

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

528



FROM: Redevelopment Agency

SUBMITTAL DATE:
January 11, 2012

SUBJECT: Loan Agreement for Los Vinedos Mobile Home Park in the Unincorporated Community of Mecca

RECOMMENDED MOTION: That the Board of Directors:

1. Make findings that the Loan Agreement for the development of Los Vinedos Mobile Park between the Redevelopment Agency for the County of Riverside and Desert Alliance for Community Empowerment, a California nonprofit benefit corporation is an enforceable obligation of the Agency;
2. Approve the attached Loan Agreement in the amount of \$3,500,000 between the Redevelopment Agency for the County of Riverside (Agency) and Desert Alliance for Community Empowerment, a California nonprofit benefit corporation;
3. Approve the attached Covenant Agreement, Deed of Trust and Promissory Note;

(Continued)

[Signature]

Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 3,500,000	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: No

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
[Signature]
BY: Jennifer L. Sargent

County Executive Office Signature

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

Prev. Agn. Ref.: 4.5 of 4/26/2011

District: 4

Agenda Number: 4.5

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: *[Signature]* DATE: 1/11/12
 ANITA C. WILLIS
 FORM APPROVED COUNTY COUNSEL
 BY: *[Signature]* DATE: 1-11-12
 DEPARTMENT: SAMUEL WONG

RECOMMENDED MOTION: (Continued)

4. Authorize the Chairman of the Board to execute the attached Loan Agreement and Covenant Agreement;
5. Authorize the Executive Director, or designee, to execute a subordination agreement with the United States Department of Agriculture in connection with a loan in an amount up to \$2,300,000, subject to approval by Agency Counsel;
6. Authorize the Executive Director, or designee, to execute a subordination agreement with the Rural Community Assistance Corporation in connection with a loan in an amount up to \$1,000,000, subject to approval by Agency Counsel; and
7. Authorize the Executive Director, or designee, to take all necessary steps to implement the Grant Agreement, Covenant Agreement, and Subordination Agreement including, but not limited to, signing subsequent necessary and relevant documents.

BACKGROUND:

On April 26, 2011, the Redevelopment Agency for the County of Riverside Board of Directors (Agency) adopted RDA Resolution 2011-012 to support and assist in the construction of the first phase of a two phase development of a migrant farm worker complex in the community of Mecca by Desert Alliance for Community Empowerment (DACE). The first phase will be a 41 unit mobile home park for rent.

Additionally, the Board also agreed to provide financing of up to \$3,500,000 in Redevelopment Low- and Moderate Income Housing Set-Aside funds upon DACE successfully securing entitlements, building permits and sufficient financing to construct the Project by January 30, 2012. DACE has satisfied all conditions specified in RDA Resolution 2011-012 and is ready to enter into a loan agreement with the Agency for the contribution of \$3,500,000 in Agency funds to the project. Other funding sources include a \$2,300,000 loan from the United States Department of Agriculture Farm Labor Housing Program Section 514; a \$700,000 grant from the United States Department of Agriculture Farm Labor Housing Program Section 516; \$1,000,000 loan from the Rural Community Assistance Corporation; a \$840,000 loan from the Federal Home Loan Affordable Housing Program; and a \$872,406 grant from the Housing and Community Development Joe Serna Jr. Farmworker Housing Grant Program. The estimated total development cost for the project is \$9,212,406. The Agency's funding will be restricted to the development of the 41 unit mobile home park.

The residents of Los Vinedos Mobile Home Park will have access to a 5,000 square foot community building that will include a computer lab and offices. Additional on-site amenities include a tot lot and large green areas. The proposed project will have a mix of 20 three-bedroom units, and 21 four-bedroom units. One of the three-bedroom units will be reserved for an on-site manager. 20 units shall be limited to farmworker households whose incomes do not exceed 50% of the area median income for the Riverside County for a period of at least 55 years.

(Continued)

BACKGROUND: (Continued)

This Loan Agreement is considered an enforceable obligation and may be executed because the Agency adopted Resolution 2011-012 agreeing to provide the funds on April 26, 2011, a date prior to the enactment of ABx1 26 and ABx1 27, the Assembly bills regarding redevelopment that were signed by Governor Brown on June 29, 2011. The Agency obligated itself to contribute \$3,500,000 for the development and construction of Los Vinedos Mobile Home Park. DACE has moved forward and made commitments in reliance that the Agency will perform its obligation.

Agency Counsel has reviewed and approved as to form the attached Loan Agreement, Deed of Trust, Promissory Note, and Covenant Agreement. Staff recommends that the Board approve the attached Loan Agreement, Deed of Trust, Promissory Note, and Covenant Agreement.

FINANCIAL DATA:

All the costs related to the development of the project will be fully funded with Redevelopment Low- and Moderate-Income Housing Funds. The Agency has budgeted this expense in the FY 2011/12 budget.

Attachments:

Loan Agreement

Deed of Trust

Promissory Note

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103

3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 Redevelopment Agency
9 for the County of Riverside
10 3403 Tenth Street, Suite 500
11 Riverside, CA 92501
12 Attn. Juan Garcia

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR
15 LOS VINEDOS MOBILE HOME PARK IN MECCA

16 This Agreement is made and entered into this ____ day of _____, 2012
17 by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a
18 public body, corporate and politic (hereinafter referred to as "AGENCY") and Desert Alliance
19 for Community Empowerment, a California nonprofit public benefit corporation (hereinafter
20 referred to as "OWNER") for the development and construction of "Los Vinedos Mobile
21 Home Park" (hereinafter referred to as the "Project").

22 WITNESSETH:

23 WHEREAS, AGENCY is a redevelopment agency duly created, established and
24 authorized to transact business and exercise its powers, all under and pursuant to the provisions
25 of the California Community Redevelopment Law ("CRL"), which is Part 1 of Division 24 of
26 the California Health and Safety Code (commencing with Section 33000 et seq.);

27 WHEREAS, AGENCY, pursuant to Section 33334.2 of the California Health
28 and Safety Code, wishes to utilize its Low- and Moderate-Income Housing Set-Aside Funds to
improve and increase the supply of affordable housing in the unincorporated County of
Riverside (the "County");

WHEREAS, the Community Redevelopment Law provides that the territorial
jurisdiction of a county redevelopment agency is the unincorporated territory in that county;

1 WHEREAS, the County adopted Ordinance No. 638, on December 23, 1986, a
2 redevelopment plan for an area within the County known as Desert Communities Project Area
3 (“Project Area”);

4 WHEREAS, the Project is located outside the Redevelopment Project Area;

5 WHEREAS, AGENCY adopted Resolution RDA 2005-35 on December 20,
6 2005 with a finding that the use of Low- and Moderate-Income Housing Set-Aside Funds
7 outside the Redevelopment Project Area is of benefit to the Project Area;

8 WHEREAS, the Riverside County Board of Supervisors adopted Resolution
9 2005-374 on December 20, 2005, with a similar finding;

10 WHEREAS, AGENCY endeavors to preserve, protect, improve and increase the
11 affordable housing stock and eliminate blight;

12 WHEREAS, the OWNER has proposed to construct a migrant farmworker
13 complex that consists of an 84 unit mobile home park, and a 160 bed complex on
14 approximately 15.94 acres of land located in the unincorporated area of the County in the
15 community of Mecca (hereinafter referred to as “Project Site”) for very low income households
16 and more fully described in Exhibit “A”, which is attached hereto and incorporated herein by
17 this reference;

18 WHEREAS, the OWNER will construct the mobile home park in two phases and
19 the first phase will consist of 41 rental housing mobile homes which includes one manager’s
20 unit (“Project”);

21 WHEREAS, the Project will alleviate blighting condition on the Project Site as
22 set forth in Section 33031 of the California Health and Safety Code;

23 WHEREAS, OWNER has represented that it has the necessary expertise, skill,
24 and ability to carry out the commitments contained in this agreement;

25 WHEREAS, on April 26, 2011 AGENCY adopted RDA Resolution No. 2011-
26 012 authorizing funding in an amount up to Three Million Five Hundred Thousand Dollars
27 (\$3,500,000) for the Project in the form of a 55 year 0% interest loan subject to the OWNER
28 completing the following:

- 1 a. Secure any and all land use entitlements, permits and approvals which
- 2 may be required for construction of the Project;
- 3 b. Obtain sufficient equity capital or firm and binding commitments for
- 4 construction and permanent financing necessary to undertake the
- 5 development and completion of the Project;
- 6 c. Successful negotiation of an RDA loan agreement satisfactory to the
- 7 Board of Directors.

8 WHEREAS, OWNER has successfully completed the aforesaid requirements
9 and has met the conditions for receipt of the funding in the amount of \$3,500,000 for
10 completion of the Project;

11 WHEREAS, OWNER, in reliance on the funding commitment from AGENCY,
12 and expended substantial funds and has taken significant steps toward the Project;

13 WHEREAS, OWNER, is unable to move forward with the completion of the Project without
14 the AGENCY funding;

15 WHEREAS, AGENCY has determined that the Project is an enforceable
16 obligation of the AGENCY;

17 WHEREAS, AGENCY agrees to loan OWNER funds for the development and construction of
18 the Project Site and maximize the affordability of units to qualified low-income (“Assisted
19 Units”);

20 WHEREAS, concurrently with this agreement, a promissory note will be
21 executed by the OWNER evidencing this loan, and a deed of trust and a covenant restriction
22 will be recorded; and

23 NOW, THEREFORE, AGENCY and OWNER mutually agree as follows:

24 1. PURPOSE. AGENCY has agreed to loan Three Million Five Hundred
25 Thousand Dollars (\$3,500,000) of Redevelopment Housing Set-Aside Funds to OWNER upon
26 the terms and conditions set forth herein (the “AGENCY Loan”). Subject to **Section 45** hereof,
27 Project Financing Contingency, OWNER promises and agrees to undertake and assist with the
28 AGENCY activities by utilizing such Redevelopment Low- and Moderate-Income Housing

1 Set-Aside funds, as specifically identified in **Exhibit A**.

2 2. OWNER'S OBLIGATIONS. OWNER hereby agrees to undertake and
3 complete the following activities, subject to its receipt of AGENCY funds:

4 a. Before commencement of construction or other works of
5 improvement upon the Project Site, OWNER shall, at its own
6 expense, secure or cause to be secured any and all land use
7 entitlements, permits and approvals which may be required for
8 construction of the Project pursuant to the applicable rules and
9 regulations of, the County, and any other governmental agency
10 affected by such construction of work. OWNER shall, without
11 limitation, apply for and secure all entitlement, change of zone,
12 lot line adjustment, any and all necessary studies required
13 including but not limited to environmental and traffic, and pay all
14 costs, charges and fees associated therewith.

15 b. Obtain financing from the Rural Community Assistance
16 Corporation (RCAC), United States Department of Agriculture
17 (USDA), Housing and Community Development Joe Serna Jr.
18 Farmworker Housing Grant (JSJFWHG), and Affordable Housing
19 Program (AHP) in accordance with the timeline set forth in
20 **Exhibit A**.

21 c. In accordance with the timeline set forth in **Exhibit A**, submit to
22 AGENCY for approval evidence that OWNER has obtained
23 sufficient equity capital or has obtained firm and binding
24 commitments for construction and permanent financing necessary
25 to undertake the development and completion of the Project.

26 d. Develop the Project in accordance with the timeline set forth in
27 **Exhibit A**.

28 e. Operate the Project, in such a manner so that it will remain

1 affordable to qualified low income tenants for a period, beginning
2 after the issuance of the first Certificate of Occupancy for the
3 Project for at least 55 years (without regard to transfer of
4 ownership).

5 f. Project shall remain in compliance with all applicable Federal,
6 State and local codes, laws, regulations and ordinances for the
7 duration of the Agreement.

8 g. The OWNER is required to hire a qualified consultant, approved
9 by the AGENCY, to monitor prevailing wages and maintain
10 compliance with State Laws and requirements relating to
11 prevailing wages.

12 3. AGENCY'S OBLIGATIONS. AGENCY hereby agrees to undertake and
13 complete the following activities:

14 a. Subject to **Section 45**, Project Financing Contingency, AGENCY
15 will Loan the funds in the amount identified in **Section 1** to
16 OWNER for financing of development impact fees, permit fees
17 and construction costs of the Project.

18 4. AGENCY LOAN. The OWNER shall borrow the funds from the
19 AGENCY for financing of the Project under the following terms:

20 a. Term. The maturity of the AGENCY Loan shall be the first to
21 occur of (i) December 30, 2068 or (ii) fifty-five (55) years from
22 the issuance of the first certificate of occupancy for the Project
23 ("AGENCY Loan Term"). Agency Loan shall be forgiven at fifty-
24 five (55) years from the issuance of the Certificate of Occupancy.

25 b. Principal. The principal of the AGENCY Loan shall be the
26 amount identified in **Section 1** and evidenced by a promissory
27 note, as specifically identified in Exhibit "C", which is attached
28 hereto and by this reference incorporated herein, executed by the

1 OWNER in favor of the AGENCY in a form satisfactory to the
2 AGENCY, hereinafter referred to as "Note".

3 c. Interest. The interest rate shall be 0% per annum.

4 d. Repayment. It is intended that the full amount of the AGENCY
5 Loan will be forgiven at the end of the affordability period of
6 fifty-five (55) years. However, in the event of any default, the
7 entire loan amount shall be payable in full.

8 e. Security. The AGENCY Loan shall be secured by a deed of trust
9 recorded against the Project (the "AGENCY Deed of Trust"). The
10 form of the AGENCY Deed of Trust to be recorded is shown in
11 Exhibit "B" which is attached hereto and by this reference
12 incorporated herein. The AGENCY hereby agrees that the
13 AGENCY Deed of Trust and the terms of this Agreement shall be
14 subordinated to: 1) a deed of trust in connection with a loan in the
15 amount not to exceed \$2,300,000 from USDA; and 2) a deed of
16 trust in the amount not to exceed \$1,000,000 from RCAC,
17 (collectively, the "Senior Loans").

18 In addition, the AGENCY agrees to execute any and all
19 documents necessary to effectuate subordination concerning this
20 loan, and other financing as set forth here. Subordination of any
21 future refinancing shall be considered upon OWNER'S
22 reasonable request. AGENCY consent shall not be unreasonably
23 withheld or delayed.

24 f. Prepayment. Prepayment of principal and/or interest may occur at
25 any time without penalty. However, the affordability requirements
26 outlined in **Section 22** shall remain in full force and effect for
27 fifty-five (55) years after the issuance of the Certificate of
28 Occupancy for the Project.

1 5. PRIOR AGENCY APPROVAL. OWNER shall obtain AGENCY'S
2 approval, through its Economic Development Agency ("EDA"), of all items requiring such
3 approvals as described in this Agreement. AGENCY shall not unreasonably withhold or delay
4 any such approval.

5 6. TERM OF AGREEMENT. This Agreement shall become effective upon
6 execution (the "Effective Date"), as defined in **Section 50**, and the maturity of the AGENCY
7 Loan shall be the first to occur of (i) December 30, 2068 or (ii) fifty-five (55) years from the
8 issuance of the first certificate of occupancy for the Project.

9 7. COMPLETION SCHEDULE. OWNER shall proceed consistent with the
10 completion schedule set forth in **Exhibit A**, as the same is subject to Force Majeure Delays, as
11 defined in **Section 8**, and may be amended in writing by AGENCY and OWNER.

12 8. FORCE MAJEURE DELAYS. Delay due to Force Majeure that, in each
13 case, (i) materially adversely affects the performance by OWNER of its obligations hereunder,
14 (ii) is not reasonably foreseeable and is beyond OWNER's reasonable control, (iii) despite the
15 exercise of reasonable diligence, cannot be prevented, avoided or removed by OWNER and is
16 not attributable to the negligence, willful misconduct or bad faith of OWNER, and (iv) is not
17 the result of the failure of OWNER to perform any of its obligations under this Agreement.
18 Notwithstanding the foregoing, a Force Majeure Delay shall not be deemed to have occurred
19 unless OWNER has notified AGENCY of such occurrence of Force Majeure within fifteen
20 (15) days after such occurrence and has provided AGENCY with the details of such event and
21 the length of the anticipated delay within an additional fifteen (15) days thereafter. OWNER
22 shall diligently attempt to remove, resolve, or otherwise eliminate such event, keep the
23 AGENCY advised with respect thereto, and shall commence performance of its obligations
24 hereunder immediately upon such removal, resolution or elimination. During the occurrence
25 and continuance of a Force Majeure Delay, OWNER shall be excused from performance of its
26 obligations under this Agreement to the extent the Force Majeure prevents OWNER from
27 performing such obligations.

28 9. OWNER'S REPRESENTATIONS. OWNER represents and warrants to

1 AGENCY as follows:

- 2 a. Authority. OWNER is a duly organized nonprofit organization in
3 good standing under the laws of the State of California. The
4 copies of the documents evidencing the organization of the
5 OWNER, which have been delivered to the AGENCY, are true
6 and complete copies of the originals, amended to the date of this
7 Agreement. OWNER has full right, power and lawful authority to
8 accept the conveyance of the Project Site and undertake all
9 obligations as provided herein and the execution, performance
10 and delivery of this Agreement by OWNER has been fully
11 authorized by all requisite actions on the part of OWNER.
- 12 b. No Conflict. To the best of OWNER'S knowledge, OWNER'S
13 execution, delivery and performance of its obligations under this
14 Agreement will not constitute a default or a breach under contract,
15 agreement or order to which the OWNER is a party or by which it
16 is bound.
- 17 c. No Owner Bankruptcy. OWNER is not the subject of a
18 bankruptcy proceeding.
- 19 d. Prior to Closing. Until Closing, OWNER shall upon learning of
20 any fact or condition which would cause any of the warranties and
21 representations in this **Section 9** not to be true as of Closing,
22 immediately give written notice of such fact or condition to
23 AGENCY. Such exception(s) to a representation shall not be
24 deemed a breach by OWNER hereunder, but shall constitute an
25 exception which AGENCY shall have the right to approve or
26 disapprove if such exception would have an effect on the value
27 and/or operation of the Project Site.

28 10. EXTENSION OF TIME. AGENCY may grant an extension to the

1 completion schedule for the purpose of completing OWNER'S activities which cannot be
2 completed as outlined in **Exhibit A**. OWNER shall request said extension in writing, stating
3 the reasons therefore, and may be granted only by receiving written approval from AGENCY,
4 which approval shall not be unreasonably withheld. Every term, condition, covenant, and
5 requirement of this Agreement shall continue in full force and effect during the period of any
6 such extension.

7 11. LETTER TO PROCEED. OWNER shall not initiate nor incur expenses
8 for AGENCY funded activity covered under the terms of this Agreement prior to receiving
9 written authorization to proceed.

10 12. REALLOCATION OF FUNDS. If OWNER fails to meet the deadlines
11 set forth in the Schedule of Performance, subject to the notice and cure periods set forth in
12 **Section 29** herein, the funds allocated or reserved may be reallocated by AGENCY after thirty
13 (30) days' prior written notice is given and an opportunity to cure is given to OWNER for a
14 period of sixty (60) days.

15 13. CONDITIONS FOR DISBURSEMENT OF FUNDS. The Project is
16 conditioned upon the AGENCY's determination to proceed with, modify, or cancel the Project
17 based on the results of a subsequent Environmental Review as required under **Section 19**,
18 Compliance with Laws and Regulations.

19 AGENCY shall: (1) make payments of AGENCY funds to OWNER as specified
20 in **Exhibit A**, pursuant to the Schedule in **Section 15**, and (2) monitor the Project to ensure
21 compliance with all applicable state regulations and the terms of this Agreement.

22 There will be no disbursement of funds until the following events first occur:

- 23 a. OWNER executes the AGENCY Agreement, Deed of Trust,
24 Promissory Note, and Covenant Agreement, as shown in Exhibit
25 "B", "C", and "D", and the AGENCY Agreement, Deed of Trust
26 and Covenant Agreement have been recorded.
- 27 b. OWNER provides at its expense an ALTA lender's policy
28 insuring the Deed of Trust upon the close of escrow.

- 1 c. OWNER provides documentation of a Payment and Performance
2 Bond issued by a bonding company reasonably approved by the
3 AGENCY. AGENCY must be named as additional obligee.
- 4 d. OWNER provides satisfactory evidence that it has secured any
5 and all land use entitlements, permits and approvals which may be
6 required for construction of the Project pursuant to the applicable
7 rules and regulations of, the County, and any other governmental
8 agency affected by such construction of work. OWNER shall,
9 without limitation, secure all entitlement, conditional use permit,
10 change of zone, lot line adjustment, any and all necessary studies
11 required including but not limited to archaeological, cultural,
12 environmental, traffic and lead based paint, and pay all costs,
13 charges and fees associated therewith, all conditions precedent to
14 the issuance of all permits necessary for the construction of the
15 development and all such permits are available for issuance, other
16 than payment of fees.
- 17 e. OWNER shall be required to hire a qualified experienced
18 professional firm to review and monitor prevailing wage
19 compliance for all submissions of contractors certified payrolls to
20 the AGENCY. The firm should be approved by the AGENCY
21 prior to start of construction.
- 22 f. OWNER provides duly executed documents and instruments
23 showing the ownership of the property as specifically identified in
24 **Exhibit A**, hereinafter referred to as the "Property".
- 25 g. Final lien release from general contractor.
- 26 h. AGENCY will retain ten percent (10%) of the AGENCY Loan.
27 AGENCY shall release final draw down of AGENCY funds
28 following receipt of all the following documents ("Closing

1 Documents”):

- 2 1) recorded Notice of Completion;
- 3 2) all remaining prevailing wage documentation, if any,
4 including, but not limited to, complete certified payrolls,
5 fringe benefit forms, and certificates of authorization and
6 understanding;
- 7 3) submission of a Project completion report including
8 Tenant Checklist as shown in Exhibit “G” which is
9 attached hereto and by this reference incorporated herein;
- 10 4) Tenant Selection Policy;
- 11 5) Management Plan;
- 12 6) final development costs;
- 13 7) final sources and uses of funds; and

14 14. Construction Cost Certification. OWNER shall submit final Certified
15 Public Accountant’s construction cost certification no later than 90 days from receipt of
16 certificate of occupancy for the Project.

17 15. DISTRIBUTION OF FUNDS. Any disbursement of funds is expressly
18 conditioned upon the satisfaction of conditions set forth in **Section 13**. AGENCY shall pay
19 OWNER the sum specified in **Section 1** above on a "cost-as-incurred" basis for all eligible
20 approved costs under the following schedule:

- 21 (a) Up to thirty percent (30%) of the AGENCY Loan upon thirty
22 percent (30%) completion of Project, as certified and documented
23 by the project architect.
- 24 (b) Up to sixty (60%) of the AGENCY Loan upon sixty percent
25 (60%) completion of Project, as certified and documented by the
26 project architect.
- 27 (c) Up to ninety percent (90%) of the AGENCY Loan upon ninety
28 percent (90%) completion of Project, as certified and documented

1 by the project architect.

- 2 (d) AGENCY shall release final draw down of ten percent (10%) of
3 the AGENCY Loan following receipt of all of the items listed in
4 **Section 13.**

5 16. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
6 lien is filed against the Project or a stop notice affecting the AGENCY Loan is served on the
7 AGENCY, OWNER must, within twenty (20) days of such filing or service, either pay and
8 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
9 the AGENCY a surety bond in sufficient form and amount, or provide the AGENCY with
10 other assurance reasonably satisfactory to AGENCY that the lien or stop notice will be paid or
11 discharged.

12 17. INSURANCE. OWNER and its contractors shall procure and maintain
13 during the entire period of this Agreement, at its sole expense, the following insurance
14 coverage as a minimum:

15 a. Worker's Compensation Insurance. If OWNER has employees as
16 defined by the State of California, OWNER shall maintain
17 statutory Workers' Compensation Insurance (Coverage A) as
18 prescribed by the laws of the State of California. Policy shall
19 include Employers' Liability (Coverage B) including
20 Occupational Disease with limits not less than \$1,000,000 per
21 person per accident. The policy shall be endorsed to waive
22 subrogation in favor of Redevelopment Agency for the County of
23 Riverside, and, if applicable, to provide a Borrowed
24 Servant/Alternate Employer Endorsement.

25 b. Comprehensive Broad Form General Liability Insurance.
26 Commercial General Liability insurance coverage, including but
27 not limited to, premises liability, contractual liability, products
28 and completed operations liability, personal and advertising

1 injury, and cross liability coverage, covering claims which may
2 arise from or out of OWNER'S performance of its obligations
3 hereunder. Policy shall name the Redevelopment Agency for the
4 County of Riverside, the County of Riverside, its Agencies,
5 Districts, Special Districts, and Departments, their respective
6 directors, officers, Board of Directors, employees, elected or
7 appointed officials, agents or representatives as Additional
8 Insureds. Policy's limit of liability shall not be less than
9 \$1,000,000 per occurrence combined single limit. If such
10 insurance contains a general aggregate limit, it shall apply
11 separately to this agreement or be no less than two (2) times the
12 occurrence limit.

13 c. Automobile Liability Insurance. If vehicles or mobile equipment
14 are used in the performance of the obligations under this
15 Agreement, then OWNER shall maintain liability insurance for all
16 owned, non-owned or hired vehicles so used in an amount not less
17 than \$1,000,000 per occurrence combined single limit. If such
18 insurance contains a general aggregate limit, it shall apply
19 separately to this agreement or be no less than two (2) times the
20 occurrence limit. Policy shall name the Redevelopment Agency
21 for the County of Riverside, the County of Riverside, its
22 Agencies, Districts, Special Districts, and Departments, their
23 respective directors, officers, Board of Directors, employees,
24 elected or appointed officials, agents or representatives as
25 Additional Insured or provide similar evidence of coverage
26 approved by the County's Risk Manager.

27 d. General Insurance Provisions – All Lines.

28 1) Any insurance carrier providing insurance coverage

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

7 2) OWNER'S insurance carrier(s) must declare its
8 insurance self-insured retentions. If such self-insured retentions
9 exceed \$500,000 per occurrence such retentions shall have the
10 prior written consent of the County Risk Manager before the
11 commencement of operations under this Agreement. Upon
12 notification of self insured retention unacceptable to AGENCY,
13 and at the election of the County's Risk Manager, OWNER's
14 carriers shall either; (a) reduce or eliminate such self-insured
15 retention as respects this Agreement with AGENCY, or (b)
16 procure a bond which guarantees payment of losses and related
17 investigations, claims administration, and defense costs and
18 expenses.

19 3) OWNER shall cause OWNER'S insurance carrier(s) to
20 furnish AGENCY with copies of the Certificate(s) of Insurance
21 and Endorsements effecting coverage as required herein, and 2) if
22 requested to do so orally or in writing by the County Risk
23 Manager, provide copies of policies including all Endorsements
24 and all attachments thereto, showing such insurance is in full
25 force and effect. Further, said Certificate(s) and policies of
26 insurance shall contain the covenant of the insurance carrier(s)
27 that thirty (30) days written notice shall be given to AGENCY
28 prior to any material modification, cancellation, expiration or

1 reduction in coverage of such insurance. In the event of a
2 material modification, cancellation, expiration, or reduction in
3 coverage, this Agreement shall terminate forthwith, unless
4 AGENCY receives, prior to such effective date, another
5 Certificate of Insurance and copies of endorsements, including all
6 endorsements and attachments thereto evidencing coverage's set
7 forth herein and the insurance required herein is in full force and
8 effect. OWNER shall not commence operations until AGENCY
9 has been furnished Certificate(s) of Insurance and copies of
10 endorsements and if requested, copies of policies of insurance
11 including all endorsements and any and all other attachments as
12 required in this Section. An individual authorized by the insurance
13 carrier to do so on its behalf shall sign the original endorsements
14 for each policy and the Certificate of Insurance.

15 4) It is understood and agreed to by the parties hereto that
16 OWNER'S insurance shall be construed as primary insurance,
17 and AGENCY's insurance and/or deductibles and/or self-insured
18 retention's or self-insured programs shall not be construed as
19 contributory.

20 5) If, during the term of this Agreement or any extension
21 thereof, there is a material change in the scope of services; or,
22 there is a material change in the equipment to be used in the
23 performance of the scope of work which will add additional
24 exposures (such as the use of aircraft, watercraft, cranes, etc.); or,
25 the term of this Agreement, including any extensions thereof,
26 exceeds five (5) years AGENCY reserves the right to adjust the
27 types of insurance required under this Agreement and the
28 monetary limits of liability for the insurance coverage's currently

1 required herein, if; in the County Risk Manager's reasonable
2 judgment, the amount or type of insurance carried by the
3 OWNER has become inadequate.

4 6) OWNER shall pass down the insurance obligations
5 contained herein to all tiers of subcontractors working under this
6 Agreement.

7 7) The insurance requirements contained in this
8 Agreement may be met with a program(s) of self-insurance
9 acceptable to AGENCY.

10 8) OWNER agrees to notify AGENCY of any claim by a
11 third party or any incident or event that may give rise to a claim
12 arising from the performance of this Agreement.

13 18. FINANCIAL RECORDS. OWNER shall maintain financial,
14 programmatic, statistical, and other supporting records of its operations and financial activities.
15 Said records shall be retained for no less than five (5) years after the Project completion date.
16 Records of individual tenant income verifications, project rents, and project inspections must
17 be retained for the most recent five (5) year period, until five (5) years after the affordability
18 period terminates. If any litigation, claim, negotiation, audit, or other action has been started
19 before the expiration of the regular period specified, the records must be retained until
20 completion of the action and resolution of all issues which arise from it, or until the end of the
21 regular period, whichever is later.

22 19. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
23 Agreement, OWNER hereby certifies that it will adhere to and comply with all federal, state
24 and local laws, regulations and ordinances. In particular, OWNER shall comply with the
25 following as they may be applicable:

- 26 a. Obligation to Refrain from Discrimination. OWNER covenants
27 and agrees there shall be no discrimination against or segregation
28 of any person, or group of persons, on account of race, color, age,

1 religious creed, sex, sexual orientation, marital status, national
2 origin, ancestry, familial status, source of income, physical or
3 mental disability in the sale, lease, sublease, transfer, use,
4 occupancy, tenure or enjoyment of the Site nor shall AGENCY or
5 any person claiming under or through OWNER establish or
6 permit any such practice or practices of discrimination or
7 segregation with reference to the selection, location, number, use
8 or occupancy of tenants, lessees, subtenants, sublessees, or
9 vendees of the Site.

10 b. Environmental Review. OWNER must comply with the
11 California Environmental Quality Act (CEQA) and its
12 implementation regulations.

13 c. Prevailing Wages and Compliance with State Laws. OWNER
14 shall comply with any applicable labor regulations and all other
15 State Laws in connection with the construction of the
16 improvements which comprise the Project, including if
17 applicable, requirements relating to prevailing wages. OWNER
18 agrees and acknowledges that it is the responsibility of OWNER
19 to obtain a legal determination, at OWNER'S sole cost and
20 expenses as to whether prevailing wages must be paid for during
21 the construction of the Project. OWNER agrees to indemnify,
22 defend, and hold AGENCY harmless from and against any and all
23 liability arising out of and related to OWNER'S failure to comply
24 with any and all applicable prevailing wage requirements.

25 d. All construction contract and professional services for the Project
26 must be performed by persons or entities licensed or otherwise
27 authorized to perform the applicable construction work or service
28 in the State of California.

1 20. TERMS OF AFFORDABILITY. The period of affordability for the
2 Project shall be fifty-five (55) years from the issuance of the first Certificate of Occupancy.

3 21. ASSISTED UNIT REQUIREMENTS. OWNER agrees to reserve twenty
4 (20) units (10 3-bedroom, and 10 4-bedroom) for very low-income farmworker households.
5 Such units (“Assisted Units”) shall be limited to households whose incomes do not exceed fifty
6 percent (50%) of area median income for the County, adjusted by family size at the time of
7 occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105,
8 shown in **Exhibit F**, which is attached hereto and incorporated herein by this reference. Not
9 less than four (4) of the total Assisted Units shall be reserved for extremely low income
10 households whose incomes do not exceed thirty percent (30%) of area median income for the
11 County, adjusted by family size at the time of initial occupancy.

12 22. RENT LIMITATIONS. OWNER agrees that twenty (20) floating
13 Assisted Units shall remain affordable in accordance with the rent limitations set forth in
14 California Health and Safety Code Section 50053, as shown in **Exhibit F**, and as restricted in
15 the Covenant Agreement, as shown in **Exhibit D** for a period not less than fifty-five (55) years.
16 OWNER shall ensure that all units are rented to qualified applicants at the rent levels not
17 exceeding the affordable housing cost as defined in Section 50053.

18 23. NOTICE OF AFFORDABILITY RESTRICTIONS. In accordance with
19 Health and Safety Code, section 33334.3, a Notice of Affordability Restrictions on Transfer of
20 Property, as shown in **Exhibit E**, which is attached hereto and by this reference incorporated
21 herein, must be recorded with the County Recorder on any new and substantially rehabilitated
22 housing developed.

23 24. SALE OR TRANSFER OF THE PROJECT. Except in connection with
24 residential leases entered into in the ordinary course of OWNER’S business on forms approved
25 by AGENCY pursuant to this Agreement, OWNER hereby covenants and agrees not to sell,
26 transfer or otherwise dispose of the Project or any portion thereof, without obtaining the prior
27 written consent of AGENCY, which consent shall be conditioned solely upon receipt by
28 AGENCY of reasonable evidence satisfactory to AGENCY that transferee has assumed in

1 writing and in full, and is reasonably capable of performing and complying with OWNER's
2 duties and obligations under this Agreement and where upon OWNER shall be released of all
3 obligations hereunder which accrue from and after the date of such sale.

4 25. INDEPENDENT CONTRACTOR. OWNER and its agents, servants and
5 employees shall act at all times in an independent capacity during the term of this Agreement,
6 and shall not act as, shall not be, nor shall they in any manner be construed to be agents,
7 officers, or employees of AGENCY.

8 26. PROJECT MONITORING AND EVALUATION. OWNER shall submit
9 a Tenant Checklist Form, as specifically identified in **Exhibit G**, which is attached hereto and
10 by this reference incorporated herein, to AGENCY, upon completion of the construction,
11 summarizing the number and percentage of very low-income households who are tenants.
12 OWNER shall maintain financial, programmatic, statistical and other supporting records of its
13 operations and financial activities, including the submission of the form on a semi-annual basis
14 on or before September 30th and March 31st. Except as otherwise provided for in this
15 Agreement, OWNER shall maintain and submit records to AGENCY within ten (10) business
16 days of AGENCY's request. Records must clearly document OWNER's performance under
17 each requirement of AGENCY documents. A list of document submissions and timeline are
18 shown in **Exhibit A**.

19 27. ACCESS TO PROJECT SITE. AGENCY shall have the right to visit the
20 Project site, at all reasonable times, to review the operation of the Project in accordance with
21 this Agreement.

22 28. EVENTS OF DEFAULT. The occurrence of any of the following events
23 shall constitute an "Event of Default" under this Agreement:

- 24 a. Monetary Default. (1) OWNER's or any agent of OWNER's use
25 of AGENCY funds for costs disallowed under the California
26 Redevelopment Law or for uses inconsistent with terms and
27 restrictions set forth in this Agreement; (2) OWNER's or any
28 agent of the OWNER's failure to make any payment of any

1 assessment or tax due under this Agreement;

2 b. Non-Monetary Default - Operation. (1) Discrimination by
3 OWNER or OWNER's agent on the basis of characteristics
4 prohibited by this Agreement or applicable law; (2) the imposition
5 of any encumbrances or liens on the Project (other than the
6 Permitted Liens) without AGENCY's prior written approval that
7 are prohibited under this Agreement or that have the effect of
8 reducing the priority or invalidating the AGENCY Deed of Trust;
9 (3) any material adverse change in the condition of OWNER or
10 the Project or permanent financing or funding for the Project that
11 gives AGENCY reasonable cause to believe that the Project
12 cannot be operated according to the terms of this Agreement; (4)
13 the OWNER's or any agent of the OWNER's use of RDA funds
14 for costs other than costs or for uses inconsistent with terms and
15 restrictions set forth in this Agreement; or (5) OWNER's failure
16 to obtain and maintain the insurance coverage required under this
17 Agreement;

18 c. General Performance of Loan Obligations. Any continuous or
19 repeated breach by OWNER or OWNER's agents of any material
20 obligations on OWNER imposed in the Agreement;

21 d. General Performance of Other Obligations. Any continuous or
22 repeated breach by OWNER or OWNER's agents of any material
23 obligations on the Project imposed by any other agreement with
24 respect to the financing, development, or operation of the Project;
25 whether or not AGENCY is a party to such agreement; but only
26 following any applicable notice and cure periods with respect to
27 any such obligation;

28 e. General Performance of Affordability Requirements. Any breach

1 by OWNER or OWNER'S agents of any housing affordability
2 requirements imposed in this Agreement;

3 f. Representations and Warranties. A determination by AGENCY
4 that any of OWNER's representations or warranties made in this
5 Agreement, any statements made to AGENCY by the OWNER,
6 or any certificates, documents, or schedules supplied to
7 AGENCY by OWNER were untrue in any material respect when
8 made, or that OWNER concealed or failed to disclose a material
9 fact from AGENCY;

10 g. Damage to Project. In the event that the Project is materially
11 damaged or destroyed by fire or other casualty, and OWNER
12 receives an award or insurance proceeds sufficient for the repair
13 or reconstruction of the Project and fails to make such repair or
14 reconstruction within a reasonable time.

15 h. Bankruptcy, Dissolution and Insolvency. OWNER's or any
16 general partner of the OWNER's (1) filing for bankruptcy,
17 dissolution, or reorganization, or failure to obtain a full dismissal
18 of any such involuntary filing brought by another party before the
19 earlier of final relief or thirty (30) days after such filing; (2)
20 making a general assignment for the benefit of creditors; (3)
21 applying for the appointment of a receiver, trustee, custodian, or
22 liquidator, or failure to obtain a full dismissal of any such
23 involuntary application brought by another party before the earlier
24 of final relief or sixty (60) days after such filing; (4) insolvency;
25 or (5) failure, inability or admission in writing of its inability to
26 pay its debts as they become due.

27 29. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
28 monetary and non-monetary Events of Default, AGENCY shall give written notice to OWNER

1 of any Event of Default by specifying: (a) the nature of the Event of Default or the deficiency
2 giving rise to the default, (b) the action required to cure the deficiency, if an action to cure is
3 possible, and (c) a date, which shall not be less than sixty (60) calendar days from the mailing
4 of the notice, by which such action to cure must be taken. AGENCY agrees that OWNER and
5 any beneficiary under a deed of trust permitted by this Agreement shall have the right to cure
6 any and all defaults under this Agreement.

7 30. RIGHT TO CURE DEFAULTS. Notwithstanding anything to the
8 contrary in the Agreement, upon the occurrence of an Event of Default arising out of: (i) the
9 bankruptcy, insolvency or assignment of assets for the benefit of creditors by Owner or by any
10 Guarantor, or (ii) the withdrawal from Owner, or the death or incapacity of a Guarantor, or (iii)
11 a breach of the representations concerning any Guarantor, but not the obligation, within forty-
12 five (45) days of receipt of written notice of such Event of Default from AGENCY, to cure any
13 such default by appointing a substitute or additional Guarantor that is an affiliate of the
14 Guarantor.

15 31. AGENCY REMEDIES. Upon the happening of an Event of Default and a
16 failure by OWNER to cure said default within the time specified in the notice of default (if an
17 action to cure is specified in said notice), AGENCY's obligation to disburse AGENCY funds
18 shall terminate, and AGENCY may also in addition to other rights and remedies permitted by
19 this Agreement or applicable law, proceed with any or all of the following remedies in any
20 order or combination AGENCY may choose in its sole discretion:

- 21 a. Terminate this Agreement, in which event the entire amount as
22 well as any other monies advanced to OWNER by AGENCY
23 under this Agreement including administrative costs, shall
24 become immediately due and payable;
- 25 b. Bring an action in equitable relief (1) seeking the specific
26 performance by OWNER of the terms and conditions of this
27 Agreement, and/or (2) enjoining, abating, or preventing any
28 violation of said terms and conditions, and/or (3) seeking

1 declaratory relief;

- 2 c. Enter the Project and take any remedial actions necessary in its
3 judgment with respect to hazardous materials that AGENCY
4 deems necessary to comply with hazardous materials laws or to
5 render the Project suitable for occupancy;
- 6 d. Enter upon, take possession of, and manage the Project, either in
7 person, by agent, or by a receiver appointed by a court; and
- 8 e. Pursue any other remedy available at law or in equity.

9 32. OWNER'S REMEDIES. Upon the fault or failure of AGENCY to meet
10 any of its obligations under this Agreement, OWNER may:

- 11 a. Demand payment from the AGENCY of any sums due to
12 OWNER; and/or
- 13 b. Bring an action in equitable relief seeking the specific performance
14 by AGENCY of the terms and conditions of this Agreement;
15 and/or
- 16 c. Pursue any other remedy allowed at law or in equity.

17 33. OWNER'S WARRANTIES. OWNER represents and warrants (1) that it
18 has access to professional advice and support to the extent necessary to enable OWNER to
19 fully comply with the terms of this Agreement, and to otherwise carry out the Project, (2) that
20 it is duly organized, validly existing and in good standing under the laws of the State of
21 California, (3) that it has the full power and authority to undertake the Project and to execute
22 this Agreement, (4) that the persons executing and delivering this Agreement are authorized to
23 execute and deliver such documents on behalf of OWNER and (5) that neither OWNER nor
24 any of its principals is presently debarred, suspended, proposed for debarment, declared
25 ineligible, or voluntarily excluded from participation in connection with the transaction
26 contemplated by this Agreement.

27 34. HOLD HARMLESS AND INDEMNIFICATION. OWNER shall
28 indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts

1 and Departments, their respective directors, officers, Board of Directors, elected and appointed
2 officials, employees, agents and representatives from any liability whatsoever, based or asserted
3 upon any services of OWNER, its officers, employees, subcontractors, agents or representatives
4 arising out of or in any way relating to this Agreement, including but not limited to property
5 damage, bodily injury, or death or any other element of any kind or nature whatsoever arising
6 from the performance of OWNER, its officers, agents, employees, subcontractors, agents or
7 representatives from this Agreement. OWNER shall defend, at its sole expense, all costs and
8 fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or
9 awards, the County of Riverside, its Agencies, Districts, Special Districts and Departments,
10 their respective directors, officers, Board of Directors, elected and appointed officials,
11 employees, agents and representatives in any claim or action based upon such alleged acts or
12 omissions.

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

19 OWNER'S obligation hereunder shall be satisfied when OWNER has provided to
20 AGENCY the appropriate form of dismissal relieving AGENCY from any liability for the action
21 or claim involved.

22 The specified insurance limits required in this Agreement shall in no way limit or
23 circumscribe OWNER's obligations to indemnify and hold harmless AGENCY herein from third
24 party claims.

25 In the event there is conflict between this clause and California Civil Code Section 2782,
26 this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not
27 relieve the OWNER from indemnifying the AGENCY to the fullest extent allowed by law.

28 35. RESTRICTIONS TO RUN WITH THE LAND. AGENCY and OWNER

1 hereby declare their express intent that the restrictions set forth in this Agreement shall run
2 with the land, and shall bind all successors in title to the Property until the expiration of this
3 Agreement. Each and every contract, deed or other instrument hereafter executed covering and
4 conveying the Property or any portion thereof shall be held conclusively to have been
5 executed, delivered and accepted subject to the restrictions, regardless whether such
6 restrictions are set forth in such contract, deed of trust instrument.

7 36. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
8 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
9 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
10 between the parties at the time of execution.

11 37. AUTHORITY TO EXECUTE. The persons executing this Agreement or
12 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
13 represent that they have the authority to execute this Agreement and warrant and represent that
14 they have the authority to bind the respective parties to this Agreement to the performance of
15 its obligations hereunder.

16 38. WAIVER. Failure by a party to insist upon the strict performance of any
17 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
18 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
19 insist and demand strict compliance by the other party with the terms of this Agreement
20 thereafter.

21 39. INTERPRETATION AND GOVERNING LAW. This Agreement and
22 any dispute arising hereunder shall be governed by and interpreted in accordance with the laws
23 of the State of California. This Agreement shall be construed as a whole according to its fair
24 language and common meaning to achieve the objectives and purposes of the parties hereto,
25 and the rule of construction to the effect that ambiguities are to be resolved against the drafting
26 party shall not be employed in interpreting this Agreement, all parties having been represented
27 by counsel in the negotiation and preparation hereof.

28 40. JURISDICTION AND VENUE. Any action at law or in equity arising

1 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
2 determining the validity of any provision of this Agreement shall be filed in the Superior
3 Courts of Riverside County, State of California, and the parties hereto waive all provisions of
4 law providing for the filing, removal or change of venue to any other court or jurisdiction.

5 41. SEVERABILITY. Each paragraph and provision of this Agreement is
6 severable from each other provision, and if any provision or part thereof is declared invalid, the
7 remaining provisions shall nevertheless remain in full force and effect.

8 42. MINISTERIAL ACTS. The Executive Director of AGENCY or
9 designee(s) are authorized to take such ministerial actions as may be necessary or appropriate
10 to implement the terms, provisions, and conditions of this Agreement as it may be amended
11 from time to time by AGENCY.

12 43. MODIFICATION OF AGREEMENT. AGENCY or OWNER may
13 consider it in its best interest to change, modify or extend a term or condition of this
14 Agreement. Any such change, extension or modification, which is mutually agreed upon by
15 AGENCY and OWNER shall be incorporated in written amendments to this Agreement. Such
16 amendments shall not invalidate this Agreement, nor relieve or release AGENCY or OWNER
17 from any obligations under this Agreement, except for those parts thereby amended. No
18 amendment to this Agreement shall be effective and binding upon the parties, unless it
19 expressly makes reference to this Agreement, is in writing and is signed and acknowledged by
20 duly authorized representatives of all parties.

21 44. ASSIGNMENT. Except as otherwise permitted hereunder, OWNER shall
22 not make any sale, assignment, conveyance, or lease of any trust or power, or transfer in any
23 other form with respect to this Agreement or the Project, without prior written approval of
24 AGENCY. Any proposed transferee shall have the qualifications and financial responsibility,
25 as reasonably determined by AGENCY necessary and adequate to fulfill the obligations
26 undertaken in this Agreement by OWNER. Any proposed transferee shall, by instrument in
27 writing, for itself and its successor and assigns, and expressly for the benefit of AGENCY,
28 assume all of the obligations of OWNER under this Agreement and agree to be subject to all

1 the conditions and restrictions to which OWNER is subject.

2 45. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
3 conditioned upon OWNER's receipt, on or prior to **January 30, 2012** of (i) such binding loan
4 commitments for new loans as may be required by OWNER, on terms and conditions
5 acceptable to OWNER, in its sole discretion, including, without limitation, (a) RCAC
6 financing, (b) USDA Section 514 loan, (c) USDA Section 516 grant (d) JSJFWHG, (e) AHP,
7 and (f) any conventional construction and/or permanent financing, including without
8 limitation, a construction and/or permanent loan from an institutional construction lender (the
9 "Senior Lien Holder"), (collectively, the "Project Financing"). Either AGENCY or OWNER
10 may elect to terminate this Agreement with ten (10) days written notice to the other party if
11 OWNER fails to acquire the project financing as required by this **Section 45**. Upon such
12 termination, this Agreement shall be null and void, and:

- 13 a. If OWNER elects to terminate this Agreement, OWNER shall
14 be released and discharged by AGENCY from its obligations
15 under this Agreement; or
16 b. If AGENCY elects to terminate this Agreement, AGENCY shall
17 be released and discharged by OWNER from its obligations
18 under this Agreement.

19 At that time all cost incurred by each party on the Project will be assumed
20 respectively.

21 46. EXHIBITS AND ATTACHMENTS. Each of the attachments and
22 exhibits attached hereto is incorporated herein by this reference.

23 47. MEDIA RELEASES. OWNER agrees to allow AGENCY to coordinate
24 all media releases regarding the Project, with prior approval of OWNER. Any publicity
25 generated by OWNER for the Project must make reference to the contribution of AGENCY in
26 making the Project possible. AGENCY's name shall be prominently displayed in all pieces of
27 publicity generated by OWNER, including, but not limited to, flyers, press releases, posters,
28 signs, brochures, and public service announcements. OWNER agrees to cooperate with

1 AGENCY in any AGENCY-generated publicity or promotional activities with respect to the
2 Project.

3 48. NOTICES. All notices, requests, demands and other communication
4 required or desired to be served by either party upon the other shall be addressed to the
5 respective parties as set forth below or the such other addresses as from time to time shall be
6 designated by the respective parties and shall be sufficient if sent by United States first class,
7 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
8 delivery:

9	<u>AGENCY</u>	<u>OWNER</u>
10	Assistant Director of Housing	Executive Director
11	Redevelopment Agency	DACE
12	for the County of Riverside	53-990 Enterprise Way, Suite 1
13	3403 Tenth St., Suite 500	Coachella, CA 92236
14	Riverside, CA 92501	

15 49. COUNTERPARTS. This Agreement may be signed by the different
16 parties hereto in counterparts, each of which shall be an original but all of which together shall
17 constitute one and the same agreement.

18 50. EFFECTIVE DATE. The effective date of this Agreement is the date the
19 parties execute the Agreement. If the parties execute the Agreement on more than one date,
20 then the last date the Agreement is executed by a party shall be the effective date.

21 //
22 //
23 //
24 //
25 //
26 //
27 //
28 //

1 IN WITNESS WHEREOF, the AGENCY and the OWNER have executed this Agreement as of
2 the date first above written.

3
4 AGENCY:
5 REDEVELOPMENT AGENCY
6 FOR THE COUNTY OF RIVERSIDE

OWNER:
Desert Alliance for Community Empowerment,
a California nonprofit benefit corporation,

7
8 By: _____
9 John F. Tavaglione, Chairman
10 Board of Directors

By:  _____
Jeffrey A. Hays
Executive Director

11
12 APPROVED AS TO FORM:
13 PAMELA J. WALLS
14 AGENCY COUNSEL

15 By:  _____
16 Anita C. Willis, Deputy

17
18 ATTEST:
19 KECIA HARPER-IHEM
20 Clerk of the Board

21 By: _____
22 Deputy

23
24 (All signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On 01/10/2012, before me, Ivette Cano, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Jeffrey A. Hays
Name(s) of Signer(s)

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.

Place Notary Seal Above

Signature [Handwritten Signature]
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

_____,
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.

Place Notary Seal Above

Signature _____
Signature of Notary Public

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT "A"

OWNER: Desert Alliance for Community Empowerment
Address: 53-990 Enterprise Way, Suite 1, Coachella, CA 92236
Project Title: Los Vinedos
Location: The project site is approximately 15.94 acres and situated on the southeast corner of Hammond Road and 68th Avenue in the unincorporated community of Mecca. The Assessor Parcel Number is 729-050-002.

Scope of Development:

Desert Alliance for Community Empowerment will utilize \$3,500,000 in AGENCY Housing Set-Aside funds to develop and construct phase I of an 84 unit rental housing mobile home park for very low-income farmworker households in the unincorporated area of the County of Riverside in the community of Mecca. The mobile home park will be built in two phases, phase I will consist of 41 rental housing mobile homes; one three-bedroom unit will be set aside as a manager's unit. The project will consists of 20 three-bedroom units, and 21 four-bedroom units. The three-bedroom units are approximately 1,280 square feet, and four-bedroom units are approximately 1,495 square feet. The residents of Los Vinedos Mobile Home Park will have access to a 3,000 square foot community building that will have a computer lab and office. Additional on-site amenities include a tot lot and large green areas.

Developer agrees to reserve 20 units for very low-income farmworker households ("Assisted Units"). Assisted Units shall be limited to households whose incomes do not exceed fifty percent (50%) area median income for the County, adjusted by family size at the time of occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105. Not less than four (4) of the total Assisted Units shall be reserved for extremely low income households whose incomes do not exceed thirty percent (30%) of area median income for the County, adjusted by family size at the time of initial occupancy

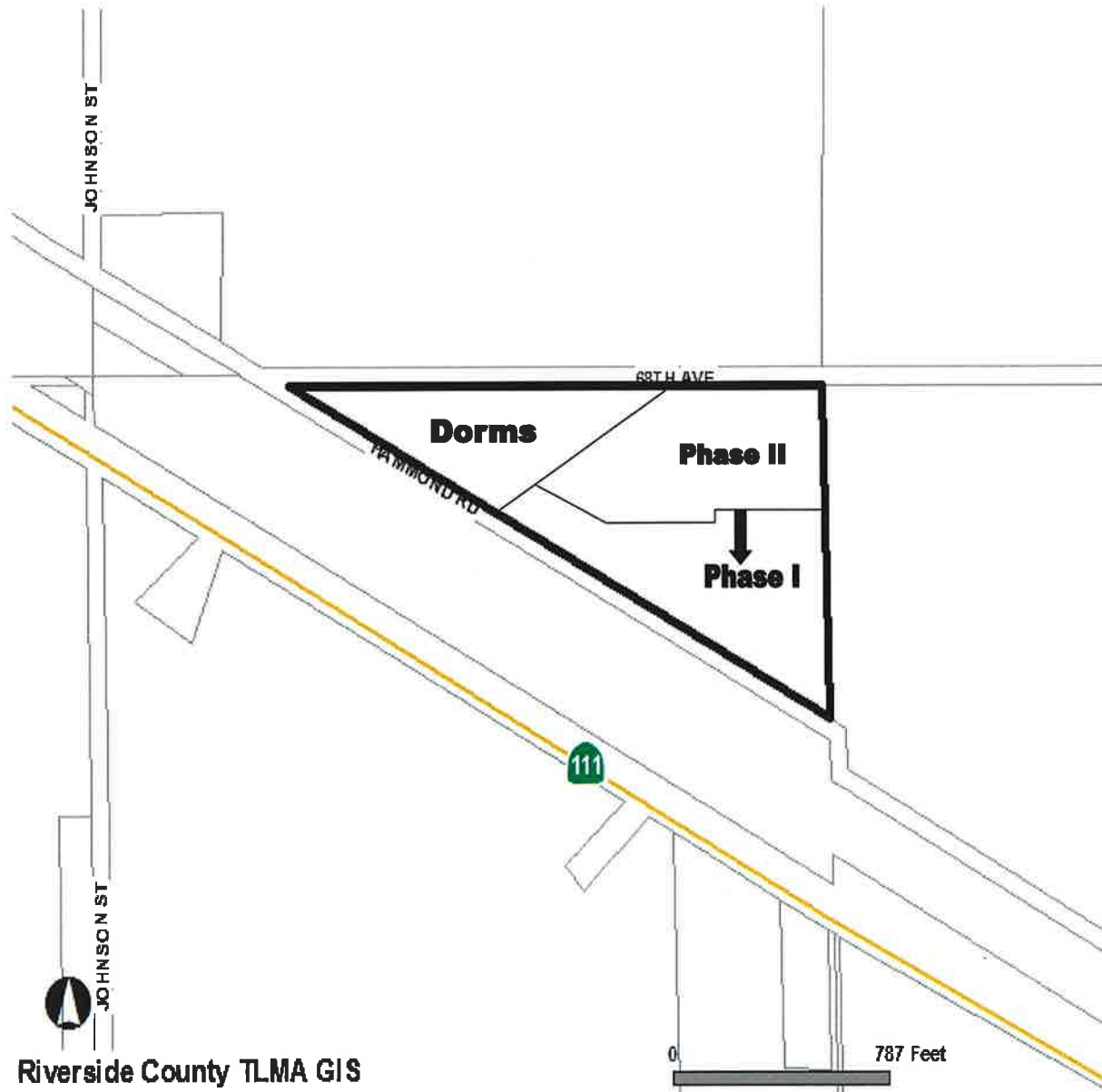
LEGAL DESCRIPTION OF PROPERTY

That part of the Northwest quarter of Section 21, Township 7 South, Range 9 East. San Bernardino Base and Meridian, lying North and East of a line parallel with and 200.00 feet distant Northeasterly of the centerline of the Southern Pacific Railroad Company's right of way as now constructed.

EXCEPTING therefrom any portion lying within Hammond Road.

APN: 729-050-002

APN: 729-050-002



Project Permanent Sources and Uses of Fund:

Sources:

U.S. Department of Agriculture Rural Development Section 514 Farm Labor Housing Loan 30yrs @ 1%	\$ 2,300,000
USDA Section 516 Farm Labor Housing Grant	\$ 700,000
Rural Community Assistance Corporation 1 yr @ 1%	\$ 1,000,000
Federal Home Loan Bank AHP	\$ 840,000
HCD Joe Serna, Jr. Farmworker Housing Grant	\$ 872,406
Agency RDA Loan	<u>\$ 3,500,000</u>
Total Sources	\$ 9,212,406

Uses:

Site Improvement (off site)	\$ 2,713,416
New construction (includes site work, common area bldgs and structures)	\$ 3,949,900
Contractor's Overhead & Profit & General Req.	\$ 400,000
General Liability Insurance	\$ 25,000
Architectural & Engineering Cost	\$ 95,000
Construction Interest & Fees	\$ 72,000
Construction & Project Contingency	\$ 500,000
Land Development Impact and Permit Processing Fees	\$ 1,053,732
Other Soft Costs & Marketing	\$ 58,000
Developer's Overhead & Profit	\$ 200,000
Land & Easement Acquisition Cost	<u>\$ 145,358</u>
Total Uses	\$ 9,212,406

OWNER shall submit to the AGENCY copies of the final funding commitment, copies of all executed agreements, final Certified Public Accountant's construction cost certification, and documentation that the funds were disbursed for this project as set forth in this schedule of Permanent Sources and uses of Funds.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Architectural, Engineering & Construction Drawings	Completed
2. Permanent Financing Commitment	January 30, 2012
3. Building Permit	August 31, 2012
4. Begin Construction	October 1, 2012
5. Marketing & Affirmative Action	February 1, 2013
6. Lease Agreement, Proposed Rents, and Utilities	March 1, 2013
7. Certificate of Occupancy	March 25, 2013
8. Occupancy of Assisted Units	April 15, 2013
9. Submission of Final actual project costs and Sources and Uses of Funds	June 25, 2013
10. Submission of income & ethnic characteristics report	September 30, 2013

DOCUMENT SUBMISSION SCHEDULE

1. Construction Activities Reporting	Monthly, due by the 15 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for OWNER and General Contractor (GC)	OWNER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the project with the Agency additionally insured. The Property Management must submit once on-site.
3. Payment and Performance Bond naming County as obligee	Before construction
4. Project Site Photos	Bimonthly, due by the 15 th of each month
5. Notice of Completion	End of Construction
6. Certificate of Occupancy	End of Construction
7. ALTA Lender's Policy	Close of Escrow
8. Recorded Title Report showing the lien or grant, and Title Insurance	Close of Escrow
9. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
10. Project Completion Report	Close of Project
11. Final Development Cost - Sources and Uses	Close of Project
12. Final Cost Certification by CPA	Close of Project and Audits Completed
13. Final 15/30 Year Cash Flow Projection	Close of Project
14. Management Plan	Marketing Stage
15. Copy of Lease Agreement	Marketing Stage
16. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
17. Replacement Reserve Account Info	90 days after Close of Project

EXHIBIT “B”

Deed of Trust with Assignment of Rents

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County Redevelopment Agency
3403 Tenth Street, Suite 500
Riverside, CA 92501
ATTN: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST is made on this ____ day of _____, 2012. The grantor is Desert Alliance for Community Empowerment, a California nonprofit public benefit corporation ("Borrower"), and whose address is 53-990 Enterprise Way, Suite 1, Coachella, CA 92236. The trustee is REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("Trustee"). The lender is the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("AGENCY"), a public agency, organized and existing under the laws of the State of California, and whose address is 3403 Tenth Street, Suite 500, Riverside, CA 92501. Pursuant to the terms of the Loan Agreement, Borrower owes AGENCY the principal sum of Three Million Five Hundred Thousand and No/100 Dollars (U.S. \$3,500,000.00). This debt is evidenced by Borrower's Note dated _____ ("Note").

This debt is evidenced by Borrower's Note dated _____ ("Note"). Capitalized terms not defined herein shall have the meaning ascribed to them in the Agency Loan Agreement. The Agency Loan is being made pursuant to California Community Redevelopment Law, California Health and Safety Code Section 33000 et seq.

The Agency Loan is evidenced by the Note and secured by this Deed of Trust ("Security Instrument"). The Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under the terms of the Note to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of any holder of any Senior Debt (collectively, the "Senior Lien Holders") under any deed of trust securing any Senior Debt (collectively, the "Senior Deeds of Trust"), all of Borrower'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 "B-1" attached hereto.

Notwithstanding the above, it is intended that the full amount of the loan will be forgiven at the end of the affordability period of fifty-five (55) years from the issuance of the first Certificate of Occupancy for the Project.

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".

BORROWER COVENANTS that the Borrower 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, except for the Senior Deeds of Trust and other encumbrances of record acceptable to the Senior Lien Holders, the Property is unencumbered. Borrower 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 Borrower and AGENCY covenant and agree as follows:

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

2. Taxes and Insurance. Borrower 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 Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon Borrower and without releasing Borrower 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, Lender 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 Lender 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 Lender 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 Note.

4. Prior Deeds of Trust; Charge; Liens. The Borrower shall perform all of the Borrower's obligations under the Senior Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods. Borrower shall pay these obligations in the manner provided in Section 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

a. Except for the liens permitted by the Lender, Borrower shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower 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. This Deed of Trust shall be subordinate to a deed of trust from United States Department of Agriculture ("USDA") and Rural Community Assistance Corporation ("RCAC"). AGENCY hereby agrees to execute any and all documents necessary to effectuate such subordination. Borrower shall request Lender approval of any additional subordination and Lender..

6. Hazard or Property Insurance. Borrower 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 Loan Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to AGENCY'S approval which shall not be unreasonably withheld. If Borrower 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 paragraph 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 Borrower complies with the insurance requirements under the Senior Deeds of Trust. All original policies of insurance required pursuant to the Senior Deeds of Trust shall be held by the Senior Lien Holders; provided, however, AGENCY shall be named as a loss payee as its interest may appear and shall be named as an additional insured. Borrower 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, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holders and AGENCY. AGENCY may make proof of loss if not made promptly by the Senior Lien Holders or the Borrower.

b. Unless AGENCY and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Borrower determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Borrower 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 Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to AGENCY within 30 days from the date notice is mailed by AGENCY to Borrower 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 Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under paragraph 24 the Property is acquired by AGENCY, Borrower'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.

d. Notwithstanding the above, the AGENCY'S rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holders to collect and apply such proceeds in accordance with the Senior Deeds Trust.

7. Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. AGENCY agrees that Borrower may demolish or move the existing improvements on the Property. Borrower 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. Borrower may cure such a default and reinstate, as provided in paragraph 19, by causing the action or proceeding to be dismissed with a ruling that, in AGENCY'S good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or AGENCY'S security interest. Borrower shall also be in default if Borrower, 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 Note, including, but not limited to representations concerning Borrowers use of Property for affordable housing. If this Security Instrument is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower 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 Borrower acknowledges that this Property will be 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 40 of the 41 units (1 unit is for the manager) of the Project to "low income housing" (within the meaning of California Community Redevelopment Law) for households earning no more than sixty percent (60%) of the median income within Riverside County. The use and occupancy restrictions may limit the Borrower'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 Borrower 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. AGENCY'S actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although AGENCY may take action under this Section 8, AGENCY does not have to do so.

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

b. Prior to taking any actions under this Section 8, however, AGENCY shall notify the Senior Lien Holder's, identified in the Loan Agreement, of such default in the manner provided in Section 23 of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by a Senior Lien Holder to cure a default hereunder shall be deemed advanced by such Senior Lien Holder and shall be secured by the applicable Senior Deed of Trust. In addition, the AGENCY agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. Any action by AGENCY hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the Senior Deeds of Trust.

c. AGENCY and Borrower further agree that a default hereunder shall constitute a default under the Senior Deed of Trust. In the event of a default hereunder, the Senior Lien Holder shall have the right to exercise all rights and remedies under the Senior Deed of Trust.

9. Mortgage Insurance. (Not used)

10. Inspection. AGENCY or its agent may make reasonable entries upon and inspections of the Property. AGENCY shall give Borrower 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, subject to the terms of the Senior Deeds of Trust.

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 Borrower. 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 Borrower 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 Borrower. 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 Borrower 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 Borrower for repair and/or restoration of the project.

b. If the Property is abandoned by Borrower, or if, after notice by AGENCY to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower 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 Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in paragraphs 1 and 2 or change the amount of such payments.

12. Borrower 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 Borrower shall not operate to release the liability of the original Borrower or Borrower'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 Borrower or Borrower'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 Borrower, subject to the provisions of paragraph 18. Borrower'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 Borrower which exceeded permitted limits will be promptly refunded to Borrower. AGENCY may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

15. Notices. Any notice to Borrower 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 Borrower's mailing address stated in the Loan Agreement or any other address Borrower 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 Borrower. Any notice required to be given to a Senior Lien Holder shall be given by first class mail at such address Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or AGENCY when given as provided in this paragraph. Notices provided to Borrower will also be provided to the Borrower's limited partner by mailing to the address in the Loan Agreement.

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 Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

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

18. Transfer of the Property or a Beneficial Interest in Borrower. Except for a conveyance to the trustee under the Senior Deeds of Trust, if all or any part of the Property or any interest in it is sold or transferred (or subject to Section 28, below, if a beneficial interest in Borrower is sold or transferred and Borrower 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 Borrower.

a. If AGENCY exercises the foregoing option, AGENCY shall give Borrower and the Senior Lien Holder 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 Borrower must pay all sums secured by this Security Instrument. If Borrower 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 Borrower.

b. Notwithstanding AGENCY'S right to invoke any remedies hereunder, as provided in Section 8 above, AGENCY agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holders.

c. The Borrower and the AGENCY agree that whenever the Note or this Security Instrument gives the AGENCY the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holders pursuant to the Senior Deeds of Trust, the Senior Lien Holders' approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the AGENCY.

19. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower 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 Borrower: (a) pays AGENCY all sums which then would be due under this Security Instrument and the 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 Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, 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 paragraph 24.

20. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 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. Until the loans secured by the Senior Deeds of Trust have been satisfied in full, the AGENCY and the Borrower agree that the Note and the Security Instrument will not be assigned without the Senior Lien Holders' prior written consent, except to the extent a Successor Agency of the Agency is formed pursuant to California Health and Safety Code §§ 34170 et seq..

22. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower 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. Borrower shall promptly give 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 Borrower has actual knowledge. If Borrower 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, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower 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 paragraph 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 paragraph 22, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

23. Acceleration; Remedies. AGENCY shall give notice to Borrower and the Senior Lien Holders prior to acceleration following Borrower'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 60 days from the date the notice is given to Borrower (and with respect to a Senior Lien Holder, 60 days from the date the notice is given to such Senior Lien Holder), 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 Borrower 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 Borrower to acceleration and sale. If the default is not cured by the Borrower on or before the date specified in the notice, and the Senior Lien Holders have not exercised their right to cure the default, 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. Notwithstanding AGENCY'S right to invoke any remedies hereunder, as provided in Section 8 above, the AGENCY agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holders, the Limited Partner and the Investment Limited Partner at least 60 days' prior written notice. AGENCY shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 24, 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 Borrower, the Senior Lien Holders 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 Borrower, 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 Borrower. Borrower 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. Modification of Senior Deeds of Trust Loan Documents. The AGENCY consents to any agreement or arrangement in which a Senior Lien Holder waives, postpones, extends, reduces or modifies any provisions of the applicable Senior Deed of Trust loan documents, including any provisions requiring the payment of money.

27. 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.

28. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Borrower pursuant to the terms of the Partnership Agreement of Borrower (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 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.

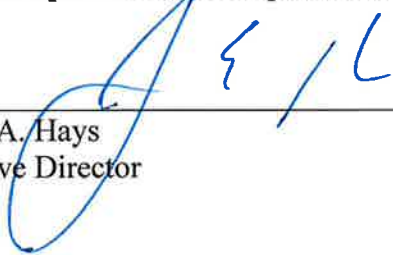
(SIGNATURES ON NEXT PAGE)

BY SIGNING BELOW, the Borrower and the Lender accept and agree to the terms and covenants contained in this Deed of Trust.

Date: _____

BORROWER:

Desert Alliance for Community Empowerment,
a California nonprofit benefit corporation,

By:  _____
Jeffrey A. Hays
Executive Director

ALL SIGNATURES MUST BE NOTARIZED

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

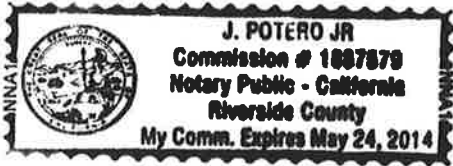
COUNTY OF Riverside }

On January 17, 2012 before me, J. POTOERO JR Notary Public
Date Here Insert Name and Title of the Officer

personally appeared JERRY A. HAYS
Name(s) of Signer(s)

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 J. Potoero Jr
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "B-1"

LEGAL DESCRIPTION OF PROPERTY

That part of the Northwest quarter of Section 21, Township 7 South, Range 9 East. San Bernardino Base and Meridian, lying North and East of a line parallel with and 200.00 feet distant Northeasterly of the centerline of the Southern Pacific Railroad Company's right of way as now constructed.

EXCEPTING therefrom any portion lying within Hammond Road.

APN: 729-050-002

Exhibit “C”

Promissory Note

PROMISSORY NOTE

\$3,500,000

Riverside, CA

In installments as hereafter stated, for value received, Desert Alliance for Community Empowerment, a California nonprofit public benefit corporation (“Borrower” or “OWNER”) promises to pay the Redevelopment Agency for the County of Riverside, a political subdivision of the State of California, (hereinafter referred to as “AGENCY”), on order, at 3403 Tenth Street, Suite 500, Riverside, CA 92501, the sum of Three Million Five Hundred Thousand and No/100 Dollars \$3,500,000 with simple interest on the unpaid principal amount, at the rate of zero percent (0%) per annum, interest and principal payable as follows:

This Promissory Note (the “Note”) provides the following:

(1) The principal of the loan bears simple interest of zero percent (0%) per annum. This Note is subject to the terms and conditions of that certain Loan Agreement by and between Borrower and AGENCY dated January 24, 2012 with respect to the Los Vinedos Mobile Home Park (“AGENCY Loan Agreement”). The amount due under this Promissory Note shall accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default as hereinafter provided, the whole sum of principal and interest shall become immediately due at the option of the AGENCY; and (2) It is intended that the full amount of the loan will be forgiven at the end of the affordability period of fifty-five (55) years from the issuance of the first Certificate of Occupancy for the Project; and (3) The AGENCY Loan shall be subordinated to a deed of trust from the United States Department of Agriculture and Rural Community Assistance Corporation; and (4) Quarterly financing statements shall be submitted within 60 days after the close of each quarter of the Project fiscal year. In addition annual audited financial statements shall be submitted within 120 days of the close of the calendar year. Notwithstanding the foregoing, in the event of default under the terms of the AGENCY Loan Agreement, the entire loan amount shall be due and payable.

Prepayment. Prepayment of principal or interest may occur at any time without penalty. However, the affordability requirements outlined in Section 22, Assisted Unit Requirements, of the AGENCY Loan Agreement shall remain in full force and effect for fifty-five (55) years after the issuance of the Certificate of Occupancy for the Project. Failure to comply with the affordability requirements of the AGENCY Loan Agreement shall be an event of default accelerating the due date for repayment of the entire loan amount then due and owing as set forth herein.

In any action commenced to enforce the obligation of the Borrower, and any partner, trustee, or beneficiary of the Borrower to pay principal and interest under this Note, the judgment shall not be enforceable personally against the Borrower or the Borrower’s assets, and the recourse of the AGENCY for the collection of such amounts shall be limited to actions against the Property described in the Deed of Trust executed by the Borrower to secure this Note and the rents, profits, issues, products, and income from the Property.

Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the Deed of Trust, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be

instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

BY SIGNING BELOW, the Borrower accepts and agrees to the terms contained in this Promissory Note.

DATE: _____

BORROWER:

Desert Alliance for Community Empowerment,
a California nonprofit benefit corporation,

By: _____
Jeffrey A. Hays
Executive Director



CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

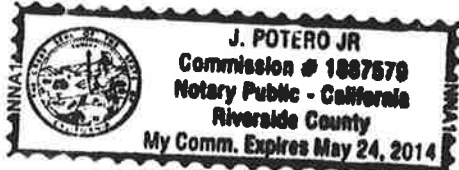
COUNTY OF RIVERSIDE }

On JANUARY 17, 2012 before me, J. POTERO JR Notary Public
Date Here Insert Name and Title of the Officer

personally appeared JEFFROY A - HAYS
Name(s) of Signer(s)

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.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature J. Potos Jr
Signature of Notary Public

EXHIBIT “D”

Covenant Agreement

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103
Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Redevelopment Agency
for the County of Riverside
3403 Tenth Street, Suite 500
Riverside, CA 92501
Attn. Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDERS USE

COVENANT AGREEMENT

THIS AGREEMENT is made this _____ day of _____, 2012, by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a public body, corporate and politic (hereinafter referred to as "AGENCY") and Desert Alliance for Community Empowerment, a California nonprofit public benefit corporation, (hereinafter referred to as "OWNER"), with respect to the following recitals:

RECITALS

- i. On _____, AGENCY and OWNER entered into that certain Loan Agreement (the "Agreement") for the development of certain real property.
- ii. Pursuant to the Agreement, OWNER has agreed to construct a mobile home park that consists consist of 40 rental housing mobile homes ("Assisted Units") and one on-site manager's unit on the property described in Section (1) Restrictions, below.
- iii. The property/parcel subject to this Covenant Agreement is generally located on the southeast corner of Hammond Road and 68th Avenue in the unincorporated community of Mecca. This property address is identified Assessor Parcel Number 752-050-002 ("Property"), and will include all construction and improvements to be included in the project known as Los Vinedos ("Project"). The subject Property is described in Exhibit "B-1" and is attached hereto and by this reference

incorporated herein as "Legal Description of Property".

- iv. Pursuant to the Agreement, OWNER has agreed to restrict the use of the property.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in the Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, OWNER hereby declares as follows with regard to the Project, which declaration shall run with the land for the benefit of the AGENCY as follows:

1) **RESTRICTIONS.** For a period of fifty-five (55) years from the date of the first certificate of occupancy permits, for itself and on behalf of its successors and assigns with regard to the Property, the following:

Rent Restrictions

- a) **Affordability Definitions:** Affordable housing cost as defined in Section 50053 of the California Health and Safety Code, which dictates that the rent or cost for housing (including a utility allowance) shall not exceed:
- i) For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.
 - ii) For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
 - iii) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or

local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

iv) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

b) **Income Restrictions:** OWNER agrees to reserve a total of twenty (20) units (10-3bedroom, and 10-4bedroom) for very low-income households whose incomes do not exceed fifty percent (50%) of area median income for the County, adjusted by family size at the time occupancy (“Assisted Units”). Not less than four (4) of the total Assisted Units shall be reserved for extremely low income households whose incomes do not exceed thirty percent (30%) of area median income for the County, adjusted by family size at the time of initial occupancy

c) **Affordability Period:** OWNER agrees that all Assisted Units in the Project will remain affordable, as defined in California Redevelopment Law for a period of not less than fifty-five (55) years. The fifty-five (55) year period shall commence upon the issuance of the first certificate of occupancy permits for the Project.

2) MAINTENANCE OF THE IMPROVEMENTS. OWNER, on behalf of

itself and its successors, assigns, and each successor in interest to the Property or any part thereof hereby covenants to and shall protect, maintain, and preserve the improvements located on the Property in compliance with all applicable federal and state law and regulations and local ordinances.

3) NONDISCRIMINATION. OWNER 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 race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Real Property, nor shall OWNER itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the election, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the real property. The foregoing covenants shall run with the land. OWNER shall refrain from restricting the sale of the Real Property on the basis of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or no segregation clauses:

- a. **In deeds:** “The Grantee herein covenants by and for himself for 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 race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the grantee himself or herself nor 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, numbers use or occupancy of tenants, lessees, subtenants, sublessees or vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

b. **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:

i) There shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability 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.”

c. **In contracts:** “There shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee 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, subtenants, sublessees or vendees of the premises.”

4) MONITORING. Upon the Agency's review of the project's annual compliance report, should there be any areas of non compliance, the project owner or his representative shall be notified in writing. The finding notification letter shall specify a 30 day grace period during which areas of non compliance must be addressed and corrected. Should the owner fail to respond by the deadline specified in the initial finding letter, a second finding letter shall be issued by the Agency. Failure to resolve all non compliance issues within the required timeframe may result in the following actions: (1) the owner, or his representative, will be required to submit quarterly compliance reports; (2) the property shall undergo additional site inspections, *or* (3) the owner or his representative shall be required to attend a Monitoring Technical Assistance Workshop. Should the owner fail to resolve all areas of non compliance within the timeframe specified in the second finding letter, a monitoring fee shall be assessed. Additional sanctions may include: (1) an extension of the project's affordability period, or (2) requiring that the property owner to utilize the services of an Agency approved certified property management company.

5) NOTICES. All Notices provided for in this Agreement shall be deemed when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing and give to the other party:

AGENCY
Assistant Director of Housing
Redevelopment Agency
for the County of Riverside
3403 Tenth St., Suite 500
Riverside, CA 92501

OWNER
Executive Director
DACE
53-990 Enterprise Way, Suite 1
Coachella, CA 92236

6) BINDING EFFECT. The rights and obligations of this Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

7) ATTORNEY'S FEES. If any party hereto brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be

entitled to its reasonable attorneys' fees to be paid by the losing party as fixed by the Court.

8) SEVERABILITY. In the event that any provision, whether constituting a separate paragraph or whether contained in a paragraph with other provisions, is hereafter determined to be void and unenforceable, it shall be deemed separated and deleted from the agreement and the remaining provisions of this Agreement shall remain in full force and effect.

9) WAIVER. Failure by a party to insist upon the strict performance of any of the provisions of this Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

10) INTERPRETATION AND GOVERNING LAW. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. This Agreement shall be construed as a whole according to its fair language and common meaning to achieve the objectives and purposes of the parties hereto, and the rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Agreement, all parties having been represented by counsel in the negotiation and preparation hereof.

11) AUTHORITY TO EXECUTE. The persons executing this Agreement on behalf of the parties to this Agreement hereby warrant and represent that they have the authority to execute this Agreement and warrant and represent that they have the authority to bind the respective parties to this Agreement to the performance of its obligations hereunder.

12) ENTIRE AGREEMENT. It is expressly agreed that this Agreement embodies the entire agreement of the parties in relation to the subject matter hereof, and that no other agreement or understanding, verbal or otherwise, relative to this subject matter, exists between the parties at the time of execution.

13) COUNTERPARTS. This Agreement may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same agreement.

END OF AGREEMENT

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the AGENCY and the OWNER have executed this Agreement as of the date first above written.

AGENCY:

REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE

OWNER:

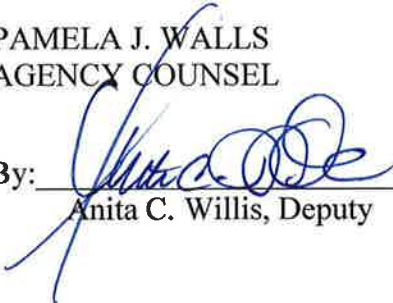
Desert Alliance for Community Empowerment,,
a California nonprofit benefit corporation,

By: _____
John F. Tavaglione, Chairman
Board of Directors

By:  _____
Jeffrey A. Hays
Executive Director

APPROVED AS TO FORM:

PAMELA J. WALLS
AGENCY COUNSEL

By:  _____
Anita C. Willis, Deputy

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

(All signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF RIVERSIDE }

On January 17, 2012 before me, J. POTERO JR Notary Public
Date Here Insert Name and Title of the Officer

personally appeared JEFFREY A. HAYS
Name(s) of Signer(s)

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 [Signature]
Signature of Notary Public



Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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 _____
Signature of Notary Public

Place Notary Seal Above

Covenant Exhibit "B-1"

LEGAL DESCRIPTION OF PROPERTY

That part of the Northwest quarter of Section 21, Township 7 South, Range 9 East, San Bernardino Base and Meridian, lying North and East of a line parallel with and 200.00 feet distant Northeasterly of the centerline of the Southern Pacific Railroad Company's right of way as now constructed.

EXCEPTING therefrom any portion lying within Hammond Road.

APN: 729-050-002

Exhibit "C"

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

No Fee for Recording Pursuant to Government Code 6103
Recording Requested By:

Redevelopment Agency for
COUNTY OF RIVERSIDE

AND WHEN RECORDED MAIL TO:
REDEVELOPMENT AGENCY FOR THE
COUNTY OF RIVERSIDE
3403 Tenth St. 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 units that are occupied by and affordable to very low- and low-income households.

A Covenant and Restriction with an expiration date of not less than fifty-five (55) years from the date of Certificate of Occupancy is recorded concurrently, herewith in the Official Records of Riverside County, California, on the property located at: the southeast corner of Hammond Road and 68th Avenue in the unincorporated community of Mecca with assessor parcel number (APN) of 729-050-002 and as more fully described in Exhibit "C-1", which is attached hereto and incorporated herein by this reference.

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.

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

(This area for official notarial seal)

Covenant Exhibit "C-1"

LEGAL DESCRIPTION OF PROPERTY

That part of the Northwest quarter of Section 21, Township 7 South, Range 9 East. San Bernardino Base and Meridian, lying North and East of a line parallel with and 200.00 feet distant Northeasterly of the centerline of the Southern Pacific Railroad Company's right of way as now constructed.

EXCEPTING therefrom any portion lying within Hammond Road.

APN: 729-050-002

Exhibit “D”

California Health and Safety Codes

50053, 50079.5, 50105

Affordability Requirements

California Health and Safety Codes 50053, 50079.5 and 50105

50053. (a) For any rental housing development that receives assistance prior to January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent" with respect to lower income households shall not exceed the percentage of the gross income of the occupant person or household established by regulation of the department that shall not be less than 15 percent of gross income nor exceed 25 percent of gross income.

(b) For any rental housing development that receives assistance on or after January 1, 1991, and a condition of that assistance is compliance with this section, "affordable rent," including a reasonable utility allowance, shall not exceed:

- (1) For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.
- (2) For very low income households, the product of 30 percent times 50 percent of the area median income adjusted for family size appropriate for the unit.
- (3) For lower income households whose gross incomes exceed the maximum income for very low income households, the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those lower income households with gross incomes that exceed 60 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.
- (4) For moderate-income households, the product of 30 percent times 110 percent of the area median income adjusted for family size appropriate for the unit. In addition, for those moderate-income households whose gross incomes exceed 110 percent of the area median income adjusted for family size, it shall be optional for any state or local funding agency to require that affordable rent be established at a level not to exceed 30 percent of gross income of the household.

(c) The department's regulation shall permit alternative percentages of income for agency-assisted rental and cooperative housing developments pursuant to regulations adopted under subdivision (f) of Section 50462. The department shall, by regulation, adopt

criteria defining and providing for determination of gross income, adjustments for family size appropriate to the unit, and rent for purposes of this section. These regulations may provide alternative criteria, where necessary, to be consistent with pertinent federal statutes and regulations governing federally assisted rental and cooperative housing. The agency may, by regulation, adopt alternative criteria, and pursuant to subdivision (f) of Section 50462, alternative percentages of income may be adopted for agency-assisted housing developments.

For purposes of this section, "area median income," "adjustments for family size appropriate to the unit," and "moderate-income household" shall have the same meaning as provided in Section 50052.5.

50079.5. (a) "Lower income households" means persons and families whose income does not exceed the qualifying limits for lower income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. The limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for lower income households for all geographic areas of the state at 80 percent of area median income, adjusted for family size and revised annually.

(b) "Lower income households" includes very low income households, as defined in Section 50105, and extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change in, but is declaratory of, existing law.

(c) As used in this section, "area median income" means the median family income of a geographic area of the state.

50105. (a) "Very low income households" means persons and families whose incomes do not exceed the qualifying limits for very low income families as established and amended from time to time pursuant to Section 8 of the United States Housing Act of 1937. These qualifying limits shall be published by the department in the California Code of Regulations as soon as possible after adoption by the Secretary of Housing and Urban Development. In the event the federal standards are discontinued, the department shall, by regulation, establish income limits for very low income households for all geographic areas of the state at 50 percent of area median income, adjusted for family size and revised annually.

(b) "Very low income households" includes extremely low income households, as defined in Section 50106. The addition of this subdivision does not constitute a change

in, but is declaratory of, existing law.

(c) As used in this section, "area median income" means the median family income of a geographic area of the state.

Exhibit E: Tenant Checklist

Project Name:
Address:

Insert a check mark for each item that is relevant to the family below

Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recent Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N.Haw Pc Islan	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races	

Prepared by:
Title:
Phone Number:

Problems or questions please call Juan Garcia at (951) 955-3418

Please contact for the latest version, email jugarcia@rivcoeda.org for updates. Thank you.