARE NECESSARY OR APPROPRIATE TO ACCOMPLISH THE FOREGOING

WHEREAS, the Independent Cities Finance Authority (ICFA) is a joint powers authority duly organized and validly existing under the Constitution and the laws of the State of California; and

WHEREAS, one of the many objectives of the ICFA and its Board of Directors is to encourage economic development and to provide for affordable residential housing within the ICFA's member Cities and Counties; and

WHEREAS, it has been proposed to the Board of Directors to sponsor a program to provide a competitive fixed rate 30-year mortgage loans which will be coupled with down payment and closing cost assistance ("Assistance") in order to enable qualified borrowers to obtain affordable financing for single family residences with the member areas; and

WHEREAS, certain local Lenders and Servicers have expressed an interest in marketing such a Program and a willingness to enter into separate agreements with the ICFA to confirm the terms and conditions by which such Mortgage Loans shall be originated, funded and serviced.

WHEREAS, the ICFA and Board of Directors has been presented with a program identified as the ICFA Advantage Down Payment Assistance Program (the "Program") with ICFA as sponsor, and a summary description, a draft Program Lender Agreement and Community Loan Agreement of which has been submitted to the Board and its General Legal Counsel for its consideration; and

WHEREAS the ICFA and Board of Directors shall provide the funding for the Program Down Payment Assistance with a qualified Custodial Agent in accordance with HUD guidelines, so that Lenders may request the wire transfer of the Assistance dollars for the benefit of Borrowers at the loan closing; and

WHEREAS, the ICFA Board of Directors finds and determines that sponsoring the Program will assist eligible and qualified borrowers obtain affordable mortgage loans to assist in purchasing affordable single family residences;

NOW, THEREFORE, BE IT RESOLVED by the ICFA Board of Directors, as follows:

Section 1. Ratification of Actions. All actions (not inconsistent with the provisions of this Resolution) heretofore taken by or at the direction of the ICFA Board of Directors and its officers, counsel, advisors, or agents, including but not limited to the engagement of Best Best Krieger LLP, as the Board's General Legal Counsel, George K. Baum & Company as Program

Administrator, and Newcomb Williams Financial Group as the Custodial Agent, in furtherance of the ICFA Board's sponsorship of the Program, are hereby approved and ratified.

Section 2. Authorization of Program. The ICFA is hereby authorized to sponsor the Program, and all actions heretofore taken by and agreements entered into on behalf of ICFA by the Board's Secretary and General Legal Counsel with respect to implementing the Program are hereby ratified and approved. The ICFA Board of Directors recognizes that from time to time it may be necessary to modify the Program terms and documents in order that competitive mortgage loans can be made available to eligible borrowers, and the ICFA's Secretary and General Legal Counsel are hereby authorized to approve such modifications to the terms of the Program as the Board may determine necessary and appropriate.

Section 3. Authority of the Secretary. The Secretary of the ICFA Board of Directors is hereby authorized to approve all such acts and documents and take all appropriate action necessary to accomplish the ICFA's sponsorship of the Program.

Section 4. Policies and Procedures. The approvals and authorizations granted in this resolution are subject to the condition that the ICFA and its Board of Directors receive such legal opinions, certifications, and other documents and proceedings as are necessary or advisable, to evidence compliance by participants in the transactions contemplated by this Resolution with the ICFA's policies and procedures and applicable state and federal laws.

Section 5. Authority to Act. In the event of the inability or unavailability of any official of the ICFA Board of Directors to perform any duty assigned to such official by the terms of this Resolution, any officer or employee of the ICFA authorized to act for such official is hereby authorized and directed to do so.

Section 6. Open Meeting Laws. It is found and determined that all formal actions of the ICFA and its Board of Directors concerning and relating to the adoption of this Resolution were adopted in an open meeting and that all deliberations that resulted in those formal actions were in meetings open to the public, in compliance with all legal requirements of the ICFA and the State of California.

Section 7. Ratification. All acts and doings of the officers of the ICFA which are in conformity with the purposes and intent of this Resolution are in all respects approved, ratified and confirmed.

Section 8. Liability. The Secretary of the ICFA Board of Directors, the members of the Board of Directors and any officer, official, employee or agent of the ICFA shall not be subject to any personal liability or accountability by reason of the sponsorship of such a Program. The liability of the ICFA with respect to the Program, or any other document executed in connection with the transactions contemplated hereby, shall be limited as provided in the Act and related documents approved by the ICFA's General Legal Counsel.

Section 9. Severability. If any section, paragraph, clause, or provision of this Resolution shall, for any reason, be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

Section 10. Headings. Subject headings included in this Resolution are included for purpose of convenience only and shall not affect the construction or interpretation of any of its provisions.

Section 11. Effectiveness. This Resolution shall be effective immediately.

Adopted and approved this ____ day of April, 2013.

Independent Cities Finance Authority Board of
Directors

By: _____

ICFA *Advantage* Down Payment Assistance Program Board Executive Summary

As a joint powers authority, Independent Cities Finance Authority (ICFA) is empowered by the Department of Housing and Urban Development (HUD) to provide homebuyers with down payment and/or closing cost assistance (“Assistance”) in connection with 30-year fixed rate FHA, VA, and USDA mortgage loans for the purchase of homes within ICFA’s jurisdiction. Program participants are:

Sponsor	Independent Cities Finance Authority
Lenders	Lender accepts loan applications, locks in loan rates, underwrites, and funds the loans.
Servicers	Sets the loan rates daily, accepts loan reservations, purchases loans from Lenders, sells the loan into the secondary market, and services the mortgage loans.
Administrator	George K. Baum & Company will confirm rates and prices with the Servicer, verify loan compliance prior to loan closing.

Local Lenders and Servicers: This Program is ideal for those Lenders who wish to retain the servicing rights to their own loan originations or to other Servicers looking to purchase loan from local Lenders.

ICFA Sponsorship: As a “sponsor” of the assistance, ICFA must:

- authorize the Program via Board resolution and signed agreements with Lenders and Servicers
- set the terms and conditions by which the loans are originated to comply with HUD guidelines
- “directly fund” the Assistance at the loan closing via wire transfer for the benefit of the borrower. Lender funding requests and wire transfers may be administered by a local custodial agent.

4% in Borrower Assistance: As proposed, the Program provides for a 3% Grant, the proceeds of which can be used to fund most of the Borrower’s 3.5% down payment for FHA loans, closing costs for VA and USDA loans. The Program will also cover the 1% origination fee typically charged to the Borrower.

Program Loan Rates: FHA, VA, USDA 30-year fixed rate mortgage loan rates will be set daily by the Servicer, at an above market rate sufficient to:

- Replenish the ICFA’s Grant Fund.
- Pay the Lenders the appropriate compensation for the origination of such loans.
- Pay all related Program fees and expenses.

ICFA is not involved in, nor is it responsible for, the pricing, posting and hedging of such loan rates, nor is it liable for the subsequent market sale of the mortgage loans at the required price.

Borrower Eligibility Not limited to first-time homebuyers, 620 minimum credit score, purchases and rate/term refinancings, qualifying incomes not to exceed 115% of the county median income. Primary residences only, owner occupied, second homes are not permitted.

Program Area: ICFA member cities in Los Angeles County and Riverside County, San Bernardino County and San Diego County (excluding City of San Diego). Riverside County will be approached about joining ICFA so that the Program may be available throughout the County.

Program Fees: The Servicers will replenish the ICFA Grant Fund once the loans are purchased (typically, within 30 days of loan closing). ICFA will receive a .50% per loan fee of the mortgage loan amount as the loans are purchased (.875% received, of which .375% is payable to GKB as the Program Administrator). All loans closed with ICFA Grant funding must be sold to the Servicer, or the Lender must pay ICFA a non-delivery fee equal to 6% of the final mortgage loan amount.

INDEPENDENT CITIES FINANCE AUTHORITY
As Sponsor and Down Payment Assistance Provider for the

ICFA ADVANTAGE DOWNPAYMENT ASSISTANCE PROGRAM

and

SUBURBAN MORTGAGE COMPANY
as Servicer

COMMUNITY LOAN PROGRAM AGREEMENT

Dated as of April __, 2013

THIS COMMUNITY LOAN PROGRAM AGREEMENT (this “Agreement”), made and entered into as of April __, 2013, between the Independent Cities Finance Authority and Suburban Mortgage Company (the “Servicer”).

WITNESSETH:

WHEREAS, the Independent Cities Finance Authority (the “**Sponsor**”) is a duly constituted joint powers authority duly formed and organized under the laws of the State of California, and as an eligible provider of down payment assistance under HUD and FNMA guidelines, has authorized the ICFA *Advantage* Down Payment Assistance Program (the “**Program**”) to finance: (i) certain government and conventionally insured fixed rate mortgage loans (the “**Mortgage Loans**”) for the benefit of qualified borrowers (the “**Borrowers**”) and (ii) down payment assistance towards the purchase of homes or the refinancing of existing mortgage loans within the State; and

WHEREAS, in order to carry out the Program, (a) the Sponsor, the Servicer and certain mortgage lenders (collectively, the “**Lenders**”) have entered into an agreement (the “**Program Lender Agreement**”) and (b) each of the Lenders and the Servicer have entered into a Participating Lender Agreement (the “**Participating Lender Agreement**”) and any other related correspondent agreements, herein referred to collectively as the “**Program Documents**”;

WHEREAS, pursuant to the Program Documents for the Program, (a) the Lenders shall originate the Mortgage Loans and sell the Mortgage Loans to the Servicer, (b) the Sponsor shall provide for and fund the down payment assistance for the benefit of the Borrowers, and (c) the Servicer shall purchase and service the Mortgage Loans; and

WHEREAS, the Sponsor and the Servicer have determined to enter into this Community Loan Program Agreement to design, implement and administer the Program.

ARTICLE I
DEFINITIONS; INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall for all purposes of this Agreement have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

“*Administrator*” shall mean George K. Baum & Company in its capacity as the Program Administrator.

“*Borrower*” means each qualified party obligated to repay a Mortgage Loan, whose qualifications shall be further defined in the Program Guidelines.

“*Closing Cost Assistance*” means the portion of the Program Assistance as provided by the Lender that is not applied to the Borrower’s down payment, but only to closing costs, discounts, prepaid and other Program and mortgage related fees.

“Community Loan Program Agreement” or “Agreement” means this Agreement entered into between ICFA as Sponsor and Suburban Mortgage Company in its capacity as the Servicer of the Mortgage Loans, pursuant to which the Sponsor shall authorize the Program.

“Custodial Agent” means a financial institution appointed by the Sponsor to facilitate the wire transfer of the Down Payment Assistance upon request from participating Lenders.

“Down Payment Assistance” means the amount of assistance as approved and directly funded by the Sponsor (in accordance with HUD guidelines, evidenced by a wire transfer and a Grant Letter from the Sponsor) or by the Lender (as permitted by FNMA) with respect to such assistance.

“FNMA Security or FNMA Securities” means the FNMA Securities issued by FNMA, or any successor thereto, pursuant to payments on which the FNMA Security or Securities are guaranteed by GNMA and FNMA respectively.

“GNMA Security or GNMA Securities” means the GNMA Securities issued by GNMA, or any successor thereto, pursuant to payments on which the GNMA Security or Securities are guaranteed by GNMA.

“GSE” shall mean Government Sponsored Enterprises such as GNMA and FNMA.

“Lender” means a lender approved by the Servicer to originate Mortgage Loans which is, at the time of sale of any Mortgage Loan to the Servicer, a party to and in good standing under the Participating Lender Agreement and a party to the Program Lender Agreement with the Servicer and the Sponsor.

“Mortgage Loan” means a first mortgage loan originated by a Lender under the Program in accordance with the Program Lender Agreement.

“Participating Lender Agreement” means the agreement entered into by and between the Servicer and a Lender in connection with the sale of Mortgage Loans by the Lender to the Servicer, which incorporates the Servicer’s Participating Lender Agreement and all addendums, amendments, supplements, and additions thereto.

“Program” means the program established by the Sponsor and the Servicer for the financing of Mortgage Loans and Program Assistance towards the purchase of homes or the refinancing of existing mortgage loans within the program jurisdiction.

“Program Assistance” means the sum of the Down Payment Assistance and Closing Cost Assistance as defined herein.

“Program Fee” means the fee payable to the Sponsor as defined herein as the Mortgage Loans are approved for purchase by the Servicer.

“Program Guidelines” means the Program terms, conditions and guidelines specified as Exhibit A to this Agreement.

“*Program Income Limits*” means the maximum qualifying income that a Borrower may earn in order to qualify for Program funding, as specified in the Program Guidelines.

“*Program Lender Agreement*” means the Agreement entered into between the Servicer, the Sponsor and a Lender detailing the terms and conditions of the Program.

“*Program Documents*” means collectively, the Program Lender Agreement, this Agreement and any related amendments, supplements, and bulletins.

“*Servicer*” means Suburban Mortgage Company and its successors and assigns.

“*Sponsor*” means the Independent Cities Finance Authority, a duly constituted joint powers authority, organized and existing under the laws of the State of California, qualified to authorize such a Program, and to directly fund the Down Payment Assistance at the loan closing for the benefit of the Borrower in accordance with HUD guidelines.

“*State*” means California.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of Servicer. The Servicer represents and warrants as follows:

(a) The Servicer is duly incorporated or organized, validly existing and in good standing under the laws governing its creation and existence and is qualified to do business under the laws of the State, with full corporate power to own its properties and conduct its business.

(b) The execution and delivery of this Agreement by the Servicer in the manner contemplated herein and the performance of and compliance with the terms hereof by it will not violate (i) its Securities of incorporation or bylaws, or (ii) any laws, regulations or administrative requirements which could have any material adverse effect whatsoever upon the validity, performance or enforceability of any of the terms of this Agreement applicable to the Servicer; and will not constitute a default under or result in the breach of any material contract, agreement or other instrument to which the Servicer is a party.

(c) The execution and delivery of this Agreement by the Servicer do not require the consent or approval of any governmental authority, or if such consent or approval is required, it has been obtained.

(d) This Agreement will constitute a valid, legal and binding obligation of the Servicer, enforceable in accordance with its respective terms, except as the enforcement thereof may be limited by applicable Debtor Relief Laws.

(e) With respect to its duties hereunder, the Servicer will comply with the applicable non-discrimination provisions of the Civil Rights Act of 1964, the Fair Housing Act, 42 U.S.C. Section 3601 et. seq., the regulations promulgated thereunder, Equal Employment Opportunity

(Executive Order 11246 dated September 24, 1965 as amended by Executive Order 11375 dated October 13, 1967) and the Fair Housing Amendments Act of 1988.

(f) The Servicer is a GSE-approved issuer-servicer of Conventional, FHA Insured, VA Guaranteed, and USDA-RHS Guaranteed Mortgage Loans and is an authorized issuer of MBS Securities with experience serving as Servicer for Mortgage Loans originated under programs designed to comply with Sections 103 and 143 of the Code.

(g) On the date hereof, there is no pending, or to Servicer's knowledge, threatened litigation or administrative proceedings against Servicer, which, if adversely determined, would materially affect Servicer and its assets or its ability to purchase and service Mortgage Loans and administer the Program.

Section 2.02. Representations and Warranties of the Sponsor. The Sponsor represents and warrants as follows:

(a) The Sponsor is a duly constituted joint powers authority, organized and existing under the laws of the State of California. The Sponsor has full legal right, power and authority (i) to enter into this Agreement, and (ii) to carry out, give effect to and consummate all the other transactions on its part contemplated by this Agreement.

(b) All corporate proceedings legally required to be taken by the Sponsor in connection with the authorization and execution of this Agreement and the consummation of the transactions contemplated hereby and related hereto, and all such approvals, authorizations, consents, licenses or other orders of local, state or federal regulatory agencies, public boards or bodies and any other entity, if any, as may be legally required to be obtained by the Sponsor prior to the date of this Agreement with respect to all or any of such matters, have been taken or obtained.

(c) The Sponsor is not, to the best of its knowledge, in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or governmental agency, which default might have consequences that would materially and adversely affect its performance hereunder.

(d) There is no litigation pending or, to the best of its knowledge, threatened against the Sponsor with respect to this Agreement or the consummation of the transactions contemplated hereby.

(e) The Sponsor qualifies as a governmental unit or "instrumentality of government" in accordance with HUD and Fannie Mae guidelines with respect to the Down Payment Assistance provided, and the use of such assistance towards the Borrower's down payment.

Section 2.03. Survival of Representations and Warranties. All of the representations and warranties made by the parties in this Agreement shall survive the execution and delivery of this Agreement.

**ARTICLE III
PROGRAM ADMINISTRATION AND PROGRAM TERMS**

Section 3.01. Program Administration. The Administrator shall be assigned the overall responsibility of working with the Lenders and the Servicer to design and implement the Program in accordance with the Sponsor's objectives. The Administrator's responsibilities shall include, but are not limited to, preparing Program Documents, verifying the Mortgage Loan rate calculations and the review of Mortgage Loans prior to purchase to ensure that such Mortgage Loans are in compliance with the Program Guidelines.

Section 3.02. Program Terms. The Sponsor will consult with the Servicer and the Administrator regarding the specific Program terms, the Mortgage Loans, Borrower eligibility, Lender compensation and the Program Assistance to be made in connection with the Program. All parties shall agree to and must confirm to the terms and provisions of the Program Guidelines and all changes thereto, as presented in Exhibit A of this Agreement. Specific terms prescribed by the Sponsor for eligible homebuyers, the Program jurisdiction, income limits, loan limits and purchase price limits, and the terms of the Mortgage Loans, and the Program Assistance are also included and will be confirmed prior to the Mortgage Loan purchase by the Servicer. Lenders will be invited to participate in such Program by originating Mortgage Loans in accordance with the Program Lender Agreement and delivering such Mortgage Loans in purchasable form to the Servicer.

Section 3.02. Lender Management

(a) The Servicer shall review each Lender's application to determine the Lender's eligibility to participate in the Program. This review will also be based upon the eligibility standards adopted by the Servicer in accordance with the Servicer's Participating Lender Agreement. The Servicer shall also conduct an annual recertification, which will include, but not be limited to, a review of the Lender's financial information to assure that the Lender continues to be qualified to participate in the various Programs.

(b) The Servicer reserves the right to modify the eligibility standards for Lenders at any time during the term of this Agreement. If the Servicer modifies the eligibility standards, the Servicer will notify the Sponsor and the Administrator and the new eligibility standards will become effective upon the date of said notification. Any new Lender applications received, or existing Lender recertifications performed on or after that notification date will be subject to the newly published eligibility standards.

(c) The Servicer will be granted the authority to suspend or terminate a Lender if that Lender is found to be in breach of any of the terms or conditions of the Program Lender Agreement or Participating Lender Agreement, or if Lender fails to qualify as a Lender. Prior to any action to suspend or terminate a Lender, the Servicer will advise the Sponsor and the Administrator, by electronic message, before said action is taken.

Section 3.03. Establishment of Interest Rates and Prices for Loans

(a) The Servicer will provide Lenders with daily access to Mortgage Loan rates and prices, rate locks and extension fees and other related information for the Mortgage Loans to be originated under the Program. Mortgage Loan rates will account for the Program Fee payable to

the Sponsor and Lender compensation and any payments due the Servicer. The failure of the Servicer to provide Mortgage Loan rates and prices for any given day, or the rescission or withdrawal of any Mortgage Loan rate or rates, shall not result in any liability or obligation on the part of the Servicer.

(b) The Servicer will inform Lenders with the amount of the Down Payment Assistance pledged by the Sponsor, together with any Closing Cost Assistance options available to the Borrower.

(c) The Sponsor is not responsible for the posting of rates and prices of the Mortgage Loans, nor is the Sponsor involved in or responsible for the delivery or sale of the Mortgage Loans into the secondary market.

(d) The Servicer will accept reservations, confirm eligibility information prior to purchase, and assign Mortgage Loan commitments in the order they are received from Lenders and according to the procedures set forth in the Program Guidelines, Participating Lender Agreement and corresponding lender guides. The Servicer shall make available information and updates relating to the Program and eligibility of Mortgage Loans to the Sponsor and Administrator via the internet, electronically via email or facsimile or in such other manner mutually agreed upon by the Sponsor, the Administrator and Servicer.

Section 3.04. Down Payment Assistance, “Direct Funding” per HUD Guidelines.

(a) Along with the Mortgage Loan rates and prices, the Servicer will disclose the Sponsor’s Down Payment Assistance as a specified percentage of the final Mortgage Loan amount, as structured in accordance with Program Guidelines and HUD and FNMA regulations.

(b) Prior to the loan closing, if the Down Payment Assistance is offered in connection with an FHA-insured Mortgage Loan, pursuant to a Funding/Wire Transfer Request Form and with sufficient notice provided by the Lender, the Sponsor shall arrange for the direct funding of the Down Payment Assistance with the loan closing agent for the benefit of the Borrower.

(c) At the time the Mortgage Loan is reserved, the commitment of the Sponsor to provide the Down Payment Assistance in such amount shall be binding on the Sponsor and the Sponsor shall be obligated to fund the amount of Down Payment Assistance at the time the Mortgage Loan shall close upon request by and with instructions from the Lender. The Sponsor may establish a separate account with a Custodial Agent for the purpose of paying the Down Payment Assistance at the time each Mortgage Loan is closed.

(d) The Sponsor agrees to maintain funds in an account or with the Custodial Agent equal to the Down Payment Assistance percentage relative to the amount of Mortgage Loans reserved but not yet closed. The Sponsor may fund less than such an amount provided that the Sponsor agrees to cover any losses incurred by the Servicer if any delay in the Down Payment Assistance funding results in any delay in the delivery or pooling of such Mortgage Loan and its subsequent sale into the secondary market.

(e) If the Down Payment Assistance is offered in connection with a FNMA Mortgage Loan, the Down Payment Assistance may be advanced by the Lender at the loan closing, for the

benefit of the Borrower, to be reimbursed once the Mortgage Loan is purchased by the Master servicer.

Section 3.05. Review and Purchase of Qualifying Mortgage Loans. Upon delivery of the Mortgage Loan from the Lender in purchasable form, the Servicer will review the Mortgage Loan to ensure that they are eligible for inclusion in a GNMA or FNMA Security (or in the case of a FNMA Loan, possible direct loan sale to FNMA). The Servicer shall be entitled to rely upon the Lender as assembler and preparer of all Mortgage Loan documents, and will review the pertinent documents necessary to ensure the Mortgage Loans meets secondary market guidelines. The Servicer will also confirm with the Administrator that the Mortgage Loans meet the requirements of the Program Lender Agreement. Upon approval of the Mortgage Loan by the Administrator, the Servicer will purchase the Mortgage Loan. The Servicer will be responsible for collecting certain final mortgage documents for each Mortgage Loan purchased, and have the right to charge and retain late fees for said final, recorded mortgage documents.

Section 3.06. Use of Program Assistance Funds. Down Payment Assistance proceeds may be used to fund up to 100% of the Borrower's down payment, subject to any minimum from the Borrower's own funds as specified in the Program Guidelines. Closing Cost Assistance if offered may only be used to fund closing costs, prepaids, discounts and other related and approved Program and mortgage loan related fees, subject to Program and HUD guidelines.

Section 3.07. Down Payment Assistance Documents. The form of the Down Payment Assistance offered shall dictate the necessary documents and disclosures required, which shall be specified in the Program Guidelines Terms are subject to amendment by the Sponsor in consultation with the Servicer and Administrator at any time during the term of this Agreement as necessary to enable the Sponsor and the Servicer to qualify the program in accordance with HUD, FNMA and federal regulations and guidelines. The Servicer may also require the Lender to agree to certain coordinating procedures specified by the Servicer and Administrator for delivery and review of the Mortgage Loans to determine if the Down Payment Assistance complies with HUD and FNMA requirements.

Section 3.08. Borrower Eligibility and Income Qualification. Before purchasing any Mortgage Loan, the Servicer will review the qualifying income reported on the Fannie Mae Form 1003, or the Servicer may rely on the Administrator for such a review, to ensure that the Lender is in compliance with the Program Lender Agreement and Program Guidelines, and that the Program Income Limits have not been exceeded. If the applicable income limits have been exceeded, the Servicer is not obligated or required to purchase the Mortgage Loan from the Lender. After a Mortgage Loan has been purchased, if it is determined that the qualifying income exceeds the Program Income Limit, the Mortgage Loan and Program Assistance will be subject to mandatory repurchase by the Lender together with the full reimbursement of the Down Payment Assistance funded by the Sponsor. The Servicer shall not be obligated to acquire Mortgage Loans from a Lender which is in violation of the Program Lender Agreement and Participating Lender Agreement or any applicable law or regulation relevant to the Program.

Section 3.09. Program Fee Payable to the Sponsor. Once the Mortgage Loans have been approved for purchase by the Servicer, the Servicer shall arrange for payment of the Program Fee, as a percentage of the final FHA-insured and FNMA Mortgage Loan amount (the

Note amount), as specified in Exhibit B of this Agreement, payable to the Sponsor or to its Custodial Agent. The Program Fee may be revised from time to time subject to the written approval by the Sponsor and the Servicer.

Section 3.10. Term of Agreement. The Term of this Agreement shall be for a period of twenty four (24) months from the date of execution.

ARTICLE IV SERVICING OF LOANS

Section 4.01. Overall Responsibility. The Servicer shall have general responsibility for the review, purchase and servicing of Mortgage Loans for the Program in accordance with this Agreement and Program Guidelines on behalf of the Sponsor. The Servicer is hereby irrevocably authorized and empowered by the Sponsor to execute and deliver for and on behalf of the Sponsor any and all instruments, documents and writings necessary or desirable to fulfill its duties and responsibilities hereunder.

Section 4.02. Limitation on Liability of Directors, Officers, Employees and Agents of the Servicer. No director, officer, employee or agent of the Servicer shall be under any personal liability to the Sponsor, or its assigns, for any action taken in good faith or for refraining from the taking of any action in good faith pursuant to this Agreement, or for errors in judgment.

Section 4.03. Indemnification of the Sponsor. The Servicer hereby agrees to indemnify the Sponsor and hold the Sponsor harmless from any loss, damage or expense that the Sponsor may sustain as a result of any failure on the part of the Servicer to properly perform its services, duties and obligations with respect to the Mortgage Loan.

Section 4.04. Servicer's Duties and Responsibilities

(a) The Servicer is expected and empowered to perform all loan servicing duties in accordance to and in compliance with, when applicable, VA, FHA, USDA, or Fannie Mae servicing guidelines. The Servicer shall be held harmless for its performance of loan servicing duties that are carried out in full compliance with the Mortgage Loan guarantors, insurers, and GSE guidelines. The Servicer shall not be responsible for carrying out any loan servicing duties and responsibilities stated herein or requested by the Sponsor that the Servicer, in its reasonable discretion, believes to be in conflict with the guidelines of the Mortgage Loan guarantors, insurers or the GSE or applicable law.

(d) From and after the acquisition of each Mortgage Loan, the Servicer shall service such Mortgage Loan and shall have full power and authority, acting alone, to take such actions as may be necessary to discharge its duties with respect to such servicing, all as set forth in the GSE Guide. In addition, the Servicer shall perform those duties set out in the Program Documents, including, but not limited to, approval of Mortgage Loan assumptions by eligible mortgagors, and keeping and reporting regularly to the Sponsor and the Administrator with respect to origination of Mortgage Loans.

Section 4.04. Servicing Standards. With respect to all Mortgage Loans in the Program, the Servicer (i) will service such Mortgage Loans in accordance with generally accepted practices of the mortgage lending industry, this Agreement, and with the requirements of the GSE guidelines, as applicable, including maintenance of all accounts required thereby, (ii) will perform all such duties with due care, diligence and reasonable promptness, (iii) will provide prompt monthly principal and interest payments under the MBS Securities accompanied by a statement identifying principal, interest and principal prepayment components of such payment and (iv) will forward copies of such reports, if any, as are required by the GSE guidelines to the Sponsor with respect to the status of the Mortgage Loans.

Section 4.05. Compensation of the Servicer. As compensation for the performance of its duties hereunder, Lender shall pay the Servicer a one-time funding fee and a tax service fee, or such other amounts as agreed upon in writing by the Servicer and the Sponsor. The Servicer's compensation for servicing the Mortgage Loans shall be the permitted monthly Servicing Fee and any late charges permitted under the GSE guidelines. The procedures for the payment thereof shall be in accordance with the GSE guidelines.

Section 4.06. Assumptions Restrictions. In any case in which a Mortgage Loan originated under the Program has been or is about to be conveyed by the Mortgagor and the purchaser desires to assume all the rights and obligations of the mortgagor under the Mortgage Loan, the Servicer shall enter into an assumption agreement with the person to whom such property has been or is about to be conveyed; provided that the purchaser assuming the Mortgage Loan complies with the requirements of the Program. The foregoing assumption restrictions (as well as any additional assumption restrictions required by FHA, VA, USDA, and FNMA) shall be incorporated in the related mortgage and kept as a part of the mortgage file. In connection with any such assumption agreement, the interest rate of the related Mortgage Note shall not be changed; however, the Servicer may charge in connection with each assumption to the extent permitted by law or regulations of FHA, VA, USDA, FNMA, a fee, to be paid by or on behalf of assumptors, plus the reasonable and customary out-of-pocket costs paid or incurred by the Servicer.

Section 4.07. Joinder in Legal Proceedings. Upon the request of the Servicer, and at the Servicer's sole expense, the Sponsor shall join as a party plaintiff in any legal proceeding brought by the Servicer against any Lenders concerning any obligations of Lenders under the Program Lender Agreement and this Agreement. If the Sponsor shall join in any such legal proceeding at the request of Servicer, Servicer shall indemnify, and hold harmless, the Sponsor from any and all costs and expenses in any form and for whatever reason incurred, including, but not limited to, any and all costs and attorneys' fees of a defendant required to be paid by the Sponsor by court order in the event of a judgment in favor of such defendant.

Section 4.08. Assignment of Servicing Obligations. The Servicer may assign for consideration all (but not a portion) of its servicing rights and obligations under this Agreement to another servicer, provided that such assignment is evidenced by a written agreement in which the assignee agrees to assume all of the Servicer's obligations hereunder and agrees to provide its services for the same fee as provided in this Agreement. Any such assignment is subject to the

prior written consent of the GSE and the Sponsor or their successors or assigns, and which consent of the Sponsor will not be unreasonably withheld, conditioned, or delayed.

Section 4.10. Liability of Servicer. The Servicer shall be required to perform only those duties and observe only those covenants specifically set forth in this Agreement and shall be liable hereunder only to the extent such obligations are explicitly imposed upon the Servicer. If and to the extent the Servicer is required hereunder to perform and act at the direction of the Sponsor, the Servicer shall be obligated to act only according to and may rely upon such direction.

Section 4.11. Servicer Not To Resign. Except to the extent provided in Sections 2.01(d) and 4.05 hereof, the Servicer shall not resign from the obligations and duties hereby imposed on it except upon determination that its duties hereunder are no longer permissible under applicable law or regulation. Any such determination permitting the resignation of the Servicer shall be evidenced by an opinion of counsel that has been delivered to the Sponsor and the Administrator. No such resignation shall become effective until either the Servicer or the Sponsor has found another servicer acceptable to the Sponsor and Administrator to assume the Servicer's responsibilities and obligations at the same Servicing Fee.

Section 4.12. Servicer To Bear Certain Costs. If any claim, demand, suit, action or proceeding is commenced or brought against the Sponsor (or in which the Sponsor is named as a party) which is based upon the taking of any action by or on behalf of the Servicer, the Servicer agrees to bear the cost of any judgment, loss, damage, cost or expense of the Sponsor resulting from such claim, demand, suit, action or proceeding, or incurred in the defense thereof, but only if such action or failure to take action is not required by law or the terms of this Agreement or by direction from the Sponsor, the Sponsor shall give adequate written notice to the Servicer of the existence of, and details regarding, such claim, demand, suit, action or proceeding. The Servicer shall defend and represent the Sponsor, as the case may be, in connection therewith, and the Servicer shall preserve and protect the interests of the Sponsor, and hold the Sponsor harmless against any loss, in connection with such claim, demand, suit, action or proceeding.

ARTICLE V TERMINATION OF AGREEMENT

Section 5.01. Termination. Either party hereto may terminate this Agreement upon no less than sixty (60) days written notice to the other party. All reservations for Mortgage Loans under the Program outstanding as of the date of notice of termination and reserved in accordance with the Participating Lender Agreement will be subject to this Agreement. Termination of this Agreement shall not affect any rights or obligations arising from Mortgage Loans purchased prior to the effective date of termination.

Section 5.02. Loss of Status. In the event the Sponsor shall cease to be a eligible provider of down payment assistance as represented in Section 2.02 (e), this Agreement shall terminate effective as of the date of the loss of such status. No fees or charges of the Sponsor or its agents shall be payable for any Mortgage Loans purchased by the Servicer on or after such date.

Section 5.03. Liability after Termination. Termination of this Agreement shall not release any party from any responsibility or liability on the part of such party that arises prior to termination.

Section 5.04. No Remedy Exclusive. Unless otherwise expressly provided, no remedy herein conferred or reserved is intended to be exclusive of any other available remedy, but each remedy shall be cumulative and shall be in addition to other remedies given under this Agreement or existing at law or in equity. No delay or omission to exercise any right or power accruing under this Agreement shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.05. Agreement To Pay Attorneys' Fees and Expenses. In the event the Sponsor or the Servicer should fail to materially perform its obligations under any of the provisions of this Agreement and the other party should employ attorneys or incur other expenses for the enforcement of performance or observance of any material obligation or agreement on the part of such defaulting party herein contained, the defaulting party shall to the extent permitted by law pay or reimburse the non-defaulting party, on demand, the reasonable fee of such attorneys and such other reasonable expenses incurred in connection with the defaulting party's material failure to perform its obligations hereunder.

Section 5.06. Merger. Upon merger by or sale of the assets of the Servicer, the Servicer shall provide notice within a reasonable time after such merger or sale of assets becomes public information, to the Sponsor and the Administrator. Any entity into which the Servicer may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which the Servicer shall be a party, pursuant to the terms hereof, or any entity succeeding to the business of the Servicer, pursuant to the terms hereof, shall be the successor of the Servicer hereunder and shall assume in writing all of the obligations of the Servicer hereunder.

Section 5.07. Transfer of Duties. Upon resignation of the Servicer or termination of this Agreement pursuant to this Article, the Servicer shall promptly, but not later than 30 days after such resignation or termination, supply all reports,, documents and information which are required by the Program Documents, and which are customarily provided upon such resignation or termination, to any person or entity designated by the Sponsor and shall use its best efforts to effect the orderly and efficient transfer of administration to a new servicer and program administrator designated by the Sponsor, including preparation of accounting statements in the form required by the GSE and delivered to the Sponsor, or its designee, of all moneys held and all papers and records pertaining to such Mortgage Loans, and the Sponsor shall, as provided herein, provide for reimbursement to the Servicer for any amounts advanced by the Servicer and required to be reimbursed by the Sponsor hereunder. Except for the foregoing, the Servicer shall have no further obligations after terminations.

ARTICLE VI MISCELLANEOUS

Section 6.01. Notices. All notices, certificates or other communications required to be given hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by first class mail, postage prepaid, addressed to the:

Sponsor, Attn: _____

Servicer, Attn: _____

Program Administrator, Attn: _____

Any party may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. Notice as provided herein does not waive service of summons or process.

Section 6.02. Governing Law. All questions with respect to the construction of this Agreement, and the rights and liability of the parties hereto, shall be governed by the laws of the State. In accordance with these provisions, Servicer waives any rights it may have to transfer or change the venue of any litigation brought against it by ICFA pursuant to this Agreement.

Section 6.03. Article and Section Headings and References. The headings or titles of the articles and sections hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

Section 6.04. Severability. If any term or provision of this Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby and shall be enforced to the extent permitted by law. To the extent permitted by applicable law, the parties hereby waive any provision of law, which would render any of the terms of this Agreement unenforceable.

Section 6.05. Waiver. No failure on the part of any party hereto to enforce any covenant or provision herein contained, or any waiver of any right hereunder, shall discharge or invalidate such covenant or provision or affect the right of such party to enforce the same in the event of any subsequent breach or default; failure to demand strict performance of any covenant or condition of this Agreement shall not be deemed a waiver of such covenant or condition.

Section 6.07. Amendments. This Agreement may be amended only in writing and upon approval of the parties hereto.

Section 6.09. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

Section 6.10. Limitation on Liability of Directors, Officers, Employees and Agents of the Parties. No director, officer, employee or agent of any party hereto shall be under any liability to any party for any action taken or for refraining from the taking of any action in good

faith pursuant to this Agreement, or for such errors in judgment as a reasonably prudent businessperson would make. Nothing in this Section 6.10 is intended to imply liability on the part of any person who otherwise would not be liable.

Section 6.11. Limitation on Liability of Parties. Each party to this Agreement shall be liable under this Agreement only to the extent that obligations are explicitly imposed upon and undertaken by the party against whom enforcement is sought.

Section 6.12. Servicer's Access to Privileged Information. Through normal servicing activities, including the servicing of delinquencies, the Servicer may sometimes obtain privileged information concerning the mortgagors and their single family residences. All such information must be used in a manner consistent with any applicable laws and regulations regarding disclosure of nonpublic personal information.

[Signature page follows]

IN WITNESS WHEREOF, the Sponsor and the Servicer have caused this Agreement to be signed in their respective names by their respective duly authorized officers, all as of the date first above written.

Independent Cities Finance Authority
(ICFA) as the Sponsor

By: _____
Name _____
Title _____

Suburban Mortgage Company as Servicer

By: _____
Name _____
Title _____

ICFA

Independent Cities Finance Authority (ICFA) ICFA *Advantage* Down Payment Assistance Program Lender Invitation to Participation

Program Funding: The Program provides the funding source for FHA, VA, and USDA 30-year fixed mortgage loans, together with down payment assistance (the "Grant") of up to **3%** of the funded final Mortgage Loan amount and an additional **1%** in Closing Cost Assistance..

Use of Grant Funds. The ICFA's 3% Grant (as a percentage of the final loan amount) may be used by the Borrower as an eligible source for all or a portion of the down payment required (3.5% for an FHA loan) or as closing cost assistance for VA and USDA loans.

Lender and Master Servicer: All Mortgage Loans will be originated by the Lender. All loans will be sold to and serviced by ICFA's designated Servicer _____.

Grant Funding: ICFA through its Custodial Agent will arrange for the wire transfer of the 3% sized Grant directly to the loan closing for each loan closing as directed by the participating Lender.

Eligible Area: The Program is available to all qualified Borrowers in the California counties and cities listed in the attached Exhibit A.

Borrower Eligibility

- Primary residence, owner occupied. There is no first-time homebuyer requirement.
- Qualifying income of up to 115% of the area median income (see Exhibit A) regardless of family size and is based on Form 1003 income.
- Purchases and rate/term refinancings.
- Minimum credit score of 620 for all Borrowers.
- Maximum Debt to Income (DTI) ratio of 45%
- Minimum Borrower investment equal to .5525% of the purchase price for FHA loans. No minimum investment required for VA and USDA loans.

Program Loan Rates: Lenders will be provided a daily mortgage loan rate sheet from which rates to the Lenders may be locked in for up to 60 days, to the Borrower for up to 45 days. Rates will be reset daily, are subject to market conditions, and will exceed "market" rates with no assistance by .50-.75% on average. ICFA is not involved with, nor is it responsible for, the pricing and posting of the Program loan rates.

Homebuyer Education: Required for all first-time homebuyers only. Qualified on- line homebuyer education courses are permitted.

Lender Compensation: For retail, Lender will not charge a 1% origination fee to the Borrower. Instead, Lenders will receive 2.5% in compensation for the origination of the mortgage loan and the servicing rights once the loan is purchased by the Servicer. For non-retail (wholesale), broker may charge and retain an additional .5% Discount. Lenders may charge "reasonable and customary" fees and expenses.

Independent Cities Finance Authority (ICFA)
ICFA *Advantage* Down Payment Assistance Program
Program Guidelines

Sponsor	Independent Cities Finance Authority
Custodial Agent	
Administrator	George K. Baum & Company
Lender	
Servicer	
Eligible Area	Member Cities within Los Angeles and Riverside Counties, San Diego County (excluding the City of San Diego), San Bernardino County
Purpose	Purchases (new or existing), rate/term refinancings, primary residences only, owner occupied. Second homes are not permitted. Not limited to first-time homebuyers.
Loan Types and Terms	30-year fixed FHA 203 (b), 203 (b) 2, 203 (h), 234 (c), 203 (K) full and streamlined, in accordance with FHA guidelines, VA and USDA loans. FNMA conventionally insured loans are not available at this time.
Down Payment and Closing Cost Assistance	<ul style="list-style-type: none"> • Grant amount is 3% of the final Mortgage Loan Amount (Note amount) • Proceeds may be used towards the down payment or closing costs. • There must be no cash back to the borrower. • Lender must request Grant funds from ICFA with sufficient notice prior to closing (see attached Grant Funding Request Form). • Once the Grant is funded by ICFA, the Lender must sell the mortgage loan to the Servicer.
Grant Funding	The ICFA Grant must be funded directly by ICFA. Lenders must request a transfer of funds to ICFA or to its designated Custodial Agent, with sufficient notice and with appropriate transfer instructions
Borrower Eligibility	<ul style="list-style-type: none"> • Primary residence, owner occupied. There is no first-time homebuyer requirement • Non-occupant co-borrowers or second homes are not permitted. • Borrower income cannot exceed 115% of the HUD income limits, regardless of family size by County in which the property is located: <u>\$71,990</u> for San Bernardino/Riverside, <u>\$71,185</u> for Los Angeles County, <u>\$83,145</u> for San Diego County. • Minimum credit score of 620 • Maximum Debt to Income Ratio of 45% • Loans must meet all FHA, VA, USDA credit and underwriting criteria.
Borrower Investment	For FHA loans, Borrower must contribute 3.5% of the purchase price as a down payment, less the ICFA's 3% Grant (of the final loan amount). For VA and USDA loans, there is no minimum Borrower investment.

Credit Score	620 minimum credit score.
Buydown	Temporary buydowns permitted subject to FHA, VA and USDA guidelines.
Homebuyer Education	Recommended for first-time homebuyers only. Qualified on-line courses are permitted.
Loan Amounts	Lesser of \$417,000 or maximum loan amount permitted by HUD. There are no purchase price limits.
Eligible Properties	Single family, owner-occupied, 1-4 unit principal residences that are detached structures, or condominiums, town homes/PUDs or duplexes, subject to the applicable FHA, VA USDA and FNMA guidelines. Manufactured homes are eligible in accordance with Servicer guidelines.
Loan Rates and Reservations	<ul style="list-style-type: none"> • Servicer will publish Mortgage Rates daily and are subject to change at any time. • Reservation confirmation is valid for 60 days, at which time the mortgage loan must be delivered to the Servicer in purchasable form.
Seller Payments	Up to 3% of the purchase price may be contributed by the property seller towards the Borrower's closing costs.
Fees and Points	<ul style="list-style-type: none"> • Origination Fee: Up to 1.5% • Discount Points: permitted in lieu of an Origination Fee subject to the 1.5% maximum. • Customary and reasonable closing costs and fees with full disclosure in accordance with FHA, VA and USDA, federal, state and local laws and regulations. • Upon purchase by Servicer, Lender will receive 100% of the principal loan amount plus a Servicing Release Premium of 1.00%.
Servicer Fees	<ul style="list-style-type: none"> • \$150 per loan funding fee, \$80 tax service fee.
Lender Documentation	<ul style="list-style-type: none"> • Program Lender Agreement (signed by ICFA, Lender and Servicer) • Community Loan and Servicing Agreement (signed by ICFA and Servicer) • Grant/Wire Transfer Request Form • Grant Letter (signed by ICFA and Borrower) <p>Lenders must retain a copy of the Grant/Wire Transfer Request Form, evidence of the wire transfer itself and receipt of funding, and the Grant Letter on file for possible HUD audit and review.</p>
Lender Representation	Pursuant to the Program Lender Agreement, Lenders agree to originate loans in accordance with these Program Guidelines. Failure to deliver a closed mortgage loan to the Servicer for which the Grant was directly funded by ICFA shall require the Lender to pay ICFA a penalty fee equal to 6% of the final mortgage loan amount. ICFA reserves the right to terminate a Lender's participation at any time.

Independent Cities Finance Authority
ICFA *Advantage* Down Payment Assistance Program
Program Lender Agreement

This Program Lender Agreement (this "Agreement") is entered into as of _____, 2013, by and among Independent Cities Finance Authority ("ICFA") and the lending institutions executing this Agreement (the "Lender") in connection with the origination of Mortgage Loans and the funding of the ICFA down payment assistance under ICFA's ***Advantage Down Payment Assistance Program*** (the "Program").

WHEREAS, ICFA qualifies as an eligible source of down payment assistance under HUD and FNMA guidelines, and expects to make such assistance available to qualified Borrowers in connection with HUD and FNMA qualified mortgage loans (the "Mortgage Loans") as financing for the purchase of properties by qualified Borrowers in certain California counties and cities , and

WHEREAS, the Lender wishes to participate in the Program and has agreed to originate Mortgage Loans pursuant to the attached Program Guidelines; and

NOW, THEREFORE, in consideration of the promises set forth herein, the parties mutually agree as follows:

Section 1. Covenant to Originate Mortgage Loans. The Lender hereby acknowledges its receipt of the attached Program Guidelines established in connection with the Program, and the Lender hereby covenants and agrees to originate Mortgage Loans in accordance with the attached Program Guidelines as may be amended from time to time with notice to the Lender. The attached Program Guidelines, including but limited to all representations, warranties and covenants made by the Lenders therein, are incorporated by reference into this Program Lender Agreement to the same extent as if set forth herein, and the Lender agrees to be bound thereby for the benefit and protection of ICFA, its successors and assigns. Failure by the Lender to perform its obligations under this Program Lender Agreement and the attached program Guidelines may result in a suspension of its participation in the Program even if the Lender remains in good standing with Suburban Mortgage as Master Servicer. All Mortgage Loans originated under the Program for which the down payment assistance was either directly funded or authorized by ICFA must be sold to the Master Servicer.

Section 2. Master Servicer. All Lenders must be approved by and in good standing with _____ as the Master Servicer as the purchaser and servicer of the Mortgage Loans. Lender hereby covenants and agrees to originate mortgage loans in accordance with the Program Guidelines. Lenders will also be asked to execute a Participating Lender Agreement directly with the Master Servicer to confirm origination, deliver and purchase terms and conditions specifically for Mortgage Loans under this Program. Purchases will be made following receipt and review of closing documents, including evidence of compliance with ICFA guidelines, applicable Mortgage Loan underwriting requirements, FHA, VA, USDA and FNMA requirements, federal and state regulations.

Section 3. Amendments, Revisions. Program specifics as defined herein, together with those specified in this Program Lender Agreement, the attached Program Guidelines, and the Master Servicer's Participating Lender Agreement are subject to change with sufficient notice to the Lenders which will not adversely affect those Mortgage Loans for which a commitment has been made.

Section 4. Governing Law. This Agreement shall be governed by a construed in accordance with the laws of the State of California, without regard to conflict of law principles.

Section 5. Severability. If one or more provisions of this Agreement, or the applicability of any such provisions for any set of circumstances shall be determined to be invalid or ineffective for any reason, such determination shall not affect the validity and enforceability of the remaining provisions of this Agreement or the applicability of the provisions found to be invalid or ineffective for a specific set of circumstances to other circumstances.

Section 6. Counterparts. This Agreement may be executed in counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument.

IN WITNESS THEREOF, ICFA and the Lender have caused this Agreement to be executed by their respective duly authorized officers, all as of the date and year first above written.

Independent Cities Finance Authority

Authorized Contact's Signature

Authorized Contact's Name (Please Print)

Title

Date

Lender

Company Name (Participant Lender)

Authorized Contact's Signature

Authorized Contact's Name (Please Print)

Title

Master Servicer

Company Name (Participant Lender)

Authorized Contact's Signature

Authorized Contact's Name (Please Print)

Title

**INDEPENDENT CITIES FINANCE AUTHORITY
MORTGAGOR'S ACKNOWLEDGMENT**

I/We, _____, as applicants for a Mortgage Loan ("Mortgage Loan") originated by _____ ("Senior Lien Holder") are also eligible for down payment (the "Grant") as provided by the Independent Cities Finance Authority, do hereby acknowledge as follows:

1. I/We acknowledge that the home to be financed by the Mortgage Loan is located in the County of _____ in the State of California at _____

(the "Property"), and that I/we intend to occupy the home as my/our principal place of residence within 60 days after closing the Mortgage Loan (or in the case of newly constructed home, within 60 days of completion of construction), and to thereafter occupy the Property as my/our principal residence. I/We do not intend to, have not and will not enter into any arrangement to rent, sell, assign or transfer the Property or to use it as investment property.

2. I/We understand that the Mortgage Loan rate offered is higher than what the Program Lender and other Program Lenders are currently charging "at market" for this same Mortgage Loan with no Down Payment Assistance, that I/We understand that such other Mortgage Loans are available to me/us.

3. I/We also understand that the \$_____ in Program assistance towards the down payment and closing costs has been provided as a Grant by the Independent Cities Finance Authority, and that that there is no requirement to repay the Grant at any time.

Initials: _____

4. I/We acknowledge that the Down Payment Assistance awarded would not be made but for my/our representations, covenants and warranties hereof and in the Loan Documents, and that the Grant must be used in accordance with government/HUD guidelines regarding Grants provided by a government agency or "instrumentality of government".

5. I/We understand that should I/We fail to make timely Mortgage Loan payments to the Servicer, that ICFA is entitled to request and receive any loan payment delinquency information from the Servicer, so that ICFA or any other appropriate counseling service may contact me/us to provide counseling and assistance if necessary.

I/We hereby acknowledge reading and receiving this Mortgagor Acknowledgment and agree to the terms and conditions hereof.

Date: _____

Applicant/Borrower's Signature

Applicant/Borrower's Signature

Applicant/Borrower's Signature

Applicant/Borrower's Signature

Date: _____

To Lender: _____

From: **Independent Cities Finance Authority**

Subject: **Notice of Down Payment Assistance Grant**

Please be advised that the Independent Cities Finance Authority (ICFA), as an "government agency" in accordance with HUD guidelines, is providing a down payment assistance Grant, with no repayment of the Grant required, to be used in conjunction with the ICFA *Advantage* Down Payment Assistance Program as follows:

Borrower(s)

Property Address _____

Amount of Assistance (___% of the Mortgage Loan amount): \$ _____

Independent Cities Finance Authority

[Address] _____

[Telephone Number] _____

Borrower's Signature

Date

Borrower (Print Name)

Borrower's Signature

Date

Borrower (Print Name)

Independent Cities Finance Authority
ICFA *Advantage* Down Payment Assistance Program
Grant Funding/Wire Transfer Request

DATE OF WIRE: _____

AMOUNT OF WIRE: _____

EXPECTED LOAN
CLOSING DATE **: _____

** Please provide _____ as custodial agent for ICFA with a minimum two (2) business day notice to allow for the timely transfer of funds.

Wiring Instructions

Bank: _____

ABA #: _____

Closing Agent or
Title Company Name: _____

ATTN: _____

Account #: _____

Borrower Name: _____

Reference File Number: _____

Property Address: _____

Suburban Mortgage Loan Number ***: _____

*** Assigned at the time the Loan is reserved.

Completed forms should be emailed to _____ and the following email addresses:

PROGRAM ADMINISTRATION AGREEMENT
(ICFA Advantage Down Payment Assistance Program)

THIS PROGRAM ADMINISTRATION AGREEMENT (the “Agreement”), made and entered into as of April __, 2013, by and between the Independent Cities Finance Authority (the “ICFA”), a California joint powers authority organized and operating pursuant to Government Code section 6500 et seq., and George K. Baum & Company, a wholly owned subsidiary of George K. Baum Holdings, Inc., a Missouri corporation, as Program Administrator (the “Program Administrator”).

W I T N E S S E T H:

WHEREAS, pursuant to Resolution No. ____ of the ICFA Board of Directors adopted on April 10, 2013, the Board has agreed to sponsor and finance the ICFA Advantage Down Payment Assistance Program (“ICFA Assistance”) in conjunction with participating Lenders and qualified borrowers (i.e. mortgagors) to finance the acquisition of single family homes within the geographic boundaries of the ICFA member counties and cities (the “Program”);

WHEREAS, the ICFA intends to enter into a Program Lender Agreement with participating Lenders to establish the terms and conditions by which the ICFA Assistance will be used in connection with FHA, VA, USDA, and FNMA first mortgage loans (“Mortgage Loans”) and how mortgagors will qualify for such financing;

WHEREAS, the ICFA intends to enter into a Community Loan Agreement with certain GNMA and FNMA approved Lenders (“Servicers”) to price and post the loan rates at which such Mortgage Loans will be offered daily, to purchase such Mortgage Loans from the participating Lenders, service the Mortgage Loans, to sell and deliver the Mortgage Loans (or mortgage backed securities if such Mortgage Loans are to be pooled and sold as securities), and to pay ICFA its Program Fee; and

WHEREAS, to assist in effectuating the Program, the ICFA has undertaken to enter into this Agreement with the Program Administrator whereby the Program Administrator agrees to assist the ICFA in implementing and administering the Program in a competent and professional manner;

NOW, THEREFORE, in consideration of the acceptance by the ICFA of the Program Administrator as a suitable administrator, as evidenced by the ICFA’s and the Program Administrator’s execution hereof, and in consideration of the mutual covenants hereinafter provided, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, except as otherwise expressly defined in this Agreement, terms which are capitalized herein shall for all purposes of this Agreement have the meanings set forth in the Program Lender Agreement and Community Loan Agreement, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Section 1.02. Interpretation.

(A) In this Agreement, unless the context otherwise requires:

- (1) the terms “hereby,” “hereof,” “hereto,” “herein” and “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement and the terms “heretofore” means before and the term “hereafter” means after the date of this Agreement;
- (2) words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa; and
- (3) unless otherwise indicated, section references herein refer to the sections of this Agreement.

(B) Nothing in this Agreement expressed or implied is intended or shall be construed to confer upon, or give to, any person, other than the Program Administrator, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof.

(C) Except where the context otherwise requires, whenever in this Agreement the ICFA, the Program Administrator, the Lenders, or the Master Servicer are named or referred to, it shall and shall be deemed to include its successors and assignees whether so expressed or not. Except where the context otherwise requires, all of the covenants, stipulations, obligations and agreements by or on behalf of the ICFA and the Program Administrator contained in this agreement shall bind and inure to the benefit of such successors and assigns.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.01. Representations and Warranties of the ICFA. The ICFA represents and warrants as follows:

(A) The ICFA is a California joint powers authority organized and operating pursuant to Government Code section 6500 et seq.

(B) This Agreement has been duly authorized, executed and delivered by the Board of Directors of ICFA and, when executed and delivered by the Program Administrator will constitute the valid and binding obligation of the ICFA enforceable in accordance with its terms,

except as enforcement may be limited by bankruptcy, insolvency, reorganization, or other laws or equitable principles limiting creditors' rights generally.

(C) To the best of the ICFA's knowledge, no litigation is pending or threatened against ICFA which would prohibit its entering into this Agreement or consummating the transactions contemplated hereby.

Section 2.02. Representations and Warranties of the Program Administrator. The Program Administrator represents and warrants as follows:

(A) The Program Administrator is a duly constituted Missouri corporation and its employees or subconsultants have all necessary licenses and permits to administer the Program in the State of California and is familiar with the plans of ICFA. Program Administrator shall perform all services under this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California.

(B) This Agreement has been duly authorized, executed and delivered by ICFA and, when executed and delivered by the ICFA will constitute the valid and binding obligation of the Program Administrator enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, or other laws or equitable principles limiting creditors' right generally.

(C) To the best of the Program Administrator's knowledge, no litigation is pending or threatened against the Program Administrator which would prohibit its entering into this Agreement or consummating the transactions contemplated hereby.

(D) Program Administrator promises and agrees that all services provided under this Agreement shall be subject to and performed in accordance with all applicable local, state, and federal laws, rules, and regulations. Program Administrator warrants that it, its employees and subconsultants have the sufficient skill and expertise to perform the services under this Agreement. All services performed on ICFA's behalf by Program Administrator shall be performed by Program Administrator or under its supervision.

Section 2.03. Survival of Representations and Warranties. All of the representations and warranties made by the ICFA and the Program Administrator in this Agreement or any document or instrument contemplated by this Agreement or an exhibit hereto shall survive the execution and delivery of this Agreement and the origination of Mortgage Loans and the financing of the ICFA Assistance in accordance with the Program Lender Agreement and Community Loan Agreement..

Section 2.04. Independent Contractor. ICFA retains Program Administrator on an independent contractor basis and not as an employee. Program Administrator retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing services under this Agreement on behalf of ICFA shall also not be

employees of ICFA and shall at all times be under the Program Administrator's exclusive direction and control.

ARTICLE III

THE PROGRAM ADMINISTRATOR

Section 3.01. General.

(A) The Program Administrator shall have general responsibility to oversee the Program responsibilities for determining compliance with the terms hereof, including, but not limited to the review and examination of: (i) the documents submitted by the Lender Participants in connection with the origination of Mortgage Loans under the Program Lender Agreement and determination of compliance of such Mortgage Loans with the requirements of the Program, and (ii) the review of all Servicer obligations in accordance with the Community Loan Agreement. The Program Administrator shall have the full power and authority, acting alone, to do and perform any and all things which it may deem necessary or desirable to carry out its duties and responsibilities thereunder and under the Indenture, unless contrary to the express provisions of this Agreement.

(B) The Program Administrator further agrees to do and perform all acts and things required to be performed by it pursuant to this Agreement and any and all other acts and things reasonably necessary or reasonably requested by the ICFA related to the administration of the Program. The Program Administrator may delegate such functions as are required to be performed by the Program Administrator to any other entity acceptable to the ICFA.

Section 3.02. Monitoring Lender and Servicer Performance. The Program Administrator shall be responsible for reporting to the ICFA the compliance by the Servicer and the Lender Participants as outlined in Exhibit "A". In the event the Servicer or a Lender is terminated, or notice is sent with respect to the occurrence of an event regarding the Servicer or such Lender, the Program Administrator shall recommend such action to the ICFA and, upon approval by the ICFA, the Program Administrator shall issue such notice or take such action on behalf of the ICFA.

Section 3.03. Program Administrator Insurance Policies. The Program Administrator shall maintain at its own expense in full force and effect throughout any period during which it is administering the Program a general liability policy with coverage of at least \$1,000,000 per occurrence for bodily injury, personal injury and property damage with coverage as least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 00001) and an errors and omissions insurance policy with coverage of at least of \$1,000,000, a copy of which, upon request, shall be provided to the ICFA covering the Program Administrator's officers and employees and other persons acting on behalf of the Program Administrator in its capacity as the Program Administrator under this Agreement and shall request in writing that the providers of such polices notify the ICFA 10 days prior to cancellation of such policy or policies. Both policies shall add the ICFA as additional insureds. In the event

that any policy shall cease to be in effect during the required period, the Program Administrator shall exercise its best efforts to obtain from an insurer licensed in the State and acceptable to the ICFA a comparable replacement policy or policies, as the case may be. Any amounts collected by the Program Administrator under any such policy relating to the Program shall be deposited with the ICFA. No provision of the Section shall operate to limit the Program Administrator's responsibilities and obligations as set forth in this agreement.

Section 3.04. Resignation of Program Administrator. The Program Administrator shall have the right to resign from the obligations and duties hereby imposed on it under this Agreement if there is in place an alternative program administrator satisfactory to the ICFA, in which case no such resignation shall become effective until a successor Program Administrator has assumed the Program Administrator's responsibilities and obligations in accordance with Section 3.06 hereof, or at such time as the ICFA has been assigned and are performing all of the obligations and duties imposed hereunder. If this Agreement shall be terminated under the provisions of this Section, the Program Administrator shall make a full accounting and transfer and deliver to the ICFA all documents and moneys relating to the Program which are then in its possession or under its custody or control, and thereupon all rights and duties of the Program Administrator and its right to further compensation hereunder shall cease.

Section 3.05. Access to Certain Documentation and Information Regarding the Mortgage Loans. The Program Administrator shall provide to the ICFA and their respective examiners, supervisory personnel and other agents access to the documentation regarding Mortgage Loans requested by them, such access being afforded without charge, but only upon reasonable request and during normal business hours at the offices of the Program Administrator. Upon reasonable request of the ICFA, the Program Administrator shall furnish the ICFA with such information as is required by law. The Program Administrator shall also provide access to the documentation regarding the ICFA Assistance provided and the Mortgage Loans originated by the Lender as requested by any interested party.

Section 3.06. Assignment of Program Administrator Obligations. The Program Administrator may, with the prior written consent of ICFA, which consent shall not be unreasonably withheld or delayed, assign any or all of its rights and obligations pursuant to this Agreement to another qualified administrator or administrators. Any agreement to assign rights and obligations shall provide that the transferee administrator must assume the obligations of this Agreement, and the Origination Agreement, as applicable. If the Program Administrator makes an assignment pursuant to this Section, the Program Administrator shall pay or reimburse the ICFA for any reasonable costs, including legal costs incurred by the ICFA in connection therewith.

Section 3.07. Liability of the Program Administrator. The Program Administrator hereby agrees to indemnify the Sponsor and hold the Sponsor harmless from any claims, loss, damage or expense that the Sponsor may sustain as a result of any failure on the part of the Program Administrator to properly perform its services, duties and obligations with respect to the Program, including any alleged acts, errors and omissions or willful misconduct of Program Administrator, its officials, officers, employees, subconsultants or agents in connection with the

performance of services under this Agreement. Program Administrator shall reimburse ICFA and its officials, officers, employees, agents, and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. Program Administrator's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by ICFA, its directors, officials officers, employees, agents, or volunteers.

Section 3.08. Compensation. The Program Administrator shall be compensated for its performance of its duties hereunder by a per Mortgage Loan fee equal to 0.00375 (.375%) of the Mortgage Loans purchased by the Servicers, paid promptly as and only if the ICFA Program Fee is paid by the Servicers.

ARTICLE IV

MISCELLANEOUS

Section 4.01. Notices.

(A) All notices, certificates or other communications required to be given hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by certified or registered mail, postage prepaid, return receipt requested, addressed to the ICFA at: Independent Cities Finance Authority, P.O. Box 1750, Palmdale, CA 93590-1750 and for the Program Administrator at: George K. Baum & Company, 3005 Marlynn Street, Carmichael, CA, 95608, Attention: Marc Paskulin, or to such other addresses provided by each such party to the other parties.

(B) A duplicate copy of each notice, certificate or other communication required to be given hereunder to the ICFA and the Program Administrator shall also be given to the Trustee.

(C) The ICFA and the Program Administrator may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 4.02. Further Assurances and Corrective Instruments. To the extent permitted by law, the ICFA and the Program Administrator agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Agreement.

Section 4.03. Pledge or Assignment. ICFA may at any time assign or pledge any or all of its rights under this Agreement, and thereafter this Agreement shall not be terminated, modified or changed by ICFA or the Program Administrator except in the manner, if any, imposed by the terms and provisions of such assignment or pledge. The Program Administrator may not assign or transfer any of its rights or interests pursuant to this Agreement, except as expressly provided herein.

Section 4.04. Governing Law. All questions with respect to the construction of this Agreement, and the rights and liability of the parties hereto, shall be governed by the laws of the State of California. Venue shall be in Los Angeles County.

Section 4.05. Article and Section Headings and References. The headings or titles of the several articles and sections hereof, and the table of contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

Section 4.06. Severability. If any term or provision of this Agreement or the application thereof shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to circumstances other than those to which it is invalid or unenforceable, shall not be affected thereby, and shall be enforced to the extent permitted by law. To the extent permitted by applicable law, the parties hereby waive any provision of law which would render any of the terms of this Agreement unenforceable.

Section 4.07. Capability. The Program Administrator is capable of providing the services and otherwise aiding ICFA as set forth herein.

Section 4.08. Waiver. No failure on the part of any party hereto to enforce any covenant or provision herein contained, or any waiver of any right hereunder, shall discharge or invalidate such covenant or provision or affect the right of such party to enforce the same in the event of any subsequent breach or default; failure to demand strict performance of any covenant or condition of this Agreement shall not be deemed a waiver of such covenant or condition.

Section 4.09. Amendments. This Agreement may be amended only in writing and upon approval of the parties hereto.

Section 4.10. All Prior Agreements Superseded. This Agreement supersedes any prior agreements and understandings among Program Administrator and the ICFA or either of them governing the administration of the Program and Mortgage Loans as provided herein.

Section 4.11. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

Section 4.12. Limited Liability. All obligations of ICFA to be paid under the terms of this Agreement shall be limited obligations of ICFA payable solely from the fee proceeds generated from the Program, and nothing contained herein shall create any indebtedness or be construed to create any moral obligation on the part of the ICFA.

Section 4.13. Merger or Consolidation of the Program Administrator. Any entity into which the Program Administrator may be merged or consolidated, or any entity resulting from any merger, conversion or consolidation to which the Program Administrator shall be a party, or

any entity succeeding to the business of the Program Administrator, shall be the successor of the Program Administrator hereunder without the execution or filing of any document or instrument, or any further act on the part of any of the parties hereto.

Section 4.14 Prohibited Interests. Program Administrator maintains and warrants that it has not employed nor retained any company or person, other than a bona fide employee working solely for Program Administrator, to solicit or secure this Agreement. Further, Program Administrator warrants that it has not paid nor has it agreed to pay any company or person, other than a bona fide employee working solely for Program Administrator, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, ICFA shall have the right to rescind this Agreement without liability. For the term of this Agreement, no member, officer or employee of ICFA, during the term of his or her service with ICFA, shall have any direct interest in this Agreement, or obtain any present or anticipated material benefit arising there from.

PROGRAM ADMINISTRATION AGREEMENT
(ICFA Advantage Down Payment Assistance Program)

IN WITNESS HEREOF, ICFA and the Program Administrator have caused this Program Administration Agreement to be signed in their respective names by their respective duly authorized officers, all as of the date first above written.

**INDEPENDENT CITIES FINANCE
AUTHORITY**

By _____
Debbie Smith, Board Secretary

**GEORGE K. BAUM & COMPANY
as Program Administrator**

By _____
Authorized Signatory

EXHIBIT "A"

SCOPE OF SERVICES

Program Administration. The Program Administrator shall be assigned the overall responsibility of working with the Lenders and the Servicers as part of ICFA's Advantage Down Payment Assistance Program to design and implement the Program in accordance with the ICFA's objectives. The Program Administrator's responsibilities shall include, but are not limited to, recruiting and training Lenders and Servicers, preparing Program Documents, verifying the Mortgage Loan rate calculations as posted by the Servicers, and the review of Mortgage Loans prior to purchase to ensure that such Mortgage Loans are in compliance with the Program Guidelines. The Program Administrator shall be responsible for compiling data and information related to the incoming loan reservations and closed loans, together with an accounting of all related Program Fee income. Program Administrator shall have no responsibility with respect to the pricing of the loans, and the delivery of such loans into the secondary market.

All obligations of Administrator under the Community Loan Agreement shall be included to the extent the Administrator is advising, administering, and/or acting as the agent of ICFA.

RESOLUTION NO. 2013-4

A RESOLUTION OF THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AUTHORIZING THE ISSUANCE OF ITS NOT TO EXCEED \$10,750,000 AGGREGATE PRINCIPAL AMOUNT OF INDEPENDENT CITIES FINANCE AUTHORITY CHARTER SCHOOL REVENUE BONDS (ALLIANCE BLOOMFIELD TECHNOLOGY ACADEMY PROJECT) SERIES 2013 (TAXABLE QUALIFIED SCHOOL CONSTRUCTION BONDS – DIRECT SUBSIDY) AND APPROVING CERTAIN DOCUMENTS AND AUTHORIZING CERTAIN ACTIONS IN CONNECTION THEREWITH.

WHEREAS, the Independent Cities Finance Authority, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), is authorized to issue bonds pursuant to Chapter 5 of Division 7 of the Government Code of the State of California (the “Act”) for any purpose for which it was created and to enter into a loan agreement with, or deliver or cause to be executed and delivered certificates of participation in a lease or installment sale agreement with, any public or private entity including, to finance or refinance the construction, expansion, remodeling, renovation, furnishing, equipping and acquisition of charter school facilities (including by reimbursing expenditures made or refinancing indebtedness incurred for such purposes) within the jurisdiction of the Authority; and

WHEREAS, Alliance for College-Ready Public Schools, a California nonprofit corporation organized under the laws of the State or an affiliate thereof (the “Borrower”) has requested that the Authority issue its bonds and loan the proceeds thereof to the Borrower to (i) facilitate the financing of the costs of acquiring, constructing, improving and furnishing charter school facilities and the related site located at 7907 Santa Fe Avenue in Los Angeles County, California for lease to the Borrower or affiliate(s) thereof, (ii) pay capitalized interest during construction, and (iii) pay certain issuance expenses (collectively, the “Project”); and

WHEREAS, the financing of the Project is in the public interest, serves a public purpose and will benefit the County of Los Angeles (the “County”) by allowing the Borrower to provide its educational services within the County and the County, in connection with the financing of the Project, will become an associate member; and

WHEREAS, the Authority proposes to issue its not to exceed \$10,750,000 aggregate principal amount of “Independent Cities Finance Authority Charter School Revenue Bonds (Alliance Bloomfield Technology Academy Project) Series 2013 (Taxable Qualified School Construction Bonds – Direct Subsidy)” (the “Bonds”) pursuant to the Act to finance the Project; and

WHEREAS, there has been presented to the Board of Directors/Executive Committee at this meeting proposed forms of a Trust Indenture, a Loan Agreement and the Bond Purchase Agreements with respect to the purchase of the Bonds by Nonprofit Finance Fund (NFF), Local Initiatives Support Corporation (LISC) and Low Income Investment Fund (LIIF), or affiliates thereof (each a “Purchaser” and collectively, the “Purchasers”); and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the issuance of the Bonds exist or will exist, have happened or will happen and have been or will be performed in due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue the Bonds for the purposes, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY THE BOARD OF DIRECTORS/EXECUTIVE COMMITTEE OF THE INDEPENDENT CITIES FINANCE AUTHORITY AS FOLLOWS:

SECTION 1. Recitals. The above recitals, and each of them, are true and correct.

SECTION 2. Acceptance of the County as an Associate Member. The admission of the County as an associate member of the Authority and the taking of such actions as are necessary to admit the County as an associate member of the Authority, are hereby approved. The Authority desires to take such steps as are necessary to admit the County as an associate member of the Authority.

SECTION 3. Appointment of Trustee. Zions First National Bank is hereby appointed as the initial trustee (the "Trustee") under the Trust Indenture (the "Indenture") relating to the Bonds, with the duties and powers of such Trustee as are set forth in the Indenture.

SECTION 4. Indenture. The Indenture authorizing the issuance of the Bonds, between the Authority and the Trustee, in the form presented at this meeting, is hereby approved and the President, Vice President or Program Administrator (each, an "Authorized Officer"), each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Indenture in substantially the form hereby approved together with such additions or changes as the officer executing the same, upon consultation with the Authority Counsel or Bond Counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

SECTION 5. Form of Bonds. The forms of the Bonds, as set forth in the Indenture, are hereby approved and the President or Vice President and the Secretary are hereby authorized and directed to execute by manual or facsimile signature, for and in the name and on behalf of the Authority, the Bonds in either temporary and/or definitive form in the aggregate principal amounts and all in accordance with the terms and provisions of the Indenture.

SECTION 6. Loan Agreement. The Loan Agreement (the "Loan Agreement") between the Authority and the Borrower, whereby the proceeds of the Bonds are to be loaned to the Borrower for the purpose of providing financing for the Project, in the form presented at this meeting, is hereby approved and the Authorized Officers, each acting alone, are hereby authorized and directed, for and in the name and on behalf of the Authority, to execute and deliver the Loan Agreement in substantially the form hereby approved together with such additions or changes as the officer executing the same, upon consultation with the Authority Counsel or Bond Counsel, may approve, such approval to be conclusively evidenced by the execution and delivery thereof by the Authority.

SECTION 7. Bond Purchase Agreements. Each of the Bond Purchase Agreements with respect to the Bonds, among the Authority, each Purchaser, the Borrower and the entity named therein as placement agent for the bonds (the “Placement Agent”), in the form presented at this meeting, is hereby approved. The Authorized Officers, each acting alone, are hereby authorized to execute each Bond Purchase Agreement in substantially said form, together with such additions or changes as the officer executing the same, upon consultation with the Authority Counsel or Bond Counsel, may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreements by the Authority; provided that the aggregate principal amount, the interest rates, the original issue discounts and the maturity dates do not exceed the following: (i) Principal Amount: \$10,750,000; (ii) Interest Rate: 8.0% per annum; and (iii) Maturity Date December 31, 2040.

SECTION 8. Designation of Professionals. The law firm of Ballard Spahr LLP is hereby designated as bond counsel to the Authority with respect to the Bonds. Wolf & Company Inc. is hereby designated as financial advisor to the Authority with respect to the Bonds. Either CVC Capital, LLC or Robert W. Baird & Co. Incorporated is hereby designated as placement agent for the Bonds.

SECTION 9. Ratification of Prior Acts. All actions previously taken (not inconsistent with the provisions of this resolution) by the Authority and by the officers of the Authority directed toward the issuance and sale of the Bonds are hereby ratified and approved.

SECTION 10. Other Acts. The President, Vice President, members of the Board of Directors/Executive Committee, Program Administrator, Secretary, Treasurer, Authority Counsel, and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions, including without limitation, obtaining bond insurance and a rating for the Bonds, if either is deemed to be advisable upon consultation with the Authority’s financial consultant, and including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the issuance and sale of the Bonds or to otherwise effectuate the purposes of this Resolution.

SECTION 11. Limited Obligations. The Bonds, together with interest thereon, shall be limited obligations of the Authority, giving rise to no pecuniary liability of the Authority or its members, the State of California or any political subdivision thereof, nor any charge against its general credit, and shall be payable solely from the Indenture trust estate. The Bonds shall not constitute an indebtedness or loan of the credit of the Authority or the State of California or any political subdivision thereof within the meaning of any constitutional or statutory provisions.

SECTION 12. Contingency. The approval of the bond issuance and the execution and delivery of the aforementioned bond documents are contingent upon the County, taking all actions as are necessary to be admitted as an associate member to the Authority.

SECTION 13. Severability. If any provisions of this Resolution should be held invalid, the invalidity of such provision shall not affect the validity of any of the other provisions of this resolution.

SECTION 14. Effective Date. All resolutions of the Authority or parts thereof, inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This Resolution shall take effect immediately upon adoption.

PASSED, APPROVED, AND ADOPTED BY THE INDEPENDENT CITIES FINANCE
AUTHORITY THIS ____ DAY OF APRIL, 2013.

President

Secretary/Program Administrator

(Signatory Page to Bond Resolution – Alliance Bloomfield Technology Academy)

I, Deborah Smith, Secretary and Program Administrator of the Independent Cities Finance Authority, do hereby certify that the foregoing Resolution was duly adopted by the Board of Directors/Executive Committee of said Authority at the meeting of the Board of Directors/Executive Committee of said Authority held on the ____ day of April, 2013, and that the same was passed and adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Deborah Smith
Secretary and Program Administrator
of the Independent Cities Finance Authority

AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1059

Introduced by Assembly Member Wieckowski

February 22, 2013

An act to amend Section 1090 of, and to add Section 1091.8 to, the Government Code, relating to public officers and employees.

LEGISLATIVE COUNSEL'S DIGEST

AB 1059, as amended, Wieckowski. Public officers and employees: financial interests.

Existing law prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Existing law further prohibits these public officers and employees from being purchasers at any sale, or vendors at any purchase, made by them in their official capacity. A violation of these provisions is a crime.

This bill would extend the application of those prohibitions to independent contractors who perform a public function, and *specifically* provide when an independent contractor, or an owner, officer, employee, or agent of the independent contractor, has a financial interest in a contract. By expanding the scope of a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1090 of the Government Code is amended
2 to read:

3 1090. Members of the Legislature, state, county, district,
4 judicial district, and city officers or employees, and independent
5 contractors who perform a public function, shall not be financially
6 interested in any contract made by them in their official capacity,
7 or by any body or board of which they are members. Nor shall
8 state, county, district, judicial district, and city officers or
9 employees, and independent contractors who perform a public
10 function, be purchasers at any sale or vendors at any purchase
11 made by them in their official capacity.

12 As used in this article, "district" means any agency of the state
13 formed pursuant to general law or special act, for the local
14 performance of governmental or proprietary functions within
15 limited boundaries.

16 SEC. 2. Section 1091.8 is added to the Government Code, to
17 read:

18 1091.8. An independent contractor, or an owner, officer,
19 employee, or agent of the independent contractor, who contracts
20 with a government agency, body, or board, to ~~provide services,~~
21 ~~including program management services, staff, administer, or~~
22 ~~manage the government agency, body, or board~~ has a financial
23 interest in a subsequent contract of the government agency, body,
24 or board, if the independent contractor, or the owner, officer,
25 employee, or agent of the independent contract, participates in the
26 making of the subsequent contract and the independent contractor's
27 contract to provide services bases the independent contractor's
28 compensation, directly or indirectly, on whether the subsequent
29 contract is executed.

30 SEC. 3. No reimbursement is required by this act pursuant to
31 Section 6 of Article XIII B of the California Constitution because
32 the only costs that may be incurred by a local agency or school
33 district will be incurred because this act creates a new crime or
34 infraction, eliminates a crime or infraction, or changes the penalty
35 for a crime or infraction, within the meaning of Section 17556 of

- 1 the Government Code, or changes the definition of a crime within
- 2 the meaning of Section 6 of Article XIII B of the California
- 3 Constitution.

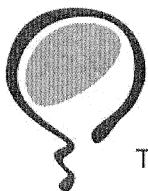
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PublicCEO.com Advertising Syndicate

A Bite-Sized Approach to Local Government Internet Marketing

March 2013

Authored by Ryder Smith



TRIPEPI SMITH & ASSOCIATES

Executive Summary

The objective of this document is to outline the key elements of a proposed marketing syndicate to acquire advertising space and advertorial placements on the PublicCEO.com website and email service.

Syndicate Members

Members of the syndicate will not have conflicting businesses. The companies in the syndicate will be known to each other.

Syndicate Organizer

The syndicate is organized by Tripepi Smith.

Duration

The terms of this syndicate will run in perpetuity, but is cancelable with 90 days notice. Notice is to be given to Ryder Todd Smith via email at ryder@tripepismith.com

Placement

Syndicate members will get the following benefits:

- An ad on the home page and interior pages of the PublicCEO website (currently 250 pixels tall and 300 pixels wide) that will rotate every third time a page is presented. Dimension subject to change by PublicCEO
- An ad on the daily email generated by PublicCEO.com. The ad will rotate every week between one of the three syndicate members. So week one will feature member 1, week two will feature member 2, week 3 will feature member 3, week four will feature member 1, week five will feature member 2, and so on...
- Once a quarter, the syndicate member will get to place one advertorial on the PublicCEO website. The advertorial will also appear in that day's email distribution. The advertorial will have a byline of a real person. Contact information for the byline author will be provided.

Syndicate Member Responsibilities

Syndicate members will be responsible for providing their advertising art to be placed in rotation on the PublicCEO website.

Syndicate members will be responsible for creation of their advertorial content and to provide it in a timely fashion to the editor of PublicCEO.com so that the content can be reviewed and approved prior to release.

Payment Terms

Syndicate members will pay prior to the first day of the advertising month. For example, if the advertising syndicate commences on September 1, 2013, the syndicate member must have payment to Tripepi Smith by August 31, 2013.

The payment shall be \$320 for each month of service.

Payments are made monthly.

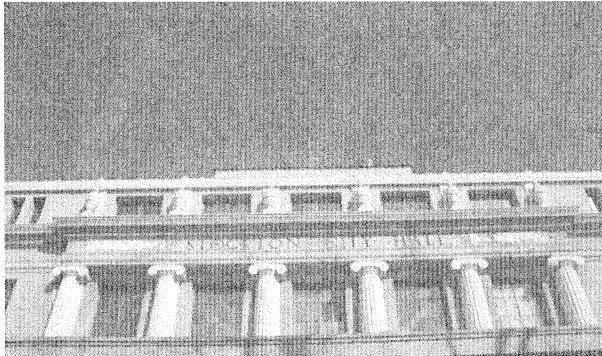
Disclaimer of PublicCEO Change of Terms and Limitations of Tripepi Smith Liability

Syndicate members recognize that Tripepi Smith, as syndicate organizer, has no control over the placement of the advertorial content, size of the ads, length restrictions or any other limitations imposed by PublicCEO.com. Further, Tripepi Smith is not responsible for acts of god or failure of PublicCEO to deliver on its advertising placements, nor is Tripepi Smith responsible for the uptime and accessibility of the PublicCEO website.

The sole recourse for a change in terms or material change in service or failure to deliver on services from PublicCEO.com is to cancel advertising with PublicCEO. If PublicCEO materially changes the service or conditions of this advertising arrangement, syndicate members may cancel their services immediately.



Home	About PublicCEO	Job Board	Subscribe	2011 Local Government Award Winners
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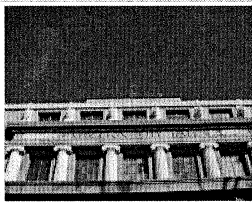
Stockton Ruled Eligible for Bankruptcy

April 02, 2013 - (0) comments

After hearing arguments and testimony at a trial lasting just three days, Chief United States Bankruptcy Court Judge Christopher M. Klein approved the City of Stockton's petition for chapter 9 bankruptcy relief, filed on June 28, 2012. The City defended [...]



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Stockton Ruled Eligible for Bankruptcy

Written by Dan Oney - April 02 2013 - 0 Comments

After hearing arguments and testimony at a trial lasting just three days, Chief United States Bankruptcy Court Judge Christopher M. Klein approved the City of Stockton's petition for chapter 9 bankruptcy relief, filed on June 28, 2012. The City defended its eligibility, while attorneys representing several large financial creditors in the case asked Judge Klein to reject the City's petition. The primary objections were related to the question of good faith and to whether the City was insolvent when the bankruptcy filing was made.

Specific objections focused on the City's not requesting that CalPERS restructure or impair employee or retiree pensions and suggesting what the City might have done differently, in the years leading up to its bankruptcy filing, in order to avoid bankruptcy.

"We are very pleased with Judge Klein's ruling," said Anne Stausboll, Chief Executive Officer for CalPERS. "We recognize the difficult decisions the City of Stockton needs to make to restore its financial and economic health. Today's action gives the City the opportunity to propose a forward looking plan of adjustment in the bankruptcy case that will allow them to restore long term financial stability and to provide essential services to the Stockton community through the City's valued public employees.

At the time the City filed for bankruptcy, it had already addressed \$90 million in General Fund deficits in the three prior years and was faced with over \$26 million in General Fund deficits in fiscal year 2012-2013. Prior to bankruptcy, the City had completed 90 days in pre-bankruptcy confidential mediation with its largest creditors, attempting to avoid bankruptcy, and in compliance with new State law. The City paid all the costs of this mediation process when the Capital Market Creditors refused to pay their share. During the mediation, the City submitted a detailed 790-page restructuring proposal for consideration by the creditors. While the City was able to make agreements

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