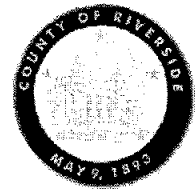


**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

345
C



FROM: Redevelopment Agency

SUBMITTAL DATE:
June 28, 2011

SUBJECT: Disposition and Development Agreement with Workforce Homebuilders LLC for the Development of the Highgrove Family Apartments in the Unincorporated Community of Highgrove

RECOMMENDED MOTION: That the Board of Directors:

1. Conduct a joint Public Hearing with the Board of Supervisors per Health and Safety Code 33431 and 33433;
2. Find that although the Disposition and Development Agreement, Deed of Trust and Promissory (Agreement) could have a significant effect on the environment, nothing further is required because all potentially significant effects have been adequately analyzed in the Mitigated Negative Declaration Environmental Assessment No. 42406 and have been avoided or mitigated pursuant to the EA No. 42406;

(Continued)

Robert Field
Executive Director

| | | | | |
|-----------------------|-------------------------------|--------------|-------------------------|---------|
| FINANCIAL DATA | Current F.Y. Total Cost: | \$ 7,475,000 | In Current Year Budget: | Yes |
| | Current F.Y. Net County Cost: | \$ 0 | Budget Adjustment: | No |
| | Annual Net County Cost: | \$ 0 | For Fiscal Year: | 2011/12 |

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: Yes

| | | |
|---|---|--------------------------|
| SOURCE OF FUNDS: Redevelopment Low-and Moderate-Income Housing Funds | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

Dep't Recomm.: Consent Policy
Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.: 4.3 of 4/20/2010

District: 5

Agenda Number:

4.3

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED
 PAUL ANGLIO, CPA, AUDITOR-CONTROLLER
 BY: Samuel Wong
 SAMUEL WONG
 DATE: 6-28-11
 ANITA C. WILLIS
 FORM APPROVED COUNTY COUNSEL
 BY: Anita C. Willis

Redevelopment Agency

Disposition and Development Agreement with Workforce Homebuilders LLC for the Development of the Highgrove Family Apartments in the Unincorporated Community of Highgrove

June 28, 2011

Page 2, 2011

RECOMMENDED MOTION: (Continued)

3. Approve the attached Disposition and Development/Affordable Housing Agreement, Deed of Trust, and Promissory Note by and between the Redevelopment Agency and Workforce Homebuilders LLC;
4. Authorize the Chairman of the Board to execute the attached Agreement; and
5. Authorize the Executive Director, or designee, to execute the necessary agreements required to allow Workforce Homebuilders LLC to assign the Agreement to a limited partnership to be formed at a later date, in connection with the ownership structured required for the limited partner tax credit equity contribution, subject to approval by Agency Counsel;
6. Authorize the Executive Director, or designee, to take all necessary steps to implement the attached Agreement, including, but not limited to, signing subsequent, necessary and relevant documents.

BACKGROUND:

The Redevelopment Agency for the County of Riverside (agency) owns approximately a 7.43 acre parcel with Assessor's Parcel Number 255-070-013, located at the southwest corner of Center Street and Michigan Ave in the unincorporated community of Highgrove (site). When the site was acquired by the agency, it was acquired for the purpose of removing blight and future development.

The agency has since built a public library on a portion of the site (.72 acres) which opened in March 2011. The agency has decided that the best use for the balance of the land would be to build an affordable housing project. The agency is in the process of subdividing the site into two separate lots, a .72 acre lot where the current public library is located and a 6.71 acre lot for developing an affordable housing project for low-income households. As such, the agency wishes to sell the 6.71 acre lot (Project Site) to Workforce Homebuilders LLC (Developer) for the development of an affordable housing project. The Developer is proposing to build an 89-unit multifamily affordable housing complex for low-income households (Project). On April 20, 2010, the Board of Directors approved an Exclusive Negotiation Agreement (ENA) with the Developer. The ENA included a loan to the Developer in the amount of \$550,000 for expenses incurred in the entitlement process.

The agency wishes to enter into a Disposition and Development/Affordable Housing Agreement (Agreement) by and between the agency and Workforce Homebuilders LLC, a California limited liability company that will include the purchase of the Project Site by the Developer from the agency and the development of an 89 unit affordable housing complex. Of the 89 units, 61 will be two-bedroom units and 28 will be three-bedroom units, 44 of the units will be restricted to serve households whose income does not exceed 50% percent of the County median income, as defined by California Health and Safety Code Sections 50079.5 and 50105. One two-bedroom unit will be set aside for an on-site manager. There will be seven residential buildings and a community building of approximately 2,411 sq/ft on the Project Site. Other amenities will include a swimming pool and spa, tot lot, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 239 parking spaces, with 89 garages and an additional 36 spaces being covered parking.

(Continued)

Redevelopment Agency

Disposition and Development Agreement with Workforce Homebuilders LLC for the Development of the Highgrove Family Apartments in the Unincorporated Community of Highgrove

June 28, 2011

Page 3

BACKGROUND: (Continued)

Additionally, the agency will provide a loan of \$7,475,000, inclusive of the \$550,000 ENA Loan, for the construction of the Project (Agency Loan). In accordance with the ENA upon execution of a Disposition and Development Agreement the amount of the then outstanding balance of the Pre-development Loan shall be credited against any amount which the agency is required to lend Developer pursuant to the Agency Loan.

The total Project budget is \$19,118,286. The sources of funds utilized will be a loan from Federal Home Loan Bank Affordable Housing Program for \$350,000, a permanent loan for \$2,225,403, and a Limited Partner Tax Credit Equity contribution of \$9,067,883.

Notice was given pursuant to Section 33431 and 33433 of the California Health and Safety Code of the agency's intent to sell the Project Site and the consideration of the Agreement. Additionally, County of Riverside Planning department as the lead entity has prepared an Initial Study (EA 42406) to assess the potential environmental effect of the Project. The Initial Study indicated all issues of environmental concern can be adequately mitigated to a level of insignificance. Notice of the Study and proposed Mitigated Negative Declaration has been published in accordance with the California Environmental Quality Act.

The Redevelopment Agency for the County of Riverside recommends that the Board of Directors of the Redevelopment Agency approve the Agreement. Agency Counsel has reviewed the Agreement and approved it as to form.

FINANCIAL DATA:

All the costs related to the development of the project will be fully funded with Redevelopment Housing Set Aside Funds. The agency has budgeted this expense in the FY 2011/12 budget.

Attachments:

Disposition and Development/Affordable Housing Agreement

Deed of Trust

Promissory Note

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

**REDEVELOPMENT AGENCY FOR THE COUNTY OF
RIVERSIDE**

and

**Workforce Homebuilders LLC
a California limited liability company**

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT (the "DDA"), dated as of June 27, 2011 2011 ("Effective Date"), is entered into by and between the **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Agency"), and **Workforce Homebuilders LLC**, a California limited liability company ("Developer").

RECITALS

A. Agency is a California redevelopment agency acting under the California Community Redevelopment Law, Part 1 of Division 24 of the Health and Safety Code (the "Redevelopment Law").

B. The Agency owns and has possession of a certain parcel of real property located in an unincorporated area of Riverside County known as Highgrove, Assessor Parcel Number 255-070-013, totaling approximately 7.43 acres, more or less and more particularly described in the "Site Map," which is attached hereto as Attachment No. 1 (the "Site"). The Agency is in the process of subdividing the Site into two separate lots, a 6.71 acre lot and a .72 acre lot. The Agency has constructed a public library on the .72 acre lot and Developer is proposing to build an affordable housing project for low-income households (the Project) on the 6.71 acre lot. The site will be entitled through the County of Riverside Planning Department. The purposes of the Agency in entering into this DDA include encouraging the development of affordable multifamily housing available to persons and families of low and moderate income, constituting qualifying "Extremely Low Income Households," "Very Low Income Households," and "Low and Moderate Income Households," as defined herein; and

C. Developer proposes developing and constructing an 89 unit multifamily rental housing complex (the "Housing Project") on the Site for rent to qualifying Extremely Low Income Households, Very Low Income Households and Low and Moderate Income Households. Developer wishes to acquire the Site from the Agency to implement such purpose.

D. In order to facilitate the development and operations of the Housing Project by Developer, and subject to and conditioned upon satisfaction of the terms of this DDA, the parties desire for the Agency to convey the Site to Developer on the terms and conditions as set forth in this DDA. Additionally, the parties desire for the Agency to make a loan to Developer (the "Agency Loan") from the Agency's Low and Moderate Income Housing Fund (the "LMIHF"), which has been established by the Agency pursuant to Health and Safety Code Sections 33334.2 and 33334.3 for the purpose of increasing, improving and preserving the community's supply of housing for low and moderate income persons at affordable housing cost. The County on July 16, 2002 merged the 5-1986 and 5-1987 redevelopment project areas and created the redevelopment plan in the County known as the 1-215 Corridor Project Area (hereinafter referred to as "Project Area"). The Site is located within the boundaries of the Project Area. The Agency Loan will be used by Developer to assist with the cost of developing the Housing Project.

E. It is the intent of the parties to maximize the leverage of LMIHF funds by making every effort to secure sources of non-local financing for the Housing Project. Accordingly, the

anticipated method of financing for development of the Site includes funds from the following sources: (1) a construction loan from a lender to be named later; (2) a residual receipts loan of LMIHF Funds made by the Agency to the Developer; (3) Tax Credit syndication proceeds; and (4) a grant or loan to the Developer by the Federal Home Loan Bank under the Federal Home Loan Bank Affordable Housing Program.

F. The Developer's acquisition of the Site and development and operation of the Housing Project pursuant to the provisions of this DDA, and the fulfillment generally of the provisions of this DDA, are in the vital and best interests of the Agency and of the health, safety and welfare of the residents of the County of Riverside (the "County") and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements which govern the Agency. The income and rent restrictions provided for hereunder are intended to satisfy the requirements of Health and Safety Code Sections 50079.5, 50093 and 50105.

G. Agency previously entered into an Exclusive Negotiating Agreement ("ENA") with Workforce Homebuilders LLC, regarding the potential development of Site, Assessor Parcel Number 255-070-013, which ENA expired pursuant to its terms.

H. Developer, as part of the consideration to induce Agency to enter into this DDA, wishes to release and forever discharge Agency and the County of Riverside and their agents (the "Release Parties") from any and all claims, actions, causes of action, in law or in equity, of any nature whatsoever, known or unknown, fixed or contingent, which Developer now has or may hereafter have against the Release Parties, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date of signing of this DDA, including, without limiting the generality of the foregoing, any claims related to any prior agreements with Agency. Developer makes this release on behalf of itself, its predecessors, successors, assigns, employees, companies, officers, directors, agents, attorneys, subsidiaries, divisions, and/or affiliated corporations or organizations.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms. As used in this DDA (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

"**Affiliate**" means (i) any party directly or indirectly controlling, controlled by or under common control with another party, (ii) any party owning or controlling 10% or more of the outstanding voting securities of such other party, (iii) any officer, director or partner of such party, or (iv) if such other party is an officer, director or partner, any company for which such party acts in any such capacity.

"**Affordable Rent**" means rent (including a reasonable utility allowance) (i) for a Extremely Low Income Household which does not exceed the product of 30% times 30% of the area median income for Riverside County, adjusted for household size appropriate for the unit, (ii) for a Very Low Income Household which does not exceed the product of 30% times 50% of the area median income for Riverside County, adjusted for household size appropriate for the unit, and (ii) for a Low and Moderate Income Household which does not exceed the product of 30% times 110% of the area

median income for Riverside County, adjusted for household size appropriate for the unit. The manner Affordable Rent is to be determined is further set forth in the Method of Calculation.

“Assisted Units” means the eighty-eight (88) units that will be restricted to serve Extremely Low Income Households, Very Low Income Households and Low and Moderate Income Households.

“Agency” means the Redevelopment Agency for the County of Riverside, a public body, corporate and politic, exercising governmental functions and powers and organized under the Redevelopment law, and any assignee of or successor to its rights, powers and responsibilities.

“Agency Conditions Precedent” is set forth in Section 3.1.

“Agency Grant Deed” means a deed in the form of Attachment No. 6 to this DDA.

“Agency Deed of Trust” means Attachment No. 13 to this DDA.

“Agency Escrow” is described in Section 2.2.

“Agency Loan” means the loan from the Agency to the Developer, in the amount and made pursuant to the terms and conditions described in this DDA.

“Agency Loan Documents” means this DDA, the Agency Promissory Note, the Agency Deed of Trust, Agency Grant Deed, Regulatory Agreement, Agency Notice of Affordability and any other document or instrument required to satisfy the executory provisions of this DDA.

“Agency Note” means Attachment No. 12 to this DDA.

“Agency Regulatory Agreement” means the Regulatory Agreement to be executed by Developer in favor of Agency, attached hereto as Attachment No. 5.

“Agency’s Title Policy” means the ALTA lender’s policy of title insurance to be issued to the Agency by the Title Company pursuant to Section 2.4 hereof.

“DDA” Disposition and Development Agreement by and between the Agency and the Developer

“AHP Loan” means a grant or loan awarded to Developer for the Housing Project by the Federal Home Loan Bank under the Federal Home Loan Bank Affordable Housing Program.

“AHP Deed of Trust” means the deed of trust securing the AHP Loan.

“AHP Lender” means the financial institution providing the funding for the AHP Loan.

“Applicable Interest Rate” means one percent (1%) simple interest per annum. **“Approved Construction and/or Permanent Lender”** means one or more of Bank of America, Citibank, Wells Fargo Bank, US Bank, or another mutually acceptable institutional lender.

“Area” means the Riverside-San Bernardino Primary Metropolitan Statistical Area, as periodically defined by HUD.

“Audited Financial Statement” means an audited financial statement, including without limitation a profit and loss statement, generated by a third party certified public accountant acceptable to the Agency in its reasonable discretion, showing, for the previous Year, on a monthly basis and in an easily readable format, Gross Revenues, Operating Expenses, Debt Service, Operating Reserve, Capital Replacement Reserve and Residual Receipts. Depreciation and non-cash items shall not be included except as maybe required by Generally Accepted Accounting Principles.

“Basic Concept Drawings” is defined in Section 4.2.1 hereof.

“Building Permit” means the building permit(s) issued by the County and required for the Improvements.

“Capital Replacement Reserve” is defined in Section 5.13 of this DDA.

“Certificate of Completion” means Attachment No. 10 to this DDA.

“Certificate of Continuing Program Compliance” means the Certificate to be filed by the Developer or its property manager on behalf of the Developer with the Agency, which Certificate shall be substantially in the form attached hereto as Attachment No. 4.

“Closing Date” means the date the Agency Grant Deed is recorded.

“Completion” means the date that construction of the Housing Project is completed and evidenced by a certificate of occupancy issued by the Riverside County Transportation Land Management Agency.

“Condition of Title” is defined in Section 2.3 hereof.

“Construction Lender” means an institutional lender acceptable to the Agency which loans Developer a Construction Loan to finance a portion of the Development Costs incurred by Developer to construct the Housing Project.

“Construction Loan” means the construction loan to be made by the Construction Lender.

“Conversion Date” means the date that construction of the Improvements has been completed and all of the other conditions precedent in order for the Permanent Lender to fund the Permanent Loan have been satisfied.

“Conveyance” means the conveyance of the Site by recordation of the Agency Grant Deed.

“County” means the County of Riverside, a political subdivision of the State of California.

“Date of DDA” the date approved by the Board of Directors.

“Debt Service” means required debt service payments for the Primary Construction Loan and/or the Primary Permanent Loan including the funding obligations in respect of all reserves or escrows required thereunder.

“Default” is defined in Section 7.1 hereof.

“Description of Predevelopment Expenses” means Attachment No. 16 to this DDA.

“Developer” means **Workforce Homebuilders LLC**, a California limited liability corporation, or any permitted assignee or nominee as permitted hereunder or as hereafter approved in writing by the Agency.

“Developer’s Policy” is defined in Section 2.4.

“Development” means the development of an eighty-nine (89) unit multifamily apartment complex, including a manager unit and associated improvements as required by this DDA to be: (i) developed by the Developer upon the Site, with related offsite improvements, as more particularly described in the Scope of Development, and (ii) operated in conformity with the Agency Grant Deed and the Agency Regulatory Agreement.

“Development Costs” means all costs which are actually incurred by Developer for the acquisition of the Site and the financing, development and construction of the Improvements.

“Effective Date” means the date the parties execute this DDA.

“Entitlements” means any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act (including and subject to all mitigation measures), tentative and final tract maps, variances, site plans, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any governmental agency in order to commence and complete the construction of the Improvements and occupancy and operation of the Housing Project.

“Escrow Holder” means the holder of the Escrow for the conveyance of the Site by the Agency to the Developer and the recordation of the Agency Regulatory Agreement, which shall be Fidelity National Title Company or another escrow holder mutually acceptable to the Agency and the Developer.

“Event of Default” has the meaning set forth in Section 7.1.

“Executive Director” means the Executive Director of the Agency or designee or delegate.

“Extremely Low Income Household” means a household whose annual household income does not exceed the maximum income limit for extremely low income households for Riverside County, adjusted for applicable household size, pursuant to regulation of the California Department of Housing and Community Development in accordance with Health & Safety Code Section 50106, or any successor statute, and the regulations promulgated pursuant thereto.

“Hazardous Materials” As used in this Agreement, the term “Hazardous Materials” means any substance, material or waste which is (1) defined as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” or “restricted hazardous waste” under any provision of California law; (2) petroleum; (3) asbestos; (4) polychlorinated biphenyls; (5) radioactive materials; (6) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant

to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (7) defined as a "hazardous substance" pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903) or its implementing regulations; (8) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601); or (9) determined by a California, federal or local governmental authority to be capable of posing a risk of injury to health, safety or property.

"Housing Project" means the financing, planning and construction of the Improvements and the use and operation of the Site thereafter, as provided in this DDA.

"Improvements" means all of the improvements described in the Scope of Development.

"Income Verification" means Attachment No. 11 to this DDA.

"Inspection Deadline" means the ninetieth (90th) day following the Date of DDA.

"Investor Limited Partner" means the entity that will purchase the Tax Credits.

"Legal Description of the Site" means Attachment No. 2 to this DDA.

"Low or Moderate Income Household" means a household whose annual household income does not exceed the maximum income limit for moderate income households for Riverside County, adjusted for applicable household size, pursuant to regulation of the California Department of Housing and Community Development in accordance with Health & Safety Code Section 50093, or any successor statute, and the regulations promulgated pursuant thereto.

"Median Income" means Median Income for the Area (namely, Riverside County), as set forth by regulation of the California Department of Housing and Community Development pursuant to Health and Safety Code Sections 50079.5 and 50105.

"Method of Calculation" means Attachment No. 7 to this DDA.

"Notice" means a notice in the form prescribed by Section 8.2 hereof.

"Notice of Restriction" means Attachment No. 14 to this DDA.

"Operating Reserve" is defined in Section 5.14 of this DDA.

"Permanent Lender" means the institutional lender approved by the Agency who, at the completion of the Housing Project loans the Developer a Permanent Loan for the Housing Project.

"Permanent Loan" means the loan made by the Permanent Lender at the Conversion Date.

"Permitted Senior Lien" means collectively, the deeds of trust securing the Primary Construction Loan, the Primary Permanent Loan, and the MHP Loan.

"Permitted Transfer" means any Transfer that is approved by the Agency or expressly permitted by the terms of this DDA.

“Pre-Development Loan” means the \$550,000 loan awarded to the Developer by the Agency on April 20, 2010 for expenses incurred in the entitlement process of the Housing Project.

“Primary Construction Loan” means the mortgage loans obtained by the Developer from a bank, savings and loan association, or other similar financial institution for financing the development (but not the operation) of the Housing Project pursuant to this DDA.

“Primary Permanent Loan” means the mortgage loan obtained by the Developer from a bank, savings and loan association, or other similar financial institution in an amount limited to satisfaction of the outstanding balance of the Primary Construction Loan or in an amount in excess of such outstanding balance.

“Principals” means D. Anthony Mize, President.

“Project Documents” means, collectively, this DDA, Agency Deed of Trust, Agency Grant Deed, Agency Promissory Note, Agency Regulatory Agreement, Agency Grant Deed, all other Attachments to this DDA, and any other agreement, document, or instrument that Agency requires in connection with the execution of this DDA or from time to time to effectuate the purposes of this DDA.

“Purchase Price” means the sum of One Dollar (\$1.00).

“Qualified Household” means a household which intends to occupy a Unit as its principal residence and qualifies as an Extremely Low Income Household, Very Low Income Household or Low or Moderate Income Household.

“Recordable Documents” means the following: (i) the Agency Regulatory Agreement and (ii) such other instruments as shall be approved by Agency (upon consultation with Agency’s legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof).

“Redevelopment Plan” is defined in Section 1.5 hereof.

“Related Entity” means a Principal or an entity in which any interest is held by the Developer or one or more of the Principals.

“Request for Notice of Default” means Attachment No. 8.

“Required Assisted Units” means forty four (44) of the units required to be developed on the Site under this DDA or such greater number to the extent provided by Section 5.2.1 hereof.

“Required Covenant Period” means a period of fifty-five (55) years, commencing as of the issuance of a final certificate of occupancy for all of the Units, and continuing until the fifty-fifth (55th) anniversary thereof.

“Residual Receipts Report” means a report to be provided annually by the Developer to the Agency as more particularly provided in the Agency Note.

“Schedule of Performance” means Attachment No. 3 to this DDA. The Schedule of Performance sets forth the dates by which Agency and Developer are to perform certain obligations under this DDA.

“Scope of Development” means Attachment No. 9 to this DDA.

“Site” means that real property depicted on the Site Map and described with greater particularity by the Legal Description of the Site.

“Site Map” means Attachment No. 1 to this DDA.

“Title Company” shall be Fidelity National Title Insurance or another title insurer mutually acceptable to the Agency and the Developer.

“Transfer” means:

(i) the sale, agreement to sell, transfer or conveyance of the Site, the Housing Project, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Site or Housing Project, or the lease of all or substantially all of the Site or Housing Project, except as provided in subparagraph (iii) (E), below.

(ii) “Transfer” shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Developer, or any conversion of Developer to an entity form other than that of Developer at the time of execution of this DDA, except that a cumulative change in ownership interest of the managing general partner of the Developer of forty nine percent (49%) or less and any transfer by the administrative general partner of the Developer shall not be deemed a “Transfer” for purposes of this DDA.

(iii) notwithstanding paragraphs (i) and (ii) above, “Transfer” shall not include any of the following Permitted Transfers:

(A) a conveyance of title to the Site to the beneficiary of a senior deed of trust, if any, and/or the Agency Deed of Trust in connection with a foreclosure, a deed in lieu of foreclosure or similar conversion of such loan.

(B) (1) Subject to subparagraph (B)(2), below, a conveyance of the Site or Housing Project to a limited partnership in which the managing general partner is a nonprofit entity and the other general partner is Workforce Homebuilders, LLC, the managing member of Workforce Homebuilders, LLC, or an affiliate or permitted assignee of Workforce Homebuilders, LLC (a “Tax Credit Limited Partnership”), or a sale back from such partnership to the nonprofit managing general partner of the Tax Credit Limited Partnership and/or Workforce Homebuilders, LLC or its managing member, affiliate or permitted assignee, or the substitution of either such general partner as directed by the Investor Limited Partner in accordance with the terms of the Limited Partnership Agreement.

(2) Notwithstanding any provision to the contrary contained herein, any event described in subparagraph (B)(1) shall not be deemed to be a Permitted Transfer unless the Agency Executive Director or designee reasonably determines, which determination shall not be unreasonably withheld, that Workforce Homebuilders, LLC, the managing member of

Workforce Homebuilders, LLC, or an affiliate or permitted assignee of Workforce Homebuilders, LLC remains, or another entity reasonably acceptable to the Agency Executive Director (which shall not be unreasonably withheld) becomes, a general partner of the Developer.

(C) The leasing for occupancy of all or any part of the Site or Housing Project in accordance with this DDA.

(D) The inclusion of equity participation by Developer by transfer or addition of limited partners to the Developer, the Tax Credit Limited Partnership, or similar mechanism.

(E) The pledge by the general partner of the Tax Credit Limited Partnership to the Investor Limited Partner of the general partner's interest in the Developer, as security for the performance of all of such general partner's obligations under the Limited Partnership Agreement.

(F) The sale, transfer, syndication or pledge of any limited partnership interest in the Developer or of any limited partnership interest in the Tax Credit Limited Partnership.

(G) The appointment by the Investor Limited Partner, in accordance with the Limited Partnership Agreement, of an additional or substitute general partner that is an Affiliate of the Investor Limited Partner or, if not an Affiliate of the Investor Limited Partner, is reasonably acceptable to the Agency.

(H) Any dilution of the general partner's interest in the Developer in accordance with the Limited Partnership Agreement.

"Unit" means each of the eighty-nine (89) rental dwelling units required to be developed by the Developer under this DDA.

"Very Low Income Households" means a household whose annual household income does not exceed the maximum income limit for extremely low income households for Riverside County, adjusted for applicable household size, pursuant to regulation of the California Department of Housing and Community Development in accordance with Health & Safety Code Section 50105, or any successor statute, and the regulations promulgated pursuant thereto.

"Year" means the period commencing as of the Closing Date and ending as of December 31 of that calendar year, then each succeeding calendar year thereafter during the Required Covenant Period.

1.2 Singular and Plural Terms. Any defined term used in the plural in this DDA or any Project Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3 References and Other Terms. Any reference to this DDA or any Project Document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to this DDA unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term "document" is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written

material of every kind. The terms "including" and "include" mean "including (include) without limitation."

1.4 Exhibits Incorporated. All attachments and exhibits to this DDA, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

1.5 The Redevelopment Plan. The County on July 16, 2002 merged the 5-1986 and 5-1987 redevelopment project areas and created the Redevelopment Plan in the County known as the 1-215 Corridor Project Area (the "Redevelopment Project"), and has been subsequently amended. The project area of the Redevelopment Project is referred to herein as the "Project Area".

The use of the Site for affordable housing purposes under this DDA is of benefit to the Project Area. This DDA is made pursuant to the Redevelopment Plan. The Developer has reviewed the Redevelopment Plan and agrees to perform under this DDA in conformity with the Redevelopment Plan and this DDA.

1.6 Representations and Warranties.

1.6.1 Agency Representations. Agency represents and warrants to Developer as follows:

(a) Authority. Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000), which has been authorized to transact business pursuant to action of the County. Agency has full right, power and lawful authority to convey the Site as provided herein and the execution, performance, and delivery of this DDA by Agency has been fully authorized by all requisite actions on the part of Agency. The parties who have executed this DDA on behalf of Agency are authorized to bind Agency by their signatures hereto.

(b) Litigation. To the best of Agency's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

(c) No Conflict. To the best of Agency's knowledge, Agency's execution, delivery, and performance of its obligations under this DDA will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(d) No Agency Bankruptcy. Agency is not the subject of a bankruptcy proceeding.

Until the Closing Date, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.6.1 not to be true as of the Closing Date, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Site. If Developer elects to accept the conveyance of the Site and possession of the Site following disclosure of such information, Agency's representations and

warranties contained herein shall be deemed to have been made as of the Closing Date, subject to such exception(s). If, following the disclosure of such information, Developer elects to not accept the conveyance of the Site and possession of the Site, then this DDA shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.6.1 shall survive the Closing Date.

1.6.2 Developer Representations. In addition to the general representations and warranties provided in Section 6, Developer represents and warrants to Agency as follows:

(a) Authority. Developer is a duly organized limited liability company organized within and in good standing under the laws of the State of California. Developer has full right, power and lawful authority to lease and accept title to and possession of the Site and undertake all obligations as provided herein and the execution, performance and delivery of this DDA by Developer has been fully authorized by all requisite actions on the part of the Developer. The parties who have executed this DDA on behalf of Developer are authorized to bind Developer by their signatures hereto.

(b) Litigation. To the best of Developer's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Developer, at law or in equity before any court or governmental agency, domestic or foreign.

(c) No Conflict. To the best of Developer's knowledge, Developer's execution, delivery, and performance of its obligations under this DDA will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(d) No Developer Bankruptcy. Developer is not the subject of a bankruptcy proceeding.

(e) Developer Experience; Sophisticated Party. Developer and its affiliated entities are sophisticated parties, with substantial experience in the acquisition, rehabilitation, development, financing, obtaining financing for, marketing, and operation of affordable housing projects and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. The Developer is familiar with and has reviewed all laws and regulations pertaining to the development and operation of the Development and has obtained advice from any advisers of its own choosing in connection with this DDA.

(f) Due Authorization and Execution. Developer has duly authorized the execution of this DDA, and is ready, willing and able to execute the Agency Regulatory Agreement, the Agency Note, the Agency Deed of Trust, and all documents necessary to effectuate the Conveyance of the Site. Within three (3) calendar days prior to the Closing, Developer shall execute and deposit with the Agency (to be held pending satisfaction of the Agency Conditions Precedent as set forth in Section 3.1 hereunder) the Agency Regulatory Agreement, the Agency Note, the Agency Deed of Trust, and all documents necessary to effectuate the Agency Regulatory Agreement hereunder.

Until the Closing Date, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.6.2 not to be true as of the Closing Date, immediately give written notice of such fact or condition to Agency. Such exception(s) to a

representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the development and/or operation of the Site. If Agency elects to proceed with the conveyance of the Site following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing Date, subject to such exception(s). If, following the disclosure of such information, Agency elects to not close Escrow, then this DDA and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.6.2 shall survive the Conveyance of the Site.

2. DISPOSITION OF THE SITE

2.1 Conveyance of the Site. Subject to the satisfaction of those conditions set forth in Sections 3.1 and 3.2 hereof, the Agency is prepared to convey the Site to the Developer in consideration of payment by Developer of the Purchase Price and the performance by Developer under all terms and conditions of this DDA.

The Developer warrants and represents that it has undertaken and completed at its expense an investigation of the Site, including without limitation condition of title, surface and subsurface conditions, and the suitability of the Site for the Improvements required pursuant to this DDA. The Developer has selected the Site and has determined that it is suitable for all development and uses as provided for pursuant to this DDA. Prior to the Date of DDA, the Agency has provided to the Developer a preliminary title report by the Title Company. Developer has reviewed the condition of title to the Site and the condition of the Site (as more fully set forth in Section 2.3 of this DDA), and all such matters are satisfactory to the Developer.

In consideration of the Agency entering into this DDA and conveying the Site, the Developer shall develop the Improvements and comply with and cause the use of the Site to conform to the Agency Regulatory Agreement.

2.2 Escrow. The parties shall open an escrow (the "Agency Escrow") with the Escrow Holder, by the time established therefore in the Schedule of Performance for the Conveyance, and the recordation and delivery of documents described in Section 2.1. The Agency and the Developer agree to execute such escrow instructions as may be reasonably required to implement this Section 2.2. The obligation of the Agency to deliver the Agency Grant Deed, as well as the Agency Note, the Agency Deed of Trust, the Agency Regulatory Agreement, to escrow or to proceed with the Conveyance is contingent upon the satisfaction of the "Conditions," as set forth in Section 3.1 of this DDA.

2.2.1 Costs of Escrow. The Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 2.4 hereof, the Developer shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Site by the Agency to the Developer, and the Developer agrees to pay all escrow charges and all other usual fees, charges, and costs which arise from Escrow.

2.2.2 Escrow Instructions. This DDA constitutes the joint escrow instructions of the Developer and the Agency, and the Escrow Holder to whom these instructions are delivered is hereby empowered to act under this DDA. The parties hereto agree to do all acts reasonably necessary to close this Escrow in the shortest possible time. Insurance policies for fire or casualty

are not to be transferred, and the Agency will cancel its own policies after the Conveyance of the Site. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If in the opinion of either party it is necessary or convenient in order to accomplish the Conveyance, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this DDA and the supplemental escrow instructions, then the provisions of this DDA shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this DDA. The Conveyance shall take place when the Agency Conditions Precedent have been satisfied. Escrow Holder is instructed to release Agency's escrow closing and Developer's escrow closing statements to the respective parties.

2.2.3 Authority of Escrow Holder. Escrow Holder is authorized to, and shall:

(a) Pay and charge the Developer for the premium of the Developer's Policy as set forth in Section 2.4 and any amount necessary to place title in the condition necessary to satisfy Section 2.3 of this DDA.

(b) Pay and charge the Developer for any escrow fees, charges, and costs payable pursuant to Section 2.2.1 of this DDA.

(c) Pay and charge the Developer for any endorsements to the Developer's Policy which are requested by the Developer.

(d) Disburse funds, record and deliver the Recordable Documents in the order set forth in Section 2.2.6 below.

(e) Do such other actions as necessary to fulfill its obligations under this DDA.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

2.2.4 Closing. The Conveyance of the Site and delivery of documents pursuant to Section 3.2 shall close ("Closing") within thirty (30) days of the parties' satisfaction of all of Conditions Precedent, but in no event later than the last day established therefore in the Schedule of Performance. The "Closing" means the time and day that the Agency Note is executed and held by Escrow Holder for delivery to Agency and all of the Agency Grant Deed, the Agency Regulatory Agreement, and the Agency Deed of Trust have been recorded by the Riverside County Recorder. The "Closing Date" means the day on which the Closing occurs.

2.2.5 Termination. If Escrow is not in condition to close by the time established in the Schedule of Performance, then either party which has fully performed under this DDA may, in writing, demand the return of money or property and terminate this DDA. If either party makes a

written demand for return of documents or properties, this DDA shall not terminate until five (5) days after Escrow Holder shall have delivered copies of such demand to all other parties at the respective addresses shown in this DDA. If any objections are raised within said five (5) day period, Escrow Holder is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. The Developer, however, shall have the sole option to withdraw any money deposited by it with respect to the Closing less the Developer's share of costs of Escrow. Termination of this DDA shall be without prejudice as to whatever legal rights either party may have against the other arising from this DDA. If no demands are made, the Escrow Holder shall proceed with the Closing as soon as possible.

2.2.6 Closing Procedure. Escrow Holder shall close Escrow for the Conveyance of the Site as follows:

Record the following documents in this order: (i) the Agency Grant Deed; (ii) a deed of trust in favor of the construction lender; (iii) the Agency Grant Deed of Trust; (iv) the Agency Regulatory Agreement; (v) the Notice of Affordability Restrictions on Transfer of Property; and (vi) such other instruments, if any, as shall be approved by Agency (upon consultation with Agency's legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof), with instructions for the Recorder of Riverside County, California to deliver to the Agency the Agency Regulatory Agreement, the Agency Deed of Trust, and a certified copy of each to the Developer; the Agency Grant Deed shall be delivered to the Developer with a certified copy thereof to be delivered to the Agency. The order of recordation shall be subject to revision upon approval of the Agency. The Escrow Holder shall also deliver the Agency Note to Agency;

(a) Instruct the Title Company to deliver the Developer's Policy to the Developer, with a copy to the Agency;

(b) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(c) Deliver the FIRPTA Certificate, if any, to the Developer;

(d) Deliver documents as set forth in Section 2.2.3 hereof; and

(e) Forward to both the Developer and the Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

2.3 Review of Title. The Agency has caused the Title Company to deliver to the Developer a standard preliminary title report (the "Report") with respect to the Site, and the Agency will endeavor to cause the Title Company to provide to Developer legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report, within fifteen (15) days from the date of this DDA. The Developer shall have the right to reasonably approve or disapprove the Exceptions; provided, however, that the Developer shall approve the following Exceptions as of the Closing Date:

(a) The Redevelopment Plan.

(b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).

(c) The provisions of the Agency Regulatory Agreement, the Agency Grant Deed, the Notice of Restriction and the Agency Deed of Trust.

(d) Any incidental easements or other matters affecting title which do not materially impact the Developer's use of the Site as described in the Scope of Development.

The Developer shall have thirty (30) days from the date of its receipt of the Report to give written notice to Agency and Escrow Holder of the Developer's approval or disapproval of any of such Exceptions. The Developer's failure to give written disapproval of the Report within such time limit shall be deemed approval of the Report. If the Developer notifies Agency of its disapproval of any Exceptions in the Report, the Agency shall have ten (10) days from the receipt of written notice of disapproval by the Developer to give written notice to Developer whether or not it will undertake the removal of any disapproved Exceptions by the Closing Date. If the Agency elects to remove such Exceptions, it shall diligently proceed to effect the removal of such Exceptions no later than the Closing Date. If Agency fails to or does not elect to remove any of the disapproved Exceptions within that period, the Developer shall have ten (10) days after the expiration of such ten (10) day period to either give the Agency written notice that the Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate this DDA. The Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." The Developer shall have the right to approve or disapprove any additional and previously unreported Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Site (which are not created by the Developer).

2.4 Title Insurance. Concurrently with recordation of the Agency Grant Deed there shall be issued to the Developer one ALTA lender's policy of title insurance (the "Developer's Policy"), in the liability amount of the fair market value of the Site, together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in the Developer in the condition required by Section 2.3 of this DDA. The Title Company shall provide the Agency with a copy of the Developer's Policy. All costs, including the cost of an ALTA policy or any endorsements requested by the Agency, shall be borne by the Developer.

Concurrently with the recordation of the Agency Grant Deed and the Agency Deed of Trust there shall be issued to the Agency one ALTA lender's policy of title insurance (the "Agency Policy") in the liability amount of the Agency Note, together with such endorsements as are reasonably requested by the Agency, issued by the Title Company insuring the Agency Deed of Trust in the priority required by Section 2.2.6 of this DDA, subject also to a lien securing the Construction Loan for the Housing Project. Upon request, the Title Company shall provide the Developer with a copy of the Agency Policy. All costs for the Agency Policy shall be borne by the Developer.

2.5 Inspections, Approvals and Studies. Commencing upon the date of this DDA and continuing until the Inspection Deadline, Developer shall have the right to enter, physically survey, inspect and map the Site; conduct soils and physical engineering, percolation, geological and other tests; perform economic, market feasibility, land use studies; and determine that the Housing Project is economically feasible (collectively referred to as the "Inspections"). Following the Inspection

Deadline and continuing to the Closing Date, the Developer shall continue to have access to the Site. Developer shall have the right to approve or disapprove the Inspections by written notice given at any time prior to the Closing. If Developer disapproves the Inspections, the Developer shall have the right to terminate this DDA in accordance with Section 7.3 hereof. Developer shall have the right to pursue all necessary or proper Entitlements, including, but not limited to, zone changes, land use approvals, site plan approvals and Plan approvals for the Housing Project during the time that Escrow is opened, consistent with the provisions of this DDA.

2.6 Physical and Environmental Condition of the Site.

2.6.1 Land Condition; Exceptions. Except as set forth herein, the Site shall be conveyed to the Developer "AS IS", with no warranty, express or implied, by the Agency as to the condition of any existing improvements, the soil, its geology, the presence of known or unknown faults or Hazardous Materials or toxic substances, and it shall be the sole responsibility of the Developer at its expense to remove all improvements found on the Site and investigate and determine the physical and environmental conditions. If as of the Inspection Deadline the physical or environmental condition is not in all respects entirely suitable for the use or uses to which the Site will be put, the Developer may terminate this DDA pursuant to Section 7.3 hereof unless the Agency and the Developer otherwise agree in writing.

2.6.2 Physical and Environmental Investigation and Testing of Site. The Developer shall have the right, at its sole cost and expense, subject to the requirements of the Purchase Agreement, to engage its own consultants to make such investigations of the Site as the Developer deems necessary, soils, geotechnical and other testing of the Site, and the Agency shall promptly be provided a copy of all reports and test results provided to the Developer. The Developer shall reasonably approve or disapprove of the physical condition of the Site on or before the Inspection Deadline. The Developer's failure to deliver written Notice of its approval within such time limit shall be deemed approval of the physical and environmental condition of the Site.

2.6.3 Developer Precautions After Closing. Upon the Closing, the Developer shall take all necessary but reasonable precautions to prevent the release into the environment of any Hazardous Materials in, on or under the Site, except as may be provided otherwise by applicable Governmental Requirements. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials introduced by the Developer or after the Closing Date. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials introduced by the Developer or after the Closing Date. In the event the Developer receives notice concerning the presence of Hazardous Materials at the Site, Developer shall promptly deliver a copy of such notice to the Agency.

2.6.4 Condition of Site. The Agency has provided the Developer with all information of which it has actual knowledge concerning the physical condition of the Site, including, without limitation, information about any Hazardous Materials. The Developer acknowledges and agrees that any portion of the Site that it acquires from the Agency pursuant to this DDA shall be purchased "AS IS" "WHERE IS" "WITH ALL FAULTS," in its current physical condition, with no warranties of any kind or nature, express or implied, except those warranties set forth in Section 2.6, as to the physical condition thereof, the presence or absence

of any latent or patent condition thereon or therein, including, without limitation, any Hazardous Materials thereon or therein, and any other matters affecting the Site.

3. CONDITION TO CLOSING

3.1 Agency Conditions Precedent. The Agency shall not execute the Agency Grant Deed or proceed with the Closing as provided pursuant to this DDA, unless all of the following conditions precedent (the "Agency Conditions Precedent") have been fully satisfied, as determined in good faith by the Agency (which condition, if it requires action by Developer, shall also be a covenant of Developer):

(a) Payment of Purchase Price. The Developer shall have deposited the Purchase Price in escrow or shall have deposited the executed Agency Note with the Escrow Holder to deliver to Agency following the Closing with instructions to the Escrow Holder to deliver the Purchase Price to the Agency concurrent with the recordation of the Agency Grant Deed.

(b) Recording of Certain Documents. Each of the Agency Regulatory Agreement, Notice of Affordability, Agency Grant Deed, and the Agency Deed of Trust has been executed by the Developer (where such documents so provide) and is ready to be recorded.

(c) Evidence of Financing. Developer shall have provided written proof acceptable to Agency that the Developer has sufficient internal funds and/or has obtained a loan or financing, subject to customary conditions and Agency has approved such evidence of financing, in accordance with Sections 4.15 and 4.15.1.1 hereof; such financing sources shall be ready to close and proceeds shall be available to Developer upon the Closing ("Financing Plan"). Developer shall have obtained approval by the Agency of a Financing Plan. In the event Developer obtains a loan or financing for the construction of the Development, such Construction Loan or financing for the Development shall be ready to close, and shall close and shall be immediately available for use in constructing the Improvements. It is contemplated that AHP funding will be obligated to defray, in part, the cost of the Development but that approval and funding thereof will occur concurrently with funding and closing of the Permanent Loan.

(d) Construction Contract. Developer shall have provided to the Agency a signed copy of a fixed-price contract between the Developer and the general contractor for the construction of the Development, certified by the Developer to be a true and correct copy thereof, and Agency shall have approved such contractor or contractors, and the construction contract or contracts, pursuant to Section 4.15 hereof. The parties acknowledge that the general contractor is or may be a Related Party with respect to the Developer. However, nothing contained in this subsection (c) shall be deemed to create any responsibility or liability on or to the Agency for selection of the contractor(s) or for construction of the Improvements, the Developer being solely responsible for such activities.

(e) Title Insurance. The Title Company shall have committed to issue the Title Policies to the Developer, in accordance with Section 2.4 hereof (subject to payment of the premiums therefore).

(f) Entitlements. The Developer shall have received all Entitlements and land use approvals required in order to construct the Improvements.

(g) Housing Project Budget. The Housing Project Budget shall have been finalized by the Developer and the Agency.

(h) Insurance. The Developer shall have provided proof of insurance as required by Section 4.5 hereof.

(i) Readiness. The Developer submits evidence that the final working drawings and Plans have been approved by the Riverside County Planning Department so that the Housing Project is "permit ready;" that is, that the only other condition to the issuance of building permits for the construction of Improvements is the payment of fees;

(j) Representations and Warranties. The representations and warranties of Developer contained in this DDA shall be correct as of the Closing as though made on and as of that date, and Agency shall have received a certificate to that effect signed by an officer of Developer.

(k) No Default. No Event of Default by Developer shall have occurred under this DDA, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer under this DDA, and Agency shall have received a certificate to that effect signed by an officer of Developer.

(l) Subdivision of Site. The Agency successfully subdivides the parcel which currently includes the Site and creates two separate legal parcels, one of which shall consist of the Site.

All conditions set forth in Section 3.1, or to Agency's obligations hereunder, are for Agency's benefit only and Agency may waive all or any part of such rights by written notice to Developer and Escrow Holder; provided, however, that Agency may not waive condition (l) regarding the successful subdivision of the Site. If Agency shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to Agency's approval, or if any of the conditions set forth in this DDA are not met within the times called for, Agency may thereafter terminate this DDA without any further liability on the part of Agency by giving written notice of termination to the Escrow Holder, with a copy to Developer. Escrow Holder shall thereupon, without further consent from Developer, return to each party the documents and funds deposited by them.

3.2 Developer Conditions Precedent. The Developer shall not be obligated to proceed with the Closing as provided pursuant to this DDA, unless all of the following conditions precedent (the "Developer Conditions Precedent") has been fully satisfied, as determined in good faith by the Agency (which condition, if it requires action by Developer, shall also be a covenant of Developer):

(a) Recording of Certain Documents. Each of the Agency Regulatory Agreement, Notice of Affordability, Agency Grant Deed, and the Agency Deed of Trust has been executed by the Agency (where such documents so provide) and is ready to be recorded.

(b) Title Insurance. The Title Company shall have committed to issue the Title Policies to the Developer, in accordance with Section 2.4 hereof.

(c) Housing Project Budget. The Housing Project Budget shall have been finalized by the Developer and the Agency.

(d) Subdivision of Site. The Agency successfully subdivides the parcel which currently includes the Site and creates two separate legal parcels, one of which shall consist of the Site.

(e) Financing. Developer shall have obtained a construction loan, a commitment for a permanent loan, and equity investment from its limited partners, in an amount which Developer and Agency determine to be sufficient for the development of the Improvements, and in a form reasonably acceptable to the Developer and Agency, in accordance with Sections 4.15 and 4.15.1.1 hereof. The construction loan and equity contribution shall be ready to close and proceeds shall be available to Developer upon the Closing.

(f) Entitlements. The Developer shall have received all Entitlements and land use approvals required in order to construct the Improvements.

(g) Readiness. The Developer's final working drawings and Plans have been approved by the Riverside County Planning Department so that the Housing Project is "permit ready;" that is, that the only other condition to the issuance of building permits for the construction of Improvements is the payment of fees;

(h) Representations and Warranties. The representations and warranties of Agency contained in this DDA shall be correct as of the Closing as though made on and as of that date, and Developer shall have received a certificate to that effect signed by an officer of Agency.

(i) No Default. No Event of Default by Agency shall have occurred under this DDA, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Agency under this DDA, and Developer shall have received a certificate to that effect signed by an officer of Agency.

Notwithstanding the foregoing, the Developer, in its discretion, may waive any of the foregoing Developer Conditions Precedent; provided, however, that Developer may not waive condition (d) regarding the successful subdivision of the Site. A waiver of any of the foregoing conditions shall not operate in any way as a waiver of, or estoppel with respect to, any subsequent or other failure to comply with such condition, or to any other condition contained in this DDA.

4. SCOPE OF DEVELOPMENT; INSURANCE AND INDEMNITY, FINANCING

4.1 Scope of Development. The Developer shall develop the Improvements in accordance with the Scope of Development, and the approved plans, drawings and documents for the Improvements. In the event of any inconsistency between the Scope of Development and the plans for the Improvements which have been approved by the Agency and County, the approved Development plans shall control. The Housing Project is intended to serve Households who are Extremely Low to Very Low Income Households. The Housing Project shall consist of development of a two story multi-family apartment complex with a total of eighty-nine (89) units. Of the eighty-nine (89) units, sixty (60) will be two-bedroom apartment units and twenty eight (28) will be three-bedroom apartment units. One (1) additional 2-bedroom unit will be set aside for an onsite manager's unit.

4.2 Design Review.

4.2.1 Developer Submissions. Prior to the Date of DDA, in connection with its application for land use approvals by the County, the Developer has submitted "Basic Concept Drawings" for the Improvements. Before commencement of construction of the Improvements or other works of improvement upon the Site, the Developer shall submit to the County any plans and drawings (collectively, the "Design Development Drawings") which may be required by the County with respect to any permits and Entitlements which are required to be obtained to develop the Improvements.. Developer, on or prior to the date set forth in the Schedule of Performance, shall submit to the County such plans for the Improvements as required by the County in order for Developer to obtain building permits for the Improvements. Within thirty (30) days after the County's disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by the County as requiring revisions and resubmit the revised plans to the County.

4.2.2 County Review and Approval. The County shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the County Ordinances, and nothing set forth in this DDA shall be construed to constitute the County's approval of any or all of the Design Development Drawings or to limit or affect the County's review and right to approve, approve subject to conditions, or disapprove Design Development Drawings, plans, drawings, applications, or submittals.

4.2.3 Revisions. Any and all change orders or revisions required by the County and its inspectors under the County Ordinances and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

4.2.4 Defects in Plans. The Agency and the County shall not be responsible either to the Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the review and approval processes established by this Section 4.2.4.

4.3 Time of Performance; Progress Reports. The Developer shall submit all Design Development Drawings, commence and complete all construction of the Improvements, and satisfy all other obligations and conditions of this DDA within the times established herein this DDA. Construction of the Improvements shall be commenced on or before the time established herein the Schedule of Performance. Once construction is commenced, it shall continuously and diligently be pursued to completion and shall not be abandoned for more than fifteen (15) days except when due to circumstances described in Section 7.9 hereof. During the course of construction and prior to issuance of the Certificate of Completion, Developer shall provide timely reports of the progress of construction when requested by the Agency. Developer shall complete construction of all of the Improvements on the Site within eighteen (18) months after the first to occur of (i) commencement of construction or (ii) the time established by this DDA for commencement of construction.

4.4 Cost of Construction. The cost of planning, designing, developing, and constructing the Improvements shall be borne solely by the Developer. Prior to Closing, Developer shall have submitted and obtained approval by the Agency of a comprehensive plan of finance for the Housing

Project ("Plan of Finance" or Financing Plan") which identifies all sources and uses which sources shall have committed to provide funding in the amounts and at the times identified by Developer.

4.5 Insurance Requirements. Without limiting or diminishing the Developer's obligation to indemnify or hold the Agency harmless, Developer shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this DDA:

(a) Workers Compensation Insurance. If the Developer has employees as defined by the State of California, the Developer shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the Agency, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

(b) Commercial General Liability Insurance. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Developer's performance of its obligations hereunder. Policy shall name the Agency, the County of Riverside and its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this DDA or be no less than two (2) times the occurrence limit.

(c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance of the obligations under this DDA, then Developer shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this DDA or be no less than two (2) times the occurrence limit. Policy shall name the Agency, the County of Riverside and its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured.

(d) Procure and maintain course of construction coverage on the Housing Project in an amount not less than ninety percent (90%) of the replacement value of the Housing Project.

(e) General Insurance Provisions – All Lines

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the Agency Risk Manager. If the Agency's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) The Developer's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence

such retentions shall have the prior written consent of the Agency's Risk Manager before the commencement of operations under this DDA. Upon notification of self insured retention unacceptable to the Agency, and at the election of the Agency's Risk Manager, Developer's carriers shall either; (a) reduce or eliminate such self-insured retention as respects this DDA with the Agency, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) Developer shall cause Developer's insurance carrier(s) to furnish the AGENCY with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the Agency Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the Agency prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this DDA shall terminate forthwith, unless the Agency receives, prior to such Effective Date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Developer shall not commence operations until the Agency has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

4) It is understood and agreed to by the parties hereto that the Developer's insurance shall be construed as primary insurance, and the Agency's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

5) If, during the term of this DDA or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.); or, the term of this DDA, including any extensions thereof, exceeds five (5) years the Agency reserves the right to adjust the types of insurance required under this DDA and the monetary limits of liability for the insurance coverage's currently required herein, if; in the Agency Risk Manager's reasonable judgment, the amount or type of insurance carried by the Developer has become inadequate.

6) Developer shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this DDA.

7) The insurance requirements contained in this DDA may be met with a program(s) of self-insurance acceptable to the Agency.

8) Developer agrees to notify Agency of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this DDA. All certificates, documents, and other written materials establishing compliance with the

above enumerated conditions precedent are to be filed with Agency at the expense of Developer. It is understood and agreed to by the parties hereto, and the insurance company(s), Certificate of Insurance and policies shall so covenant and shall be construed as primary and Agency's insurance and/or deductibles and/or self-insured retention or self-insured programs shall not be construed as contributory. The Agency reserves the right to adjust the monetary limits of insurance coverage during the term of this DDA, or any extension thereof if in Agency Risk Manager's reasonable judgment, the amount or type of insurance typically carried by the Developer or its contractors is inadequate.

4.5.1 Waiver of Subrogation. Developer hereby waives all rights to recover against Agency (or any officer, employee, agent or representative of Agency) for any loss incurred by Developer from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

4.6 Obligation to Repair and Restore Damage Due to Casualty. If during the period of construction the Improvements shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Improvements to substantially the same condition as the Improvements are required to be constructed pursuant to this DDA, to the extent that the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Improvements can be occupied as an affordable housing project in accordance with this DDA. In no event shall the repair, replacement, or restoration period exceed fourteen (14) months from the date Developer obtains insurance proceeds unless the Agency, in the Agency's sole and absolute discretion, approves a longer period of time. Agency shall cooperate with Developer, at no expense to Agency, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Improvements by giving notice to Agency (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the Site) or Developer may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the County, Agency, and the other governmental agency or agencies with jurisdiction, and the Agency may pursue remedies of its choosing under this DDA, including without limitation termination.

4.7 Indemnity. The Developer shall indemnify and hold harmless the Agency, the County of Riverside, its Agencies, Districts, Special Districts and Departments, and their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives ("Indemnified Parties"), from any liability whatsoever, based or asserted upon any services of Developer, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this DDA, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Developer, its officers, agents, employees, subcontractors, agents or representatives of its obligations under this DDA. Developer shall defend, at its sole expense, all costs and fees including, but not

limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnified Parties in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by Developer, Developer shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of Agency; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Developer's indemnification to Agency as set forth herein.

Developer's obligation hereunder shall be satisfied when Developer has provided to Agency the appropriate form of dismissal or other resolution of the applicable dispute or action relieving the Indemnified Parties from any liability for the action or claim involved.

The specified insurance limits required in this DDA shall in no way limit or circumscribe Developer's obligations to indemnify and hold harmless the Indemnified Parties herein from third party claims.

4.8 Rights of Access. Prior to the issuance of the Certificate of Completion, for purposes of assuring compliance with this DDA, representatives of Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this DDA, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as Agency representatives comply with all safety rules. Agency representatives shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 4.8.

4.9 Compliance With Laws. Developer shall carry out the design, construction and operation of the Improvements in conformity with all applicable laws, including all applicable state labor standards (including without limitation provisions for payment of prevailing wages in connection with all construction of the Improvements), the County zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the County Ordinances, and the Fair Housing Act, 42 U.S.C. Section 3601 *et seq.* (and 24 C.F.R. Part 100), the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and the California Building Standards Code, Health and Safety Code Section 18900, *et seq.*

Developer and its contractors and subcontractors shall comply with Labor Code Section 1720, *et seq.*, and its implementing regulations, regarding the payment of prevailing wages (the "Prevailing Wage Law") with regard to the construction of the Housing Project and the development of the Site, to the extent such sections are applicable to the construction of the Housing Project and the development of the Site. Although the parties believe that the Prevailing Wage Law is not applicable herein because all of the Agency assistance hereunder is made from the Agency's LMIHF, and because the Agency's participation in the Housing Project that would otherwise qualify as "paid for in whole or in part out of public funds" is public funding in the form of a below-market interest rate loan for a project in which occupancy of at least 40 percent of the units is restricted for at least 20 years, by regulatory agreement, to individuals or families earning no more than 80 percent of the area median income, pursuant to

the exception set forth in Labor Code Section 1720(c)(6)(E), Developer shall be solely responsible for determining and effectuating compliance with the Prevailing Wage Law, and the Agency makes no representation as to the applicability or non-applicability of the Prevailing Wage Law to the Housing Project, or any part thereof.

Developer releases from liability, and agrees to indemnify, protect, defend and hold harmless the Agency and the Indemnified Parties, with counsel reasonably acceptable to the Agency, from and against any and all loss, liability, damage, claim, cost, expense and/or "increased costs" (including reasonable attorneys fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development or construction of the Housing Project, including, without limitation, any and all public works (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Developer of the Prevailing Wage Law; (2) the implementation of Labor Code Section 1781, as the same may be amended from time to time, or any other similar law; and/or (3) failure by Developer to provide any required disclosure or identification as required by Labor Code Section 1781, as the same may be amended from time to time, or any other similar law. It is agreed by the parties that, in connection with the development of the Housing Project, including, without limitation, any and all public works (as defined by applicable law), Developer shall bear all risks of payment or non-payment of prevailing wages under California law and/or the implementation of Labor Code Section 1781, as the same may be amended from time to time, and/or any other similar law. "Increased costs," as used in this Section 4.9, shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be amended from time to time. The foregoing indemnity shall survive termination of this Agreement and shall continue after completion of the development of the Housing Project by the Developer.

The Agency represents and warrants to the Developer that it has established a separate account for the deposit of Low and Moderate Income Housing Fund moneys, that all funds used for the purchase of the Site, and any costs of demolition, site improvement, relocation, maintenance, management, or any other activity related to the Site, and any funds to be used for the Agency Loan and any other assistance to be provided to Developer hereunder, has been obtained from the Agency's Low and Moderate Income Housing Fund established pursuant to Health and Safety Code Section 33334.3 and from no other funds. The Agency represents and warrants to the Developer that the Agency's Low and Moderate Income Housing Fund moneys have not been and shall not be comingled with any other funds. The Agency understands and acknowledges that the Developer is relying on the Agency's compliance with the foregoing in making its determination as to whether or not prevailing wages are required to be paid in connection with the construction and development of the Housing Project pursuant to this Agreement.

4.10 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

4.11 Taxes and Assessments. Subject to Developer's right to claim the "welfare exemption" under California Revenue and Taxation Code Section 214(g), Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site. Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof which is owned

or leased by Developer, or assure the satisfaction thereof within a reasonable time, but in no event to exceed sixty (60) days. The Developer shall additionally defend, indemnify, and hold harmless the Agency and the County from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties in connection with (a) activities undertaken by the Developer or (b) the Site arising from or related to any period following the Closing Date.

4.12 Liens and Stop Notices. Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Improvements the Developer shall within thirty (30) days of such recording or service or within five (5) days of Agency's demand whichever last occurs:

- (a) pay and discharge the same; or
- (b) affect the release thereof by recording and delivering to Agency a surety bond in sufficient form and amount, or otherwise; or
- (c) provide Agency with indemnification from the Title Company against such lien or other assurance which Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

4.13 Certificate of Completion. Promptly after completion of the Improvements in conformity with this DDA, Agency shall furnish the Developer with a "Certificate of Completion," substantially in the form attached hereto. Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be a conclusive determination of satisfactory completion of the Improvements and the Certificate of Completion shall so state. If Agency refuses or fails to furnish a Certificate of Completion after written request from Developer, Agency shall, within fifteen (15) days of receipt of written request therefore, provide Developer with a written statement of the reasons Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain Agency's opinion of the actions Developer must take to obtain the Certificate of Completion. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

4.14 Further Assurances. Developer shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Agency all documents, and take all actions, reasonably required by Agency from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents or otherwise to carry out the purposes of the Project Documents.

4.15 Financing of the Improvements.

4.15.1 Approval of Financing. As required herein and as an Agency Condition Precedent, Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital and has arranged for and obtained a binding commitment for construction financing necessary to undertake the development of the Site and the construction of the Improvements in accordance with this DDA ("Proof of Financing Commitments").

The Agency shall reasonably approve or disapprove such evidence of financing within twenty (20) days of receipt of each of the respective submittals, provided that such submittal is complete. Approval shall not be unreasonably withheld so long as the terms and conditions of the financing are consistent with this DDA, including without limitation acknowledgment and consent by such lender to the Agency Regulatory Agreement, and Agency Grant Deed, and are otherwise reasonable and customary. The failure or refusal by the Agency to approve financing that does not satisfy the foregoing criteria shall conclusively be deemed to be reasonable. If Agency shall disapprove any such evidence of financing, Agency shall do so by Notice to Developer stating the reasons for such disapproval and Developer shall endeavor to promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 4.15.1 for the approval or disapproval of the evidence of financing as initially submitted to Agency. Developer shall close the approved financing concurrently with the Closing.

The Proof of Financing Commitment shall include a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from one or more financial institutions for the Construction Loan, subject to the construction lender's reasonable and customary conditions.

4.15.2 Conditions for Disposition of Funds. Agency shall determine the final disposition and distribution of all funds. Agency shall: (1) make payments of the Agency funds to Developer as designated in Attachment No. 15, and (2) monitor the Housing Project to ensure compliance with applicable state regulations and the terms of this DDA. Disbursement of funds must be in full compliance with the following:

- a. Developer executes the Agency Loan Documents.
- b. Developer provides at its expense an ALTA lenders policy insuring the recordation of the Agency Deed of Trust.
- c. Developer provides satisfactory evidence that it has secured any and all land use Entitlements, permits and approvals which may be required for construction of the Housing Project pursuant to the applicable rules and regulations of, the County, and any other governmental agency affected by such construction of work. Developer shall, without limitation, secure all Entitlements, change of zone, lot line adjustment, any and all necessary studies required including but not limited to archaeological, cultural, environmental, traffic and lead based paint, and pay all costs, charges and fees associated therewith.
- d. Developer is to submit updated Preliminary Title Report.
- e. Developer provides satisfactory evidence that it has satisfied all conditions precedent to the close of escrow for the land acquisitions.
- f. Agency will retain ten percent (10%) of the total Agency Loan. Agency shall release final draw down of Agency Loan following the date on which a Notice of Completion has been recorded and filed; the Housing Project has been completed in material compliance with the Plans and Specifications and other requirements in this DDA to the reasonable satisfaction of the Agency; Certificate of Completion has been recorded; and submission of Project completion report including unconditional final lien releases, all lien waivers and

- releases, final sources and uses of funds, and final Certified Public Accountant's construction cost certification.
- f. If at any time the Agency (in the exercise of its sole discretion) will deem the remaining DDA proceeds together with all other funds available to Developer for such purpose to be insufficient to complete the Housing Project, Developer will, within ten (10) business days of written demand by Agency provide satisfactory evidence that Developer will be able to provide the additional funds to complete the Housing Project. It is understood that Agency will not provide additional funding for the Housing Project in the case of a cost overrun.
 - g. Developer provides sufficient evidence that it has satisfied all conditions precedent to the issuance of all permits necessary for the construction of the development and all such permits are available for issuance, other than payment of fees.
 - h. There are no outstanding mechanics of liens or stop notices to the Property, and Developer has furnished to Agency full waivers or releases of lien claims if required by Agency.
 - i. Developer shall submit the following documents for review and, where appropriate, approval by the Agency:
 - i) Final development budget
 - ii) Final construction cost estimate
 - iii) Construction agreement with the general contractor for the approved construction work.
 - j. Obtain payment and performance bond naming the Agency as obligee prior to start of construction.

4.15.3 Distribution of Funds. Agency shall pay Developer the sum specified in Section 4.17 below on a "cost-as-incurred" basis for all eligible approved costs. Disbursement of funds shall occur upon the satisfaction receipts of copies of paid invoices and conditional (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of the Agency Loan. Disbursement of funds shall be in accordance with the construction schedule which shall be certified and documented by the project architect. Agency shall retain ten (10%) percent of the total Agency Loan until the Housing Project receives Certificate of Completion.

4.15.4 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust on the Site authorized by this DDA shall not be obligated by the provisions of this DDA to construct, complete, or operate the Improvements or any portion thereof, or to guarantee such construction, completion or operation; nor shall any covenant or any other provision in this DDA be construed so to obligate such holder. Nothing in this DDA shall be deemed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this DDA.

4.15.5 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as to the Site as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer under this DDA, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this DDA a copy of such notice or demand;

provided that the failure to notify any holder of record shall not vitiate or affect the effectiveness of notice to the Developer. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage or deed of trust. Nothing contained in this DDA shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this DDA, the improvements to which the lien or title of such holder relates, but on a schedule which takes into account the time reasonably required for the holder to obtain title to and possession of the Site, analyze and negotiate amendments to plans, specifications, construction contracts and operating contracts or to negotiate new construction contracts and operating contracts. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 4.13 of this DDA, to a Certificate of Completion. It is understood that a holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

4.15.6 Failure of Holder to Complete Improvements. In any case where, sixty (60) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from Agency of a default by the Developer in completion of construction of any of the Improvements under this DDA, and such holder is not vested with ownership of the Site and has not exercised the option to construct as set forth in Section 4.15, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

- (a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure including reasonable attorneys' fees;
- (c) The net expense, if any, incurred by the holder as a direct result of the subsequent management of the Site or part thereof;
- (d) The costs of any improvements made by such holder;
- (e) An amount equivalent to the interest that would have accrued at the rate(s) specified in the holder's loan documents on the aggregate of such amounts had all such

amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and

(f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

The foregoing rights shall be in addition to those measures set forth in an intercreditor agreement, and in addition shall supplement and not limit the Agency's rights as landlord under the Agency Grant Deed or by operation of law.

4.15.7 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer whether prior to or after the completion of the construction of any of the Improvements or any part thereof (continuing until the expiration of the term of the Agency Grant Deed), Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default.

4.15.8 Limited Subordination. It is contemplated that financing for the Development will be provided from funds of the limited partner equity investors of Developer and proceeds of a conventional Construction Loan, a conventional Permanent Loan, and the AHP Loan. In connection with the provision of the Primary Construction Loan, and the Primary Permanent Loan, the Agency Grant Deed of Trust will be subordinate to the deed(s) of trust recorded securing repayment of such loans; such subordination shall be for the benefit of third party lenders making the Primary Construction Loan and/or the Primary Permanent Loan and not for the benefit of the Developer or any Related Entity. The Agency Regulatory Agreement shall also be subordinated to the Primary Construction Loan, and the Primary Permanent Loan, subject to satisfaction of the requirements of Health and Safety Code Section 33334.14.

4.15.7 Prevailing wage Monitoring. This Housing Project requires prevailing wages. The Developer is required to hire a qualified consultant, approved by the Agency, to monitor prevailing wages and maintain compliance with State Laws and requirements relating to prevailing wages.

4.16 Permanent Financing. Upon satisfaction of the conditions precedent thereto (the "Permanent Financing Event"), Agency shall subordinate the Agency Deed of Trust and Agency Regulatory Agreement to the permanent financing for the Housing Project. The Permanent Financing Event is conditioned upon the occurrence of each of the following to the satisfaction of the Agency:

(a) The Title Company is prepared to issue an endorsement to the Agency's title insurance policy insuring the lien priority of the Agency Deed of Trust;

(b) Agency determines that Developer is not in default of its obligations to the Agency under the provisions of this DDA.

Notwithstanding the foregoing, the Agency, in its discretion, may waive any of the foregoing conditions precedent to the Permanent Financing Event. A waiver of any of the foregoing conditions

shall not operate in any way as a waiver of, or estoppel with respect to, any subsequent or other failure to comply with such condition, or to any other condition contained in this DDA or in the Agency Loan Documents.

4.17 Agency Loan. In accordance with and subject to the terms and conditions of this DDA and the Agency Note attached as attachment 12, the Agency agrees to provide a loan to Developer and Developer agrees to borrow such funds for the purpose of payment of the costs associated with the construction and development of the Housing Project not to exceed Seven Million Four Hundred Seventy Five Thousand Dollars (\$7,475,000). Upon execution of the Agency Loan Documents the amount of the outstanding balance of the Predevelopment Loan shall be credited against the Agency Loan that the Agency has agreed to lend Developer pursuant to this DDA (together constituting the "Agency Loan"). The Agency Loan shall be evidenced by the Agency Note prior to the Closing Date.

4.17.1 Repayment of Agency Loan. The Agency Note shall bear simple interest at the rate of one percent (1%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined in the Agency Note. The Agency Loan shall be due and payable in full on the date of any Sale or Transfer that occurs after the date of execution of the Agency Note. The Agency Note shall be nonrecourse to the Developer, subject to the limitations expressed therein. At such time as the Agency Loan becomes nonrecourse, no deficiency judgment may be obtained against the Developer or any permitted successor or assignee except for fraud, material misrepresentation, bad faith, waste of or on the Housing Project and such other matters as are referred to in the Agency Note. The Agency Note shall be secured by the Agency Deed of Trust. The parties contemplate that the Agency Deed of Trust shall be subordinated to the deed of trust securing the Construction Loan (and later, to the deed of trust securing the Permanent Loan, if an additional or different deed of trust is used for such purpose).

4.17.2 Disbursement of Agency Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of conditions set forth in this agreement. Agency shall pay Developer the sum specified in Section 4.17 above on a "cost-as-incurred" basis for all eligible approved costs, on a monthly construction draw, under the following schedule:

- (a) No more than thirty percent (30%) of the funds shall be disbursed prior to thirty percent (30%) completion of Project, as certified and documented by the project architect.
- (b) No more than sixty percent (60%) of the funds shall be disbursed prior to sixty percent (60%) completion of Project, as certified and documented by the project architect.
- (c) No more than ninety percent (90%) of the funds shall be disbursed prior to ninety percent (90%) completion of Project, as certified and documented by the project architect.
- (d) Agency shall release final draw down of Agency funds following receipt of all of the items listed in Section 13.

Disbursement of funds shall be in accordance with the draw schedule above which shall be certified and documented by the project architect. Agency shall retain ten percent (10%) of the total Agency Loan until the Housing Project receives a Certificate of Completion.

4.18 AHP Loan. Developer shall use its best efforts to secure an AHP Loan in the largest amount available and cause the same to be funded at the time of the Permanent Financing Event. In the event that Developer is not able to secure an AHP Loan or if the AHP Loan is in a smaller amount than has been anticipated, the Developer shall be responsible for securing the additional funds necessary to complete the construction of the Housing Project, and may be required to increase the amount of its developer fee loan to the Housing Project.

4.19 Tax Credits. The Developer shall use its best efforts to obtain a preliminary reservation of tax credits from the California Tax Credit Allocation Committee ("TCAC") in the amount of approximately Nine Million One Hundred Thousand Dollars (\$9,100,000) over ten (10) years. Developer's qualification for and participation in the Tax Credit Program in accordance with the terms set forth in this DDA is a condition to the Agency's obligation under this DDA to convey the Site to Developer, and to provide the Agency Financial Assistance to Developer. Agency shall have no responsibilities with respect to Developer's performance of its obligations under the Tax Credit Program, nor shall Agency do anything or fail to do anything it is required by law or this Agreement to do which will adversely affect Developer's performance of its Tax Credit Program obligations. In order to assist Agency in performing its obligations and enforcing its rights under this DDA (with respect to reviewing Developer's Evidence of Financing, insuring the continued affordability and maintenance of the Units, and obtaining payments due under the Agency Note), Developer agrees to promptly submit to Agency all of the following documents at such time as the same are submitted by Developer to the TCAC or other applicable body or when such documents are received by Developer, as applicable (any documents submitted prior to the Effective Date of this Agreement shall also have been submitted by Developer to Agency and reviewed by Agency prior to the Effective Date of this Agreement):

i) Complete copies of Developer's applications to the TCAC for the preliminary reservation, final reservation, carryover allocation (if applicable), and placed-in-service credit award, and any amendments or modifications thereto.

ii) A complete copy of the regulatory agreement between the TCAC and Developer

The obligation of Agency to convey the Site to the Developer and to provide the Agency Loan to Developer shall expire upon the earlier of: (1) the Developer's failure to obtain a preliminary reservation of tax credits by the third TCAC Tax Credit Application cycle following the Effective Date of this DDA; (2) expiration or termination of this DDA.

4.20 Housing Project Budget Revisions. The Housing Project Budget, representing Developer's estimate of Development Costs of the Housing Project, has been attached to this DDA as Attachment No. 15. Agency and Developer acknowledge that during construction changes to the final, approved Housing Project Budget may be required. Money expended in one line item of the Housing Project Budget at the completion of the work delineated therein may be transferred to the account and line item for contingencies or, with the consent of the Agency, transferred directly to another account for another line item in the Housing Project Budget. The Agency Executive Director or designee is hereby authorized to act on behalf of the Agency to approve any revisions to the budget plan for the Housing Project excepting for any increases in the amount of moneys to be made available by the Agency for the Housing Project.

Because of the specialized nature of the funding for this Housing Project, unanticipated material increases could constitute a challenge to Housing Project completion and may cause costs to the Housing Project unanticipated in the Housing Project Budget. Should Developer become aware of any such material fact or circumstance which will result in a material increase in the proposed Development Costs for the Housing Project Developer shall notify Agency in writing. Said amount shall be absorbed out of the contingency funds and/or Developer Fee and/or other funds to be obtained by the Developer, subject to Agency approval.

4.21 Gap Assistance: The parties acknowledge that the Agency Loan is intended to be “gap” assistance, not to exceed the amount needed to bridge the gap between the total Development Costs and the maximum loans obtainable by Developer plus Developer’s equity, but in any event not to exceed the respective dollar amounts set forth in the Financing Plan. The proceeds of the Agency Loan shall be used exclusively to pay a portion of the Development Costs as identified in the Housing Project Budget (Attachment No. 15), with the exception of Developer Fees.

4.22 Special Conditions:

1. Should the Developer secure more financing than required to construct the Housing Project, the Agency Loan shall be reduced by the excess amount of additional funding over the final actual total development costs. If the Housing Project is constructed under budget, the Agency Loan shall be reduced by the excess amount of total funding over the final actual total development costs, after reduction of any deferred developer fees.

5. COVENANTS AND RESTRICTIONS

5.1 Use Covenants. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that the Developer shall devote the Site to the uses specified in and shall operate in conformity with: (i) this DDA; (ii) the Agency Regulatory Agreement and (iii) the Agency Grant Deed, whichever is the more restrictive in each case unless expressly provided to contrary effect herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this DDA, shall conform to the Redevelopment Plan and all applicable provisions of the County Ordinances.

5.2 Affordable Housing Requirements.

5.2.1 Number of Assisted Units and Other Units. Developer agrees to make available, restrict occupancy to, and rent all of the Units at Affordable Rent to Extremely Low to Very Low Income Households. The methodology for calculation of permitted rents is more particularly set forth in the Method of Calculation. The Housing Project will consist of an eighty-nine (89) unit multi family affordable housing complex. Thirty-four (34) of the units will be restricted to serve Very Low Income Households, nine (9) of the units will be restricted to serve Extremely Low Income Households, and forty-five (45) of the units will be restricted to serve Low or Moderate Income Households (“Assisted Units”).

5.2.2 Duration of Affordability Requirements. The Assisted Units shall be maintained as dwelling units available and rented to Extremely Low, Very Low and Low or Moderate Income Households throughout the Required Covenant Period, as more particularly set forth in the Agency Regulatory Agreement.

5.2.3 Selection of Renters. Developer agrees to reserve one hundred percent (100%) of the total Assisted Units, for Extremely Low, Very Low and Low or Moderate Income Households who intend to reside in the Assisted Units as their primary residence ("Qualified Tenants").

5.2.4 Income of Tenants. Each tenant renting an Assisted Unit shall be a Qualified Household which meets the eligibility requirements established for the corresponding unit, and Developer shall obtain a certification from each prospective tenant which substantiates such fact. Developer shall verify the income certification of each renter as set forth in Section 5.3 hereof.

5.2.5 Determination of Affordable Rent for Assisted Units. Each required Assisted Unit shall be rented or leased at an "Affordable Rent" to be established as provided herein:

(a) The maximum monthly rent for the Required Affordable Units to be rented to Extremely Low Income Households shall be established at one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Median Income for the Area for a household of a size appropriate to the housing unit.

(b) The maximum monthly rent for the Required Affordable Units to be rented to Very Low Income Households shall be established at one-twelfth (1/12) of thirty percent (30%) of fifty percent (50%) of Median Income for the Area for a household of a size appropriate to the housing unit.

(c) The maximum monthly rent for the Required Affordable Units to be rented to Low or Moderate Income Households shall be established at one-twelfth (1/12) of thirty percent (30%) of one hundred ten percent (110%) of Median Income for the Area for a household of a size appropriate to the housing unit.

"Household size appropriate to the unit," for the purpose of the calculation of rents herein (and without regard to actual occupancy), means an amount equal to the number of bedrooms in the unit plus one (i.e., for a two-bedroom unit, three people; for a three-bedroom unit, four people); provided that the maximum monthly housing cost of the Required Affordable Units shall be adjusted annually by the formula set forth above upon the promulgation of revised figures concerning Median Income for the Area by regulation of the California Department of Housing and Community Development ("HCD"). Notwithstanding the foregoing portion of this Section 5.2.5, it is agreed and acknowledged that for so long as the Tax Credit Regulatory Agreement is in effect, in each case where lower rents are required by the Tax Credit Regulatory Agreement, then rents shall be at such lower rent amounts.

5.3 Verifications.

5.3.1 Income Verification. Developer shall verify the income of each proposed and existing renter of the Required Assisted Units.

5.3.2 Annual Reports. Following the issuance of the Certificate of Completion, and on or before March 15 of each Year, Developer, at its expense, shall submit to Agency or its designee the reports required pursuant to Health and Safety Code Section 33418, as the same may be amended from time to time, with each such report to be in the form prescribed by Agency. Each annual report shall include the annual audit of the Developer and the budget for the coming year.

Throughout the Required Covenant Period, Developer shall maintain on file rental/lease agreements, comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418. Representatives of the Agency shall be entitled to enter the Housing Project, upon at least seventy-two (72) hours prior written notice, to monitor compliance with this DDA, to inspect the records of the Housing Project, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Housing Project available for such inspection or audit. Developer agrees to maintain records in businesslike manner, and to maintain such records for the term of this DDA.

As part of its annual budget, the Developer shall include a statement of amounts payable by Developer under this DDA (including the Agency Note) supported by an Audited Financial Statement (a third party certified public accountant acceptable to the Agency) which sets forth information in detail sufficient for adequate review by the Agency for the purposes of confirming those amounts payable by the Developer to the Agency as well as showing the general financial performance of the Affordable Housing Project ("Annual Financial Report"). Each Annual Financial Report shall include a profit and loss statement showing gross revenues, operating expenses, debt service, operating reserve, cash receipts, and such other information as may be requested by the Agency reasonably related to the Housing Project and its economic performance, all certified by the Audited Financial Statement. In the event the amounts reported or paid deviate by five percent (5%) or more from that amount determined to be owing upon review of the Developer's submittal, Developer shall reimburse Agency for its cost to review (which may require engagement of auditors) and collect the amounts owing; such amounts shall, until paid, be added to the amount payable by Developer to Agency under Section 2.5 hereof. All financial statements and reports shall be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

5.4 Maintenance of Site. Developer agrees for itself and its successors in interest to the Site, to maintain the improvements on the Site in conformity with the County Ordinances and the conditions set forth in the Agency Regulatory Agreement and, if applicable, the Tax Credit Regulatory Agreement and, shall keep the Site free from any accumulation of debris or waste materials. During such period, the Developer shall also maintain the landscaping planted on the Site in a healthy condition.

5.5 Nondiscrimination Covenants. Developer covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, disability, source of income, sexual orientation, familial status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those basis are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

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

“That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

In contracts: “There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this DDA, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

5.6 Effect of Violation of the Terms and Provisions of this DDA After Completion of Construction. Agency is deemed the beneficiary of the terms and provisions of this DDA and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this DDA and the covenants running with the land have been provided, without regard to whether Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project Area of the Redevelopment Plan. Following issuance of the Certificate of Completion, the provisions of this DDA pertaining to development of the Improvements will be deemed satisfied, but the Agency shall have rights to enforce the provisions of the Agency Regulatory Agreement, the Tax Credit Regulatory Agreement and the Agency Grant Deed, as provided thereunder.

5.7 Rights of Access - Public Improvements and Facilities. The Agency, for itself and for the County and other public agencies, at their sole risk and expense, reserves the right to enter the

Housing Project or any part thereof at all reasonable times and causing as little interference as possible, for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site and, as necessary, to monitor the Housing Project's compliance with the provisions of this DDA and the Agency Regulatory Agreement. Except in the case of emergency, any such entry shall be made only after reasonable notice to Developer, and the Agency shall indemnify and hold Developer harmless from any claims or liabilities pertaining to such entry. Any damage or injury to the Housing Project resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry.

5.8 Management Plan. Not less than three months prior to the anticipated date of completion of the Housing Project, Developer shall submit to the Agency a management plan reasonably acceptable to the Agency, describing the proposed plans for managing and operating the Housing Project (the "Management Plan"). Approval of the Management Plan by the Agency shall be a condition precedent to the Permanent Financing Event. Developer shall manage and operate the Housing Project, or shall cause the Housing Project to be managed and operated by a manager experienced in operating projects like the Housing Project and reasonably acceptable to the Agency, in accordance with the approved Management Plan, including such amendments as may be approved in writing thereto from time to time by the Developer and the Agency.

5.9 Annual Operating Budget. Developer shall submit on or before the first day of each fiscal year during the time that the Regulatory Agreement is in effect an estimated annual budget for management of the Housing Project, in accordance with the approved Management Plan (the "Annual Operating Budget"). The Annual Operating Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, and all operating expenses, and shall show the expected revenues to pay such expenses.

5.10 Social Services. At all times during the Required Covenant Period, Developer shall provide, or cause to be provided, activities and programs appropriate to the needs of the residents of the Housing Project, with the selection of such activities and programs to be determined by Developer in collaboration with the residents of the Housing Project.

5.11 Prohibited Uses. None of the Housing Units in the Housing Project shall at any time be utilized nor shall the Housing Project or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home.

5.12 Inclusionary Housing Requirements. The income and rent restrictions provided for hereunder are intended and shall be maintained in a manner sufficient to satisfy the requirements of Health and Safety Code Section 33413(b).

6. DEVELOPER'S GENERAL REPRESENTATIONS AND WARRANTIES.

As a material inducement to Agency to enter into this DDA, Developer represents and warrants to Agency that:

6.1 Formation, Qualification and Compliance. Developer (a) is a California limited liability company validly existing and in good standing under the laws of the State of California; (b) has all requisite and the authority to conduct its business and own, purchase, improve and sell its

properties, (c) is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental agency that are necessary for the transaction of its business; (d) Developer has and will in the future duly authorize, execute and deliver this DDA and any and all other agreements and documents required to be executed and delivered by the Developer in order to carry out, give effect to, and consummate the transactions contemplated by this DDA; (e) Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of the Developer to carry out its obligations hereunder; (f) there are no material pending or, so far as is known to the Developer, threatened, legal proceedings to which the Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed by the Developer to the Agency in this DDA which could materially adversely affect the ability of the Developer to carry out its obligations hereunder; and (g) there is no action or proceeding pending or, to the Developer's best knowledge, threatened, looking toward the dissolution or liquidation of the Developer and there is no action or proceeding pending or, to the Developer's best knowledge, threatened by or against the Developer which could affect the validity and enforceability of the terms of this DDA, or materially and adversely affect the ability of the Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (g), inclusive, shall be deemed to be an ongoing representation and warranty. The Developer shall advise the Agency in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (g), inclusive.

6.2 Execution and Performance of Project Documents. Developer has all requisite authority to execute and perform its obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document has been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

6.3 Covenant Not to Transfer Except in Conformity. Prior to the issuance of the Certificate of Completion, except as may be permitted by the express provisions hereof, the Developer shall not sell, lease, or otherwise transfer or convey all or any part of the Site, or any interest therein, unless the Developer has first obtained the prior written consent of the Agency, which consent may be granted or refused in the Agency's sole and absolute discretion. In addition, Developer's limited partner and any successor thereto, may, without the prior consent of the Agency and except as set forth in the senior permitted liens, sell, transfer, assign, pledge, hypothecate, and encumber some or all of its partnership interests in the Developer and the same shall not be a violation of this DDA. Moreover, Developer's limited partner and any successor thereto, shall have the right, without the prior consent of the Agency and except as set for in the senior permitted liens, to remove any or all of Developer's general partners for cause as permitted under Developer's limited partnership agreement and replace any or all removed general partners with a person or entity determined in the limited partner's sole discretion. Any sale, lease, transfer or conveyance without such consent, except as otherwise allowed under this section shall, at Agency's option, be void. A change in ownership of the Developer resulting in the individuals executing this DDA on behalf of Developer retaining less than fifty-one percent (51%) ownership of all outstanding shares of Developer shall be deemed to violate this Section 6.3.

7. DEFAULTS, REMEDIES, AND TERMINATION.

7.1 Default Remedies. Subject to the extensions of time set forth in Section 7.10 of this DDA, failure by either party to perform any action or covenant required by this DDA within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" under this DDA. A party claiming a Default shall give written notice of Default to the other party specifying the Default.

(a) If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of seven (7) days after such notice is given within which to cure the default prior to exercise of remedies by the injured party.

(b) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party. If Developer fails to take corrective action or cure the default within a reasonable time, the Agency shall give Developer and, as provided in paragraph (e) below, the entity that will purchase the Tax Credit ("Investor Limited Partner"), notice thereof, whereupon the Investor Limited Partner may remove and replace the general partner of the Tax Credit Limited Partnership with a substitute general partner, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. The Agency agrees to accept cures tendered by the Investor Limited Partner within the cure periods provided in this DDA or within the time periods provided in Civil Code Section 2924c, whichever is longer. Additionally, in the event the Investor Limited Partner is precluded from curing a non monetary default due to an inability to remove the general partner as a result of a bankruptcy, injunction, or similar proceeding by or against Developer or such general partner, the Agency agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which the Investor Limited Partner is so precluded from acting, not to exceed ninety (90) days, provided such Investor Limited Partner is otherwise in compliance with the foregoing provisions. In no event shall the injured party be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

(c) After Developer gives written notice to Agency that the Investor Limited Partner has been admitted to the Developer, Agency shall send to the Investor Limited Partner a copy of all notices of default and all other notices that Agency sends to Developer, at the address for the Investor Limited Partner as provided by written notice to Agency by Developer.

7.2 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this DDA, any party may institute an action at law or equity to seek specific performance of the terms of this DDA, or to cure, correct or remedy any Default, to recover damages for any Default, or to obtain any other remedy consistent with the purpose of this DDA. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California, in an appropriate court in that county.

7.3 Termination by the Developer. In the event that: (i) the Developer is not in default under this DDA and Agency does not execute the Agency Grant Deed and attempt to convey the Site to the Developer in the manner and condition and by the date provided in this DDA; (ii) the Developer is not in default of this DDA and the Developer disapproves the Inspections on or before the Inspection Deadline; or (iii) in the event of any default of Agency prior to the Conveyance which is not cured within the time set forth in Section 7.1 hereof, and any such failure is not cured within the applicable time period after written demand by the Developer, then this DDA may, at the option of the Developer, be terminated by Notice thereof to Agency; provided that the Developer shall have delivered to the Agency the documents required to be delivered to the Agency pursuant to Section 4.15.8 of this DDA. From the date of the Notice of termination of this DDA by the Developer to Agency and thereafter, this DDA shall be deemed terminated and there shall be no further rights or obligations among the parties.

7.4 Termination by Agency. Agency may terminate this DDA by notice to Developer if prior to the time established in the Schedule of Performance for the satisfaction of the Agency Conditions Precedent any of the following occur, subject to the notice and cure provisions of Section 7.1 hereof:

7.4.1 Developer (or any successor in interest) assigns this DDA or any rights therein or in the Site in violation of this DDA; or

7.4.2 Developer does not fulfill the Agency Conditions Precedent and such failure is not caused by Agency; or

7.4.3 Developer fails to execute (as covenantor or maker) the Agency Regulatory Agreement, the Agency Grant Deed, Agency Deed of Trust or the Agency Note; or

7.4.4 The Developer fails to perform as outlined within the time specified in the Schedule of Performance, or any mutually agreeable extension thereof; or

7.4.5 Developer fails to provide satisfactory evidence of financing to the Agency within the time specified in the Schedule of Performance for the satisfaction of the Agency Conditions Precedent; or

7.4.6 Developer does not fulfill one or more of the Conditions Precedent to Closing which is capable of being satisfied by Developer on or before the time set forth in the Schedule of Performance, and such Condition Precedent is not satisfied after notice and an opportunity to cure as provided in Section 7.4.7 below; or

7.4.7 Developer is otherwise in default of any material provision of this DDA and fails to cure such default within the time set forth in Section 7.1 hereof, then this DDA and any rights of the Developer or any assignee or transferee with respect to or arising out of the DDA or the Site, shall, at the option of Agency, be terminated by Agency by Notice thereof to the Developer. From the date of the Notice of termination of this DDA by Agency to the Developer and thereafter this DDA shall be deemed terminated and there shall be no further rights or obligations among the parties, except that Agency may pursue any remedies it has hereunder; or

7.4.8 Developer is not able to secure a Tax Credit Allocation within the time permitted under this DDA.

7.5 Acceptance of Service of Process. In the event that any legal action is commenced against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced against the Developer, service of process on the Developer shall be made in such manner as may be provided by law and shall be effective whether served inside or outside of California.

7.6 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this DDA, the rights and remedies of the parties are cumulative, and the exercise by a party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by another party.

7.7 Inaction Not a Waiver of Default. Any failures or delays by either party in asserting any of its rights and remedies as to any Default shall not operate as a waiver of any Default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

7.8 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this DDA.

7.9 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this DDA, performance by any party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this DDA shall be extended, where delays or Defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another party, or acts or failures to act of the County or any other public or governmental agency or entity (excepting that acts or failures to act of Agency or County shall not excuse performance by Agency or County). Notwithstanding anything to the contrary in this DDA, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this DDA may also be extended in writing by the mutual agreement of Agency and Developer. The Agency Executive Director shall have the authority to approve extensions on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days. The failure of the Developer to obtain financing for the development of the Housing Project shall not constitute grounds for enforced delay hereunder.

7.10 Transfers of Interest in DDA or of Site. Section 7.10, and all subsections of this Section 7.10, shall apply to all Transfers. Additionally, any Transfers occurring or proposed after the Conveyance of the Site are subject to the provisions therefore of the Agency Regulatory Agreement and, if applicable, and the Tax Credit Regulatory Agreement.

7.10.1 Prohibition. The qualifications and identity of the Developer are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this DDA with the Developer. Until the completion of the Improvements, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this DDA, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Development thereon

(excepting the rental of Units in conformity with this DDA) without prior written approval of Agency, except as otherwise allowed under Section 6.3.

7.10.2 Permitted Transfers. Notwithstanding any other provision of this DDA to the contrary, the Agency shall not unreasonably withhold its approval of an assignment of this DDA or conveyance of the Site, or any part thereof, in connection with any of the following:

(a) Any Transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance or dedication of any portion of the Site to the County or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Development.

In the event of a proposed assignment by Developer under subparagraph 7.11.2, Developer agrees that at least thirty (30) days prior to such assignment it shall give written notice to Agency including a request for approval of such assignment and satisfactory evidence that the assignee has assumed jointly with Developer the Obligations of this DDA. In addition, no consent of the Agency shall be required in connection with the transfer of the Site that occurs by foreclosure or deed in lieu of foreclosure of any Permitted Senior Lien to respective holder thereof or to their nominees or assignees exclusive of the Developer.

7.10.3 Intentionally Omitted

7.10.4 Successors and Assigns. All of the terms, covenants and conditions of this DDA shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this DDA, such term shall include any other permitted successors and assigns as herein provided.

7.10.5 Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this DDA with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that Agency may assign or transfer any of its interests hereunder to the County at any time without the consent of the Developer.

7.11 Right of Reverter.

Agency shall have the right, at its option, to reenter and take possession of the Site or any portion thereof with all improvements thereon and to terminate and re-vest in Agency the estate conveyed to Developer, if Developer (or his successors in interest) shall, prior to the County's issuance of a certificate of occupancy for the Housing Project:

7.11.1 Fail to commence construction of the Improvements as required by this DDA, if such failure is in violation of the Schedule of Performance (Attachment No. 3) for a period of sixty (60) calendar days, provided that Developer shall not have obtained an extension of postponement to which Developer may be entitled pursuant to this DDA; or

7.11.2 Abandon or substantially suspend construction of the Improvements for a period of thirty (30) calendar days after written notice of such abandonment or suspension from

Agency, provided that Developer shall not have obtained an extension of time to which Developer may be entitled pursuant to this DDA; or

7.11.3 Assign or attempt to assign this DDA, or any rights herein, or transfer, or suffer any involuntary transfer of site, or any part hereof, in violation of this DDA, and such violation shall not be cured within thirty (30) calendar days after the date of sending of written notice thereof by Agency to Developer.

7.11.4 The right to re-enter, repossess, terminate, and re-vest shall be subject to, and be limited by, and shall not defeat, render invalid, or limit:

1. Any mortgage, deed of trust, or other security interest permitted by this DDA; or

2. Any rights or interest provided in this DDA for the protection of the holders of such mortgages, deeds of trust, or other security interest. Upon the re-vesting in Agency possession of any portion of the Site, or any part thereof, as provided in this section, Agency, shall pursuant to its responsibilities under state law, use its best efforts to release, or resell the Site, or any part thereof, as soon and in such manner as Agency shall find feasible, to a qualified and responsible party or parties (as determined by Agency), who will assume the obligation of making or completing the Improvements or maintaining or occupying the applicable portion of the Site, as applicable, as shall be satisfactory to Agency and in accordance with the terms of this DDA.

7.12 Non-Liability of Officials and Employees of Agency. No member, official, officer or employee of Agency or the County shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by Agency (or the County) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this DDA.

7.13 Relationship Between Agency and Developer. It is hereby acknowledged that the relationship among the Agency and Developer is not that of a partnership or joint venture and that Agency and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this DDA, including the Attachments hereto, neither the Agency nor the County shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Development.

7.14 Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director is authorized to act on behalf of the Agency except to increase the Agency Loan amount or unless specifically provided otherwise or the law otherwise requires.

7.15 Real Estate Brokers. Agency and Developer each represent and warrant to each other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction and each agrees to defend and hold harmless the other from any claim to any such commission or fee resulting from any action on its part.

8. MISCELLANEOUS

8.1 Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of Agency to Developer, or any other claim by Developer against Agency, in connection with the Site or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's obligations under this DDA (including without limitation the attachments hereto), or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

8.2 Notices. All notices, demands, approvals and other communications provided for in the Project Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Developer: Workforce Homebuilders LLC
8300 Utica Avenue, Suite 173
Rancho Cucamonga, CA 91730
Telephone: (909) 987-9191
Attention: D. Anthony Mize

If to Agency: Redevelopment Agency for the County of Riverside
3403 Tenth Street, Suite 500
Riverside, CA 92501
Telephone: (951) 955-3418
Attn: Assistant Director of Housing

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication. Notice may be given by legal counsel for a party with the same effect as if the notice had been given by the party.

8.3 Survival of Representations and Warranties. All representations and warranties in the Project Documents shall survive the Closing and the sale of the Required Assisted Units and have been or will be relied on by Agency notwithstanding any investigation made by Agency.

8.4 No Third Parties Benefited Except for County; AB 987. This DDA is made for the purpose of setting forth rights and obligations of Developer and Agency, and no other person (except for the County) shall have any rights hereunder or by reason hereof. Except for the County, which shall be deemed to be a third party beneficiary of this DDA (including without limitation the Attachments hereto), there shall be no third party beneficiaries of this DDA. Developer acknowledges that pursuant to AB 987 and the amendments to Health and Safety Code Section 33334.3 made effective as of January 1, 2008 by that bill, violations of the covenants, conditions and restrictions relating to affordable housing contained in the Agency Regulatory Agreement may now be enforceable not only by the Agency and the County, but also by each of the persons and/or entities listed in Section 33334.3(f)(7) of the Health and Safety Code, specifically (1) residents of affordable units subject to covenants recorded pursuant to Health and Safety Code Section 33334.3(f)(1) (each, a "Covenanted Unit"), (2) the most recent former residents of such a Covenanted Unit, (3) applicants

that are Qualified Households that are denied occupancy of such a Covenanted Unit, and (4) persons that are Qualified Households and who are on a waiting list for occupancy of such a Covenanted Unit. Nothing in this Section 8.4 or this DDA (including the Attachments hereto) is intended to provide an enforcement right to any person or entity not specifically made an intended third party beneficiary of this DDA; any such third party shall be limited in their right to enforce affordability restrictions to the extent provided by Health and Safety Code Section 33334.3(f).

8.5 Inspection of Books and Records. The Developer shall maintain at a location in or near Riverside County complete, accurate, and current records pertaining to the Site and the Housing Project for a period of five (5) years after the creation of such records (and continuing until the fifth anniversary of the last day of the Required Covenant Period), and shall permit any duly authorized representative of the Agency or the County to inspect and copy records, during regular business hours. Records must be kept accurate and current.

8.6 Approvals. Approvals required of the Agency or the Developer shall not be unreasonably withheld or delayed.

8.7 Binding Effect; Assignment of Obligations. This DDA shall bind, and shall inure to the benefit of, Developer and Agency and their respective successors and assigns. Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of the Agency, which consent may be withheld in the Agency's sole and absolute discretion. Any such assignment without such consent shall, at Agency's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that Agency relied upon Developer's particular expertise in entering this DDA and continues to rely on such expertise to ensure the satisfactory completion of the Improvements and the use of the Required Assisted Units in conformity with this DDA.

8.8 Counterparts. Any Project Document may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

8.9 Prior Agreements; Amendments; Consents. This DDA (together with the other Project Documents) contains the entire agreement between Agency and Developer with respect to the Site, and all prior negotiations, understandings and agreements with respect to such matters are superseded by this DDA and such other Project Documents. Notwithstanding the foregoing, however, (i) all monies disbursed by the Agency in connection with the Pre-Development loan under the MOU shall be deemed to be disbursements under the Agency Note and shall be credited toward Agency's responsibility to disburse funds thereunder, and (ii) if this DDA is not carried out but through no fault of Developer, the provisions of the ENA regarding Developer's obligation to repay the Pre-Development loan shall remain in full force and effect. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This DDA is executed in three (3) duplicate originals, each of which is deemed to be an original but all of which together shall constitute one and the same instrument.

This DDA integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this DDA must be in writing by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing by the appropriate authorities of the Agency and the Developer.

8.10 Governing Law. All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside or the United States District Court of the Central District of California, as Agency may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this DDA or the other Project Documents. Assuming proper service of process, Developer also waives any objection regarding personal or in rem jurisdiction or venue.

8.11 Severability of Provisions. No provision of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Project Documents are hereby declared to be severable.

8.12 Headings. Article and section headings are included in the Project Documents for convenience of reference only and shall not be used in construing the Project Documents.

8.13 Conflicts. In the event of any conflict between the provisions of this DDA and those of any other Project Document, this DDA shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

8.14 Time of the Essence. Time is of the essence of all of the Project Documents.

8.15 Conflict of Interest. No member, official or employee of Agency shall have any direct or indirect interest in this DDA, nor participate in any decision relating to the DDA which is prohibited by law.

8.16 Warranty Against Payment of Consideration. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this DDA.

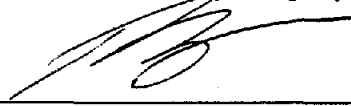
END OF AGREEMENT

IN WITNESS WHEREOF, the Agency and the Developer have executed this DDA as of the date first above written.

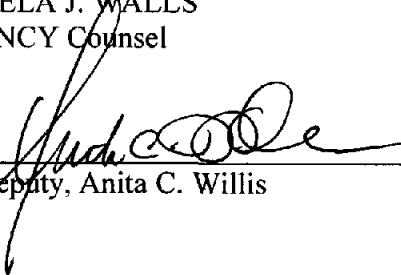
AGENCY
Redevelopment Agency for the
County of Riverside

DEVELOPER
Workforce Homebuilders LLC
a California limited liability company

By: _____
Bob Buster
Chairman, Board of Directors

By:  _____
D. Anthony Mize, President

APPROVED AS TO FORM:
PAMELA J. WALLS
AGENCY Counsel

By:  _____
Deputy, Anita C. Willis

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

(All signatures on this page need to be notarized)

ATTACHMENT NO. 1

SITE MAP

ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

APN: 255-070-013

Parcel 1:

Lot or block 1 of Fairmont Park, in addition to the town of East Riverside, in the County of Riverside, State of California, as shown by map of file in book 11, page 15 of maps, in the office of the County Recorder of said County.

Except therefrom the Westerly 86 feet;

Also except therefrom that portion described as follows:

Beginning at a point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1; thence Southerly, parallel with the Westerly line of said lot 115 feet; thence Easterly, parallel with the Southerly line of Center Street, 90 feet; thence Northerly parrallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the true point of beginning;

Also except therefrom that portion described as follows:

Commencing at the Northwest corner of said lot 1; thence South 89° 41' East, on the Northerly line of said lot, 544.03 feet to the true point of beginning; thence South 1° 15' West, 67 feet; thence South 26° 13' East 35 feet; thence South 88° 44' East, 109.16 feet to the Northwesterly line of the Gage Canal Company righ of way; thence North 28° 26' East on the Northwesterly line of the Gage Canal Company right of way, 22.29 feet; thence North 32° 00' East on the Northwesterly line of the Gage Canal Company right of way, 94.57 feet to the Easterly extension of the Northerly line of said lot 1; Thence Norht 89° 41' West on the Northerly line of said lot, 183.20 feet to the true point of beginning.

Also exept that portion conveyed to the County of Riverside, a Body Corporate and Politic, by deed recorded December 2, 1993, as instrument No. 480918 of official records

Parcel 2:

A right of way for pipeline and maintenance thereof over and across the Westerly 10 feet of the following described property:

That portion of the lot of block 1 of Fairmont Park, an addition to the town of East Riverside, as shown by map on file in book 11, page 15 of maps, records of San Bernardino County California, described as follows:

Beginning at point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1, thence Southerly, parallel with the Westerly line of said lot 1, thence Southerly, parallel with the Southerly line of said lot, 115 feet, thence Easterly, parallel with the Southerly line of line of

Center Street, 90 feet; thence Northerly, parallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest Corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the point of beginning.

ATTACHMENT NO. 3
SCHEDULE OF PERFORMANCE

The Agency may extend by not more than sixty (60) days the time under this Schedule of Performance by which any obligation of Developer shall be performed.

General Provisions

1. Award of Tax Credits Allocation.
Developer shall apply for and obtain a TCAC allocation of Tax Credits for the Housing Project.

Developer shall apply for Tax Credit allocation in the next applicable TCAC, and if necessary in the next two allocation rounds. As soon as a commitment of award of TCAC credits is obtained Developer shall submit to Agency evidence of award to Agency within fifteen (15) calendar days of its notification thereof.

2. Submission of a Plan for Resident Marketing Selection. Developer shall submit a plan for resident marketing and selection that incorporates, among other things, a plan to prohibit preferential treatment for a family members or employees of Developers.

Not later than thirty (30) calendar days prior to Close of Escrow.

Financing Commitments

1. Affordable Housing Program Funding.
Developer may apply for Affordable Housing Program Funding.

Not later than the deadline imposed by the Affordable Housing Grant Program ("AHP") for the application cycle immediately after the allocation of Tax Credits. If Developer is not successful in the first round, Developer may re-apply not later than the deadlines imposed by the AHP for the next succeeding round application cycle.

2. Financing Plan. Developer shall submit to Agency current evidence of all financing proposed to fund all Development Costs including, but not limited to, commitments for the Construction Loan, including Construction Loan Documents, commitments for the permanent loan, evidence of Developers Equity, and evidence and commitments of all other funding sources set forth in Attachment

No. 15 of the Housing Project Budget, and including commitments to fund any funding deficit or increase to any line item of the Development Costs.

- | | |
|---|--|
| 3. <u>Financing Plan.</u> Agency shall approve or disapprove Developer's evidence of financing. | Not later than thirty (30) calendar days after Agency receives complete submission of evidence of financing. |
|---|--|

Closing and Construction

- | | |
|---|--|
| 1. <u>Submission to Planning Department.</u> Submit construction drawings to County Planning Department. | Completed. |
| 2. <u>Building Permits Obtained.</u> Developer shall apply to County Planning for all permits required to develop the Site and construct the Improvements including, but not limited to, building and grading permits, and then submit to Agency | Within 120 days after allocation of Tax Credits. |
| 3. <u>Satisfaction of Agency Conditions Precedent.</u> Developer shall satisfy the Agency Conditions Precedent. | Within 120 days after allocation of Tax Credits, but not later than December 31, 2012. |
| 4. <u>Conveyance of Title and Close of Escrow.</u> Provided all conditions precedent to Close Escrow have been satisfied, Agency shall convey title to the Site to Developer, and escrow for the conveyance of the Site to Developer shall be closed. The Conveyance is affected by the Agency Grant Deed, to be evidenced and made of public record by the recording of the Agency Grant Deed. | Within thirty (30) days after the satisfaction of the Agency Conditions Precedent. |
| 5. <u>Commencement of Construction.</u> The Developer shall have commenced construction of the Improvements (which shall include demotion and site preparation). | Within 120 days after allocation of Tax Credits. |
| 6. <u>Completion of Construction.</u> Developer shall complete construction of the Improvements on the Site (as shown on | No later than eighteen (18) months after the commencement of construction of the Improvements. |

the Final Construction Drawings upon which Developer's building permit is based).

7. Units Offered for Rent. Developer causes the Units to be offered for rent.

Within one hundred (100) days after the earlier of (i) completion of construction or (ii) the time established for completion of construction in this Schedule of Performance.

ATTACHMENT NO. 4

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

TO: Redevelopment Agency for the County of Riverside
3403 Tenth Street, Suite 500
Riverside, California 92501
Attention: Assistant Director of Housing

The undersigned, _____, being duly authorized to execute this Certificate of Continuing Program Compliance (this "Certificate") on behalf of Workforce Homebuilders LLC, a California limited liability company (the "Developer"), hereby represents and warrants that:

1. He has read and is thoroughly familiar with the provisions of the Disposition and Development Agreement (the "DDA") by and between the Agency and the Developer dated as of _____, 2011, including without limitation the Agency Regulatory Agreement and other attachments thereto. Capitalized terms used herein shall have the same meaning as that set forth in the DDA; and

2. As of the date of this Certificate, the following number of completed residential units at the Site: (i) Units that are currently occupied by Extremely Low to Very Low Income Households at Affordable Rent (based upon Health and Safety Code sections 50052.5 and 50053); or (ii) Units that are currently vacant and being held available for occupancy by a Extremely Low or Very Low Income Household and have been so held continuously since the date a Extremely Low or Very Low Income Household vacated such unit (while the DDA does not specifically provide for occupancy by households having incomes above Very Low Income, all Units are to be reported on):

Units Occupied at an Affordable Rent by:

- i. Extremely Low Income Households (30%) _____ # of Units, Nos.:
- ii. Very Low Income Households (35%) _____ # of Units, Nos.:
- iii. Very Low Income Households (40%) _____ # of Units, Nos.:
- iv. Very Low Income Households (50%) _____ # of Units, Nos.:

Units Vacant:

a. Held for occupancy by:

- i. Extremely Low Income Households (30%) _____ # of Units, Nos.:
- ii. Very Low Income Households (35%) _____ # of Units, Nos.:
- iii. Very Low Income Households (40%) _____ # of Units, Nos.:
- iv. Very Low Income Households (50%) _____ # of Units, Nos.:

b. Last occupied by:

- i. Extremely Low Income Households (30%) _____ # of Units, Nos.:
- ii. Very Low Income Households (35%) _____ # of Units, Nos.:
- iii. Very Low Income Households (40%) _____ # of Units, Nos.:

iv. Very Low Income Households (50%) _____ # of Units, Nos.:

3. At no time since the date of filing of the last Certification of Continuing Program Compliance: (i) have less than one hundred percent (100%) of the Units been occupied by, or been last occupied, or have been available for occupancy by Extremely Low to Very Low Income Households at an Affordable Rent, and (ii) have less than one hundred percent (100%) of the Additional Units been occupied by, or have been available for occupancy by Very Low Income Households (50%).

4. The Developer is not in default under the terms of the DDA, including without limitation the attachments thereto (such as the Agency Regulatory Agreement).

Workforce Homebuilders LLC
a California limited liability company

By: _____
Name: D. Anthony Mize
Title: President

(DEVELOPER)

AGENCY REGULATORY AGREEMENT

NO FEE RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Redevelopment Agency for
the County of Riverside
3403 Tenth, Suite 500
Riverside, California 92501
Attn: Executive Director

(Space above for Recorder's Use.)

REGULATORY AGREEMENT

These Covenants, Conditions and Restrictions, herein sometimes referred to as these "CC&Rs" or "Declaration" or "Regulatory Agreement" are made by the signatories hereto.

RECITALS

WHEREAS, each of the **REDEVELOPMENT AGENCY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Agency"), the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **Workforce Homebuilders LLC**, a California limited liability company ("Developer") is a party to this Declaration. The Agency and the Developer are sometimes collectively referred to herein as the "Declarants."

WHEREAS, the Agency and the Developer have entered into that certain Disposition and Development Agreement dated as of June 27, 2011 (the "DDA") for the improvement and development of certain real property described in Exhibit "A" (to which these CC&Rs are an encumbrance) as the "Site", which DDA provides for the recordation of this Regulatory Agreement. The DDA is incorporated herein by this reference and any capitalized term not defined herein shall have the meaning established therefore in the DDA. The County is a third party beneficiary of the DDA.

WHEREAS, this Regulatory Agreement establishes a plan for the improvement, development and maintenance of the Site, for the benefit of the Project Area, as well as the rest of the County.

WHEREAS, it is contemplated under the DDA that, as of the recordation of this Regulatory Agreement, the Agency will convey to the Developer under a form of deed provided for in the DDA (and therein defined as the "Agency Grant Deed") the "Site", which is that certain property described in the legal description attached hereto as "Exhibit A" and incorporated herein by this reference.

WHEREAS, the DDA sets forth certain restrictive covenants applicable to the Site, particularly the use of the Site for the provision of rental housing units available to Extremely Low to Very Low Income Households at Affordable Rents as those terms are defined therein.

WHEREAS, Agency, County, and Developer wish to adopt this Regulatory Agreement to further govern the use of the Site in conjunction and along with the DDA and to ensure that the Agency achieves credit for production of affordable housing units pursuant to Section 33413 of the California Health and Safety Code.

NOW, THEREFORE, each of the Agency and the Developer (as owner of real property interests described hereinabove) declare that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the Covenants, Conditions and Restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property, and the Agency. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Declarant, its grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site.

ARTICLE I **DEFINITIONS**

The definitions provided herein shall be applicable to this Declaration and also to any amendment or supplemental Declaration (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Declaration.

Section 1. “Affordable Housing Project” means an affordable housing project operated in conformity with this Regulatory Agreement throughout the Required Covenant Period.

Section 2. “Affordable Rent” means rent (including a reasonable utility allowance) (i) for a Extremely Low Income Household which does not exceed the product of 30% times 30% of the area median income for Riverside County, adjusted for household size appropriate for the unit, (ii) for a Very Low Income Household which does not exceed the product of 30% times 50% of the area median income for Riverside County, adjusted for household size appropriate for the unit, and (ii) for a Low and Moderate Income Household which does not exceed the product of 30% times 110% of the area median income for Riverside County, adjusted for household size appropriate for the unit. “Household size appropriate to the unit,” as used herein, means three persons for each two-bedroom unit, and four persons for each three bedroom unit. The maximum monthly rental amount of the units shall be adjusted annually by the formula set forth above upon the promulgation of revised Riverside-San Bernardino Primary Metropolitan Statistical Area median income figures by regulation of the California Department of Housing and Community Development. Actual rent charged may be less than such maximum rent.

Section 3. “Agency” means the Redevelopment Agency for the County of Riverside and its successors in interest.

Section 4. “Approved Housing Project” means all improvements as provided to be developed by Developer under the DDA. The Approved Housing Project must be completed in strict conformity with all specifications contained in or referred to in the DDA.

Section 5. “Area” means the Riverside-San Bernardino Primary Metropolitan Statistical Area, as periodically defined by HUD.

Section 6. “Calculation of Affordable Rents” means the worksheet substantially in the form of Attachment No. 7 to the DDA.

Section 7. “Certificate” or “Certification” is defined in Section 3(a).

Section 8. “County” means and refers to the County of Riverside, a political subdivision of the State of California.

Section 9. “County Ordinances” means and refers to the County of Riverside County Ordinances as revised from time to time.

Section 10. “Common Areas” means all areas on the Site that are open or accessible to all tenants of the Site (such as grounds, but excluding buildings).

Section 11. “Extremely Low Income Households” means a household whose annual household income does not exceed the maximum income limit for extremely low income households for Riverside County, adjusted for applicable household size, pursuant to regulation of the California Department of Housing and Community Development in accordance with Health & Safety Code Section 50106, or any successor statute, and the regulations promulgated pursuant thereto.

Section 12. “Gross Income” means all payments from all sources received by a person (together with the gross income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) whether in cash or in kind as calculated pursuant to the Department of Housing and Urban Development (“HUD”) Regulations (24 C.F.R. § 813) in effect as of the Date of Agreement.

Section 13. “Housing Project” means the eighty nine (89) unit multi-family apartment complex to be constructed on the Site under the DDA.

Section 14. “Median Income for the Area” means the median income for the Area as most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or, if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination.

Section 15. “Low or Moderate Income Households” means a household whose annual household income does not exceed the maximum income limit for low or moderate income households for Riverside County, adjusted for applicable household size, pursuant to regulation of the California Department of Housing and Community Development in accordance with Health & Safety Code Section 50093, or any successor statute, and the regulations promulgated pursuant thereto

Section 16. “Prescribed Rent Levels” means rent that is Affordable Rent as follows: (a) for Extremely Low to Very Low Income Households for the following units, as indicated by number of bedrooms: (i) forty four (44) of the eighty nine (89) total units shall be restricted for Extremely Low to Very Low Income Households. A two bedroom unit shall be designated as a managers unit. Rent is not required to be Affordable Rent as to one manager’s unit.

Section 17. “Regulatory Agreement” means this Regulatory Agreement and any amendments, modifications or supplements which may also be referred to herein as these “CC&Rs” or this “Declaration”.

Section 18. “Required Assisted Unit” means a dwelling unit in the Housing Project, as constructed under the DDA, and available to, occupied by, or held vacant for occupancy only by tenants qualifying as Extremely Low to Very Low Income Households and rented at Affordable Rent conforming to the Prescribed Rent Levels.

Section 19. “Required Covenant Period” means a period of fifty-five (55) years commencing as of the issuance of a final certificate of occupancy for all of the Units and continuing until the fifty-fifth (55th) anniversary thereof.

Section 20. “Qualified Household” means a qualified low income household, as defined by California Health and Safety Code Section 50079.5 and 50105.

Section 21. “Site” means all of the real property and appurtenances as described above, including all structures and other improvements thereon, and those hereafter constructed.

Section 22. “Tax Credit Regulatory Agreement” means a reasonable agreement to be prepared or approved by counsel designated by Agency, in the event Tax Credits are made available for the Housing Project, setting forth certain covenants as to the Site.

Section 23. “Unit” means a dwelling unit on the Housing Project.

Section 24. “Very Low Income Households” means a household whose annual household income does not exceed the maximum income limit for very low income households for Riverside County, adjusted for applicable household size, pursuant to regulation of the California Department of Housing and Community Development in accordance with Health & Safety Code Section 50105, or any successor statute, and the regulations promulgated pursuant thereto.

Section 25. “Year” means a calendar year.

ARTICLE II

LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. The Developer shall develop the approved Housing Project on the Site in conformity with the DDA. Thereafter, the Site shall be operated as an Affordable Housing Project and devoted only to the uses specified in the DDA, the Tax Credit Regulatory Agreement and this Regulatory Agreement for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to the DDA, shall conform to all applicable provisions of the County Ordinances and the County Approvals.

The Site shall be used, maintained and operated in accordance with the DDA. None of the units in the Housing Project shall at any time be utilized on a transient basis nor shall the Housing Project or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer court or park. No part of the Site, from the date the Developer acquired its interest in the Site, has been or will at any time be owned or used as a cooperative housing corporation or a community apartment project or a stock cooperative.

Developer agrees to reserve forty four (44) of the total rental units, for Extremely Low to Very Low Income households. Such units ("Assisted Units") shall be limited to Extremely Low to Very Low-Income households that do not exceed fifty percent (50%) of the area median income for the County, adjusted by family size at the time occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105.

Section 2. Affordable Housing.

Number of Units. Throughout the Required Covenant Period, thirty-four (34) of the units will be restricted to Very Low Income Households, nine (9) of the units will be restricted to Extremely Low Income Households, and forty-five (45) of the units will be restricted to Low or Moderate Income Households. Required Assisted Units shall be continuously occupied by or held available for occupancy by Qualified Tenants at Affordable Rent. All Assisted Units shall be rented at Affordable Rent. For this purpose, a tenant who qualifies as a Extremely Low, Very Low or Low or Moderate Income Household at the time he or she first occupies an Assisted Unit shall be deemed to continue to be so qualified until such time as a recertification of such individual's or family's income in accordance with Section 3 below demonstrates that such individual or family no longer qualifies as a Qualified Household. Moreover, a unit previously occupied by an Extremely Low, Very Low or Low or Moderate Income Household, and then vacated shall be considered occupied by such Qualified Household until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

At such time as a tenant ceases to qualify as a Qualified Household, the unit occupied by such tenant shall cease to be a Qualified Household. The Developer shall replace each such Required Assisted Unit by designating the next available unit and any necessary units thereafter as a Extremely Low, Very Low or Low or Moderate Income Unit. For purposes of this DDA, such designated unit will be considered a Required Assisted Unit if it is held vacant and available for occupancy by an Extremely Low, Very Low or Low or Moderate Income Household, and, upon occupancy, the income eligibility of the tenant as a Extremely Low, Very Low or Low or Moderate Income Household is verified and the unit is rented at Affordable Rent. One two bedroom unit shall be designated as a managers unit.

In the event a household's income initially complies with the corresponding income restriction for a Required Assisted Unit but the income of such household increases, such increase shall not be deemed to result in a violation of the restrictions of this Regulatory Agreement concerning limitations upon income of occupants, provided that the occupancy by such household is for a reasonable time of not to exceed one year (measured from the time the income of the household ceases to qualify at the designated affordability level). The Developer shall include in its rental agreements provisions which implement this requirement and limitation, and the Developer shall expressly inform prospective renters as to this limitation prior to the commencement of a tenancy. So long as the Housing Project is subject to the Tax Credit Regulatory Agreement, the provisions thereof shall govern the disposition of such over income household.

Duration of Affordability Requirements. The Required Assisted Units shall be available to and occupied by Extremely Low to Very Low Income Households at Affordable Rent throughout the Required Covenant Period. All tenants residing in the Assisted Units during the last two (2) years of the Required Covenant Period shall be given notice by the Developer at least once

every six (6) months prior to the expiration date of this requirement, that the rent payable on the Assisted Unit may be raised to a market rate rent at the end of the Required Covenant Period.

Selection of Tenants. As specified herein below, Developer shall demonstrate to the Agency that the proposed tenants of each of the Required Assisted Units constitutes a Extremely Low to Very Low Income Household.

Prior to the rental or lease of an Required Assisted Unit to a tenant, and as set forth in this Section 2 of Article II of this Declaration, the Developer shall require the tenant to execute a written lease and to complete an Income Verification certifying that the tenant(s) occupying the Required Assisted Unit is/are a Extremely Low to Very Low Income and meet(s) the eligibility requirements established for the Required Assisted Unit. The Developer shall verify the income of the tenant(s).

The Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Determination of Affordable Rent for the Assisted Units. The Assisted Units shall be rented or leased at Affordable Rent. As of the approval of the DDA, Affordable Rent is calculated in accordance with the Calculation of Affordable Rent. The maximum monthly rental for the Assisted Unit shall be adjusted annually as permitted pursuant to the Calculation of Affordable Rent.

THE DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL FOR THE ASSISTED UNITS ESTABLISHED BY THE DDA, AND THIS REGULATORY AGREEMENT IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT FOR THE ASSISTED UNITS.

Section 3. Developer Verification and Program Compliance.

Income Verification and Certification. The Developer will obtain and maintain on file an Income Verification from each tenant, dated immediately prior to the initial occupancy of such tenant in the Housing Project and should obtain a recertification of income on the anniversary date thereof for each year the tenant remains in occupancy of the Housing Project.

On March 31st commencing the year in which the Certificate of Completion is issued and annually thereafter each March during the Required Covenant Period, the Developer shall file with the Agency or its designee a Certificate, containing all information required pursuant to Health and Safety Code Section 33418, in a form prescribed by the Agency. Each Certificate shall cover the immediately preceding fiscal year.

Reporting Amounts. Agency is required by Section 33418 of the California Health and Safety Code to require Developer to monitor the Assisted Units and submit the annual reports required by Section 3 of Article II of this Declaration. The Agency relies upon the information contained in such reports to satisfy its own reporting requirements pursuant to Sections 33080 and 33080.1 of the California Health and Safety Code. In the event the Developer fails to submit to the Agency or its designee the Certification as required by this Section 3, the Developer shall be in

noncompliance with this Regulatory Agreement. In the event the Developer remains in noncompliance for thirty (30) days following receipt of written notice from the Agency of such noncompliance under Sections 3(a) and 3(b) of Article II hereinabove, then the Developer shall, without further notice or opportunity to cure, pay to the Agency Two Hundred Fifty Dollars (\$250.00) per Required Assisted Unit for each year Developer fails to submit a Certificate covering each and every housing unit on the Site.

Section 4. Nondiscrimination. The Developer shall refrain from restricting the rental, sale or lease of the Site, or any portion thereof, on the basis of race, color, creed, religion, sex, marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

(1) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those basis are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

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

"That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

(3) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this DDA, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

The covenants established in this Declaration and the deeds of conveyance for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the County and any successor in interest to the Site, together with any property acquired by the Developer pursuant to this DDA, or any part thereof. The covenants against discrimination as set forth in this Section 1 of Article II shall remain in effect in perpetuity.

Section 5. Parking of Vehicles. The Developer shall not permit the parking, storing or keeping of any vehicle except wholly within the parking areas designated for the Required Assisted Units. Except for Developer's vehicles used in connection with the operation of the Housing Project or the provision of social services to residents of the Housing Project, the Developer shall not permit the parking, storing or keeping of any large commercial type vehicle (dump truck, cement mixer truck, oil or gas truck, etc.), or any recreational vehicle over twenty (20) feet in length (camper unit, motor home, trailer, mobile home or other similar vehicle), boats over twenty (20) feet in length, or any vehicle other than a private passenger vehicle, upon any portion of the Common Areas, including parking spaces. For purposes of this section, a pickup truck with a pickup bed mounted camper shall be considered a private passenger vehicle; provided however, that no such vehicle shall be used for residential purposes while parked on the premises.

The Developer shall not permit major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle to be conducted upon any portion of the Common Area, including the parking areas, except for emergency repairs thereto and then only to the extent necessary to enable movement of the vehicle to a proper repair facility. No inoperable vehicle shall be stored or kept in the Common Area. The Developer shall give the vehicle owner not less than four (4) days, nor more than seven (7) days notice and an opportunity to remove any vehicle parked, stored or kept in violation of the provisions of this Declaration. Notice shall consist minimally of a reasonably diligent attempt to personally notify the vehicle owner or alternatively leaving written notice on the subject vehicle. After due notice and opportunity have been given to the vehicle owner, the Developer shall have the right to remove, at the vehicle owner's expense, any vehicle parked, stored or kept in violation of the provisions of this Declaration.

Section 6. Maximum Occupancies. No persons shall be permitted to occupy any unit within the Housing Project in excess of applicable limit of maximum occupancy set by County Ordinances and the laws of the State of California.

Section 7. Signs Required. "Illegally parked vehicles will be towed" signs in compliance with California Vehicle Code requirements will be posted and enforced by the Developer.

Section 8. Structural Change. Nothing shall be done on the Site in, on or to any building which would structurally change the exterior or the interior bearing walls of any such building or structure, except as otherwise provided herein. Nothing herein shall affect the rights of the Developer to repair, alter or construct improvements on the buildings on the Site unless such repair, alteration or improvement would impair the structural integrity and/or exterior appearance of said buildings. Nothing herein shall be deemed to prohibit work ordered to be performed by the County building official.

Section 9. Social Services. At all times any Units are occupied, continuing throughout the Required Covenant Period, Developer shall provide, or cause to be provided, activities and

programs appropriate to the needs of the residents of the Housing Project, with the selection of such activities and programs to be determined by Developer, to be consistent with the description of the services outlined in the TCAC application, and shall take into consideration the needs of residents of the Housing Project. The specific types of social services to be provided shall be submitted to and approved by the Agency, and may be revised with the prior approval of the Agency, which approval shall not be unreasonably withheld.

Section 10. Compliance with Laws. The Developer shall comply with all applicable laws in connection with the development and use of the Site, including without limitation the California Community Redevelopment Law (Health and Safety Code section 33000, *et seq.*) and Fair Housing Act (42 U.S.C. § 3601, *et seq.*, and 24 C.F.R. § 100.300, *et seq.*). The Developer is a sophisticated party, with substantial experience in the acquisition, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. The Developer is familiar with and has reviewed all laws and regulations pertaining to the acquisition, development and operation of the Housing Project and has obtained advice from any advisers of its own choosing in connection with this DDA.

ARTICLE III

DUTIES OF DEVELOPER: SPECIFIC MAINTENANCE RESPONSIBILITIES

Section 1. Maintenance; General. The Developer shall maintain the Housing Project or cause it to be maintained in a decent, safe and sanitary manner, and in accordance with the standard of maintenance of first class apartment units within the County. If at any time Developer fails to maintain the Housing Project in accordance with this Regulatory Agreement and such condition is not corrected within five (5) days after written notice from the Agency with respect to graffiti, debris, and waste material, or thirty days after written notice from the Agency with respect to general maintenance, landscaping and building improvements, then the Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Housing Project and perform all acts and work necessary to protect, maintain, and preserve the Housing Project, and to attach a lien upon the Housing Project, or to assess the Housing Project, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to the Agency upon demand.

Section 2 Exterior Building Maintenance. All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking and defacing marks. Any such defacing marks shall be cleaned or removed within a reasonable period of time as set forth herein.

Section 3. Front and Side Exteriors. The Developer shall at all times maintain the front exterior and yard in a clean, safe and presentable manner, free from defacing marks or any disrepair and any visible side exteriors. The Developer shall hire maintenance personnel to maintain and/or repair any front exterior or yard or visible side yard and exterior of any lot or building.

Section 4. Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures must be removed and any necessary painting or repair completed by the later to occur of (i) one hundred twenty (120) hours of their creation or (ii) one hundred twenty (120) hours after notice to Developer.

Section 5. Driveways. All driveways must be paved and maintained with impervious material in accordance with the County Ordinances. In addition, all water must be made to drain freely to the drainage facilities approved for the Housing Project without any pooling.

Section 6. Exterior Illumination. The Developer shall at all times maintain adequate lighting in all entrance ways, garages and parking areas. Adequate lighting means outdoor, night lighting designed and installed, which provides no less than one (1.0) foot candles in the parking areas and no less than one and one-half (1-1/2) foot candles in the walking areas or Common Areas and no less than 0.2 foot candles at the point of least illumination.

Section 7. Trash Bins. All trash shall be collected and placed at all times in an enclosable bin to be placed in a designated refuse/trash bin area. The designated area shall be located so that the bin will, to the extent possible, be readily accessible from the paved driving surfaces.

Section 8. Prohibited Signs. No sign of any kind shall be displayed to the public view on or from any portion of the Site without the approval of the County and appropriate County departments if any as required by the County Ordinances.

ARTICLE IV **OBLIGATION TO MAINTAIN, REPAIR AND REBUILD**

Section 1. Maintenance by Developer. The Developer shall, at its sole cost and expense, maintain and repair the Site and the improvements thereon keeping the same in a decent, safe and sanitary manner, in accordance with the United States Department of Housing and Urban Development ("HUD") Housing Quality Standards ("HQS"), and in good condition and making all repairs as they may be required by these CC&Rs and by all applicable County Ordinances and Uniform Code provisions. The Developer shall also maintain the landscaping required to be planted in a healthy condition. If, at any time, Developer fails to maintain the Housing Project or any portion thereof, and said condition is not corrected after the expiration of forty-five (45) days from the date of written notice from the Agency, either the Agency or the County may perform the necessary maintenance and Developer shall pay such costs as are reasonably incurred for such maintenance. Payment shall be due within fifteen (15) days of receipt of an invoice from the Agency or the County.

Section 2. Damage and Destruction Affecting Project - Developer's Duty to Rebuild. If all or any portion of the Site and the improvements thereon is damaged or destroyed by fire or other casualty for which insurance proceeds are available to or for Developer as a result of such casualty, it shall be the duty of the Developer to rebuild, repair or reconstruct said portion of the Site and/or the improvements in a timely manner which will restore it to Code compliance condition.

In furtherance of the requirements of this Section 2, Developer shall keep the construction on the Site insured by carriers at all times satisfactory to Agency against loss by fire and such other hazards, casualties, liabilities and contingencies as included within an all risk extended coverage hazard insurance policy, in an amount of the full replacement cost of the constructions. In the event of loss, Developer shall give prompt notice to the insurance carrier and to the Agency.

If the Site is abandoned by the Developer, or if Developer fails to respond to Agency within thirty (30) days from the date notice is mailed by Agency to Developer that the insurance carrier offers to settle a claim for insurance benefits, subject to any claims thereto by a senior lienholder, the

Agency is authorized to collect and apply the insurance proceeds at Agency's option either to restoration or repair of the Site.

Section 3. Variance in Exterior Appearance and Design. In the event the Housing Project sustains substantial physical damage due to a casualty event, the Developer may apply to the County of Riverside for approval to reconstruct, rebuild or repair in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 4. Time Limitation. Upon damage to the Site or the Housing Project or other improvements which Developer is obligated to repair pursuant to Section 2 above, the Developer shall be obligated to proceed with all due diligence hereunder and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or demolition and vacate within two (2) months, unless prevented by causes beyond their reasonable control, in which event reconstruction shall be commenced at the earliest feasible time.

ARTICLE V **ENFORCEMENT**

Section 1. Remedies. Breach of the covenants contained in the Declaration may be enjoined, abated or remedied by appropriate legal proceeding by the Agency or County.

This Declaration does not in any way infringe on the right or duties of the County of Riverside to enforce any of the provisions of the County Ordinances including, but not limited to, the abatement of dangerous buildings.

Section 2. Nuisance. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of the County's rights under law.

Section 3. Right of Entry. In addition to the above general rights of enforcement, the County shall have the right through its agents and employees, to enter upon any part of the project area for the purpose of enforcing the California Vehicle Code, and the ordinances and other regulations of the County, and for maintenance and/or repair of any or all publicly owned utilities. In addition, the County has the right of entry at reasonable hours and upon and after reasonable attempts to contact Developer, on the Site to effect emergency repairs or maintenance which the Developer was obligated to but has failed to perform. Subsequent to sixty (60) days written notice to the Developer specifically outlining the Developer's noncompliance, the County shall have the right of entry on the Site at reasonable hours to enforce compliance with this Declaration which the Developer has failed to perform, subject to the nonrecourse provisions of the Agency Note and Article VI, Section 4 below.

Section 4. Costs of Repair. The costs borne by the County or Agency of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Developer shall be responsible.

Section 5. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 6. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 7. Enforcement and Nonliability. The County or Agency may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Declaration. However, neither the Agency nor the County will be subject to any liability for failure to affirmatively enforce any provision of this Declaration.

ARTICLE VI **GENERAL PROVISIONS**

Section 1. Covenant Against Partition. By acceptance of its interest in the Site, the Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to the Developer, or the burdens running with the land as a result of this Regulatory Agreement.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 3. Term. This Declaration shall run with and bind the interest of the Developer in the Site, and shall inure to the owner(s) of any property subject to this Declaration, his legal representatives, heirs, successors and assigns, and as provided in Article II, Sections 1 and 2, be enforceable by the County, for a term equal to the Required Covenant Period as defined in the DDA, provided; however, that the covenants regarding nondiscrimination set forth in Section 4 of Article II of this Declaration shall remain in effect for perpetuity.

Section 4. Nonrecourse. Liabilities of the Developer to make payments hereunder shall be nonrecourse.

Section 5. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of rental housing available at Affordable Rent for Extremely Low to Very Low Income Households. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

The Developer shall be obligated by this Declaration to comply with the provisions hereof, as well as the provisions of the Agency Grant Deed, and the Tax Credit Regulatory Agreement. In the event of conflict, the Developer shall comply with the most stringent requirements, in each case.

Section 6. Enforced Delay; Extension of Times of Performance. Performance hereunder shall not be deemed to be in default, and all performance and other dates specified in this Regulatory Agreement shall be extended, where delays or defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another

party, or acts or failures to act of the County or any other public or governmental agency or entity. Notwithstanding anything to the contrary in this Regulatory Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other parties, the Agency and the County, within thirty (30) days of the commencement of the cause. Times of performance under this Regulatory Agreement may also be extended in writing by the mutual agreement of the Agency, the County and the Developer to be given or withheld at the sole discretion of each respective party. The failure of the Developer to obtain financing for development or repairs shall not constitute grounds for enforced delay hereunder.

Section 7 Amendments. This Declaration may be amended only by the written agreement of the Developer, the Agency and the County.

Section 8 Encroachments. None of the rights and obligations of the Developer created herein shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of Developer if said encroachment occurs due to the willful conduct of said Developer.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either personally or by certified mail. Notice to the Agency shall be made by certified mail to the Executive Director or his designee at 3403 Tenth Street, Suite 500, Riverside, California 92501, and shall be effective upon receipt. Notice to Developer shall be made by certified mail to Workforce Homebuilders LLC, a California limited liability company, 8300 Utica Avenue, Suite 173, Rancho Cucamonga, CA 91730 Attention: President, and shall be effective upon receipt. Such address may be changed from time to time by notice in writing.

END OF AGREEMENT

(SIGNATURES ON NEXT PAGE)

EXHIBIT "A" TO ATTACHMENT NO. 5

LEGAL DESCRIPTION OF THE SITE

APN: 255-070-013

Parcel 1:

Lot or block 1 of Fairmont Park, in addition to the town of East Riverside, in the County of Riverside, State of California, as shown by map of file in book 11, page 15 of maps, in the office of the County Recorder of said County.

Except therefrom the Westerly 86 feet;

Also except therefrom that portion described as follows:

Beginning at a point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1; thence Southerly, parallel with the Westerly line of said lot 115 feet; thence Easterly, parallel with the Southerly line of Center Street, 90 feet; thence Northerly parrallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the true point of beginning;

Also except therefrom that portion described as follows:

Commencing at the Northwest corner of said lot 1; thence South 89° 41' East, on the Northerly line of said lot, 544.03 feet to the true point of beginning; thence South 1° 15' West, 67 feet; thence South 26° 13' East 35 feet; thence South 88° 44' East, 109.16 feet to the Northwesterly line of the Gage Canal Company righ of way; thence North 28° 26' East on the Northwesterly line of the Gage Canal Company right of way, 22.29 feet; thence North 32° 00' East on the Northwesterly line of the Gage Canal Company right of way, 94.57 feet to the Easterly extension of the Northerly line of said lot 1; Thence Norht 89° 41' West on the Northerly line of said lot, 183.20 feet to the true point of beginning.

Also exopt that portion conveyed to the County of Riverside, a Body Corporate and Politic, by deed recorded December 2, 1993, as instrument No. 480918 of official records

Parcel 2:

A right of way for pipeline and maintenance thereof over and across the Westerly 10 feet of the following described property:

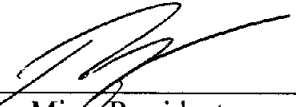
That portion of the lot of block 1 of Fairmont Park, an addition to the town of East Riverside, as shown by map on file in book 11, page 15 of maps, records of San Bernardino County California, described as follows:

Beginning at point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1, thence Southerly, parallel with the Westerly line of said lot 1, thence Southerly, parallel with the Southerly line of said lot, 115 feet, thence Easterly, parallel with the Southerly line of line of

Center Street, 90 feet; thence Northerly, parallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest Corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the point of beginning.

BY SIGNING BELOW, the DEVELOPER accepts and agrees to the terms and covenants contained in this Regulatory Agreement.

DEVELOPER
Workforce Homebuilders LLC
a California limited liability company

By: 

D. Anthony Mize, President

(All signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On June, 27, 2011, before me, Melissa A. Barnes, Notary Public

personally appeared D. Anthony Mize,
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 [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Title or Type of Document: Regulatory Agreement

Date of Document: June, 27, 2011 Number of Pages: 16

Signer(s) Other Than Named Above: _____

AGENCY GRANT DEED

NO FEE FOR RECORDING PURSUANT)
TO GOVERNMENT CODE SECTION 6103)
)
RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
)
Redevelopment Agency for)
the County of Riverside)
3403 Tenth Street, Suite 500)
Riverside, California 92501)
Attention: Executive Director)
)

Documentary Transfer Tax: \$ _____
Based on Full Value of Real Property Conveyed

This document is exempt from payment of a recording fee pursuant
to government Code Section 27383.

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (the "Agency"), effective as of _____, 2011, hereby grants to **Workforce Homebuilders LLC**, a California limited liability company ("Developer"), the real property described in Exhibit A attached hereto and incorporated herein (the "Property"), subject to existing easements, restrictions and covenants of record, the provisions set forth in Sections 1 and 2 hereof and the requirements of the Disposition and Development Agreement (the "DDA") between the parties, dated as of _____, 2011. All capitalized terms not defined herein shall have the respective meanings established therefore in the DDA.

1. Agency Right of Reentry. The Agency has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after the Closing and before the issuance of the Certificate of Occupancy, the Developer (or its successors in interest) shall:

- (a) fail to start the construction of the Improvements as required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or
- (b) abandon or substantially suspend construction of the Improvements required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or
- (c) contrary to the provisions of Section 6.3 of the DDA transfer or suffer any involuntary Transfer in violation of the DDA, and such Transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the DDA; or
2. Any rights or interests provided in the DDA for the protection of the holders of such mortgages or deeds of trust.

Upon the revesting in the Agency of title to the Site as provided in this Section 1, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Site or part thereof in the Redevelopment Plan. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this DDA, shall be applied:

i. First, to reimburse the Agency, on its own behalf or on behalf of the County, all costs and expenses incurred by the Agency, excluding County and Agency staff costs, but specifically, including, without limitation, any expenditures by the Agency or the County in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Agency from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which the Developer has not paid (or, in the event that Site is exempt from taxation or assessment of such charges during the period of ownership thereof by the Agency, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Site were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time of reversion of title thereto in the Agency, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing the Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by the Developer from the Site or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 1 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Agency will have conveyed the Site to the Developer for redevelopment purposes, particularly for development of an affordable multifamily housing project, and not for speculation in undeveloped land.

3. Upon issuance by the Agency of the Certificate of Completion, Sections 1 and 2 hereof shall cease to be of further force and effect.

END OF AGREEMENT

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Agency and the Developer have executed this Grant Deed as of the date first above written.

AGENCY
Redevelopment Agency for the
County of Riverside

DEVELOPER
Workforce Homebuilders LLC
a California limited liability company

By: _____
Bob Buster
Chairman, Board of Directors

By: _____
D. Anthony Mize, President

APPROVED AS TO FORM:
PAMELA J. WALLS
AGENCY Counsel

By: _____
Deputy, Anita C. Willis

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

(All signatures on this page need to be notarized)

EXHIBIT "A" TO ATTACHMENT NO. 6

LEGAL DESCRIPTION OF THE SITE

APN: 255-070-013

Parcel 1:

Lot or block 1 of Fairmont Park, in addition to the town of East Riverside, in the County of Riverside, State of California, as shown by map of file in book 11, page 15 of maps, in the office of the County Recorder of said County.

Except therefrom the Westerly 86 feet;

Also except therefrom that portion described as follows:

Beginning at a point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1; thence Southerly, parallel with the Westerly line of said lot 115 feet; thence Easterly, parallel with the Southerly line of Center Street, 90 feet; thence Northerly parrallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the true point of beginning;

Also except therefrom that portion described as follows:

Commencing at the Northwest corner of said lot 1; thence South 89° 41' East, on the Northerly line of said lot, 544.03 feet to the true point of beginning; thence South 1° 15' West, 67 feet; thence South 26° 13' East 35 feet; thence South 88° 44' East, 109.16 feet to the Northwesterly line of the Gage Canal Company righ of way; thence North 28° 26' East on the Northwesterly line of the Gage Canal Company right of way, 22.29 feet; thence North 32° 00' East on the Northwesterly line of the Gage Canal Company right of way, 94.57 feet to the Easterly extension of the Northerly line of said lot 1; Thence Norht 89° 41' West on the Northerly line of said lot, 183.20 feet to the true point of beginning.

Also exepct that portion conveyed to the County of Riverside, a Body Corporate and Politic, by deed recorded December 2, 1993, as instrument No. 480918 of official records

Parcel 2:

A right of way for pipeline and maintenance thereof over and across the Westerly 10 feet of the following described property:

That portion of the lot of block 1 of Fairmont Park, an addition to the town of East Riverside, as shown by map on file in book 11, page 15 of maps, records of San Bernardino County California, described as follows:

Beginning at point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1, thence Southerly, parallel with the Westerly line of said lot 1, thence Southerly, parallel with the Southerly line of said lot, 115 feet, thence Easterly, parallel with the Southerly line of line of Center Street, 90 feet; thence Northerly, parallel with the Westerly line of said lot, 115 feet to a point

in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest Corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the point of beginning.

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(Here insert name and title of the officer)

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 of Notary Public (Notary Seal)

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages ____ Document Date _____

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- Individual(s)
- Corporate Officer
- _____
(Title)
- Partner(s)
- Attorney-in-Fact
- Trustee(s)
- Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e., certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, ~~is/are~~) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of _____

On _____ before me, _____,
(Here insert name and title of the officer)

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.

(Notary Seal)

Signature of Notary Public

ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages ____ Document Date _____

(Additional information)

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e., certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

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- Securely attach this document to the signed document

CAPACITY CLAIMED BY THE SIGNER

- Individual(s)
 Corporate Officer

(Title)

- Partner(s)
 Attorney-in-Fact
 Trustee(s)
 Other _____

ATTACHMENT NO. 7
CALCULATION OF AFFORDABLE RENT

Riverside County
Affordable Rent Worksheet
(2010 Income Figures)¹

1. Income Eligibility¹

The first step in determining eligibility for an affordable housing program is determining whether the family which will be purchasing or renting the housing unit meets the following income standards applicable to **Riverside County**, based upon the size of the family:

| <i>Income Level</i> | <i>1 person household</i> | <i>2 person household</i> | <i>3 person household</i> | <i>4 person household</i> | <i>5 person household</i> | <i>6 person household</i> | <i>7 person household</i> | <i>8 person household</i> |
|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| <i>Extremely Low</i> | \$13,650 | \$15,600 | \$17,550 | \$19,500 | \$21,100 | \$22,650 | \$24,200 | \$25,750 |
| <i>Very Low</i> | \$22,750 | \$26,000 | \$29,250 | \$32,500 | \$35,100 | \$37,700 | \$40,300 | \$42,900 |
| <i>Lower</i> | \$36,400 | \$41,600 | \$46,800 | \$52,000 | \$56,200 | \$60,350 | \$64,500 | \$68,650 |
| | | | | | | | | |

2. Determining Affordable Rent

For **rental housing**, the second step in determining compliance with affordable housing requirements is determining whether the total rent costs payable by the tenant are within allowable amounts.

¹ Based on currently effective median income of San Bernardino and Riverside Counties, as released by the Department of Housing and Community Development ("HCD") by memorandum dated as of and posted to the HCD website on June 17, 2010. These median income numbers are revised annually and allowable rents adjust accordingly.

For Extremely Low Income Households:

- renting a **0 bedroom** unit, monthly rent may not exceed **\$ 341.25**
- renting a **1 bedroom** unit, monthly rent may not exceed **\$ 390.00**
- renting a **2 bedroom** unit, monthly rent may not exceed **\$ 438.75**
- renting a **3 bedroom** unit, monthly rent may not exceed **\$ 487.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **\$ 526.50**

For Very Low Income Households:

- renting a **0 bedroom** unit, monthly rent may not exceed **\$ 568.75**
- renting a **1 bedroom** unit, monthly rent may not exceed **\$ 650.00**
- renting a **2 bedroom** unit, monthly rent may not exceed **\$ 731.25**
- renting a **3 bedroom** unit, monthly rent may not exceed **\$ 812.50**
- renting a **4 bedroom** unit, monthly rent may not exceed **\$ 877.50**

For purposes of determining Affordable Rent, "Rent" is an average of estimated housing costs for the next twelve months. "Rent" includes the total of monthly payments for all of the following:²

- Use and occupancy of a housing unit and land and facilities associated therewith.
- Any separately charged fees or service charges assessed by the lessor which are required of all tenants, other than security deposits.
- A reasonable allowance for utilities not included in the above costs, including garbage collection, sewer, water, electricity, gas, and other heating, cooking, and refrigeration fuels. Utilities does not include telephone service. Such an allowance shall take into consideration the cost of an adequate level of service.
- Possessory interest taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the lessor.

² 25 California Code of Regulations Section 6918.

REQUEST FOR NOTICE OF DEFAULT

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Redevelopment Agency for
the County of Riverside
3403 Tenth Street, Suite 500
Riverside, California 92501
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

Request for Notice Under Section 2924b Civil Code

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. _____ on _____, 200__, in Book _____, Page _____, Official Records of Riverside County, California, and describing land therein as

See Exhibit A attached hereto

executed by _____, as Trustor, in which _____ is named as Beneficiary, and _____ as Trustee, be mailed to REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, at 3403 Tenth Street, Suite 500, Riverside, California 92501, Attention: Executive Director.

NOTICE: A COPY OF ANY NOTICE OF DEFAULT AND OF ANY NOTICE OF SALE WILL BE SENT ONLY TO THE ADDRESS CONTAINED IN THIS RECORDED REQUEST. IF YOUR ADDRESS CHANGES, A REQUEST MUST BE RECORDED.

Executive Director

Date: _____

ATTACHMENT NO. 9

SCOPE OF DEVELOPMENT

I. GENERAL DESCRIPTION

The Agency is in the process of subdividing the Site into two separate lots, a 6.71 acre lot and a .72 acre lot. The Agency has constructed a public library on the .72 acre lot and Workforce Homebuilders LLC (Developer) is proposing to build an affordable housing project for low-income households (the Housing Project) on the 6.71 acre lot. The Housing Project Site will be entitled through the County of Riverside Planning Department. The tentative parcel map is attached hereto as Attachment No. 1.

II. DEVELOPMENT

The Developer shall develop an eighty-nine (89) unit multifamily affordable housing complex on the Site, together with all on-site and off-site features described in this Scope of Development (as presented to the Board of Directors of the Redevelopment Agency for the County of Riverside on _____), including without limitation landscaping and all off-site and on-site improvements required under the County approvals for the Development, including zoning, general plan, environmental clearance and all conditions of approval thereunder. All such improvements collectively constitute the "Improvements."

The construction shall be of a high quality. The Improvements shall conform to the approved plans on file with the Agency as of the Effective Date of the Disposition and Development Housing Agreement as supplemented by the Construction Drawings (the "Approved Plans"), including all conditions and mitigation measures imposed by the County in connection with the development approval process.

The Developer shall commence and complete the Improvements by the respective times established in the Schedule of Performance.

III. DEVELOPMENT STANDARDS

The Improvements shall conform to all applicable state laws and regulations and to local zoning, applicable provisions of the County Ordinances of the County of Riverside (the "County Ordinances") and the following development standards:

A. General Requirements:

1. **Vehicular Access.** The placement of vehicular driveways shall be coordinated with the needs of proper street traffic flow as approved by the County. In the interest of minimizing traffic congestion, the County will control the number and location of curb breaks for access to the Site for off-street parking and truck loading. All access driveways shall require written approval of the County staff.

2. **Building Signs.** Signs shall be limited in size, subdued and otherwise designed to contribute positively to the environment. Signs identifying the building use will be permitted, but their height, size, location, color, lighting and design will be subject to County staff approval, and signs must conform to the County Ordinances.

3. **Screening.** All outdoor storage of materials or equipment shall be enclosed or screened to the extent and in the manner required by the County staff.

4. **Landscaping.** The Developer shall provide and maintain landscaping within the public rights-of-way and within setback area along all street frontages and conforming with the plans as hereafter approved by the County. Landscaping shall consist of trees, shrubs and installation of an automatic irrigation system adequate to maintain such plant material. The type and size of trees to be planted, together with a landscaping plan, shall be subject to the County staff approval prior to planting.

5. **Utilities.** All utilities on the Site provided to service the units constructed by the Developer shall be underground at Developer's expense.

6. **Building Design.** Buildings shall be constructed such that the Improvements shall be of high architectural quality, and shall be effectively and aesthetically designed and in conformance with County approvals.

7. **Energy Considerations.** The design of the Improvements shall include, where feasible, energy conservation construction techniques and design, including co-generation facilities and active and passive solar energy design. Developer shall be required to demonstrate consideration of such energy features during the design review process and to consistency with energy conservation provisions of the building code.

8. **Site Preparation.** Developer, at its cost and expense, shall prepare Site for development. Such Site preparations shall consist of the following:

a. Complete demolition and removal of all existing improvements if any.

9. **Environmental Impact Mitigation Measures.** Developer shall implement any and all mitigation measures and/or mitigation monitoring requirements as identified in any certified environmental document or mitigated negative declaration certified in connection with the project.

10. **Construction Fence.** Developer shall install a temporary construction chain link fence. The construction fence shall be maintained free of litter and in good repair for the duration of its installation.

11. **Development Identification Signs.** Prior to commencement of construction on the Site, Developer shall prepare and install, at its cost and expense, one sign – on the barricade around the Site which identifies the development. The sign shall be at least four (4) feet by six (6) feet and be visible to passing pedestrians and vehicular traffic. The design of the sign, as well as the proposed location, shall be submitted to Agency for review and approval prior to installation. The sign shall, at a minimum, include:

- Illustration of development
- Development name
- Developer
- Logo of the County of Riverside and Riverside County Economic Development Agency
- List of Board of Supervisors and their districts

- Information number
- Completion Date

B. Design Features:

The following design features are considered essential components to the Improvements:

Handicapped Units – An agreed upon number of units are to be fully handicapped accessible in compliance with State Housing Code – Title 24 requirements.

Fencing – The site shall be completely fenced around the exterior.

Overall Design Quality, Materials, Colors, Design Features – Quality of design is important, materials and colors are to be approved by County.

Housing Type – The Housing Project shall consist of development of a two story multi-family apartment complex with a total of eighty-nine (89) units. Of the eighty-nine (89) units, sixty (60) will be two-bedroom apartment units and twenty eight (28) will be three-bedroom apartment units. One (1) additional 3-bedroom unit will be set-aside for an onsite manager's unit.

Mobility/Agency – All facilities shall comply, to the extent feasible, with “New Horizon Accessible, Adaptable Apartments for the Physically Disabled” published by HCD dated July 1989, and shall comply with those portions of Title 24 of the California Code of Regulations that have been adopted by the HCD relating to handicapped units, and the requirements of the federal Department of Housing and Urban Development, Part VI, 24 C.F.R. Ch. 1, Vol. 56, No. 44, as published in the Federal Register March 6, 1991.

Green Building Standards – Agency expects the best of energy-efficiency and green building designs. The following green building standards are to be incorporated into the Housing Project:

1. Energy Savings: Goal 25% reduction over Title-24 energy standards.
2. Green Systems: Apartments will be constructed using Energy Star Version 3 standards.
3. Water Conservation: The apartments will utilize the following water related features (toilet-1.28 gpf; showerhead-2.0 gpm; kitchen faucet-1.8 gpm; bathroom faucet-1.5 gpm).
4. Indoor Air Quality: Apartments will utilize low VOC products (flat coating-50g/liter; primer, sealer and undercoat-100g/liter; Non-flat coating-150 g/liter; indoor carpet adhesive-50 g/liter, carpet will meet green label plus program standards or equivalent.
5. Recycling program: The apartment project will recycle waste generated by the project and provide special refuse areas dedicated to resident recycling.

IV. DEMOLITION AND SOILS

Except to the extent otherwise expressly provided in the DDA, the Developer assumes all responsibility for surface and subsurface conditions at the Site, and the suitability of the Site for the Improvements. The Developer has undertaken all investigation of the Site as it shall deem necessary and has not received or relied upon any representations of the Agency, the County, or their respective officers, agents and employees.

V. SPECIAL AMENITIES

The Developer shall undertake all improvements required by the County as a condition of development of the Site, as more particularly provided in the County approvals given for the Site.

VI. MAINTENANCE OF SITE

The Developer shall maintain the site free of all weeds and trash prior to start of construction.

CERTIFICATE OF COMPLETION

NO FEE FOR RECORDING PURSUANT)
TO GOVERNMENT CODE SECTION 6103)
)
RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
Redevelopment Agency for the)
County of Riverside)
3403 Tenth Street, Suite 500)
Riverside, CA 92501)
Attn: Executive Director)
)
APN: _____)

(Space Above for Recorder's Use Only)

CERTIFICATE OF COMPLETION

THIS CERTIFICATE OF COMPLETION (the "Certificate") is made by the **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (the "Agency"), in favor of **Workforce Homebuilders LLC**, a California limited liability company (the "Developer"), as of the date set forth below.

RECITALS

A. Agency and the Developer have entered into that certain Disposition and Development Agreement (the "DDA") dated _____, 2011 concerning the redevelopment of certain real property situated in the County of Riverside, California, as more fully described in Exhibit "A" attached hereto and made a part hereof (the "Site").

B. As referenced in Section 4.13 of the DDA, Agency is required to furnish the Developer or its successors with a Certificate of Completion upon completion of construction of the "Improvements" (as defined in Section 1.1 of the DDA), which Certificate is required to be in such form as to permit it to be recorded in the Recorder's Office of Riverside County. This Certificate is conclusive determination of satisfactory completion of the construction and development required by the DDA.

C. Agency has conclusively determined that the construction and development of the Development has been satisfactorily completed.

NOW, THEREFORE, Agency hereby certifies as follows:

1. Agency does hereby certify that the Improvements to be constructed by the Developer has been fully and satisfactorily completed in full conformance with the DDA.

2. This Certificate shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any holder of a mortgage, or any insurer of a mortgage, securing money loaned to finance construction work on the Site, or any part thereof.

3. This Certificate shall not constitute evidence of Developer's compliance with those covenants in the DDA that survive the issuance of this Certificate.

4. This Certificate is not a Notice of Completion as referred to in California Civil Code Section 3093.

5. Nothing contained in this instrument shall modify in any other way any other provisions of the DDA (including without limitation the attachments thereto).

IN WITNESS WHEREOF, Agency has executed this Certificate of Completion this ____ day of _____, 2011.

**REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE**, a public body,
corporate and politic

By: _____
Executive Director

(All signatures on this page need to be notarized)

EXHIBIT "A" TO ATTACHMENT NO. 10

LEGAL DESCRIPTION

APN: 255-070-013

Parcel 1:

Lot or block 1 of Fairmont Park, in addition to the town of East Riverside, in the County of Riverside, State of California, as shown by map of file in book 11, page 15 of maps, in the office of the County Recorder of said County.

Except therefrom the Westerly 86 feet;

Also except therefrom that portion described as follows:

Beginning at a point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1; thence Southerly, parallel with the Westerly line of said lot 115 feet; thence Easterly, parallel with the Southerly line of Center Street, 90 feet; thence Northerly parrallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the true point of beginning;

Also except therefrom that portion described as follows:

Commencing at the Northwest corner of said lot 1; thence South 89° 41' East, on the Northerly line of said lot, 544.03 feet to the true point of beginning; thence South 1° 15' West, 67 feet; thence South 26° 13' East 35 feet; thence South 88° 44' East, 109.16 feet to the Northwesterly line of the Gage Canal Company righ of way; thence North 28° 26' East on the Northwesterly line of the Gage Canal Company right of way, 22.29 feet; thence North 32° 00' East on the Northwesterly line of the Gage Canal Company right of way, 94.57 feet to the Easterly extension of the Northerly line of said lot 1; Thence Norht 89° 41' West on the Northerly line of said lot, 183.20 feet to the true point of beginning.

Also exept that portion conveyed to the County of Riverside, a Body Corporate and Politic, by deed recorded December 2, 1993, as instrument No. 480918 of official records

Parcel 2:

A right of way for pipeline and maintenance thereof over and across the Westerly 10 feet of the following described property:

That portion of the lot of block 1 of Fairmont Park, an addition to the town of East Riverside, as shown by map on file in book 11, page 15 of maps, records of San Bernardino County California, described as follows:

Beginning at point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1, thence Southerly, parallel with the Westerly line of said lot 1, thence Southerly, parallel with the Southerly line of said lot, 115 feet, thence Easterly, parallel with the Southerly line of line of

Center Street, 90 feet; thence Northerly, parallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest Corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the point of beginning.

ATTACHMENT NO. 11
INCOME VERIFICATION

Part I -- General Information

1. Project Location: _____
2. Landlord's Name: _____

Part II -- Unit Information

- | | | | |
|----------------|-----------------------|-----------------|------------------------|
| 3. Unit Number | 4. Number of Bedrooms | 5. Monthly Rent | 6. Number of Occupants |
|----------------|-----------------------|-----------------|------------------------|

Part III -- Affidavit of Tenant

I, _____, and I, _____, as applicants for rental of an Apartment Unit at the above-described location, do hereby represent and warrant as follows:

- A. (My/Our) gross income (anticipated total annual income) **does not exceed thirty percent (30%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

- B. (My/Our) gross income (anticipated total annual income) **does not exceed thirty five percent (35%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

- C. (My/Our) gross income (anticipated total annual income) **does not exceed forty percent (40%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the

State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

- D. (My/Our) gross income (anticipated total annual income) **does not exceed fifty percent (50%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

- E. (My/Our) gross income (anticipated total annual income) exceeds fifty percent (50%) but **does not exceed eighty percent (80%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

- F. (My/Our) gross income (anticipated total annual income) exceeds eighty percent (80%) but **does not exceed one hundred twenty percent (120%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

- G. (My/Our) gross income (anticipated total annual income) **exceeds one hundred twenty (120%)** of the median income for the area defined by HUD which includes and consists primarily of Riverside County as such income levels are established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937 and published by the State Department of Housing and Community Development in the California Code of Regulations. (I/We) understand that the applicable median income is \$____. The following computation includes all income (I/we) anticipate receiving for the 12-month period beginning on the date (I/we) execute a rental agreement for an Assisted Unit or the date on which (I/we) will initially occupy such unit, whichever is earlier.

Tenant(s)' Initials

1. Tenants qualifying as A and B, above, must complete the following:

Monthly Gross Income
(All Sources of Income of All Adult Household Members Must be Listed)

| Source | Head of Household | Co-Tenants | Total |
|--|-------------------|------------|-------|
| Gross amount, before payroll deductions of wages, salaries, overtime pay, commissions, fees, tips and bonuses | | | |
| Interest and/or dividends | | | |
| Net income from business or from rental property | | | |
| Social security, annuities, insurance policies, pension/retirement funds, disability or death benefits received periodically | | | |
| Payment in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay | | | |
| Alimony, child support, other periodic allowances | | | |
| Public assistance, welfare payments | | | |
| Regular pay, special pay and allowances of members of Armed Forces | | | |
| Other | | | |

Total: _____

Total x 12 _____ = Gross Annual Household Income

Note: The following items are **not** considered income: casual or sporadic gifts; amounts specifically for or in reimbursement of medical expenses; lump sum payments such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation),

capital gains and settlement for personal or property losses; educational scholarships paid directly to the student or educational institution; government benefits to a veteran for education; special pay to a serviceman head of family away from home and under hostile fire; foster child care payments; value of coupon allotments for purpose of food under Food Stamp Act of 1964 which is in excess of amount actually charged the eligible household; relocation payments under Title II of Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970; payments received pursuant to participation in the following programs: VISTA, Service Learning Programs, and Special Volunteer Programs, SCORE, ACE, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience.

2. This affidavit is made with the knowledge that it will be relied upon by the Landlord to determine maximum income for eligibility and (I/we) warrant that all information set forth in this document is true, correct and complete and based upon information (I/we) deem reliable and that the estimate contained in paragraph 1 of this Part III is reasonable and based upon such investigation as the undersigned deemed necessary.
3. (I/We) will assist the Landlord in obtaining any information or documents required to verify the statements made in this Part III and have attached hereto copies of federal income tax return for most recent tax year in which a return was filed (past two years federal income tax returns for self-employed persons), if tax returns have been filed.
4. (I/We) acknowledge that (I/we) have been advised that the making of any misrepresentation or misstatement in this affidavit will constitute a material breach of (my/our) agreement with the Landlord to rent the unit and will additionally enable the Landlord and/or the Community Redevelopment Agency of the County of Riverside to initiate and pursue all applicable legal and equitable remedies with respect to the unit and to me/us.

(I/We) do hereby swear under penalty of perjury that the foregoing statements are true and correct.

Date

Tenant

Date

Tenant

AGENCY NOTE

PROMISSORY NOTE

June 27, 2011
Riverside, California

\$7,475,000.00

FOR VALUE RECEIVED, Workforce Homebuilders LLC, a California limited liability company (the "Borrower"), promises to pay to the **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (the "Agency"), or order, at the Agency's office at 3403 Tenth Street, Suite 500, Riverside, California 92501, or such other place as the Agency may designate in writing, the sum of Seven Million Four Hundred Seventy-Five Thousand Dollars (\$7,475,000) (the "Note Amount"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

1. **Agreement.** This Promissory Note (the "Note") is given in accordance with that certain Disposition and Development Agreement executed by the Agency and Borrower, dated as of June 27, 2011 (the "DDA"). Excepting to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established therefore in the DDA. The rights and obligations of the Borrower and the Agency under this Note shall be governed by the DDA and by the additional terms set forth in this Note. In the event of any inconsistencies between the terms of this Note and the terms of the Agreement or any other document related to the Note Amount, the terms of this Note shall prevail.

2. **Interest.** The Note Amount shall bear simple interest at the rate of one percent (1%) per annum, from the respective date(s) and based on the amounts of moneys constituting the Agency Loan that are or have been advanced by Agency to Borrower until the date paid.

3. **Repayment of Note Amount.** The Note Amount shall be paid by the Borrower's annual payment to the Agency of an amount equal to Fifty Percent (50%) of the Residual Receipts (as defined below) from operation of the Housing Project (as defined in the Agreement), as determined by a residual receipts calculation from the operation of the Housing Project the preceding calendar year. If there are other lenders on the Housing Project where loans are repayable from Residual Receipt, fifty (50%) percent shall be allocated among the Agency and such lenders in accordance with the respective original principal balances each of such loan. Annual Residual Receipts payments shall be by the Borrower by cashier's check and shall be delivered on or before April 30th of each Year (or such other annual period as may be mutually agreed upon in writing by the Agency and the Developer), of each Year during the term of this Note first following the date the Housing Project is placed in service, until the Note Amount and all unpaid interest thereon has been repaid in full. This Note shall be due and payable in full on the date of any Sale or Transfer that occurs after the date of execution of this Promissory Note. After the fifty-five (55) year affordability period outlined in this DDA (the "Affordability Period"), the loan is due full. Any remaining portion of the Note Amount shall be due and payable on the fifty-fifth (55th) anniversary of the date of the County's issuance of a Certificate of Occupancy for all of the Units in the Housing Project. Notwithstanding the foregoing, the full Note Amount may be accelerated as set forth in Section 12 hereof.

As used herein, "Annual Housing Project Revenue" or "Gross Revenues" means all gross income and all revenues of any kind from the residential portion of the Housing Project in a calendar year, including without limitation, Housing Project rents, Section 8 housing assistance payments, if any, late charges, vending machine income, and any other revenues of whatever kind or nature from the residential portion of the Housing Project, except that interest on security deposits and required reserves shall not be considered Annual Housing Project Revenue.

As used herein, "Audited Financial Statement" means an audited financial statement, including without limitation a profit and loss statement, generated by a third party certified public accountant acceptable to the Agency in its reasonable discretion, showing, for the previous Year, on a monthly basis and in an easily readable format, Gross Revenues, Operating Expenses, Debt Service, Operating Reserve, Capital Replacement Reserve and Residual Receipts. Depreciation and non-cash items shall not be included except as maybe required by Generally Accepted Accounting Principles.

As used herein, "Debt Service" means regularly scheduled payments of principal and interest made in connection with financing approved in writing by the Agency for the Housing Project, which is senior in lien priority to the Agency Loan, but excluding payments made pursuant to this Note.

As used herein, "Deferred Developer Fees" means any deferred developer fee allowable under the financing approved by the Agency pursuant to Section 4.4 of the DDA.

As used herein, "Operating Expenses" means actual, reasonable and customary costs, fees and expenses directly incurred and for which payment has been made and which are attributable to the operation, maintenance, and management of the Housing Project, excluding the Capital Replacement Reserve and consisting of only the following (and such additional items, if any, as to which the prior written approval of the Executive Director is first obtained. Such approval shall be granted, granted subject to conditions, or refused at the sole and absolute discretion of the Executive Director): painting, cleaning, repairs and alterations; landscaping; utilities; rubbish removal; sewer charges; costs incurred to third parties in connection with generating laundry charges (but in no event to exceed the laundry charges); real and personal property taxes and assessments; insurance premiums; security; advertising, promotion and publicity; office, janitorial, cleaning and building supplies; the actual and customary salary and benefits payable to an on-site manager which directly and exclusively benefits residents of the Housing Project; the actual and customary remuneration of one assistant manager, one on-site maintenance manager and such other personnel, if any, as incurred for the hiring of unrelated third parties for on-site management (which remuneration may include salary, rent payments/discounts for housing within the Housing Project that are part of compensation, withholding, social security and other payroll taxes or payments required in connection with such employees), which directly and exclusively benefit residents of the Housing Project, subject to the prior written approval of the Agency Executive Director at his sole and absolute discretion; a management fee ("Management Fee") not to exceed \$40/unit/month (an increased annually as of January 1st of each year based upon the applicable change in consumer price index applicable to Riverside County) per Year; purchase, repairs, servicing and installation of appliances, equipment, fixtures and furnishings; reasonable and customary fees and expenses of accountants, attorneys, consultants and other professionals as incurred commencing after the completion of the Improvements (as evidenced by the issuance by County of a certificate of occupancy for the corresponding building developed as part of the Improvements) in connection with the operation of the Housing Project; the fee paid by Borrower to any entity which provides social support services and programs to the tenants of the Project, which fee shall be initially established at \$30 per unit per

month, and which fee shall be annually adjusted based upon the corresponding increase in the consumer price index (provided that, to the extent such services are provided by an entity having one or more officers, partners or controlling parties in common with the Developer or its members, such fees shall be subject to review and concurrence by the Executive Director as to the reasonableness of amounts), tenant improvements that are not included in the costs of the Improvements, bond monitoring fees, if any, and payments made by the Developer to satisfy indemnity obligations and other payments by the Developer pursuant to this DDA other than to the Developer, the Developer's partners or other related persons; provided, however, that payments to parties related to Developer for Operating Expenses must not exceed market rates. The Operating Expenses shall not include non-cash expenses, including without limitation, depreciation. The Operating Expenses shall be reported in the Audited Financial Statement and shall be broken out in line item detail.

As used herein, "Residual Receipts" means Annual Housing Project Revenue less the sum of (i) Operating Expenses, (ii) Debt Service, (iii) Capital Replacement and all other Reserve Deposits, (iv) Deferred Developer Fees plus interest thereon (if applicable, at rates not exceeding the interest rate under the Agency Note) to the extent approved under the DDA by the Agency, (v) a partnership management fee to the managing member of the Developer, and an asset management fee payable to one or more of the limited partners of the Developer, repayment to Borrower of advances made by the Borrower to the Housing Project as provided under the limited partnership agreement of Borrower, a copy of which limited partnership agreement has been made available to Agency (or Agency's counsel) prior to the approval by Agency of the DDA, and an annual audit fee, in such amounts which are set forth in the Financing Plan which is approved by the Agency, for each Year; provided, however, that if such calculation results in a negative number, Residual Receipts shall be zero for that Year.

On or before ninety (90) days after the end Year for the preceding Year or portion thereof commencing in the year of the issuance of a Certificate of Completion for the Housing Project, the Borrower shall annually provide the Agency an operating budget and its most recent audit for the Developer which shall describe the Annual Housing Project Revenue, Debt Service, Operating Expenses, Reserve Deposits, Asset Management Fees, Deferred Developer Fees, and Residual Receipts for that year. The Borrower shall also submit to the Agency, on or before ninety (90) days after the end of the Developer's fiscal year, of each year commencing in the year of the issuance of a certificate of occupancy for the Housing Project, an Audited Financial Statement with respect to the Developer that includes the Housing Project, together with an expressed written opinion of the certified public accountant that such financial statements present the financial position, results of operations, and cash flows fairly and in accordance with generally accepted accounting principles.

4. Security. This Note is secured by a Deed of Trust (the "Agency Deed of Trust") dated as of the same date as this Note.

5. Waivers

a. Borrower expressly agrees that this Note or any payment hereunder may be extended from time to time at the Agency's sole discretion and that the Agency may accept security in consideration for any such extension or release any security for this Note at its sole discretion all without in any way affecting the liability of Borrower.

b. No extension of time for payment of this Note made by agreement by the Agency with any person now or hereafter liable for the payment of this Note shall operate to release,

discharge, modify, change or affect the original liability of Borrower under this Note, either in whole or in part.

c. The obligations of Borrower under this Note shall be absolute and Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reasons whatsoever.

d. Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

e. No previous waiver and no failure or delay by Agency in acting with respect to the terms of this Note or the Agency Deed of Trust shall constitute a waiver of any breach, default, or failure or condition under this Note, the Agency Deed of Trust or the obligations secured thereby. A waiver of any term of this Note, the Agency Deed of Trust or of any of the obligations secured thereby must be made in writing and shall be limited to the express written terms of such waiver.

6. Attorneys' Fees and Costs. Borrower agrees that if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

7. Joint and Several Obligation. This Note is the joint and several obligation of all makers, sureties, guarantors and endorsers, and shall be binding upon them and their heirs, successors and assigns.

8. Amendments and Modifications. This Note may not be changed orally, but only by an amendment in writing signed by Borrower and by the Agency.

9. Agency May Assign. Agency may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of the Borrower.

10. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the Agency, which consent shall not unreasonably be withheld, except pursuant to a transfer which is permitted or approved under Section 7.11 of the DDA.

11. Terms. Any terms not separately defined herein shall have the same meanings as set forth in the Agreement.

12. Acceleration and Other Remedies. Upon: (a) the occurrence of an event of Default as defined in the Agreement, or (b) Borrower selling, contracting to sell, giving an option to purchase, conveying, leasing, further encumbering, mortgaging, assigning or alienating the Borrower's interest in the Housing Project (other than (i) financing approved by the Agency or otherwise permitted pursuant to Section 7.11 of the DDA, (ii) leasing of individual Housing Units to tenants in the ordinary course of business, or (iii) grant of a purchase option and/or right of first refusal granted to Borrower's general partner(s) or affiliates thereof or exercise thereof), whether

directly or indirectly, whether voluntarily or involuntarily or by operation of law, or any interest in the Housing Project, or suffering its title, or any interest in the Housing Project to be divested, whether voluntarily or involuntarily, without the consent of the Agency or as otherwise approved or permitted under the Disposition and Development Agreement, Agency may, at Agency's option, declare the outstanding principal amount of this Note, together with the then accrued and unpaid interest thereon and other charges hereunder, and all other sums secured by the Agency Deed of Trust, to be due and payable immediately, and upon such declaration, such principal and interest and other sums shall immediately become and be due and payable without demand or notice, all as further set forth in the Agency Deed of Trust. All costs of collection, including, but not limited to, reasonable attorneys' fees and all expenses incurred in connection with protection of, or realization on, the security for this Note, may be added to the principal hereunder, and shall accrue interest as provided herein. Agency shall at all times have the right to proceed against any portion of the security for this Note in such order and in such manner as such Agency may consider appropriate, without waiving any rights with respect to any of the security. Any delay or omission on the part of the Agency in exercising any right hereunder, under the Agreement or under the Agency Deed of Trust shall not operate as a waiver of such right, or of any other right. No single or partial exercise of any right or remedy hereunder or under the Agreement or any other document or agreement shall preclude other or further exercises thereof, or the exercise of any other right or remedy. The acceptance of payment of any sum payable hereunder, or part thereof, after the due date of such payment shall not be a waiver of Agency's right to either require prompt payment when due of all other sums payable hereunder or to declare an event of Default for failure to make prompt or complete payment.

13. Successors and Assigns. Whenever "Agency" is referred to in this Note, such reference shall be deemed to include the Redevelopment Agency for the County of Riverside and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of Borrower, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the Agency and Agency's successors and assigns.

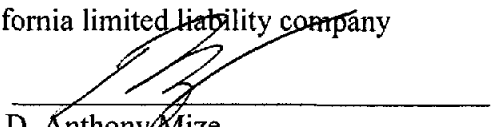
14. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Borrower irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside in connection with any legal action or proceeding arising out of or relating to this Note. Borrower also waives any objection regarding personal or in rem jurisdiction or venue.

15. No Personal Liability. In the event of any default under the terms of this Note or the Agency Deed of Trust, the sole recourse of the Agency for any and all such defaults shall be by judicial foreclosure or by the exercise of the trustee's power of sale, and Borrower and its partners shall not be personally liable for the payment of this Note or for the payment of any deficiency established after judicial foreclosure or trustee's sale; provided, however, that the foregoing shall not in any way affect any rights the Agency may have (as a secured party or otherwise) hereunder or under the Agreement or the Agency Deed of Trust to recover directly from Borrower any funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by Agency as a result of fraud, misrepresentation or waste committed by Borrower to or on the Housing Project (it shall not be waste if Borrower does not repair or restore the Housing Project after any destruction, damage or partial condemnation notwithstanding the availability of insurance or

condemnation proceeds), and any costs and expenses incurred by the Agency in connection therewith (including without limitation reasonable attorneys' fees and costs).

BORROWER:

Workforce Homebuilders LLC
a California limited liability company

By: 
Name: D. Anthony Mize
Title: President

AGENCY DEED OF TRUST

Order No.
Escrow No.
Loan No.

WHEN RECORDED MAIL TO:

Redevelopment Agency for
the County of Riverside
3403 Tenth Street, Suite 500
Riverside, California 92501
Attention: Executive Director

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST ("Security Instrument" or "Deed of Trust") is made on this day of June 27, 2011. The Grantor **Workforce Homebuilders LLC**, a California limited liability company ("DEVELOPER"), and whose address is 8300 Utica Avenue, Suite 173, Rancho Cucamonga, CA 91730. The trustee is REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("COUNTY") ("Trustee" or "AGENCY"). The Beneficiary is the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("Lender"), a public body, corporate and politic, and whose address is 3403 Tenth Street, Suite 500, Riverside, CA 92501.

Pursuant to the terms of the Agency Loan, Developer owes Agency the principal sum of Seven Million Four Hundred Seventy-Five Thousand Dollars (\$7,475,000). This debt is evidenced by DEVELOPER's Promissory Note dated June 27, 2011 ("Agency Note").

The loan evidenced by the Agency Note and secured by this Security Instrument (the "Agreement") is being made pursuant to California Community Redevelopment Law, California Health and Safety Code Section 33000 et seq.

The Security Instrument secures to AGENCY: (a) the repayment of the debt evidenced by the Agency Note, with interest as provided in the Agency Note, and all renewals, extensions and modifications of the Agency Note; (b) the payment of all other sums, with interest as provided in the Agency Note, advanced under Section 8 to protect the security of this Security Instrument; and (c) the performance of DEVELOPER's covenants and agreements under this Security Instrument and the Agency Note. For this purpose, DEVELOPER irrevocably grants and conveys to Trustee, in trust, with power of sale, all of DEVELOPER's right, title and interest in and to the property located in Riverside County, California. The legal description of the property is further described in Exhibit "A" attached hereto;

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property".

DEVELOPER COVENANTS that the DEVELOPER is lawfully seized of the estate hereby conveyed and has the right to grant and convey its fee and leasehold interest in the Property, as applicable, and, the Property is unencumbered. DEVELOPER warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS DEVELOPER and AGENCY covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. DEVELOPER shall promptly pay when due the principal of and interest on the debt evidenced by the Agency Note and any late charges due under the Agency Note.

a. Prepayment. Prepayment of principal or interest may occur at any time without penalty. However, the affordability requirements shall remain in full force and effect for fifty-five (55) years after the recordation of Certificate of Completion for the Housing Project. However, notwithstanding the foregoing, DEVELOPER may cause the prepayment of all principal and interest under the Agency Note in connection with the sale of the Project.

2. Taxes and Insurance. Subject to DEVELOPER's right to obtain a "welfare exemption" under California Revenue and Taxation Code Section 0214(g), DEVELOPER shall pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

a. Should DEVELOPER fail to make any payment or to do any act herein provided, then AGENCY or Trustee, but without obligation so to do and upon written notice to or demand upon DEVELOPER and without releasing DEVELOPER from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, AGENCY or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of AGENCY or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by AGENCY under Sections 1 and 2 shall be applied: first, to amounts payable under Section 2; second, to interest due; third, to principal due; and last, to any late charges due under the Agency Note.

4. Prior Deeds of Trust; Charge; Liens. The DEVELOPER attests that no prior Deeds of Trust, Charges or Liens exist against the Property.

a. Except for the liens permitted by the Provisions of the DDA or the AGENCY, DEVELOPER shall promptly discharge any lien which may have attained priority over this Security Instrument unless DEVELOPER: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to AGENCY; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the AGENCY's opinion operate to prevent the enforcement of the lien; (3) bond around the lien; or (4) secures from the holder of the lien an agreement satisfactory to AGENCY subordinating the lien to this Security Instrument. If AGENCY determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, AGENCY may give DEVELOPER a notice identifying the lien. DEVELOPER shall satisfy such lien or take one or more of the actions set forth above within 30 day of the giving of notice.

5. Subordination. The AGENCY's Deed of Trust be recorded in second position behind [a construction and permanent loan to the Borrower made by a lender to be identified here]. Notwithstanding the foregoing, during the permanent financing phase of the Housing Project. County hereby agrees to execute any and all documents necessary to effectuate such subordination. Borrower shall request Lender approval of any additional subordination and Lender consent shall not be unreasonably withheld.

6. Hazard or Property Insurance. DEVELOPER shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which AGENCY requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the DDA. The insurance carrier providing the insurance shall be chosen by DEVELOPER subject to AGENCY's approval which shall not be unreasonably withheld. If DEVELOPER fails to maintain coverage described above, AGENCY may, at AGENCY's option, obtain coverage to protect AGENCY's rights in the Property in accordance with Section 8.

a. All insurance policies and renewals shall be acceptable to AGENCY and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the DEVELOPER complies with the insurance requirements under this Deed of Trust. All *original policies of insurance* required pursuant to this Deed of Trust shall be held by the AGENCY and must name the AGENCY as additional insured. DEVELOPER shall promptly give to AGENCY certificates of insurance showing the coverage is in full force and effect and that AGENCY is named as additional insured. In the event of loss, DEVELOPER shall give prompt notice to the insurance carrier, and AGENCY. AGENCY may make proof of loss if not made promptly by the DEVELOPER.

b. Unless AGENCY and DEVELOPER otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided DEVELOPER determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If DEVELOPER determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to DEVELOPER. If the Property is abandoned by

DEVELOPER, or if DEVELOPER fails to respond to AGENCY within 30 days from the date notice is mailed by AGENCY to DEVELOPER that the insurance carrier offers to settle a claim for insurance benefits, AGENCY is authorized to collect and apply the insurance proceeds at AGENCY's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

c. Unless AGENCY and DEVELOPER otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Agency Note. If under Section 23 the Property is acquired by AGENCY, DEVELOPER's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to AGENCY to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

7. Preservation, Maintenance and Protection of the Property; DEVELOPER's Loan Application; Leaseholds. DEVELOPER shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. DEVELOPER shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in AGENCY's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or AGENCY's security interest. DEVELOPER may cure such a default and reinstate, as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in AGENCY's good faith determination, precludes forfeiture of the DEVELOPER's interest in the Property or other material impairment of the lien created by this Security Instrument or AGENCY's security interest. DEVELOPER shall also be in default if DEVELOPER, during the loan application process, gave materially false or inaccurate information or statements to AGENCY (or failed to provide AGENCY with any material information) in connection with the loan evidenced by the Agency Note, including, but not limited to representations concerning DEVELOPER's use of Property for affordable housing. If this Security Instrument is on leasehold, DEVELOPER shall comply with all provisions of the lease. If DEVELOPER acquires fee title to the Property, the leasehold and the fee title shall not merge unless AGENCY agrees to the merger in writing.

a. The DEVELOPER acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" (within the meaning of California Community Redevelopment Law) for households earning no more than forty percent (40%) of the median income within Riverside County. The use and occupancy restrictions may limit the DEVELOPER's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the AGENCY to the remedies provided in Section 23 hereof.

8. Protection of AGENCY's Rights in the Property. If DEVELOPER fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect AGENCY's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, AGENCY may do and pay for whatever is necessary to protect the value of the Property and AGENCY's rights in the Property.

a. Any amounts disbursed by AGENCY under this Section 8 shall become additional debt of DEVELOPER secured by this Security Instrument. Unless DEVELOPER and AGENCY agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Agency Note rate and shall be payable, with interest, upon notice from AGENCY to DEVELOPER requesting payment, subject to the nonrecourse provisions of the Agency Note secured hereby.

9. Mortgage Insurance. (Not used)

10. Inspection. AGENCY or its agent may make reasonable entries upon and inspections of the Property. AGENCY shall give DEVELOPER notice at the time of or prior to an inspection specifying reasonable cause for the inspection.

11. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to AGENCY.

a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to DEVELOPER. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless DEVELOPER and AGENCY otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to DEVELOPER. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless DEVELOPER and AGENCY otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of AGENCY's lien is not impaired, any condemnation proceeds may be used by DEVELOPER for repair and/or restoration of the Project.

b. If the Property is abandoned by DEVELOPER, or if, after notice by AGENCY to DEVELOPER that the condemner offers to make an award or settle a claim for damages, DEVELOPER fails to respond to AGENCY within 30 days after the date the notice is given, AGENCY is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

c. Unless AGENCY and DEVELOPER otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in Sections 1 and 2 or change the amount of such payments.

12. DEVELOPER Not Released; Forbearance By AGENCY Not a Waiver. Except in connection with any successor in interest approved by AGENCY, extension of the time for

payment or modification of amortization of the sums secured by this Security Instrument granted by AGENCY to any successor in interest of DEVELOPER shall not operate to release the liability of the original DEVELOPER or DEVELOPER's successors in interest. AGENCY shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original DEVELOPER or DEVELOPER's successors in interest. Any forbearance by AGENCY in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

13. Successors and Assigns Bound; Joint and Several Liability. The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of AGENCY and DEVELOPER, subject to the provisions of Section 18. DEVELOPER's covenants and agreements shall be joint and several.

14. Loan Charges. If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from DEVELOPER which exceeded permitted limits will be promptly refunded to DEVELOPER. AGENCY may choose to make this refund by reducing the principal owed under the Agency Note or by making a direct payment to DEVELOPER. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Agency Note.

15. Notices. Any notice to DEVELOPER provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the DEVELOPER's mailing address stated herein or any other address DEVELOPER designates by notice to AGENCY. Any notice to AGENCY shall be given by first class mail to AGENCY's address stated herein or any other address AGENCY designates by notice to DEVELOPER. Any notice provided for in this Security Instrument shall be deemed to have been given to DEVELOPER or AGENCY when given as provided in this Section. All notices to DEVELOPER shall be copied to the Tax Credit Investor, at such time as one has been admitted as a limited partner in the Tax Credit Limited Partnership, at such address as shall be provided to AGENCY.

16. Governing Law; Severability. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Agency Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Agency Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Agency Note are declared to be severable.

17. DEVELOPER's Copy. DEVELOPER shall be given one conformed copy of the Agency Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in DEVELOPER. Except for Permitted Transfers, all or any part of the Property or any interest in it is sold or transferred (or

if a beneficial interest in DEVELOPER is sold or transferred and DEVELOPER is not a natural person) without AGENCY's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of California Community Redevelopment Law) AGENCY may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by AGENCY if exercise is prohibited by federal law as of the date of this Security Instrument. Nothing in this Security Instrument shall be deemed to require AGENCY's approval of a transfer of limited partnership interests in the DEVELOPER.

a. If AGENCY exercises the foregoing option, AGENCY shall give DEVELOPER prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which DEVELOPER must pay all sums secured by this Security Instrument. If DEVELOPER fails to pay these sums prior to the expiration of this period, AGENCY may invoke any remedies permitted by this Security Instrument without further notice or demand on DEVELOPER.

19. DEVELOPER's Right to Reinstate. If DEVELOPER meets certain conditions, DEVELOPER shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that DEVELOPER: (a) pays AGENCY all sums which then would be due under this Security Instrument and the Agency Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as AGENCY may reasonably require to assure that the lien of this Security Instrument, AGENCY's rights in the Property and DEVELOPER's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by DEVELOPER, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Agency Note; Change of Loan Servicer. The Agency Note or a partial interest in the Agency Note (together with this Security Instrument) may be sold one or more times without prior notice to DEVELOPER. A sale may result in a change in the entity (known as the "Loan Servicer") that collects annual Residual Receipts payments due under the Agency Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Agency Note. If there is a change of the Loan Servicer, DEVELOPER will be given written notice of the change in accordance with Section 15 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

21. No Assignment. DEVELOPER agree that the Agency Note and the Security Instrument will not be assigned without the Agency's prior written consent.

22. Hazardous Substances. DEVELOPER shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. DEVELOPER shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

a. DEVELOPER shall promptly given AGENCY written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which DEVELOPER has actual knowledge. If DEVELOPER learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, DEVELOPER shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the DEVELOPER shall notify the Senior Lien Holders that such remedial action is necessary and shall obtain the Senior Lien Holders' prior written consent for such remedial action.

b. As used in this Section 22, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this Section 22, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

NON-UNIFORM COVENANTS. DEVELOPER and AGENCY further covenant and agree as follows:

23. Acceleration; Remedies. AGENCY shall give notice to DEVELOPER and to the Tax Credit Investor prior to acceleration following DEVELOPER's breach of any covenant or agreement in this Security Instrument. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to DEVELOPER by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform DEVELOPER of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of DEVELOPER to acceleration and sale. If the default is not cured by the DEVELOPER or the Tax Credit Investor as applicable, on or before the date specified in the notice, then AGENCY at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. AGENCY shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 23, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If AGENCY invokes the power of sale, AGENCY or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to DEVELOPER, the Tax Credit

Investor, and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on DEVELOPER, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. AGENCY or its designee may purchase the Property at any sale.

b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

24. Release. Upon payment of all sums secured by this Security Instrument, AGENCY shall release this Security Instrument without charge to DEVELOPER. DEVELOPER shall pay any recordation costs.

25. Substitute Trustee. AGENCY, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Security Instrument is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

26. Prohibition against Tenancy Under Foreclosure. Notwithstanding anything to the contrary set forth in this Deed of Trust or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.

27. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Tax Credit Limited Partnership pursuant to the terms of the Limited Partnership Agreement (as the same may be amended from time to time) shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is either appointed/selected in accordance with applicable provisions of the DDA or is reasonably acceptable to AGENCY and is selected with reasonable promptness. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by the AGENCY necessary and adequate to fulfill the obligations undertaken in the AGENCY Agreement, as amended.

28. No Personal Liability. In the event of any default under the terms of the Note or this Deed of Trust, the sole recourse of the Agency for any and all such defaults shall be by judicial foreclosure or by the exercise of the trustee's power of sale, and Developer and its partners shall not be personally liable for the payment of the Note or for the payment of any deficiency established after judicial foreclosure or trustee's sale; provided, however, that the foregoing shall not in any way

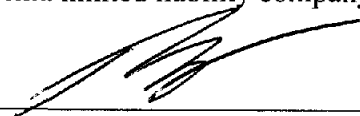
affect any rights the Agency may have (as a secured party or otherwise) under the Note or under the Agreement or this Deed of Trust to recover directly from Developer any funds, damages or costs (including without limitation reasonable attorneys' fees and costs) incurred by Agency as a result of fraud, misrepresentation or waste committed by Developer to or on the Housing Project (it shall not be waste if Developer does not repair or restore the Housing Project after any destruction, damage or partial condemnation notwithstanding the availability of insurance or condemnation proceeds), and any costs and expenses incurred by the Agency in connection therewith (including without limitation reasonable attorneys' fees and costs).

END OF AGREEMENT

(SIGNATURES ON NEXT PAGE)

BY SIGNING BELOW, the DEVELOPER accepts and agrees to the terms and covenants contained in this Security Instrument.

DEVELOPER
Workforce Homebuilders LLC
a California limited liability company

By: 

D. Anthony Mize, President

(All signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On June, 27, 2011, before me, Melissa A. Barnes, Notary Public

personally appeared D. Anthony Mize,
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 [Handwritten Signature]
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Title or Type of Document: Deed of Trust Assignment of Rents

Date of Document: June, 27, 2011 Number of Pages: 11

Signer(s) Other Than Named Above: _____

Exhibit "A"

LEGAL DESCRIPTION OF THE SITE

APN: 255-070-013

Parcel 1:

Lot or block 1 of Fairmont Park, in addition to the town of East Riverside, in the County of Riverside, State of California, as shown by map of file in book 11, page 15 of maps, in the office of the County Recorder of said County.

Except therefrom the Westerly 86 feet;

Also except therefrom that portion described as follows:

Beginning at a point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1; thence Southerly, parallel with the Westerly line of said lot 115 feet; thence Easterly, parallel with the Southerly line of Center Street, 90 feet; thence Northerly parallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the true point of beginning;

Also except therefrom that portion described as follows:

Commencing at the Northwest corner of said lot 1; thence South 89° 41' East, on the Northerly line of said lot, 544.03 feet to the true point of beginning; thence South 1° 15' West, 67 feet; thence South 26° 13' East 35 feet; thence South 88° 44' East, 109.16 feet to the Northwesterly line of the Gage Canal Company right of way; thence North 28° 26' East on the Northwesterly line of the Gage Canal Company right of way, 22.29 feet; thence North 32° 00' East on the Northwesterly line of the Gage Canal Company right of way, 94.57 feet to the Easterly extension of the Northerly line of said lot 1; Thence Norht 89° 41' West on the Northerly line of said lot, 183.20 feet to the true point of beginning.

Also exopt that portion conveyed to the County of Riverside, a Body Corporate and Politic, by deed recorded December 2, 1993, as instrument No. 480918 of official records

Parcel 2:

A right of way for pipeline and maintenance thereof over and across the Westerly 10 feet of the following described property:

That portion of the lot of block 1 of Fairmont Park, an addition to the town of East Riverside, as shown by map on file in book 11, page 15 of maps, records of San Bernardino County California, described as follows:

Beginning at point in the Southerly line of Center Street, 86 feet Easterly from the Northwest corner of said lot 1, thence Southerly, parallel with the Westerly line of said lot 1, thence Southerly, parallel with the Southerly line of said lot, 115 feet, thence Easterly, parallel with the Southerly line of line of

Center Street, 90 feet; thence Northerly, parallel with the Westerly line of said lot, 115 feet to a point in the Southerly line of Center Street, which is 176 feet Easterly from the Northwest Corner of said lot 1; thence Westerly along the Southerly line of Center Street, 90 feet to the point of beginning.

ATTACHMENT NO. 14
NOTICE OF RESTRICTION

Recording Requested By:
Redevelopment Agency for
COUNTY OF RIVERSIDE

AND WHEN RECORDED MAIL TO:
REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE
3403 Tenth Street, Suite 500
RIVERSIDE, CA 92501
ATTN: Juan Garcia

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

This Notice is to be recorded concurrently with recordation of affordability restriction or within thirty (30) days of recording such document.

In accordance with the California Health and Safety Code Section 33334.3, all new or substantially rehabilitated housing units developed or otherwise assisted, with moneys from the Low and Moderate Income Housing Fund, shall remain available at affordable housing cost to, and occupied by, persons and families of low or moderate income and very low income and extremely low income households for the longest feasible time, but not less than fifty-five (55) years for rental units that are occupied by and affordable to very low and low income households.

A Covenant and Restriction with an expiration of <Insert Date> is recorded under Recording No. concurrently herewith <Insert Recording Number> on <Insert Date>, in book <Insert Book Number>, page <Insert Page Number>, Official Records of Riverside County, California, on the property located at: <Insert Address> with assessors parcel number of 255-070-013 and more fully described as:

REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE

Dated _____

Tom Fan, Principal Development Specialist

CALIFORNIA ALL-PURPOSE

ACKNOWLEDGMENT

STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } S.S.

On _____ before me,
Date

_____,
personally appeared
Name and Title of the Officer

_____,
who proved to me on the basis
Name(s) of signer(s)
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.

(This area for official
notarial seal)

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

WITNESS my hand and official seal.

Signature of Notary Public

ATTACHMENT NO. 15
HOUSING PROJECT BUDGET

Project Construction Sources and Uses of Fund:

Construction Sources:

| | |
|--|---------------------|
| Construction Loan | \$12,700,000 |
| Low Income Housing Tax Credit ("LIHTC") – 9% | \$540,430 |
| Deferred Developer Fee | \$0 |
| Agency RDA Loan | <u>\$4,884,107</u> |
| Total | \$18,124,538 |

Permanent Sources:

| | |
|------------------------|---------------------|
| Permanent Loan | \$2,225,403 |
| LIHTC – 9% | \$9,067,883 |
| AHP | \$ 350,000 |
| Deferred Developer Fee | \$ 0 |
| Agency RDA Loan | <u>\$7,475,000</u> |
| Total | \$19,118,286 |

Uses:

| | |
|---|---------------------|
| Value of Agency Land | \$1 |
| New construction (includes site work, common area bldgs and structures) | \$10,569,052 |
| Contractor's Overhead&Profit&Gen'l Req. | \$1,450,177 |
| General Liability Insurance | \$207,168 |
| Architectural & Engineering Cost | \$550,000 |
| Construction Interest & Fees | \$1,460,500 |
| Construction Contingency (Hard and Soft) | \$800,961 |
| Permanent Financing costs | \$66,753 |
| Legal Fees | \$110,000 |
| Reserves | \$225,301 |
| Land Development Impact and Permit Processing Fees | \$1,535,749 |
| TCAC Fees | \$101,694 |
| Other Costs, Marketing & Furnishings, Performance Bond | \$590,930 |
| Title and Escrow | \$50,000 |
| Developer's Overhead & Profit | <u>\$1,400,000</u> |
| Total Uses | \$19,118,286 |

Redevelopment Agency for the County of Riverside
Riverside Office
3403 10th Street, Suite 500
Riverside, CA 92501
Attention: Juan Garcia
Phone: (951-955-3418) Facsimile: (951-955-3426)

Summary Report: Disposition and Development/Affordable Housing Agreement by and between the Redevelopment Agency for the County of Riverside and Workforce Homebuilders LLC

(As required by Section 33679 of Health and Safety Code: Community Redevelopment Law)
(Use when selling property acquired with tax increment funds)

Redevelopment Area: I-215

Sub Area: Highgrove

Supervisory District: 5th

Project Name: Highgrove Family Apts

Project Description:

The Disposition and Development Agreement by and between the Redevelopment Agency for the County of Riverside ("Agency") and Workforce Homebuilders LLC ("Developer") will convey real property from the Agency to Developer for the development of an 89 unit multifamily affordable housing complex ("Project").

The Project will be located at the southwest corner of Center Street and Michigan Ave in the unincorporated community of Highgrove, APN 255-070-013 ("Site"). To the east of the site is the Gage Canal and a single family community, to the west is the Highgrove Elementary school, to the north is a vacant lot, and to the south is a single family community and community park.

The Site is owned by the Redevelopment Agency for the County of Riverside. When the Site was purchased by the Agency, the Site consisted of a vacant blighted lot, approximately 7.43 acres. The Agency has since built a public library on a portion of the Site (.72 acres) which opened in March 2011. The Agency has decided that the best use for the balance of the land would be to build an affordable housing project. The Agency is in the process of subdividing the Site into two separate lots, a .72 acre lot where the current public library is and a 6.71 acre lot for the proposed affordable housing development ("Project Site"). Once the Site is subdivided the Agency will then convey the Project Site to the Developer for the construction of the Project.

The Developer is proposing to build an 89 unit multifamily affordable housing complex for low-income households. Of the 89 units, 61 will be two-bedroom units and 28 will be three-bedroom units, 44 of the units will be restricted to serve households whose income does not exceed 50% percent of the County median income. One two-bedroom unit will be set aside for an on-site manager. There will be seven residential buildings and a community building of approximately 2,411 sq/ft on the Project Site. Other amenities will include a swimming pool and spa, tot lot, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 239 parking spaces, with 89 garages and an additional 36 spaces being covered parking.

Project Site:

The Project will be located at the southwest corner of Center Street and Michigan Ave in the unincorporated community of Highgrove, APN 255-070-013

Project Costs:

The estimated cost is \$1.00.

Findings:

The Agency currently owns the Site and wishes to sell the property to Workforce Homebuilders LLC for the development of an 89 unit multifamily affordable housing complex for low-income households.

- a. No other reasonable means of financing the project are available to the community. The community of Highgrove is a predominately low-income community without private interest or funding for the development of affordable housing to serve the community;
- b. The proposed project will assist in the elimination of physical and economic blighting conditions within the Highgrove community through the addition of an affordable housing project; and
- c. The proposed project is consistent with the Redevelopment Plan adopted for the I-215 Project Area.

Purpose:

The proposed project meets the following goals and objectives of the Redevelopment Project Area Implementation Plan for the I-215 Project Area.

- a. Where appropriate to enhance the public health, safety, and welfare of local residents by providing affordable housing to the community in the project area which will assist in eliminating economic blighting conditions.

**SUMMARY REPORT FOR THE
DISPOSITION AND DEVELOPMENT**

BY AND BETWEEN

**THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE,
(AGENCY)**

AND

**WORKFORCE HOMEBUILDERS LLC
(a California limited liability company)
(DEVELOPER)**

FOR

HIGHGROVE FAMILY APARTMENTS

June 14, 2011

**REUSE ANALYSIS
SUMMARY REPORT**

**DISPOSITION AND DEVELOPMENT AGREEMENT
BY AND BETWEEN
THE REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE
(AGENCY)
AND
WORKFORCE HOMEBUILDERS LLC
(a California limited liability company)
(DEVELOPER)**

INTRODUCTION

Workforce Homebuilders LLC, a California limited liability company, (hereinafter the "Developer") has proposed to enter into a Disposition and Development Agreement (hereinafter the "Agreement") with the Redevelopment Agency for the County of Riverside (hereinafter the "Agency")

The purposes of the Agency to be advanced by the Agreement include the effectuation of the Agency's Redevelopment Plan (the "Plan") pursuant to which the Agency seeks to eliminate blight and to provide affordable housing within unincorporated territory within the County (the "County"); more specifically, the Agreement provides for conveyance of land owned by the Agency to the Developer and provides financing for the development of an 89 unit affordable housing apartment complex ("Project"). Development shall be subject to long-term affordability covenants, with forty four (44) of the eighty nine (89) units will be restricted to rental to "Extremely Low" to "Very Low Income Households" at "Affordable Rent" (as such terms are defined in the Agreement in accordance with Sections 33334.2, 50105, 50052.5 and 50053 of the California Health and Safety Code). In accordance with the Plan and the terms of the Agreement, Developer desires to acquire and develop that certain real property located on the southwest corner of Center Street and Michigan Ave within the unincorporated community of Highgrove, Assessor Parcel Number 255-070-013 (herein, the "Site").

California Community Redevelopment Law requires a report be prepared to provide information about the provisions of this Agreement as provided under Health and Safety Code section 33433 as follows:

- (i) The cost of the agreement to the Agency, including land acquisition costs, clearance costs, relocation costs, the costs of any improvements to be provided by the Agency, plus the expected interest on any loans or bonds to finance the agreements.

- (ii) The estimated value of the interest to be conveyed or leased, determined at the highest and best uses permitted under the Plan.

(iii) The estimated value of the interest to be conveyed or leased, determined at the use and with the conditions, covenants, and development costs required by the sale or lease. The purchase price or present value of the lease payments which the lessor will be required to make during the term of the lease. If the sale price or total rental amount is less than the fair market value of the interest to be conveyed or leased, determined at the highest and best use consistent with the Plan, then the Agency shall provide as part of the summary an explanation of the reasons for the difference.

(iv) An explanation of why the sale or lease of the property will assist in the elimination of blight, with reference to all supporting facts and materials relied upon in making this explanation.

It is the intent of this Agency Summary Report (“Report”) to meet all of these requirements and provide the necessary information and data.

This Report is organized into the following sections:

- Salient Points of the Proposed Agreement
- Cost of the Agreement to the Agency
- Estimated Value of the Interest to be Conveyed
- Comparison of Purchase Price to the Fair Re-Use Value
- How The Agreement Contributes to the Elimination of Blight
- Facts Pertinent to the Agreement

SALIENT POINTS OF THE PROPOSED AGREEMENT

Description of the Property

The property to be conveyed by the Agency to the Developer is identified above under the caption “INTRODUCTION.” The Site is owned by the Redevelopment Agency for the County of Riverside. The portion of the Site being considered consists of approximately 6.71 acres.

The Agency acquired the Site, primarily for the purpose of carrying out its obligation to eliminate blight and future development. When the Site was purchased by the Agency, the Site consisted of a vacant blighted lot, approximately 7.43 acres. The Agency has since built a public library on a portion of the Site (.72 acres) which opened in March 2011. The Agency has decided that the best use for the balance of the land would be to build an affordable housing project. The Agency is in the process of subdividing the Site into two separate lots, a .72 acre lot where the current public library is and a 6.71 acre lot for the proposed affordable housing development, legal description of proposed Project site is attached hereto as Attachment A (“Project Site”).

Agency Responsibilities

Subject to the satisfaction by the Developer of conditions precedent to closing, including without limitation demonstration of the availability of other funding sources and readiness to fund in amounts sufficient to complete construction of those improvements required to be constructed under the Agreement (the "Improvements"):

1. The Agency will convey the Site to the Developer, subject to long-term affordability covenants, for a purchase price of \$1.00.
2. On April 20, 2010 the Agency agreed to loan the Developer \$550,000 (Pre-development Loan) for expenses incurred in the entitlement process of the development of the Project Site. The Agency is now proposing to loan the Developer the amount of Seven Million Five Hundred Twenty Five Thousand Six Hundred Ten (\$7,475,000) (the "Agency Loan") to be used to reduce the cost of development to allow for the construction of an eighty nine (89) unit affordable rental housing complex. In accordance with the Pre-development Loan agreement upon execution of a Development Agreement the amount of the then outstanding balance of the Pre-development Loan shall be credited against any amount which the Agency is required to lend Developer pursuant to the Agency Loan. Forty four (44) of the eighty nine (89) units will be restricted to Extremely Low to Very Low Income Households at Affordable Rents (as defined under the Redevelopment Law, and set forth with greater particularity in the Agreement, including the Regulatory Agreement which is Attachment No. 5 thereto). The restrictions of the Regulatory Agreement shall remain in effect a minimum of fifty five years (55). "Very Low Income Households" are households earning fifty (50%) percent or less of the Area Median Income for the County of Riverside.
3. The proceeds of Agency Loan are to be disbursed as follows:
 - a. The Agency shall pay Developer on a "cost-as-incurred" basis for all eligible approved costs in an amount not to exceed \$7,475,000; and
 - b. The Agency shall retain 5% of the total Agency Loan until a Certificate of Occupancy has been obtained.

Developer Responsibilities

1. The Developer will purchase the Site from the Agency for \$1.00, subject to long-term affordability restrictions as set forth in the Regulatory Agreement. The Developer will seek to obtain other funding sources sufficient for the development and construction of the Improvements (when combined with proceeds of the Agency Loan). It is contemplated that such funding will include moneys from the federal and

state Low-Income Housing Tax Credit Program (“TCAC”), and Affordable Housing Program (“AHP”). Developer will exercise diligence in obtaining such funds.

2. The Developer will enter into the Agency Loan. All proceeds of the Agency Loan shall be used solely for development of the Site. The Agency Loan shall bear a one (1%) interest for 55 years as provided in the Agreement (and, specifically, the Agency Note, which is set forth as Attachment No. 12 to the Agreement). The Agency Loan will due in full after the fifty five (55) year affordability period.
3. The Developer shall operate and maintain, or cause to have operated and maintained, the apartments being developed on the Site in accordance with sound business practices and sound property maintenance practices for the entire 55-year affordability period.

COST OF THE AGREEMENT TO THE AGENCY

The cost of acquiring the Site borne by the Agency is approximately \$1,115,000; such cost includes estimated land value based on appraisals conducted in the surrounding area, consideration paid for land, consulting fees, appraisal costs, title expenses and various other costs and expenses; the foregoing figure is an estimated amount and does not include either an allocation of interest or an allocation of the cost of staff time expended on the acquisition of the Site or the negotiation of the Agreement.

| | |
|------------------|-------------|
| Cost Incurred | |
| Land Acquisition | \$1,115,000 |

Once the Site is subdivided into two legal parcels the value of the land will be prorated as follows:

| | |
|------------|------------------|
| 6.71 Acres | \$1,006,952 |
| .72 Acres | <u>\$108,048</u> |
| Total | \$1,115,000 |

In return for this investment, the Agency will eliminate and redevelop a blighted Site. In addition, the Agency receives long-term affordability covenants.

ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED

Based upon available comps in the area, the value of the Project Site is estimated to approximate the consideration paid to acquire the Site (approximately \$1,115,000).

COMPARISON OF PRICE TO THE FAIR MARKET VALUE AND THE FAIR RE-USE VALUE

The fair market value of the Site is clearly significantly greater than \$1.00.

In comparing the sales price of \$1.00, plus an obligation to repay the Agency Loan as provided under the Agency Note from residual receipts, the price provided under the Agreement is believed to be consistent with the fair reuse value of the Site, in view of the significant effect the requirements for affordability covenants, particularly those involving households having Very Low Incomes with rents restricted to not greater than 50% of Median Income, have on the potential of the Site to generate an income. By requiring that the Site be developed as an affordable rental project subject to such affordability restrictions, the resulting value is believed to be fairly reflected by what will be experienced as a portion of net cash flow after accounting for debt service, reserves and operating expenses; this is essentially what the Agreement provides.

HOW THE AGREEMENT CONTRIBUTES TO THE ELIMINATION OF BLIGHT

The Agency has built a public library on a portion of the Site and the balance of the lot (6.71 acres) remains undeveloped. The Site is within a Redvelopment Project Area of the Agency also known as the Highgrove Sub Area. The undeveloped portion of the Site consists of dried vegetation, trash, debris and is located in the main street of the community of Highgrove. The location of the Site and condition of the undeveloped acreage has contributed to the blight of the community. The Improvements outlined in the Agreement, will result in the development of an eighty nine (89) unit affordable housing rental complex, which will be restricted during the fifty-five (55) year affordability period. In addition to removing blighting conditions, the Agreement provides for the construction of affordable housing thus effects construction of new development to modern standard, will add rental stock to the community, and earmarks rental units to low income households at an affordable housing cost, as indicated above.

FACTS PERTINENT TO THE AGREEMENT

1. The sale of the Project Site for redevelopment under the conditions set forth in the Agreement will assist in the elimination of blight.

Statement of Support

The Agreement provides for the cleanup of blighted property and returns it to its full investment potential and productive use with a new development. The Agreement also provides the Agency with long-term affordable housing covenants relating to Very Low to Low Income Households and occupancy.

2. The sale of the Site will provide housing for very-low income households.

Statement of Support

The Agreement establishes covenants on the Site requiring forty four (44) of the eighty nine (89) to remain affordable for fifty-five (55) years, which is consistent with the requirements of California Redevelopment Law.

3. The sale of the Site is consistent with the Agency's Implementation Plan adopted pursuant to California Health and Safety Code Section 33490.

Statement of Support:

The Implementation Plan adopted by the Agency calls for projects to eliminate blight, to cooperate with the private sector to redevelop property within the Project Area and to provide housing for very low to low income households. This Agreement accomplishes all three of these objectives, and particularly contributes to production of housing affordable for Very Low Income Households.

4. The consideration to be paid for the Project Site is not less than the fair reuse value in accordance with the Plan.

Statement of Support:

The Agreement establishes a purchase price of \$1.00, with the Developer being obligated to repay the Agency Loan as described above; the resulting amount is deemed to be not less than the fair use value of the Site based on the affordability covenants and conditions, including development requirements that will be provided. The purpose is to fulfill the Agency's obligations to provide very low income housing as required by the State Community Redevelopment Law and the Agency's Redevelopment Plan for the Project Area, in addition to the economical development of the Site.

5. The consideration to be paid for the Site is not less than the fair reuse value at the use and with the covenants and conditions and development costs authorized by the Agreement.

Statement of Support:

The sales price of \$1.00, together with the obligation of the Developer to repay the Agency Loan, is based on the very-low to low income conditions and covenants that will be placed on the Site pursuant to the Agreement and to ensure the continued use of the Site for affordable housing.

6. The sale of the Site and the improvements to be financed are a benefit to the Project Area.

Statement of Support

The elimination of blight and the on-going provision of very low to low income housing is an integral part of the Redevelopment Plan for the Project Area. The sale and development of the Site is consistent with the Agreement and furthers the implementation of the Redevelopment Plan.