

**Community Placement Plan  
HOUSING GUIDELINES FOR USE OF START-UP FUNDING**

**For the Closure of Lanterman Developmental Center (“Housing Guidelines”)**

**Goal: To increase the availability of affordable and accessible homes for individuals with developmental disabilities moving from Lanterman Developmental Center (LDC) to the community.**

**Purpose: To provide guidelines on the use of Community Placement Plan (CPP) “start-up” funds to attain the goal.**

**I. General**

The development of affordable and accessible homes is critical to the Department of Developmental Services’ (DDS) goal to implement innovative strategies that will expand opportunities for individuals with developmental disabilities living in LDC (consumers) to reside in the least restrictive community settings and to advance the objective of the *Olmstead v. LC* decision. The use of CPP funds is one of DDS strategies to develop permanent affordable and accessible homes. In collaboration with the regional center, DDS uses CPP funds to create consumer housing through the “Buy It Once” model where a non-profit housing development corporation (NPO) owns the property for the restricted use by regional center consumers.

To ensure that homes developed using CPP funds are always available for use by consumers, real estate deed restrictions or restrictive covenants are applied to the property by the NPO or developer. These deed restrictions or restrictive covenants place specific limitations on the use of the property. For this reason, the Housing Guidelines contain requirements on how restrictions are applied to properties purchased through CPP funds that cannot be changed or removed by any subsequent owner.

**A. Proposal**

Under the Housing Guidelines, a regional center may submit a housing proposal to DDS requesting approval of CPP funds for the acquisition and development of affordable and accessible homes for the benefit of consumers.

A submitted housing proposal must:

1. Be for an amount within an allowable CPP funds range not to exceed 25 percent of the total cost of a proposed project. For purposes of the Housing Guidelines, “total project cost” is defined as costs associated with the acquisition or new construction, of a property including both hard and soft construction costs but excluding any ancillary or personal property costs.

2. Be consistent with the regional centers' authority to conduct resource development as described in Welfare and Institutions Code, section 4418.25, and be submitted and approved through the CPP process.
3. Demonstrate a separation of property ownership from the delivery of services and supports within the home.
4. Contain sufficient budget detail to enable DDS to make a determination of how CPP funds will be used and the intended purpose.

#### B. DDS Review Standards

1. DDS makes an initial determination of the merits of the proposal and the ownership capacity of the proposed NPO.
2. DDS conducts a detailed review of proposals specific to requirements of the Housing Guidelines, specifically, Section III, Contents and Parameters of Proposal, and Appendix 3, Required Proposal and Project Documents. DDS uses the Threshold Criteria Checklist (Attachment 1) to document review findings.
3. DDS may, by means it deems appropriate, determine the accuracy and completeness of the proposal and the documents provided, and may contact any entity named in the proposal, including funding sources, contractors, clients, and other agencies for the purpose of verifying the information provided in the proposal.
4. Upon request, the regional center shall promptly and directly provide to DDS, as needed or requested, current, complete, and accurate information as specified in the Housing Guidelines.
5. The regional center shall agree to submit to all reviews related to the housing proposal and/or approved plan conducted by DDS, including examination and review of books, records, documents and files, in whatever form they exist, of the named regional center and its affiliate organizations, and to permit interviews of its principals, agents, and employees. A refusal to permit such inquiries shall be grounds for denial or revocation of funds.
6. The regional center shall certify the proposal does not include conflicts of interest in violation of Welfare and Institutions Code sections 4622 and 4626 and California Code of Regulations, Title 17, sections 54505 and 54520 through 54525.

#### C. Conditional Approval

1. If the proposal meets the requirements contained in the Housing Guidelines, DDS issues a Letter of Conditional Approval to the regional center that authorizes the regional center to implement the approved proposal, including

proceeding with the acquisition of property.

2. Upon conditional approval, the proposal will be referred to as the approved CPP Housing Project (project) and will be assigned a project number for tracking purposes.

## **II. Use of CPP Funds**

### **A. Allowable**

Allowable housing project expenses include, without limitation:

1. Pre-development, acquisition, new construction, renovation/rehabilitation, and development costs consistent with the conditionally approved project. (See Appendix 1 for details on these allowable costs.)
2. For a single-family project, the total cost includes the purchase price, equity financing, and renovation/rehabilitation costs, subject to the review of the regional center and DDS.
3. All deductions from the total acquisition and development cost must be identified, including, without limitation:
  - a. An itemization of all sources of debt and equity funds.
  - b. The amount of proposed CPP funds requested for the project.
  - c. The estimated total amount of debt service, i.e., mortgage.
4. The total amount of debt service must be based on an estimate of the monthly total debt service (i.e., total mortgage payments) plus taxes, insurance, and maintenance reserve amount.
  - a. For a single-family project, the amount of the debt service must at a minimum equal the property cost component of the service payment.

### **B. Non-Allowable**

Non-allowable housing expenses include, without limitation:

1. Purchase or improvement of real property that would be owned by a consumer or family.
2. Purchase of real property for which another funding source is available or to supplant existing funding, i.e., CPP funds may supplement or enhance funding combinations (leverages), but cannot be used in lieu of other available sources.

3. Purchase of real property owned by the regional center.
4. Ancillary costs not associated with the production of housing (i.e., pools, barns, etc.), as determined by DDS in its sole discretion.

### **III. Contents and Parameters of Proposal**

#### **A. Required Information**

At a minimum, the proposal must:

1. Identify the type of housing to be developed.
2. Identify the applicable NPO that will acquire ownership of the property, and demonstrate that the NPO's primary mission is to develop and manage affordable homes preferably for the needs of individuals with special needs, including those with developmental disabilities. For purposes of the Housing Guidelines, an NPO includes the following:
  - a. An Internal Revenue Service (IRS) 501(c)(3) corporation.
  - b. Limited partnerships that own the project with the NPO as a managing general partner that receives and retains an Organizational Clearance Certificate for the project from the California Board of Equalization. The project property must be exempt from property taxes.
  - c. Limited liability companies that own the project and receive and retain an Organizational Clearance Certificate for the project from the California Board of Equalization. The project property must be exempt from property taxes.
3. If applicable, identify any person, agency, business, and/or organization (developer) retained by the NPO.
4. For a single-family project, include a description of the neighborhood and extent of any impact associated with integration of the proposed consumer housing. Describe any consideration given to providing as much off-street parking as feasible on the site.
5. For a multi-family project<sup>1</sup>, include evidence that:
  - a. The ratio of consumers to non-consumers shall not exceed ten percent (10%) of the total available units in or on the identified property, or

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<sup>1</sup> "Multi-family" means any project with five or more units, including condominiums, apartments, or single story structures.

- b. Subject to review by DDS, the consumer to non-consumer ratio described above will be considered with the requirements of other prospective leveraged funding source combinations, including, without limitation, components contained in any county, city, or private foundation housing plans.
6. Demonstrate that the proposed housing meets the needs of the consumers, e.g. accessibility, medical, behavioral, etc., as specified in their Individual Program Plans. *If any of the consumers are moving into a home with four beds or less, the proposal must include a plan for the regional center to refer these consumers to the California Community Transitions (a federal Money Follows the Person grant).*
7. Demonstrate a partnership between the regional center and a local NPO vendorized by the regional center that will own the property, through an agreement or a memorandum of understanding (MOU) that describes the type of ownership, the tasks to be accomplished, the individual(s) who is responsible for those tasks, and an estimated time frame to accomplish those tasks. The agreement shall include a detailed plan and description for fair and equitable recoupment of the CPP funds in the event that, for any reason whatsoever, the real property ceases to be used as housing for regional center consumers.
8. If construction or permanent financing reimburses the developer, NPO, or regional center for pre-development and construction costs, as identified above, the proposal must demonstrate how these funds will continue to be used for the purpose of developing affordable and accessible homes for consumers.
9. Specify a process that ensures property ownership and management will be separate and distinct from the provision of services and supports.
10. Identify a process for ensuring that the NPO returns CPP funding to the regional center and DDS for properties that will not be completed or projects that do not conform to the purpose of the Housing Guidelines.
11. If the CPP unit is to be licensed, include a courtesy notification procedure that the local licensing entity is informed of plans for acquiring, developing, and/or renovating/rehabilitating homes within its jurisdiction.

**B. Development Team Qualifications**

Describe the development and management experience of the NPO, any developer retained by the NPO and other development team members. At a minimum, the proposal should include resumes, a summary of past projects, and a narrative of proposed property ownership from acquisition to conversion to permanent financing.

## C. NPO Documentation

### 1. Organizational

Provide the documents detailed in Appendix 2 that provide evidence of the NPO's organizational capability to undertake the project and ensure for the provision of property management following project completion.

### 2. Financial

- a. Provide three (3) years of audited financial statements with the most recent audit an unqualified audit opinion completed by a Certified Public Accountant using accepted accounting practices as follows:
  - i. For NPOs that have not operated for a full year, there is no requirement for an audit.
  - ii. For NPOs that have operated for at least one year but less than two years, an audit for the year of operation will be required.
  - iii. For NPOs that have operated for two years but less than three years, audits for the first two years of operation will be required with the most recent audit and unqualified audit. To ensure the current fiscal viability of the NPO, DDS will consider qualified audits so long as the qualified audits are not for the most recent full year of operation.
  - iv. For all other NPOs not described above, audits for the last three years of operation shall be submitted with the most recent audit and unqualified audit. To ensure the current fiscal viability of the NPO, DDS will consider qualified audits so long as the qualified audits are not for the most recent full year of operation.
- b. Provide current year-to-date financial statements of the NPO.

## D. Certification of No Conflict of Interest

Include the certification form (Attachment 2) that there is no conflict of interest as follows:

1. No member of the governing board of the regional center, or a family member of such person, has a conflict of interest in violation of Welfare and Institutions Code sections 4622 and 4626 and California Code of Regulations, Title 17 sections 54505, and 54520 through 54525.
2. No advisory committee board member has a conflict of interest in violation of Welfare and Institutions Code section 4622 and 4626 and California Code of Regulations, Title 17, sections 54505, and 54520 through 54525.

3. No regional center employee has a conflict of interest in violation of California Code of Regulations, Title 17, sections 54505, and 54521 through 54525.

#### E. Implementation Plan

Submit an implementation plan that:

1. Includes sequenced activities necessary for overall project completion and specific to each project property. Each property must have a projected completion date. Timeframes must be realistic.
2. Specifies a process that ensures compliance with all state and local building requirements, including without limitation the regional center's receipt of verification that any project has received all applicable, required permits prior to the start of any demolition, construction, or renovation/rehabilitation.

#### F. Financing

Include a detailed construction and operational budget that:

1. Describes the method used by the regional center to maintain accounting, financial and other records related to the use of CPP funds.
2. A proposal shall include evidence and source(s) of leveraged funds<sup>2</sup>:
  - a. Sources for leveraged funds may include private parties, bank loans, and foundations.
  - b. Evidence may include letters of commitment, memoranda of understanding, etc., that specify a financial commitment to the proposed project.
  - c. For a single-family project, demonstrate a leverage ratio of a minimum of three (3) dollars in leveraged funds to each one (1) dollar in CPP funds, i.e., the CPP funds do not exceed 25 percent of the total cost of the project.
  - d. For a multi-family project, demonstrate a leverage ratio of a minimum of three (3) dollars in leveraged funds to each one (1) dollar in CPP funds for each unit to be occupied by individuals receiving CPP funds, i.e., the CPP funds do not exceed 25 percent of the total cost of the units being developed for these individuals.

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<sup>2</sup> For purposes of these guidelines, "leveraged funds" are funds obtained from or with the assistance of other local, state, federal, and/or private entities that shall be used to develop housing.

3. For a single-family project:
  - a. Identifies the property cost component of the service payment, i.e., permanent debt service.
  - b. Demonstrates that the property cost component of the service payment will be eligible for federal financial participation reimbursement under the Centers for Medicare and Medicaid Services (CMS), Home and Community-Based Services Waiver (HCBSW), unless the home is being developed for Supported Living Services or Independent Living Services, or the full mortgage cost will be covered by the Supplemental Security Income of the consumers.
4. For a multi-family project:
  - a. Includes the Sources and Uses of Funds for the project.

#### G. Reporting Requirements

##### 1. Quarterly Progress Reporting

- a. Quarterly progress reports must be submitted to DDS on project activities (pre-development, construction, etc.), including completion of milestones in the project implementation plan.
- b. In addition to reporting on the above, as specified milestones are achieved for each project property, the regional center shall submit to DDS supporting documents listed in Appendix 3:

Milestone 1: Loan closing and property acquisition.

Milestone 2: Recordation of Notice of Completion or issuance of Certificate of Occupancy.

Milestone 3: Conversion of construction financing to permanent financing with an approved construction cost audit.

##### 2. First Year Operational Report

The regional center must submit to DDS a first year operational report 12 months after full occupancy that includes:

- a. A narrative on the project's operation for the year.
- b. An operational budget.
- c. Identification of the balances for the loan and replacement reserves.

#### **IV. Required Property Documents**

The purpose of these property documents is to protect and preserve homes developed with CPP funds for use by regional center consumers. As applicable, documents are listed according to milestone in Appendix 3.

##### **A. Deed of Trust**

An approved project shall have an executed, recorded deed of trust that includes notice to the regional center and DDS of default by the borrower.

##### **B. Regulatory Agreement**

An approved project shall have an executed, recorded regulatory agreement entered into between the regional center and the fee owner of the property that includes, at a minimum, the following:

1. Restricts the use of the property as housing for regional center consumers for a minimum of 55 years from the date of purchase.
2. Requires that the regional center and DDS receive written notification within five (5) days upon any default by the borrower.
3. Requires that DDS be notified no less than 90 days prior to the anticipated transaction date.
  - a. DDS must give prior written approval for any real property sale, transfer, pledge, assignment, hypothecation, or conveyance of the property.
  - b. Approval will be given if all conditions specified in the DDS previously approved regulatory agreement, deed of trust, and/or the DDS Covenants, Conditions and Restrictions (CC&Rs) are met. DDS approval will not be unreasonably withheld.
  - c. In lieu of or in conjunction with a recorded regulatory agreement, and at the sole discretion of DDS, the proposed subject property may have DDS CC&Rs recorded against the property the sole purpose of which would be to dedicate the subject property to DDS and/or regional center consumers for not less than 55 years.

##### **C. Subordination Agreement**

A subordination agreement is an agreement where a lienholder of a property allows another lienholder to hold a superior lien position to their position. The regional center's lien position is typically "subordinated" to one or all of the lenders that represent the leveraged portion of the project financing.

Occasionally, the regional center and DDS may be asked to subordinate their position subsequent to the acquisition of the property. In this case, the regional

center and DDS must ensure that the property remains dedicated to use by the regional center consumer.

As such, the regional center must ensure that:

1. DDS and the regional center give prior written consent to the proposed subordination.
2. DDS and the regional center should be notified within five (5) days prior to the proposed transaction date.
3. The subordination agreement includes provisions for “Notice of Default with the Right to Cure.”

D. Notice of Default with the Right to Cure

A Notice of Default is a formal notification by a senior lienholder that the borrower has violated the terms of the senior lienholder's deed of trust, promissory note, regulatory agreement or other recorded documents by the senior lienholder. This formal notification is provided any junior lienholder that has requested notification. The Notice of Default, based upon the date of recordation, begins the time frame where any or all junior lienholders have a right to “cure” (i.e., remedy) the borrower’s default. By curing the default, the senior lienholder’s default is removed and the junior lienholder’s interest in the property is preserved. (See Appendix 4 for detailed notification requirements.)

## Appendix 1

### Allowable Costs

#### A. Pre-Development Costs

Pre-development costs are incurred prior to construction or renovation/rehabilitation of real property as described below:

1. Escrow – An account maintained by a neutral third party acting in a fiduciary capacity to the buyer and the seller in a real estate transaction. The account holds deposits and documents required to effect the transfer of real property until a condition or conditions specified in the purchase agreement have been met.
2. Due Diligence Costs – Due diligence is the performance of duties or responsibilities with a degree of attention or care appropriate to the situation. In the context of these guidelines, it is related to the process of analyzing, and formulating a determination about, the feasibility of developing and managing real property. Due diligence is performed during the escrow period and includes, without limitation, various inspections and reports (e.g., termite reports, roof and other building inspections, etc.), and a determination of code compliance. Additionally, due diligence includes an analysis of the history of the property and verification of the status of the property as to ownership; CC&Rs; and zoning restrictions or other filings, liens, or encumbrances which define or limit the ownership rights of the buyer, including such items as environmental risk.
3. Environmental Impact Report (EIR) – A proposed change in ownership of a property may trigger the requirement for an EIR to determine existing or potential impacts on the environment. Impacts can range from, without limitation, traffic considerations to endangered species issues, some of which can require a team of experts to determine the most cost-effective mitigation method.
4. Survey and Soil Analysis – A land surveyor may be engaged to locate site boundaries, easements, and encroachments to determine if the proposed property is suitable to the buyer's intended purposes. If the soil is not suitable for construction purposes, a soil expert may be needed to determine what is required to overcome poor soil conditions to enable proper structure placement on the property.

#### B. Acquisition and Development Costs

Acquisition and development are allowable costs under the Housing Guidelines. These funds may be used as a down payment by the NPO to acquire property and/or construct or renovate/rehabilitate structures.

1. Acquisition costs are costs involved in the process of acquiring ownership in real property through a contract-based real estate transaction. Acquisition costs may be for maintaining control of real property during an option period required for

acquiring property, including real property improvements. Acquisition costs include, but may not be limited to, funds used to totally or partially option, purchase, or acquire ownership of a property either improved or not improved.

2. Development costs are costs associated with the construction or renovation/rehabilitation of improvements to real property from raw land to improved real property. These costs include, but are not limited to, title, construction, financing, and construction “hard” and “soft” costs.
3. Specific examples of acquisition and development costs are as follows:
  - a. Architectural and Engineering – Design professionals, including mechanical, civil, and structural engineers, may be employed to design a proposed new construction project and/or oversee the development required for a substantial rehabilitation (in excess of 5 percent of the total cost of the project) or renovation of a property.
  - b. Permits and Fees – Demolition, lead paint abatement, asbestos abatement, grading, sewer, water, fire, school, building permit, or other fees required by the local and regional jurisdictions must be paid as part of the development costs of the project prior to the start of any construction, renovation or rehabilitation.
  - c. Appraisal Cost – As part of the due diligence review and prior to close of escrow, the lender and buyer normally require an appraisal of the subject property to estimate the value of the property relative to the estimated value of comparable properties.
  - d. Developer, Legal, Accounting, Consultant, and Project Management Fees – A variety of professional expertise will be required to effectively manage the pre-development phase of the project.
  - e. Purchase Agreement/Option to Purchase – A contractual agreement between parties records the terms of purchase for a parcel of real property or provides an individual buyer or entity the option to purchase the identified real property during the term of the agreement.

### C. Renovation/Rehabilitation and New Construction Costs

To ensure that the unique needs of individuals with a wide range of disabilities can be accommodated, CPP funds may be used to renovate/rehabilitate or construct new improvements involving changes to the layout of real property and amenities as follows:

1. Renovation/rehabilitation costs include repainting, patching, and repairing of items in an existing structure for code compliance or replacement of old items with new items. These costs include specialized items required to provide a benefit to a new or existing consumer.

2. New construction or alterations to existing structures must be approved by local building inspectors as mandated in the Building Code.
3. When the CPP unit is to be licensed as a type of care facility (including both Community Care Facilities and Intermediate Care Facilities), the State Fire Marshall or local fire authority must approve the building plans.
4. When local building regulations and laws require a permit and/or building inspection, the regional center, NPO, or its contractor is required to follow those requirements.

## Appendix 2

### Required NPO Documentation

#### A. Non-Profit Corporations

For non-profit corporations, the regional center shall obtain and submit NPO documents that include, but are not limited to, the following:

1. A regional center vendor approval letter, pursuant to Title 17, California Code of Regulations (CCR), Section 54322(d).
2. IRS approval of 501(c)(3) status.
3. An Organizational Clearance Certificate for the managing general partner of the corporation from the California Board of Equalization in connection with the project property.
4. A current, within 30 days prior to proposal submission, Certificate of Status of Good Standing with the California Secretary of State.
5. Articles of Incorporation stating that, as part of its mission, the organization will develop and manage affordable homes preferably for individuals with special needs, including those with developmental disabilities, and identifying the leadership and responsibilities.
6. By-laws of the Corporation defines the purpose as being to develop and manage affordable homes preferably for individuals with special needs, including those with developmental disabilities, and identifies the leadership and responsibilities.
7. Documentation from the county tax assessor that evidences the project property is exempt from property taxes. If denied, DDS reviews the reason for the denial.
8. A list of current officers and Board members.
9. A corporate resolution that authorizes, in accordance with the by-laws of the Corporation, the signatory to sign, acts on behalf of, and obligates the NPO.

#### B. Limited Partnerships

For limited partnerships, the regional center shall submit with the proposal documents that include, but are not limited to, the following:

1. A regional center vendor approval letter, pursuant to Title 17, CCR, Section 54322(d).
2. A Certificate of Limited Partnership (LP-1).

3. Amendment to Certificate of Limited Partnership (LP-2), if any.
4. Current Limited Partnership Agreement, as amended, which defines that the purpose is to develop and manage affordable homes preferably for individuals with special needs, including those with developmental disabilities, and identifies the leadership and responsibilities.
5. A current, within 30 days of proposal submission, Certificate of Status of Good Standing of the Limited Partnership from the California Secretary of State.
6. An Organizational Clearance Certificate for the managing general partner of the limited partnership from the California Board of Equalization in connection with the project property.
7. Documentation from the county tax assessor that evidences the project property is exempt from property taxes. If denied, DDS reviews the reason for the denial.

C. Limited Liability Companies

For limited liability companies (LLCs), the regional center shall submit with the proposal documents that include, but are not limited, to the following:

1. A regional center vendor approval letter pursuant to Title 17, CCR, Section 54322(d).
2. Limited Liability Company Articles of Organization (LLC-1).
3. Limited Liability Company Certificate of Amendment (LLC-2), if any.
4. A fully executed operating agreement and all amendments which define that the purpose is to develop and manage affordable homes preferably for individuals with special needs, including those with developmental disabilities, and identify the corporate leadership and responsibilities.
5. A resolution that authorizes, in accordance with the operating agreement's Articles of Organization of the LLC, the signatory to sign, act on behalf of and obligate the LLC.
6. A current, within 30 days prior to proposal submission, Certificate of Status of Good Standing from the California Secretary of State.
7. An Organizational Clearance Certificate from the California Board of Equalization for the managing member of the LLC.
8. Documentation from the county tax assessor that evidences the project property is exempt from property taxes. If denied, DDS reviews the reason for the denial.

## Appendix 3

### Required Proposal and Project Documents

#### A. Conditional Approval

1. Proposal description
2. Development Team qualifications
3. Proposed property ownership (interim and final)
4. NPO organizational documents
5. NPO financial statements
6. Proposed Sources and Uses of Funds (budget)
7. Proposed implementation plan

#### B. Milestone 1: Loan Closing and Property Acquisition

1. Final implementation plan, including any funding commitment letters
2. Evidence of site control
3. Evidence of property purchase, including an executed, recorded deed of trust and regulatory agreement
4. Evidence of application to County Tax Assessor

#### C. Milestone 2: Recordation of Notice of Completion or Issuance of Certificate of Occupancy

1. Final Sources and Uses of Funds (budget)
2. Certificate of Occupancy (Notice of Completion, if rehabilitation)
3. Evidence of license application, if applicable

#### D. Milestone 3: Conversion of Construction Financing to Permanent Financing with an Approved Construction Cost Audit

1. Executed, long-term lease agreement (NPO and service provider)
2. Executed, property management agreement
3. Property tax exemption (if not provided sooner)
4. Reconciled Sources and Uses of Funds (budget)
5. Approved construction cost audit
6. Final license approval, if applicable
7. Evidence of property insurance

## Appendix 4

### Notification Requirements

The regional center must ensure that:

- A. The senior lienholder documents require junior lienholders to be notified when a borrower defaults or breaches the senior lienholder's recorded agreement(s).
- B. Upon notification by the senior lienholder, the junior lienholders are allowed the opportunity to resolve (cure) the issues that caused the default during a defined time period.
- C. The senior lienholder documents must also contain a promise to notify junior lienholders, which is independent from the other terms of the documents, and shall not cause the senior lienholder documents to be nullified.
- D. Notice of Default: Should a default occur by the borrower, the senior lienholder agrees to promptly (no later than the following business day) notify DDS in writing by certified mail, the regional center and, if applicable, other junior lienholders. The other junior lienholders or DDS shall also have the right, but not the obligation, to cure the default. During the notification period, DDS and the regional center shall analyze the status of the identified property to determine:
  1. If the borrower's default is reasonably capable of being cured within sixty (60) days with concurrence by the senior lienholder.
  2. In order to permit DDS or the regional center or any other junior lienholder to cure the default to protect the junior lienholder position within the provided-for time period, the senior lienholder documents must include an agreement to take no action during the stated time period unless such time period is mutually extended by both senior and junior lienholders.
  3. The senior lienholder documents must contain provisions that if:
    - a. DDS, in its sole and reasonable discretion and within the allotted time period, determines the default is not reasonably capable of being cured within sixty (60) days, and
    - b. The regional center determines with the concurrence of the senior lienholder that a longer period is needed to effect a cure, or
    - c. If the junior lienholder or DDS:
      - i. Initiates corrective action within the allowable time period, and
      - ii. Diligently, continually, and in good faith works to effect a cure as soon as possible, then

- d. The junior lienholder or DDS shall have such additional time as agreed by the senior lienholder to cure the default prior to exercise any remedies by the senior lienholder.
  
- E. In no event shall the senior lienholder be prevented from exercising remedies if its security becomes, or is about to become, materially jeopardized by any failure to cure a default, or if the default is not cured within ninety (90) days after the first notice of default is given or such longer period of time as may be specified in by the senior lienholder deed of trust.
  
- F. Nothing in this section is intended to modify any covenant, term, or condition contained in the senior lienholder documents.
  
- G. The provisions of this section are intended to supplement, and not to limit, waive, modify or replace, the notice and cure rights of junior lienholders including without limitation those set forth in California Civil Code, sections 2924b and 2924c.