MEMBER CITIES

Alhambra

Apple Valley

Azusa

Baldwin Park

Barstow

Bell

Bellflower

Brea

Capitola

Carpinteria

Carson

Chino

Claremont

Colton

Commerce

Compton

Covina

Downey

Duarte

El Monte

Fairfield

Fontana

Fresno

Gardena

Garden Grove

Glendale

Glendora

Hawaiian Gardens

Hawthorne

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

Planada 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*

Gil Hurtado, Vice President

*South Gate*

Jose Solache, Treasurer

*Lynwood*

DIRECTORS

Ricardo Pacheco, Baldwin Park

Willie Jones, Compton

Marilyn Sanabria, Huntington Park

Edwin Hernandez, Lynwood

Sylvia Ballin, San Fernando

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

*Secretary/Executive Director*

Debbie Smith

*General Legal Counsel*

Scott Campbell

Best Best & Krieger, LLP

**INDEPENDENT CITIES FINANCE AUTHORITY**

Special Meeting Of The Board Of Directors

Special Meeting Of The Executive Committee

Tuesday, October 20, 2015

2:00 p.m.

Vernon City Hall

Conference Room 1

4305 Santa Fe Avenue

Vernon, CA 90058

TELECONFERENCE MEETING LOCATIONS:

***Call In Information:***

*Call In Number: 1-712-775-7031*

*Participant Number: 236-977-467#*

1. San Fernando City Hall 3. Palms Ranch Park Branch Library

 Community Meeting Room 2920 Overland Avenue

 117 Macneil Street Los Angeles, CA 90064

 San Fernando, CA 91340

2. 10001 West Frontage Road, Space 215 4. Starbucks

 South Gate, CA 90280 3060 East Slauson Avenue
 Huntignton 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.

Post Office Box 6740, Lancaster, CA 93539-6740 ♦ Phone: (877) 906- 0941 ♦ www.icfauthority.or g

SPECIAL MEETING OF THE BOARD OF DIRECTORS +

SPECIAL MEETING OF THE EXECUTIVE COMMITTEE

October 20, 2015

Page Two

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 San Fernando

 City of Compton City of South Gate

 City of Huntington Park City of Vernon

 City of Lynwood

**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. Conference With Legal Counsel – Anticipated Litigation *(Page 5)*

Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9:

Number  of cases:  Unknown.

B. Approval/Authorization For ICFA To Participate In The California Solar Initiative’s Multi-Family Affordable Solar Housing (MASH) Program. *(Pages 6-9 & 12-27)*

 *RECOMMEND APPROVAL/ADOPTION*

C. Approval Of Oversight Agreement By And Among Independent Cities Finance Authority And Wolf & Company, Inc. Relating To The ICFA Lease Purchase Homeownership Initiative. *(Pages 9 & 28-32)* *RECOMMEND APPROVAL*

**VI. COMMENTS FROM BOARD MEMBERS.** *(Page 10)*

**VII. MATTERS FROM STAFF.** *(Page 10)*

**VIII. ADJOURNMENT.** *(Page 10)*

SPECIAL MEETING OF THE BOARD OF DIRECTORS +

SPECIAL MEETING OF THE EXECUTIVE COMMITTEE

October 20, 2015

Page Three

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**

**SPECIAL MEETING OF THE BOARD OF DIRECTORS**

**SPECIAL MEETING OF THE EXECUTIVE COMMITTEE**

**October 20, 2015 - 2:00 p.m.**

**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 San Fernando

 City of Compton City of South Gate

 City of Huntington Park City of Vernon

 City of Lynwood

 C. RECOMMENDATION:

 None.

**III. AMENDMENTS OR ADJUSTMENTS TO THE AGENDA.**

 A. MATERIAL ENCLOSED:

 None.

 B. COMMENTS:

 None.

 C. RECOMMENDATION:

 None.

**AGENDA SUMMARY**

**October 20, 2015**

**Page 2**

**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. Conference With Legal Counsel – Anticipated Litigation**

 **Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section 54956.9:**

 **Number  of cases:  Unknown.**

A. MATERIAL ENCLOSED:

 Attorney-Client Privileged correspondence sent by General Legal Counsel to Board Members.

B. COMMENTS:

 Board Members will participate in a closed session with General Legal Counsel.

C. RECOMMENDATION:

 None.

**AGENDA SUMMARY**

**October 20, 2015**

**Page 3**

**B. APPROVAL/AUTHORIZATION FOR ICFA TO PARTICIPATE IN THE CALIFORNIA SOLAR INITIATIVE’S MULTI-FAMILY AFFORDABLE SOLAR HOUSING (MASH) PROGRAM.**

 A. MATERIAL ENCLOSED: **(PAGES 12-27)**

 1. Oversight Agreement (Pages 12-18)

 2. Deed Restriction (Pages 19-26)

3. MASH Program Cities & Counties (Page 27)

B. COMMENTS:

 **SUMMARY**

ICFA is proposing to serve as the applicant in a regulatory role for projects that have been funded through State of California Solar Initiative’s Multi-Family Affordable Solar Housing (MASH) Program. The program serves to preserve and improve the affordable housing in mobilehome park communities by overlaying new affordability covenants on for-profit communities and improving the energy efficiency of parks by installing solar electric systems that reduce the cost of operating the park and provide shaded areas for parking and common area facilities. Partners in this program would be ACG and the owners of mobilehome parks participating in the MASH program.

**PROJECT HISTORY**

Shorebreak Energy Developers, LLC ("Shorebreak") is a developer of solar projects primarily installed in mobilehome parks. Many of the solar installations at the mobilehome parks have been made possible by incentives paid by California's investor-owned utilities under California’s Solar Initiative MASH Program. The intent of the program is for lower income households to realize the benefits of solar power in exchange for increasing or maintaining the supply of affordable housing by placing deed restriction on the properties that require 20% of the spaces within a recipient park to be made or held available to lower income households at affordable housing costs.

In past MASH projects, the park owner evidenced this occupancy and affordability restrictions by filing a deed restriction with the required covenants with the office of the county recorder. However, the CPUC now requires a public entity or nonprofit 501(c)(3) organization be a counterparty to the deed restriction to provide additional oversight to the program.

**AGENDA SUMMARY**

**October 20, 2015**

**Page 4**

Shorebreak has had numerous discussions with different agencies regarding their involvement in the MASH program. While some public agencies have expressed an interest in helping, they are most likely unable to come to a resolution in the timeframe needed because it takes time to move new programs though the public review and hearing process. Thus, dozens of mobilehome park applications will be cancelled as early as October 23rd if an alternative solution is not secured.

**ROLE OF THE AUTHORITY**

To satisfy the counterparty requirement, it is proposed that a financing authority (ICFA) be counterparty to the deed restriction. The responsibility of the Authority would be to enter into the deed restriction which contains the occupancy and affordability covenants, enter into an oversight agreement, receive and file reports, and enforce the cure of a default, if necessary. Since the projects are located in multiple counties, the financing authority would need to have a wide jurisdictional reach across the state.

**OVERSIGHT AGREEMENT**

The oversight agreement is a multiparty agreement among and between ICFA, the park owner, and ACG, a consulting firm experienced in affordable mobilehome park projects. Under the oversight agreement, the oversight agent takes full responsibility for independently verifying compliance with the deed restriction and preparation of annual compliance reports to the Authority and the park owner. It also establishes the roles of the Authority and the owner, and the cost of the program to the park owner.

**PROGRAM REQUIREMENTS**

The program requirements below satisfy the MASH Program requirements under the PUC, as well as the recent changes mandated by the CPUC:

* The counterparty deed restriction must have a 30-year term and be recorded in the real property records of the county in which the property is located.
* The counterparty deed restriction must encumber the for-profit owned mobilehome park with the obligation to rent at least twenty percent (20%) of the mobilehome spaces to households who are considered Lower Income Households as defined in Section 50079.5 of the California Health and Safety Code.
* The deed restriction must require the retention of an oversight agent for the purpose of providing independent verification of the owner's compliance.

**AGENDA SUMMARY**

**October 20, 2015**

**Page 5**

* The Authority must maintain a file for receiving the annual reports prepared by the oversight agent pursuant to the oversight agreement, which must be publically available for inspection (redacted of private information) upon request.
* The park owner must post the results of oversight agent's compliance report in a public area of the park for 30 consecutive days annually.
* To qualify as a Lower Income Household under this program the household must either be:

1) approved by their electric utility company as a participant under its CARE program provided the CARE income limits are less than or equal to the Low Income Limits published annually by HCD, or

2) provide an annual income certification with proof of income.

* Rents charged to the Lower Income Households must be equal to or lower than affordable housing costs determined in a manner consistent with Section 50053 of the Health and Safety Code.
	+ The park owner must supply the oversight agent with information on household rent and utility charges, household participation in the CARE program, household size, and unit size.
	+ The oversight agent will be responsible for determining program compliance after tabulating and analyzing household income limits and housing costs.
	+ The oversight agreement will describe the process for curing a default which may include:
		- The Authority recording a notice of default
			* holding the next space available for occupancy for lower income household only at an affordable housing cost
				+ lengthening the term of the covenant for a period equal to the period of non-compliance
				+ providing notice to parks residents of the default
	+ The oversight agent must prepare an annual compliance report and distribute a copy to the park owner to post at the park and a copy to the Authority for deposit to the project file.
	+ In the event of default, pursuant to the deed restriction, the park owner must reimburse the Authority for the cost of enforcement.

Fees for the program under the oversight agent agreement are paid by the park owner to the oversight agent and the Authority. The proposed fees are $250 annually per park to the Authority, the greater of $5 per space or $750 per park to the oversight agent, and a $1,000 administration fee to the oversight agent at the commencement of the project. In addition, ICFA will receive a one-time fee of $2,500 to reimburse ICFA for legal and administrative costs to set up the program.

**AGENDA SUMMARY**

**October 20, 2015**

**Page 6**

General Legal Counsel and representatives from ACG and Renewable Energy Partners will be available at the meeting to answer any questions.

C. RECOMMENDATION:

1. Approve/authorize ICFA to participate in the California Solar Initiative’s Multi-Family Affordable Solar Housing (MASH) Program;

2. Authorize General Legal Counsel to work with ACG to finalize necessary documents; and

3. Authorize President McCormick and staff to execute all necessary documents.

**C. APPROVAL OF Oversight Agreement By And Among Independent Cities Finance Authority And Wolf & Company, Inc. Relating To The ICFA Lease Purchase Homeownership Initiative.**

 A. MATERIAL ENCLOSED: **(PAGES 28-32)**

 Oversight Agreement By And Among ICFA And Wolf & Company, Inc.

B. COMMENTS:

 At the October 7, 2015 Board meeting, the ICFA Board approved the creation of a $100,000 million Single Family Lease Purchase Homeownership Initiative, along with the various agreements, exhibits and documents to implement the program. Not included in those documents was an Oversight Agreement to allow for a monthly review and summary report to ICFA of all Initiative-related funds, confirmation of accounting and proper application of all monthly receipts and disbursements, and review of the Program Manager’s monthly origination and loan performance results.

Wolf & Company is proposing to provide these services for an upfront fee of $5,000 and thereafter an hourly fee of $250.00. Hours worked will be charged monthly against the deposit fee until said deposit fee is depleted, after which monthly invoices will be submitted to ICFA.

 C. RECOMMENDATION:

Approve the Oversight Agreement By And Among ICFA and Wolf & Company, Inc.

**AGENDA SUMMARY**

**October 20, 2015**

**Page 7**

**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 October 20, 2015

Independent Cities Finance Authority

Special Board Of Directors Meeting/

Special Executive Committee Meeting

OVERSIGHT AGREEMENT

THIS OVERSIGHT AGREEMENT (the “Agreement”) is made and entered into as of

\_\_\_\_\_\_\_\_\_\_\_\_, 2015 (“Effective Date”), by and among \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a California \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the “Property Owner”), and Suzanne Taylor, an individual doing business as ACG (the “Oversight Agent”).

RECITALS:

1. Property Owner is the owner of the mobile home park commonly known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_, CA \_\_\_\_\_\_\_\_\_ (the “Park”).
2. The Authority is the counterparty with the Property Owner in the Declaration Restriction for Real Property with the Authority dated \_\_\_\_\_\_\_, \_\_\_\_\_\_ (the “DR”) of even date herewith, which DR

will be recorded in the public records of \_\_\_\_\_\_\_\_\_\_\_\_\_\_ County.

1. The Authority and Property Owner desire to appoint ACG as Oversight Agent experienced in

affordable manufactured housing projects as required under the DR to independently verify

Property Owner’s compliance with the Declaration.

1. ACG represents that it has the necessary experience to evaluate whether the Property Owner has complied with the requirements set forth in the Declaration.

NOW, THEREFORE, in consideration of the premises and respective representations and covenants herein contained, the parties hereto agree as follows:

# ARTICLE IDEFINITIONS AND INTERPRETATION

## 1.1 Definitions of Terms. All capitalized terms used in this Oversight Agreement not otherwise

##  defined herein shall have the respective meanings given to them in DR.

## 1.2 Article and Section Headings. The heading or titles of the several articles and sections hereof shall be solely for the convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

## 1.3 Interpretation. The singular form of any word used herein, shall include the plural and vice versa, if applicable. The use of a word of any gender shall include all genders, if applicable.

# ARTICLE IIREPRESENTATIONS AND WARRANTIES

## 2.1 Representations of the Authority. The Authority makes the following representations:

(a) It is a joint powers authority, duly organized and existing under the Constitution

 and laws of the State of California.

(b) It has the power to enter into the transactions contemplated by this Agreement

### and to carry out its obligations hereunder and to consummate all other transactions on its part as

### contemplated herein; and it has duly authorized the execution and delivery of this Agreement.

## 2.2 Representations and Warranties of Property Owner. Property Owner makes the following representations and warranties:

### (a) It has power and authority to own the Park and carry on its business as now being conducted, and is duly qualified to do such business wherever such qualification is required, including the

###  State of California.

### (b) It has the power to execute and deliver this Agreement and to carry out the

### transactions on its part contemplated hereby; and it has duly authorized the execution, delivery and performance of this Agreement.

### (c) The Oversight Agent is independent from and not under the control of Property

### Owner, does not have any substantial interest, direct or indirect, in Property Owner, and is not an officer

### or employee of Property Owner.

## 2.3 Representations and Warranties of Oversight Agent. Oversight Agent makes the following representations and warranties:

### (a) It is duly organized, validly existing and in good standing under the laws of the

###  State of California and has the power and authority to carry on its business as now being conducted.

###  (b) It has the power to execute and deliver this Oversight Agreement and to carry out

###  the transactions on its part contemplated hereby; and it has duly authorized the execution, delivery and performance of this Agreement.

###  (c) It is independent from and not under the control of the Property Owner, does not

### have any substantial interest, direct or indirect, in the Property Owner, and is not an officer or employee

### of the Property Owner.

###  (d) It has received copies of the DR and it is familiar with the terms and conditions

### thereof.

# ARTICLE IIIDUTIES AND COMPENSATION OF THE OVERSIGHT AGENT

## 3.1 Obligations of Property Owner. Property Owner shall carry out the following obligations:

### (a) Property Owner shall post the Compliance Reports prepared by Oversight Agent in

### a public place at the Park on an annual basis for a minimum period of thirty (30) consecutive days

### following receipt of Compliance Report.

###  (b) Property Owner will promptly provide all information required under the DR and

### Section 3.3 hereof on an annual basis and within thirty (30) days of any request for additional information

### from Oversight Agent to carry out its duties hereunder, Property Owner shall deliver complete and

### accurate information to Oversight Agent.

## 3.2 Duties of Oversight Agent. In its capacity as Oversight Agent hereunder, for and on behalf

## of Property Owner, Oversight Agent will perform the following duties:

### (a) On an annual basis, Oversight Agent will request such information from Property

###  Owner as is necessary, in its sole discretion, to provide verification of DR Compliance.

###  (b) Promptly following receipt of the information described above, Oversight Agent

### will review the records and information furnished by Property Owner to determine if the information is complete and it will maintain such documents on file and open to the inspection by the Authority during

### the term of the DR.

###  (c) Promptly on receipt of the records and information furnished by Property Owner

### to Oversight Agent , Oversight Agent will verify compliance with the DR.

###  (d) Promptly upon determining that any information submitted to it pursuant to this Agreement or the DR is inaccurate or incomplete the Oversight Agent shall:

###  (i) If the inaccuracy or lack of completeness does not cause the applicable

### Project to cease to meet the qualifications set forth in Section 5 of the DR, give notice of

### such inaccuracy or lack of completeness to the Property Owner and direct the Property

### Owner to correct or complete the same, as the case may be, within a 10‑day period, and

###  (ii) If the inaccuracy or lack of completeness is not corrected within ten (10)

### days or if the inaccuracy or lack of completeness causes the applicable Project to cease to

### meet the qualification set forth in Section 5 of the DR, immediately give written notice of

### said fact to the Authority and the Property Owner.

###  (e) In the event that the Property Owner fails to file with the Oversight Agent any document required pursuant to the DR within the time set forth in the DR, the Oversight Agent shall immediately give written notice of that fact to the Authority and the Property Owner.

###  (f) On behalf of the Authority, the Oversight Agent shall, prepare for delivery to the Authority and the Property Owner the Annual Compliance Report that describes whether the Property

### Owner is in compliance with the covenant, terms and conditions of the DR. In the event of any

### noncompliance the Oversight Agent shall notify the Authority as to the nature and extent of the

### noncompliance and the Oversight Agent shall suggest alternatives for meeting bringing the number of

### Qualified Spaces into compliance with the DR.

###  (g) Oversight Agent agrees to maintain on file the documentation used to prepare the Annual Compliance Report for a period of four (4) years and shall maintain on file the Annual Compliance

### Report for a period of ten (10) years.

## 3.3 Verification Protocols. In verifying the Property Owner’s compliance with the DR, the

## Oversight Agent shall be entitled to rely on the following documents certified by Property Owner

## under oath to be true and correct as of the date such documents are delivered to the Oversight:

##  (a) A current rent roll that shows the total number of Spaces on the Property

##  including rent, utility charges, space number, and address.

##  (b) A copy of the CARE from the electric utility that lists the names and space number

## of the Qualified Households that are currently enrolled in CARE, or providing another form of proof of

## income for Qualified acceptable to the Oversight Agent.

##  (c) For each Qualified Space, the household name, space number, number of

## members in the household and the unit size (RV, singlewide, doublewide, multisectional or number of

## bedrooms for each home).

##  (d) Documentation that each household on CARE is currently billed at CARE rates.

##  (e) Documentation that the income limits for qualification for the CARE program are

## equal to or less than the qualifying income limits for Low Income Households.

##  (f) Documentation that the income qualification for the CARE program is less than

## 80% of Area Median Income as published by the California HCD.

##  (g) Documentation that the number of Qualified Spaces is equal or greater than 20%

## of the total number of Spaces on the Property.

##  (h) Documentation that the monthly rent paid by the Qualified Households does not

## exceed Affordable Rent.

## 3.4 Process upon a Determination of Non-Compliance. Upon a determination that Property

## Owner is not in compliance with the DR, and at the direction of the Authority, Oversight Agent shall send a notice to Property Owner stating that Property Owner has 30 days to cure its non-compliance with the DR.

## If Property Owner is diligently pursing a cure, but has not yet cured its non-compliance within the initial 30

## day period, Property Owner shall be given an additional 30 day period to cure its non-compliance. If

## Property Owner fails to cure its non-compliance within the periods described above, Oversight Agent shall provide written notice to the Authority of Property Owner’s non-compliance with the DR.

## 3.5 Compensation.

### (a) For its services, the Property Owner shall pay the Authority an annual

###  compensation of $250 annually. Such compensation shall commence as of the Effective Date and be

### payable in advance by Property Owner to Authority, with first payment due upon the Effective Date and

### each subsequent annual payment due on the first day of each year during the term of this Agreement (the “Authority Fee”). The Authority Fee shall be increased on each anniversary date of this Agreement by

### amount equal to the Consumer Price Index. As used herein, the term “Consumer Price Index” shall mean

### the Consumer Price Index, United States City Average, All Urban Consumers-All Items, published monthly

### by the United States Department of Labor, in which 1982-84 equal 100 (“Consumer Price Index”). If the Consumer Price Index is no longer published at any applicable adjustment date, it shall be constructed by conversion tables included in any new index published by the United States Department of Labor with

### such a conversion index selected by the Authority. If neither the Consumer Price Index nor conversion

### tables are published any longer, then the most widely published all encompassing index of buying power

### in the United States shall be used.

###  (b) For its services, the Property Owner shall pay the Oversight Agent an annual compensation equal to greater of Five Dollars ($5.00) for each space in the park (Recreational Vehicles and mobile home spaces) registered by the California Department of Housing and Community Development or Seven Hundred Fifty Dollars ($750.00) annually. Such compensation shall commence as of the Effective

### Date and be payable in advance by Property Owner to Oversight Agent, with first payment due upon the Effective Date and each subsequent annual payment due on the first day of each year during the term of

### this Agreement (the “Oversight Fee”). The Oversight Fee shall be increased on each anniversary date of

### this Agreement by amount equal to the Consumer Price Index. As used herein, the term “Consumer Price

### Index” shall mean the Consumer Price Index, United States City Average, All Urban Consumers-All Items, published monthly by the United States Department of Labor, in which 1982-84 equal 100 (“Consumer

### Price Index”). If the Consumer Price Index is no longer published at any applicable adjustment date, it

### shall be constructed by conversion tables included in any new index published by the United States

### Department of Labor with such a conversion index selected by the Oversight Agent. If neither the

### Consumer Price Index nor conversion tables are published any longer, then the most widely published all encompassing index of buying power in the United States shall be used.

###  (c) In addition to the Oversight Fee, the Oversight Agent shall be paid a one time fee

### of One Thousand Dollars ($1,000.00), on the Effective Date of this Agreement (“Oversight Administration

### Fee”).

## 3.6 Hold Harmless. Property Owner agrees to indemnify and hold harmless Authority and

## Oversight Agent and their respective owners, officers, directors, agents, consultants, employees and representatives (“Indemnified Parties”) from and against all liabilities, damages, legal actions, penalties,

## fines, fees and costs of any type or nature (collectively, the “Liabilities”) which may arise from any act or omission of Property Owner or those of its contractors, subcontractors, agents, employees or other

## persons acting on Property Owner’s behalf, which relate in any manner to the DR, the Oversight

## Agreement or the operation or maintenance of the Park. The provision of this Section 3.6 applies to all

## claims suffered by third parties for Liabilities as a result of the DR, this Agreement, and actions referred to

## in this Section 3.6, irrespective of any act or ommission of the Indemnified Parties and without regard to

## their performance under the DR or this Oversight Agreement .

# ARTICLE IVTERM

## 4.1 Term of Agreement. Unless sooner terminated pursuant to the provisions of Section 4.2,

##  this Agreement shall remain in full force and effect for thirty (30) years from the recordation of the DR.

##  4.2 Resignation of Oversight Agent. Oversight Agent may resign from its position upon giving Authority and the Property Owner no less than sixty (60) days written notice of withdrawal. Upon

## resignation by Oversight Agent, this Agreement shall remain in full force and effect with respect to

## Property Owner and Authority and Authority shall have the right to appoint a new Oversight Agent, which Oversight Agent will become a party to this Agreement. Oversight Agent shall deliver all books and

## records in its possession with respect to this Oversight Agreement to the replacement Oversight Agent

## and will assist the Authority and the Property Owner with a transition to the replacement Oversight Agent.

# ARTICLE VMISCELLANEOUS PROVISIONS

## 5.1 Execution in Counterparts. This Agreement may be executed in any number of

## counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute but

## one and the same instrument.

## 5.2 Business Days. If any action is required to be taken hereunder on a date which falls on

## other than a Business Day, such action shall be taken on the next succeeding Business Day.

##  5.3 Governing Law. This Agreement shall be construed in accordance with the laws of the

## State of California and the obligations, rights and remedies of the parties hereunder shall be determined

## in accordance with such laws.

##  5.4 Notices. All notices, certificates or other communications hereunder shall be sufficiently

## given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed:

Authority

 Executive Director

 Independent Cities Finance Authority

 1100 S. Flower Street, Suite 3300

 Los Angeles, CA 90015

Property Owner

Attn:

Oversight Agent

ACG

400 N. Mountain Avenue, Suite 205

Upland, CA 91786

Attn: Suzanne Taylor

## 5.5 Attorneys’ Fees. If any legal action or any arbitration or other proceeding is brought for

## the enforcement of this Agreement, or because of an alleged dispute, breach or default in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys’ fees and other costs incurred in that action or proceeding, in addition to any other relief which it or they may be entitled.

 5.6 Assignment. The rights of Property Owner under this Agreement may not be transferred or assigned by Property Owner without the prior written consent of Authority, which consent shall not be unreasonably withheld or delayed; provided that the written consent of the Authority shall not be required to transfer the rights of Property Owner under this Agreement to any successor in interest in the Property; provided, further, that the Property Owner shall provide notice to the Authority of any transfer and a copy of the assignment agreement which evidence such transfer. Upon the assignment of this Agreement by Property Owner to a successor in interest in the Park, Authority shall look solely to such successor in interest to thereafter perform all of the covenants, terms and conditions of this Agreement and the assigning Property Owner shall be released from liability accruing under this Agreement from and after the effective date of such assignment. Oversight Agent may transfer or assign this Agreement with the consent of the Authority, but without the consent of Property Owner.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by their duly authorized representatives, all as of the date hereinabove written.

Authority:

By:

Name: Title:

Property Owner:

By:

Name: Title:

Oversight Agent:

By:

Name: Title:

RECORDING REQUESTED BY:

WHEN RECORDED, MAIL TO:

(Space Above for Recorder’s Use)

DECLARATION RESTRICTION FOR REAL PROPERTY

THIS DECLARATION RESTRICTION (“DR”) is entered into on \_\_\_\_\_\_\_\_\_\_ 2015, by and between \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Property Owner") and the Independent Cities Finance Authority (the "Counterparty"), with reference to the following facts and shall become effective upon recordation (the "Effective Date"):

RECITALS

1. Counterparty is a California joint powers authority formed by its public agency members pursuant to Articles 1 and 2, Chapter 5, Division 7, Title 1 of the California Government Code (Section 6500 et seq.) formed for the purpose of facilitating the financing and development of affordable housing. Counterparty is vested with the same powers as a municipal corporation under California law and has the authority to carry out the obligations which are set forth in this DR; and
2. Property Owner is an owner of certain real property located within the County of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, California, which property is known as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Property") located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and more particularly described on the attached Exhibit “A”, which is located within the territorial jurisdiction of the Authority; and
3. Property Owner and Counterparty desire to enter into this DR to evidence Property Owner's agreement to encumber the Property with the obligation to rent at least twenty percent (20%) of the mobilehome spaces to households who are considered Lower Income Households as defined in Section 50079.5 of the California Health and Safety Code ("Health and Safety Code") at affordable housing costs, subject to the terms and conditions as provided herein.

NOW THEREFORE in consideration of the recitals hereof and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1) Definitions. In this DR, unless the context otherwise requires:

* 1. “Area Median Income” means area median income as published by the state of California’s Housing and Community Development pursuant to Health and Safety Code Section 50093.
	2. “Affordable Rent” shall have the same meaning as in as set forth in Section 50053(a)(3) of the state of California’s Health and Safety Code which establishes that for Lower Income Households rents must not exceed one‑twelfth of 30 percent (30%) of 60 percent (60%) of Area Median Income, adjusted for household size appropriate for the unit, which has the same meaning as set forth in Section 4(a)(iii) herein.
	3. “Annual Compliance Report” means a written report prepared by the Oversight Agent that describes whether the Property Owner is in compliance with the covenants, terms and conditions of this DR.
	4. “CARE” means the California Public Utilities Commission’s California Alternative Rates for Energy program (CARE) that provides of assistance to low-income households pursuant to Public Utilities Code Section 739.1.
	5. "Counterparty" has the meaning set forth in the Recitals.
	6. "DR" is the Declaration of Restriction or Deed Restriction.
	7. “Low‐Income Residential Housing Project” means a multifamily residential complex which is subject to a deed restriction requiring that at least 20 percent of the Spaces on the Property are occupied or held available for occupancy by Lower Income Households at an Affordable Rent during the Qualified Project Period.
	8. "Lower Income Households" shall have the meaning provided to such term as set forth in Section 50079.5 of the Health and Safety Code and is no more than 80% of the Area Median Income as published annually by the state of California’s Department of Housing and Community Development.
	9. “Oversight Agreement” means that certain Oversight Agreement between the Counterparty and the Oversight Agent, for the purpose of providing independent verification of Property Owner’s compliance with the DR.
	10. “Oversight Agent” means the Oversight Agent appointed under the Oversight Agreement which shall initially beSuzanne Taylor, an individual doing business as ACG.
	11. “Qualified Household” means a Lower Income Household.
	12. “Qualified Space” means a Space occupied or held available for occupancy by a Lower Income Household at Affordable Rent.
	13. “Space'' means a mobile home space within the Project upon which a mobile home may be placed. The term Space shall also include any unit in any existing building located on the Project site.
	14. "Qualified Project Period” means the period beginning on the date upon which this Agreement is executed and ending on the date which is thirty (30) years after the execution date of this Agreement; provided such period is subject to extensions in accordance with Section 4 hereof.
1. Property Owner Representations and Warranties. Property Owner represents and warrants the following:
	1. That it has the power to encumber its interest in the Property as set forth by this DR.
	2. The Property constitutes a Low-Income Residential Housing Project that is subject to the provisions of this DR.
	3. That annually during the Qualified Project Period, within 15 days of receipt thereof, the Property Owner will cause a copy of the Annual Compliance Report to be posted on the Property in a public place normally set aside for posting of informational and legally required notices.
	4. That the Property Owner is responsible for all management functions with respect to the operation of the Property including without limitation the selection of tenants, certification and recertification of household size and income, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. The Counterparty shall have no responsibility over management of the Project.
2. Additional Representations: The Property Owner hereby warrants, covenants and agrees as follows:
	1. During the Qualified Project Period that Property Owner shall annually within 15 days of the anniversary date of this DR in a form acceptable to the Oversight Agent pursuant to the Oversight Agent Agreement referenced in Section 4 of this DR:
		1. Provide a current rent roll that shows the total number of Spaces on the Property including rent, utility charges, space number, and address.
		2. Show proof of income for Qualified Households that occupy Qualified Spaces by providing a copy of the CARE from the electric utility that lists the names and space number of such Qualified Households that are currently enrolled in CARE, or providing another form of proof of income for such Qualified Households acceptable to the Oversight Agent.
		3. For each Qualified Space, provide the household name, space number, number of members in the household and the unit size (RV, singlewide, doublewide, multisectional or number of bedrooms for each home).
		4. Provide documentation that each household on CARE is currently billed at CARE rates.
		5. Provide documentation that the income limits for qualification for the CARE program are equal to or less than the qualifying income limits for Low Income Households.
		6. Maintain complete and accurate records related to compliance with this Section 3 and Section 4 for a period of four years.
3. Oversight Agreement. The Counterparty and Property Owner agree to enter into an Oversight Agreement in which the Counterparty and appoint an Oversight Agent to independently verify Property Owner’s compliance with the DR and that that the Property Owner will agree to provide the Oversight Agent with all documentation necessary to prepare the Annual Compliance Report.
4. Qualified Households. The Property Owner hereby represents, as of the date hereof, and warrants, covenants and agrees as follows:
	1. During the Qualified Project Period:
		1. Not less than twenty percent (20%) of the Spaces in the Project shall be Qualified Spaces.
		2. The monthly rent charged for Qualified Spaces shall not exceed Affordable Rent.
		3. In adjusting rent for household size, it shall be assumed that one person will occupy a recreational vehicle, two persons will occupy a single-wide mobile home and three persons will occupy a multi-sectional mobile home or, as an alternative, it shall be assumed that one person will occupy a studio unit, two persons will occupy a one-bedroom unit, three persons will occupy a two-bedroom unit, four persons will occupy a three-bedroom unit, and five persons will occupy a four-bedroom unit.
	2. If any time the number of Qualified Spaces falls below the percentage required under this Section 4(i), then the next available vacant Space shall rented to a Lower Income Household.
	3. In the event, despite Property Owner’s exercise of best efforts to comply with the provisions of this Section 4, the Property Owner shall have been out of compliance with any of the restrictions of Section 4 hereof for a period in excess of six months, then at the sole option of the Counterparty the term of DR shall be automatically extended for the period of non‑compliance upon written notice to the Property Owner.
5. Damages upon Termination of DR. In no event shall Property Owner take any legal action or have any remedy against Counterparty upon termination of this DR due to Property Owner's default or exercise by Counterparty of its rights under this DR.
6. Counterparty Representations and Warranties. Counterparty is obligated to maintain the DR in its public records and enforce Property Owner’s compliance with this DR, if necessary. Enforcement could include the mailing of a notice of default to the Property Owner with instructions on how to cure the default and, until such default has been cured, the recording of a default in the public records of the county where the Property is located.
7. Assignment.
	1. The rights and obligations of Property Owner under this DR may not be transferred or assigned by Property Owner without the prior written consent of Counterparty, which consent shall not be unreasonably withheld or delayed; provided that the written consent of Counterparty shall not be required to transfer the rights of Property Owner under this DR to any successor in interest in the Property. However, Property Owner shall provide written notice of such transfer to Counterparty, and a copy of the assignment agreement which obligates such successor in interest of Property Owner to be subject to the terms and conditions of this DR.
	2. Upon the assignment of this DR by Property Owner to a successor in interest of Property Owner, Counterparty may look solely to such successor in interest to thereafter perform all of the covenants, terms and conditions of this DR and the assigning Property Owner shall be released from liability accruing under this DR from and after the effective date of such assignment.
8. Binding effect of DR. The burdens and the benefits of the DR shall constitute covenants that shall run with the Property for the term of this DR and shall be binding upon and inure to the benefit of the successors in interest to the Property.
9. Enforcement. If the Property Owner defaults in the performance or observance of any covenant, agreement or obligation of the Property Owner set forth in this DR, and if such default remains uncured for a period of 60 days after notice thereof shall have been given by the Counterparty or Oversight Agent to the Property Owner then the Counterparty shall declare an “Event of Default” to have occurred hereunder, and, at its option, may take any one or more of the following steps:
	1. by mandamus or other suit, action or proceeding at law or in equity, require the Property Owner to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Counterparty hereunder;
	2. take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of this DR; or
	3. record a default against the Property in the public records of the county where the Property is located.
10. Eminent Domain. In the event any local, state or federal governmental agency initiates eminent domain proceedings, revokes conditional use permit or equivalent against Property Owner which directly impacts the Property, or should continued enforcement of or compliance with this DR be unlawful, such action, event, condition, or circumstance shall excuse Property Owner’s performance thereafter of its obligations under this DR.
11. Term. This DR and all and several of the terms hereof shall become effective upon its execution and delivery and shall remain in full force and effect during the Qualified Project Period.
12. Enforcement Costs. If any action is taken by Counterparty to enforce a provision of this DR, including any of the actions set forth in Section 8, the Counterparty shall be entitled to reimbursement from Property Owner of its reasonable legal fees and costs within thirty (30) days of written notice thereof to Property Owner. In the event of any legal action to enforce the terms of this DR, the prevailing party will be entitled to an award of its reasonable legal fees and costs.
13. Notices. All notices required or provided for under this DR shall be in writing and delivered in person or sent by certified mail, postage prepaid.

 Notices required to be given to Property Owner shall be addressed as follows: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 Notices required to be given to the Counterparty shall be addressed as follows:

 Executive Director

 Independent Cities Finance Authority

 1100 S. Flower Street, Suite 3300

 Los Angeles, CA 90015

A party may change the address by giving notice in writing to the other party and thereafter notices shall be addressed and transmitted to the new address.

1. Rules of Construction and Miscellaneous Items.
	1. If Property Owner consists of more than one person or entity, obligations under this DR are joint and several.
	2. Subordination. Property Owner expressly acknowledges and agrees and declares that this DR shall be subordinate to any existing deeds of trust encumbering the Property at the time that this DR is recorded and any modifications, amendments, supplements, restatements, renewals, replacements, refinancings or extensions thereof, such that such existing deeds of trust, as so modified, amended, supplemented, restated, renewed, replaced, refinanced or extended, shall unconditionally be and remain at all times a lien or charge against the Real Property that is prior and superior to the lien or charge of this DR.
2. Third-Party Beneficiary. Property Owner agrees that the Lower Income Households residing at the Property shall be, and are hereby, named as express third-party beneficiaries of this DR, with full rights as such.
3. Applicable Law. This DR shall be construed according to the laws of the State of California.
4. Severability. If any portion of this DR is for any reason held to be unenforceable, such determination shall not affect the validity of the remaining portions.
5. Authority. Each of the parties hereto covenants and agrees that it has the legal capacity to enter into this DR contained herein, that this DR is binding upon that party and that this DR is executed by a duly authorized official acting in his official capacity.

IN WITNESS WHEREOF this DR has been executed by Property Owner and Counterparty on the day and year first above written.

 PROPERTY OWNER

By:

Name:

Title:

 COUNTERPARTY

By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Its:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )

County of )

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

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

WITNESS my hand and official seal.

Signature \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (Seal)

EXHIBIT A
Legal Description

**MASH PROGRAM CITIES & COUNTIES**

**CITIES**

|  |  |
| --- | --- |
| **SCE** | **PG&E** |
|  29 Palms |  American Canyon |
| \*Apple Valley (4) |  Bakersfield (3) |
| \*Baldwin Park | \*Capitola |
|  Boron |  Cayucos |
| \*Carson (3) |  Chico |
|  Corona |  Concord (2) |
| \*Covina |  El Dorado Hills |
|  Desert Hot Springs (3) |  Fortuna |
|  Fullerton |  Greenfield |
|  Hemet (5) |  Grover City |
|  Highland |  Gustine |
| \*La Habra |  LeMoore |
| \*Lancaster (2) |  Los Banos |
| \*Long Beach (2) |  Marina (3) |
|  Morongo Valley |  Oroville |
|  Ontario |  Pacheco |
|  Orange |  Petaluma |
|  Palm Desert | \*Rohnert Park |
| \*Palm Springs | \*Salinas |
| \*Paramount |  San Jose |
|  Placentia |  Santa Cruz |
|  Rancho Mirage | \*Santa Rosa (3) |
| \*Rialto (2) |  Sonoma |
| \*Riverside |  Soquel |
| \*San Bernardino (2) |  Ukiah (2) |
|  San Dimas |  Vallejo |
|  San Jacinto |  Watsonville (2) |
|  Santa Ana |  Winters |
|  Santa Barbara |  |
|  Simi Valley (5) |  |
|  Victorville (2) |  |
| \*Whittier |  |

**COUNTIES**

|  |  |
| --- | --- |
| **SCE** | **PG&E** |
|  Los Angeles | Contra Costa | Napa |
|  Orange | El Dorado | San Luis Obispo |
|  Riverside | Humboldt | Santa Clara |
| \*San Bernardino | Kings | Santa Cruz |
|  Santa Barbara | Merced | Sonoma |
|  Ventura | Monterey | Yolo |

\*ICFA Member/Associate Member

 **OVERSIGHT AGREEMENT**

by and among

INDEPENDENT CITIES FINANCE AUTHORITY

and

WOLF & COMPANY INC.,
as Oversight Agent

Relating to:

Independent Cities Finance Authority
Lease Purchase Initiative

OVERSIGHT AGREEMENT

THIS OVERSIGHT AGREEMENT (the “Agreement”) is made and entered into as of October 1, 2015, by and among the INDEPENDENT CITIES FINANCE AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “Authority”), and WOLF & COMPANY INC. (the “Oversight Agent”).

RECITALS:

WHEREAS, California law allows Cities and Counties to join together under cooperative agreements to form joint powers authorities that provide a public benefit and serve the needs of residents within the jurisdictions of the participating members; and

WHEREAS, ICFA, being duly formed pursuant to Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code, elects to establish its Single Family Lease Purchase Homeownership Initiative (hereinafter "Initiative") for the purpose of providing assistance to prospective homebuyers; and

 WHEREAS, to offer the Program within its jurisdiction, ICFA requires Oversight Agent services; and

WHEREAS, Wolf & Company Inc. represents that it has the necessary experience and expertise required to perform the task as outlined in Section 3 herein; and

NOW, THEREFORE, in consideration of the premises and respective representations and covenants herein contained, the parties hereto agree as follows:

# DEFINITIONS AND INTERPRETATION

## Definitions of Terms. All capitalized terms used in this Oversight Agreement and not otherwise defined herein shall have the respective meanings given to them in the Program Management Services Agreement, Sponsor Agreement, Master Services Agreement and Custodial and Disbursement Agent Agreement

## Article and Section Headings. The heading or titles of the several articles and sections hereof shall be solely for the convenience of reference and shall not affect the meaning, construction or effect of the provisions hereof.

## Interpretation. The singular form of any word used herein, including terms defined in the Program Management Services Agreement, Sponsor Agreement, Master Services Agreement and Custodial and Disbursement Agent Agreement, shall include the plural and vice versa, if applicable. The use of a word of any gender shall include all genders, if applicable.

# REPRESENTATIONS AND WARRANTIES

## Representations of the Authority. The Authority makes the following representations:

### It is a joint powers authority, duly organized and existing under the Constitution and laws of the State of California.

### It has the power to enter into the transactions contemplated by this Oversight Agreement and to carry out its obligations hereunder and to consummate all other transactions on its part contemplated herein; and it has duly authorized the execution and delivery of this Oversight Agreement.

## Representations and Warranties of the Oversight Agent. The Oversight Agent makes the following representations and warranties:

### It is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to carry on its business as now being conducted.

### It has the power to execute and deliver this Oversight Agreement and to carry out the transactions on its part contemplated hereby; and it has duly authorized the execution, delivery and performance of this Oversight Agreement.

### It is independent from and not under the control of the Authority.

### It has received copies of Program Management Services Agreement, Sponsor Agreement, Master Services Agreement and Custodial and Disbursement Agent Agreement, and it is familiar with the terms and conditions thereof.

 (e) It has not acted as a Financial Advisor to the Authority under this Lease Purchase Initiative.

# DUTIES AND COMPENSATION OF THE OVERSIGHT AGENT

## Duties of Oversight Agent. Wolf & Company Inc. is the initial Oversight Agent hereunder. This Section 3.1 applies to Wolf & Company Inc. as Oversight Agent and to any successor Oversight Agent. In its capacity as Oversight Agent hereunder, for and on behalf of the Authority, the Oversight Agent will perform the following duties in a careful and timely manner as hereinafter set forth and included as Exhibit "A", Scope of Services.

## Compensation. For its services as the Oversight Agent, Wolf & Company, Inc. shall be paid a deposit fee equal to $5,000.00 on the Closing Date and thereafter an Hourly Fee of $250.00. Said hours worked shall be charged monthly against the deposit fee until said deposit fee is depleted. Once the deposit fee is depleted, the hours worked for the month for of the Oversight Agent shall be paid to the Oversight Agent by the Authority upon receipt by the Authority of an invoice from the Oversight Agent.

## The Hourly Fee shall include all of the Oversight Agent's out‑of-pocket expenses, overhead, travel and lodging expenses.

## If the Oversight Agent provides services outside the scope of this Agreement, as requested in writing by the Authority, the compensation shall be paid at the then prevailing fee schedule of the Oversight Agent.

# TERM

## Term of Agreement. Unless sooner terminated pursuant to the provisions of Sections 4.2 and 4.3 hereof, this Oversight Agreement shall remain in full force and effect for the term of twenty four months.

## Termination. At its sole discretion, the Authority may terminate this Oversight Agreement upon giving the Oversight Agent and thirty (30) days written notice of its intention to do so. This Oversight Agreement may be terminated in whole or in part only as to the services described in Section 3.1, whereupon a partial fee for the services not terminated will be agreed upon by the parties and memorialized in an amendment hereto.

## Resignation of Oversight Agent. With the written consent of the Authority, the Oversight Agent may resign from its position and terminate this Oversight Agreement by giving the other parties hereto thirty (30) days written notice of its intention to do so.

# MISCELLANEOUS PROVISIONS

## Execution in Counterparts. This Oversight Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute but one and the same instrument.

## Business Days. If any action is required to be taken hereunder on a date which falls on other than a Business Day, such action shall be taken on the next succeeding Business Day.

## Governing Law. This Oversight Agreement shall be construed in accordance with the laws of the State of California and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

## Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed to the Oversight Agent at: Wolf & Company Inc., 1100 S. Flower Street, Suite 3300, Los Angeles, California 90015, Attention: Wesley R. Wolf.

IN WITNESS WHEREOF, the parties hereto have caused this Oversight Agreement to be executed on their behalf by their duly authorized representatives, all as of the date hereinabove written.

INDEPENDENT CITIES FINANCE AUTHORITY

By:

W. Michael McCormick, President

WOLF & COMPANY INC., as Oversight Agent

By:

Authorized Signatory

**EXHIBIT "A"**

###  ***SCOPE OF SERVICES***

Subject to the limitations described in the Agreement and herein, the Oversight Agent shall provide services in connection with ICFA’s offering of the Lease Purchase Initiative as described below:

1. Provide a monthly review and summary report to the Authority of all Initiative-related funds, including those facilitated by the Custodial and Disbursement Agent, to confirm accurate accounting and proper application of all monthly receipts and disbursements resulting from operations as submitted by the Program Manager and Custodial and Disbursement Agent to the Authority and Oversight Agent;
2. Review and provide summary report to the Authority on Program Manager’s monthly origination and loan performance reports submitted to ICFA, with a copy to Oversight Agent.