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**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FROM: Economic Development Agency

SUBMITTAL DATE:
May 23, 2012

SUBJECT: First Amendment, Assignment, Assumption, and Modification Agreement for Fred Young Farmworker Apartments in the City of Indio

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached First Amendment to the HOME Loan Agreement, Deed of Trust, and Promissory Note with Coachella Valley Housing Coalition;
2. Approve the attached Assignment, Assumption, and Modification Agreement by and among Coachella Valley Housing Coalition, Fred Young Phase I Associates, L.P., and the County of Riverside;
3. Authorize the Chairman of the Board of Supervisors to execute the attached First Amendment, Deed of Trust, Assignment, Assumption, and Modification Agreement;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	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 DIRECTORS AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnerships Act Grant Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

County Executive Office Signature

Jennifer Sargent

FORM APPROVED COUNTY COUNSEL
BY: Annie T. Sahhar 5/23/12
DATE: 5/23/12
Concurrence

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

Prev. Agn. Ref.: 3.18 of 6/7/11; 3.20 of 4/26/11; 3.18 District: 4/4

Agenda Number: **3-28**

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement with the California Housing and Community Development Department (for the Multi-Family Housing Program) in an amount up to \$5,500,000, subject to approval as to form by County Counsel; and
5. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the attached agreements including, but not limited to, signing subsequent necessary and relevant documents subject to approval as to form by County Counsel.

BACKGROUND:

On June 7, 2011, the Board of Supervisors approved a loan agreement for \$1,000,000 in HOME funds with Coachella Valley Housing Coalition (CVHC), a non-profit public benefit corporation and a certified Community Housing Development Organization, for the development of an 85-unit multi-family affordable housing complex located along the southern side of Dr. Carreon Boulevard, between Van Buren Street and Calhoun Street in the City of Indio.

Pursuant to the loan agreement, CVHC is required to receive binding loan commitments by May 30, 2012 and start construction by June 7, 2012. Although CVHC has received all necessary formal financing commitments for the project, additional time is required to close the construction loan and begin construction. CVHC is requesting to amend the loan agreement and extend the deadlines by six months in order to close the construction loan and start construction.

CVHC has formed Fred Young Phase I Associates, L.P. (FYPALP), a California limited partnership, for the purpose of constructing the project, with the general partner as CVHC. CVHC will also be replaced with Fred Young Phase I, LLC, a California limited liability company, as the general partner. CVHC is requesting the county's approval to assign CVHC's rights and obligations under the HOME Loan, Deed of Trust, and Promissory Note, including all existing amendments ("HOME Loan Documents") to FYPALP. The attached Assignment, Assumption, and Modification Agreement assigns all the rights and obligations of CVHC under the HOME Loan Documents to FYPALP.

The total current cost of the project is estimated to be \$22,402,838. Additional sources of funds will include a \$1,000,000 loan from the State of California Housing and Community Development Department (HCD) Joe Serna Jr. Farmworker Housing Grant Program, a \$3,359,952 loan from the United States Department of Agriculture Rural Development, a \$5,321,531 loan from HCD's Multi-Family Housing Program (which replaces the City of Indio's Redevelopment Agency's funding), a \$840,000 loan from the Affordable Housing Program, \$1,100,000 in Developer Equity, and the balance of \$9,781,355 from tax credit proceeds.

The county's HOME Loan will be in the fourth position behind a construction loan and permanent first mortgage, permanent mortgage in favor of USDA, and a permanent mortgage in favor of HCD. Each aforementioned entity will require that the County of Riverside execute subordination agreements at a later date to signify their senior position to the HOME Loan.

(Continued)

BACKGROUND: (Continued)

County Counsel has reviewed and approved the attached First Amendment to Loan Agreement, Deed of Trust, Promissory Note, and Assignment, Assumption, and Modification Agreement as to form. Staff recommends that the Board approve the attached documents.

FINANCIAL DATA:

All the costs related to the development of the project will be fully funded with HOME funds. The County of Riverside has budgeted this expense in the FY 2011/2012 budget.

Attachments:

- First Amendment to Loan Agreement
- Deed of Trust
- Promissory Note
- Assignment, Assumption, and Modification 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 County of Riverside
9 Economic Development Agency
10 3403 Tenth Street, Suite 500
11 Riverside, CA 92501
12 Attn. Benjamin Cendejas

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14
15 **FIRST AMENDMENT TO LOAN AGREEMENT**
16 **FOR THE USE OF HOME FUNDS**

17 This First Amendment to the Loan Agreement for the use of Home Investment
18 Partnerships (“HOME”) Program funds (“First Amendment”) is made and entered into as of
19 the ____ day of _____, 2012 by and between the COUNTY OF RIVERSIDE
20 (“COUNTY”), a political subdivision of the State of California, and The Coachella Valley
21 Housing Coalition (“BORROWER”), a California nonprofit public benefit corporation.
22 BORROWER will develop and construct an affordable multi-family housing complex
23 identified as “Fred Young Farmworker Apartments” in the City of Indio in Riverside County
24 (the “Project”).

25 WITNESSETH:

26 WHEREAS, BORROWER entered into a loan agreement for the use of HOME
27 funds (the “HOME Loan Agreement”), dated June 7, 2011, to develop and construct an
28 affordable rental housing development for families and set aside certain units as HOME-
29 assisted units as further described in **Exhibit “A”**, which is attached hereto and by this
30 reference incorporated herein; and

31 WHEREAS, pursuant to the HOME Loan Agreement, BORROWER was
32 required to have all financing in place by May 30, 2012 and start construction by June 7, 2012;
33 and

1 WHEREAS, pursuant to the HOME Loan Agreement, BORROWER is
2 requesting an extension of time so that they can close on their construction loan and start
3 construction.

4 NOW, THEREFORE, in consideration of the foregoing, and the promises and
5 mutual covenants and conditions hereinafter set forth, COUNTY and BORROWER mutually
6 agree as follows:

7 1. **Section 4(e)** of the HOME Loan Agreement is deleted and replaced in its entirety with the
8 following:

9 Security. COUNTY hereby agrees that the HOME Deed of Trust and the terms of this
10 Agreement shall be subordinated to: 1) a construction deed of trust; 2) deed of trust and
11 regulatory agreement in favor of the State of California Housing and Community
12 Development Department (HCD) Multi-Family Housing Program; and 3) a deed of trust
13 and regulatory agreement in favor of the United States Department of Agriculture – Rural
14 Development Section 514; and (4) a deed of trust and regulatory agreement in favor of the
15 HCD in connection with the Joe Serna Jr. Farmworker Housing Grant (collectively, the
16 “Senior Loans”). In addition, COUNTY agrees to execute any and all documents
17 necessary to effectuate subordination of this Agreement and the HOME Deed of Trust to
18 the deeds of trust securing the Senior Loans and any future refinancing upon
19 BORROWER’S request.

20 2. A new section of the HOME Loan Agreement to state as follows:

21 **Section 13(r)** Irrespective of events (a) through (e), BORROWER is
22 allowed to draw down up to a not-to-exceed amount of Five Thousand
23 (\$5,000) Dollars for eligible soft costs.

24 3. **Section 50** of the HOME Loan Agreement is deleted and replaced in its entirety with the
25 following:

26 CONDITIONAL HOME COMMITMENT. As defined under 24 CFR 92.2, COUNTY
27 can reasonably expect for OWNER to start construction within (6) months of the
28 execution of this First Amendment. Notwithstanding all other sections in this Agreement,

1 BORROWER must provide COUNTY with letter confirmation of the
2 federal/state four percent (4%) tax credit award from the California Tax
3 Credit Allocation Committee (CTCAC) by **July 31, 2012** (the "CTCAC
4 Deadline"). COUNTY's HOME commitment is expressly contingent upon
5 the Project receiving federal/state tax credit on or before the CTCAC Deadline. If
6 BORROWER cannot provide COUNTY with letter confirmation of the federal/state tax
7 credit award from CTCAC by the CTCAC Deadline, then COUNTY and BORROWER
8 mutually agree that this Agreement will self-terminate. Upon such termination, this
9 Agreement shall be null and void. COUNTY and BORROWER shall be released and
10 discharged respectively from its obligations under this Agreement.



- 11 4. **Section 51** of the HOME Loan Agreement is deleted and replaced in its entirety with the
12 following:

13 PROJECT FINANCING CONTINGENCY. This HOME Loan
14 Agreement is expressly conditioned upon OWNER's receipt, on or prior
15 to **November 30, 2012** of such binding loan commitments for new loans
16 as may be required by OWNER, on terms and conditions acceptable to
17 OWNER, in its sole discretion, including, without limitation, (a) State of California
18 Housing and Community Development Department Joe Serna Jr. Farmworker Housing
19 Grant Program, (b) State of California Housing and Community Development Department
20 Multi-Family Housing Program, (c) United States Department of Agriculture Rural
21 Development, (d) any conventional construction and/or permanent financing, including
22 without limitation, a construction and permanent loan from an institutional construction
23 lender (the "Senior Lien Holder"), and (e) a binding reservation of federal low income
24 housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986, as
25 amended (collectively, the "Project Financing") on or before the CTCAC Deadline. Either
26 COUNTY or OWNER may elect to terminate this HOME Loan Agreement within ten
27 (10) days written notice to the other party if OWNER fails to acquire the project financing
28 as required by this **Section 51**. Furthermore, this HOME Loan Agreement shall be self-



1 terminating if OWNER does not receive the binding reservation of federal low income
2 housing tax credits by the CTCAC Deadline. Upon such termination, this HOME Loan
3 Agreement shall be null and void, and:

- 4 a. If OWNER elects to terminate this HOME Loan Agreement, OWNER shall be
5 released and discharged by COUNTY from its obligations under this HOME
6 Loan Agreement; or
7 b. If COUNTY elects to terminate this HOME Loan Agreement, COUNTY shall be
8 released and discharged by OWNER from its obligations under this HOME Loan
9 Agreement.

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

- 11 5. **Exhibit "A"** of the HOME Loan Agreement is hereby replaced with the revised **Exhibit**
12 **"A"** of this First Amendment, which is attached hereto and by this reference incorporated
13 herein.
- 14 6. **Exhibit "B-1"** of the HOME Loan Agreement is hereby replaced with the revised **Exhibit**
15 **"B-1"** of this First Amendment, which is attached hereto and by this reference
16 incorporated herein.
- 17 7. **Exhibit "B-2"** of the HOME Loan Agreement is hereby replaced with the revised **Exhibit**
18 **"B-2"** of this First Amendment, which is attached hereto and by this reference
19 incorporated herein.
- 20 8. This First Amendment and HOME Loan Agreement set forth and contain the entire
21 understanding and agreement of the parties hereto. There are no oral or written
22 representations, understandings, or ancillary covenants, undertakings or agreements,
23 which are not contained or expressly referred to within this First Amendment and the
24 HOME Loan Agreement.
- 25 9. The exhibits attached hereto are incorporated herein by this reference.
- 26 10. Except as modified and amended by this First Amendment, all other terms and conditions
27 of the HOME Loan Agreement remain unmodified and in full force and effect.
- 28 11. This First Amendment may be signed by the different parties hereto in counterparts, each

1 of which shall be an original but all of which together shall constitute one and the same
2 agreement.

3 12. The effective date of this First Amendment is the date the parties execute the First
4 Amendment. If the parties execute the First Amendment on more than one date, then the
5 last date the First Amendment is executed by a party shall be the effective date.

6 13. This First Amendment is not binding until approved by the Board of Supervisors.

7

(SIGNATURES ON NEXT PAGE)

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IN WITNESS WHEREOF, COUNTY and BORROWER have executed this First Amendment
as of the date first above written.

COUNTY:

BORROWER:

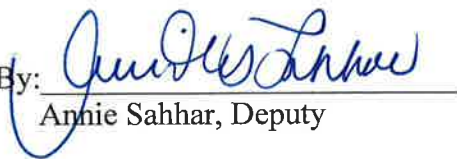
COUNTY OF RIVERSIDE

THE COACHELLA VALLEY HOUSING
COALITION,
a California nonprofit public benefit corporation

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

By: 
Pedro S.G. Rodriguez, Chief Financial Officer

APPROVED AS TO FORM:
PAMELA J. WALLS, County Counsel

By: 
Annie Sahhar, Deputy

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

(Signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On May 21, 2012, before me, Martha Mendez, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Pedro S.G. Rodriguez
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

EXHIBIT "A"

Borrower: Coachella Valley Housing Coalition
Address: 45701 Monroe Street, Ste. G
Indio, CA 92201
Project Title: Fred Young Farmworker Apartments
Location: The Project Site is approximately 7.52 acres and is situated on the southern side of Dr. Carreon Blvd. between Van Buren St. and Calhoun St. in the City of Indio in Riverside County. Assessor's Parcel Numbers (APNs): 612-170-005 and the northwestern portion of APN 612-170-006.

Description:

BORROWER will utilize \$1,000,000 in HOME funds for the construction of an 85-unit multi-family affordable housing complex located along the southern side of Dr. Carreon Blvd. between Van Buren St. and Calhoun St. in the City of Indio in the County of Riverside.

The Project will consist of 12 one-bedroom units, 33 two-bedroom units, 28 three-bedroom units, and 11 four-bedroom units in addition to one resident manager's unit. Project amenities will include a community room, computer room, pool, laundry facilities, picnic areas, basketball courts, and community/vegetable gardens. The Project will consist of one-and two-story townhome units.

A total of forty-one (41) units shall be designated as "Floating" Low HOME rent units ("HOME-Assisted Units"). The forty-one (41) HOME-Assisted Units (6 – 1 Bedroom, 16 – 2 Bedroom, 14 – 3 Bedroom, and 5 – 4 Bedroom) shall be limited to households whose incomes do not exceed fifty percent (50%) of the area median family income in Riverside County. The HOME-Assisted units shall be restricted for a period of at least 55 years from the first certificate of occupancy. Nine (9) of the forty-one (41) HOME Assisted Units shall be limited to households whose incomes do not exceed thirty percent (30%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy.

The BORROWER is eligible under the Cranston-Gonzalez National Affordable Housing Act, as amended (commencing at 42 U.S.C. 12701 et seq.), and implemented under 24 CFR Part 92, has as its purposes to expand the supply of decent, safe, sanitary, and affordable housing with primary attention to rental housing, for very low-income and low-income families; to strengthen public-private partnerships to carry out affordable housing programs; and to provide for coordinated assistance to participants in the development of affordable low-income housing to apply and receive HOME funds as a Community Housing Development Organization ("CHDO") to perform those activities described above.

The Developer's Fee shall not exceed \$2,300,000 gross (California Housing and Community Development restricts the Developer's Fee to \$1,200,000 net).

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION, SOUTH 89° 48' 00" WEST, 806.53 FEET ON SAID SOUTH LINE FROM THE SOUTHEAST CORNER OF SAID SECTION;

THENCE SOUTH 89° 48' 00" WEST, 660.00 FEET CONTINUING ON SAID SOUTH LINE;

THENCE NORTH 00° 10' 00" WEST, 1,325.28 FEET TO THE SOUTH LINE OF THE LAND DESCRIBED IN THE DEED TO WILFRED BENOIT, A MARRIED MAN RECORDED AUGUST 3, 1965 AS INSTRUMENT NO. 89388, OFFICIAL RECORDS;

THENCE NORTH 89° 58' 28" EAST 490.00 FEET ON LAST SAID SOUTH LINE TO AN ANGLE POINT THEREIN;

THENCE NORTH 0° 10' 23" EAST 28.58 FEET CONTINUING ON SAID SOUTH LINE TO AN ANGLE POINT THEREIN;

THENCE SOUTH 89° 49' 37" EAST 170.00 FEET TO THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE LAND DESCRIBED IN THAT CERTAIN OPTION AGREEMENT BETWEEN JAMES J. O'BRIEN JR., ET UX AND THE INDIO SCHOOL DISTRICT, RECORDED MARCH 8, 1967 AS INSTRUMENT NO. 17490, OFFICIAL RECORDS, SAID PROLONGATION BEING THE WEST LINE OF VAN BUREN SCHOOL SITE;

THENCE SOUTH 00° 10' 00" EAST ON SAID PROLONGATION WEST LINE AND THE SOUTHERLY PROLONGATION THEREOF TO THE POINT OF BEGINNING.

SAID PROPERTY IS ALSO KNOWN AS PARCEL 1 OF PARCEL MAP, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 100 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF LOTS 9, 10 AND 16 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 25;

THENCE SOUTH 89° 50' 53" WEST, 1423.80 FEET ON THE EAST-WEST CENTER LINE OF SAID SECTION, BEING THE NORTH LINE OF SAID LOTS 9 AND 10;

THENCE SOUTH 00° 09' WEST, 810.4 FEET;

THENCE SOUTH 89° 51' 37" EAST, 623.80 FEET;

THENCE SOUTH 00° 17' 30" WEST, 804.75 FEET;

THENCE NORTH 89° 57' 30" EAST, 806.53 FEET TO A POINT ON THE EAST LINE OF SAID SECTION LOCATED NORTH 00° 00' 30" WEST, 1,068.20 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION;

THENCE NORTH 00° 00' 30" WEST, 1612.20 FEET ON THE EAST LINE OF SAID SECTION TO THE POINT OF BEGINNING.

EXCEPT THE NORTHERLY RECTANGULAR 30 FEET, CONVEYED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED JANUARY 17, 1956 AS INSTRUMENT NO. 3622 IN BOOK 1848, PAGE 288, OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND THE HYDROCARBONS AND ALL OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR THAT MAY BE PRODUCED FROM THE ABOVE DESCRIBED LAND, INCLUDING SUCH RIGHTS OF ACCESS TO AND THE USE OF SUCH PART OF THE SURFACE OF THE ABOVE DESCRIBED LAND AS MAY BE NECESSARY FOR MINING AND SAVING SAID MINERALS, AS RESERVED BY THE UNITED STATES OF AMERICA.

END OF LEGAL DESCRIPTION

APN's : 612-170-005 & 612-170-006



Project Permanent Sources and Uses of Fund:

Sources:

HCD- Multi-Family Housing Program	\$ 5,321,531
HCD – Joe Serna Jr. Farmworker Housing Grant	\$ 1,000,000
Affordable Housing Program (AHP)	\$ 840,000
USDA-RD 514 Loan	\$ 3,359,952
Limited Partner Tax Credit Equity	\$ 9,781,355
Developer Equity	\$ 1,100,000
County of Riverside HOME Loan 55 Yrs @ 3%	<u>\$ 1,000,000</u>
Total Sources	\$ 22,402,838

Uses:

New construction (includes site work, common area bldgs. and structures)	\$ 12,975,310
Contractor's Overhead & Profit & Gen'l Req.	\$ 1,464,225
General Liability Insurance	\$ 281,713
Permanent Financing costs	\$ 53,600
Construction Contingency (Hard and Soft)	\$ 1,104,094
Architectural & Engineering Cost	\$ 1,000,000
Construction Interest & Fees	\$ 983,942
Reserves	\$ 362,809
Land Development Impact and Permit Processing Fees	\$ 1,065,013
Other Fees, Marketing & Furnishings	\$ 634,585
TCAC Fees	\$ 45,247
Legal Fees	\$ 112,300
Gross Developer's Fee*	\$ 2,300,000
Land & Acquisition Cost	<u>\$ 20,000</u>
Total Uses	\$ 22,402,838

The BORROWER will obtain a reservation of Federal/State tax credit award from the California Tax Credit Allocation Committee.

* California Housing and Community Development restricts the Developer's Fee to \$1,200,000 net

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$1,000,000) are required. The HOME match in the amount of \$250,000 will be satisfied from the below-market interest loan from the California Department of Community Development Joe Serna Jr. Farmworker Housing Grant Program.

BORROWER shall submit to COUNTY copies of the final funding commitment, copies of all executed agreements, final Certified Public Accountant's construction cost certification, and proof that the funds were disbursed for this project.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. CTCAC Award	June 1, 2012
2. Letter Confirmation of CTCAC award due to COUNTY	June 14, 2012
3. Permanent Financing Commitment	November 30, 2012
4. Project Financing Contingency (Section 51)	November 30, 2012
5. Building Permit	December 14, 2012
6. Begin Construction	December 14, 2012
7. Marketing & Affirmative Action	December 1, 2013
8. Lease Agreement, Proposed Rents, and Utilities	December 1, 2013
9. Certificate of Occupancy	February 15, 2014
10. Occupancy of HOME units	May 15, 2014
11. Submission of Final actual project costs and Sources and Uses of Funds	September 15, 2015
12. Submission of income & ethnic characteristics report	September 14, 2015

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 5 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for RHDC and General Contractor (GC)	BORROWER – 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 COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– Sept 30th & March 31st
4. Section 504 Architect Certification	Beginning of Construction – initial letter End of Construction – final letter
5. HOME Match Contribution	Beginning of Construction
6. Project Site Photos	Bimonthly, due by the 5 th of each month
7. Notice of Completion	End of Construction
8. Certificate of Occupancy	End of Construction
9. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
10. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
11. Project Completion Report	Close of Project
12. Final Development Cost - Sources and Uses	Close of Project
13. Final Cost Certification by CPA	Close of Project and Audits Completed
14. Final 15/30 Year Cash Flow Projection	Close of Project
15. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
16. Management Plan	Marketing Stage
17. Tenant Selection Policy	Marketing Stage
18. Copy of Lease Agreement	Marketing Stage
19. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
20. Project Operating Budget	Annual submission
21. Audited Yearly Income Expense Report for the Project	Annual submission

EXHIBIT “B-1”

EXEMPT RECORDING FEE CODE 6103
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County
Economic Development Agency
3403 Tenth Street, Suite 500
Riverside, CA 92501
ATTN: Benjamin Cendejas

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

This DEED OF TRUST is made on this ____ day of _____, 2012. The trustor is Coachella Valley Housing Coalition, a California non-profit public benefit corporation ("Borrower" or "BORROWER"), and whose address is 45701 Monroe Street, Suite G, Indio, CA 92201. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), 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 HOME Loan Agreement, dated _____, Borrower owes Lender the principal sum of One Million and No/100 Dollars (U.S. \$1,000,000.00) (the "HOME Loan"). This debt is evidenced by Borrower's Note dated _____ ("Note"). Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan Agreement.

The Borrower and its partners, officers, directors, employees, and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the HOME Loan or the performance of the Borrower's obligations under the HOME documents. The sole recourse of COUNTY with respect to payment of the principal of, or interest on, the HOME Loan, shall be to the Project. No money judgment (or execution on a money judgment) entered in any action (whether legal or equitable) on the HOME documents shall be enforced personally against the Borrower or its partners, officers, directors, employees, and agents, but shall be enforced only against the Project and such other property as may from time to time be hypothecated in connection with the Borrower's obligations under the HOME documents. This non-recourse provision does not limit or impair the enforcement against all such security for the HOME Loan of all the rights and remedies of COUNTY, nor does it impair the right of COUNTY to assert the unpaid principal amount of the HOME Loan as a demand for money within the meaning of California Code of Civil Procedure Section 431.70 or any successor provision. In addition, this non-recourse provision does not relieve the Borrower of personal liability for damage to or loss suffered by COUNTY as a result of any of the following (i) fraud or willful misrepresentation; (ii) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the HOME Deed of Trust; (iii) the fair market value of any personal property of fixtures removed or disposed of by the Borrower other than in accordance with the HOME Deed of Trust; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to the extent of the misapplied proceeds or awards); and (v) any rental income or other income

arising with respect to the Project received by the Borrower after COUNTY has properly exercised its rights under the HOME Deed of Trust to receive such income upon an Event of Default (as defined under the HOME Deed of Trust).

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program").

Pursuant to the HOME Loan Agreement, the term of the HOME Loan shall be fifty-five (55) years from the first certificate of occupancy.

This Deed of Trust 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 **Section 8** to protect the security of this Deed of Trust; and (c) the performance of Borrower's covenants and agreements under this Deed of Trust and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of the holder of the First Deed of Trust (the "Senior Lien Holder"), 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;

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 Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property."

BORROWER COVENANTS that the Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property and, except for the Deed of Trust in favor of the Senior Lien Holder ("First Deed of Trust"), the Deed of Trust in favor of the State of California Housing and Community Development Department (HCD) Multi-Family Housing Program (MHP) ("Second Deed of Trust"), the Deed of Trust in favor of United States Department of Agriculture Rural Development Rural Development Section 514 (USDA-RD 514) ("Third Deed of Trust"), the Deed of Trust in favor of HCD Joe Serna Jr. Farmworker Housing Grant (JSJFHG) ("Fourth Deed of Trust"), and other encumbrances of record acceptable to the Senior Lien Holder, 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 DEED OF TRUST 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 Lender 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 First 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 days of the giving of notice.

5. Subordination. This Deed of Trust shall be recorded and subordinate to a construction loan during the construction phase; to permanent HCD MHP; to a deed of trust and regulatory agreement in favor of the USDA-RD 514, and to a deed of trust and regulatory agreement in favor of the HCD JSJFHG. COUNTY hereby agrees to execute any and all documents necessary to effectuate such subordination. Borrower shall request Lender approval of any additional subordination and Lender consent shall not be unreasonably withheld.

6. Hazard or Property Insurance. 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 Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HOME Loan Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with **Section 8**.

a. All insurance policies and renewals shall be acceptable to Lender 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 First Deed of Trust. All original policies of insurance required pursuant to the First Deed of Trust shall be held by the Senior Lien Holder; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. Borrower shall promptly give to Lender certificates of insurance showing the coverage is in full force and effect and that COUNTY is named as additional insured. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.

b. Unless Lender and Borrower otherwise agree in writing and subject to the rights of senior lenders, 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 Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

d. Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the Senior Deeds of 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. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Lender's security interest. Borrower may cure such a default and reinstate, as provided in **Section 19**, by causing the action or proceeding to be dismissed with a

ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Deed of Trust or Lender'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 Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Borrower's use of Property for affordable housing. If this Deed of Trust 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 Lender agrees to the merger in writing.

a. The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of the HOME Program. 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 Lender to the remedies provided in **Section 23** hereof.

8. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Lender'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, Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Deed of Trust (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this **Section 8**, Lender does not have to do so.

a. Any amounts disbursed by Lender under this **Section 8** shall become additional debt of Borrower secured by this Deed of Trust. Unless Borrower and Lender 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 Lender to Borrower requesting payment.

b. Prior to taking any actions under this **Section 8**, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in **Section 23** of this Deed of Trust, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Deed of Trust. All amounts advanced by the Senior Lien Holder to cure a default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the Deed of Trust held by such Senior Lien Holder. In addition, the Lender 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 Holder at least 60 days' prior written notice. Any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the First Deed of Trust.

9. Not used

10. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower at least forty-eight (48) hours 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 Lender, 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 Deed of Trust, 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 Deed of Trust immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Deed of Trust 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 Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Lender'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 Lender to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender 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 Deed of Trust, whether or not then due.

c. Unless Lender 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 **Sections 1** and **2** or change the amount of such payments.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Except in connection with any successor in interest approved by Lender, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender 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 Deed of Trust by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender 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; Co-signers. The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of **Section 18**. Borrower's covenants and agreements shall be joint and several.

14. Loan Charges. If the loan secured by this Deed of Trust 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. Lender 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 Deed of Trust 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 herein or any other address Borrower designates by notice to Lender. All such notices to Borrower shall also be provided to the investment limited partner at 1307 Washington Avenue, Suite 300, Mail Code: SL MO RMCD, St. Louis, MO 63103, Attn.: Director of LIHTC Asset Management.

Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to the Senior Lien Holder shall be given by first class mail to such other address the Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given as provided in this Section.

16. Governing Law; Severability. This Deed of Trust 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 Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust 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 Deed of Trust.

18. Transfer of the Property or a Beneficial Interest in Borrower. Except for a conveyance to the trustee under the First Deed of Trust or the Second or Third Deed of Trust or this Deed of Trust or as otherwise allowed under the Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender'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 the HOME Program) Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Lender's approval of a transfer of a limited partnership interest in the Borrower or of a conveyance of an easement interest in the Property for utility purposes.

a. If Lender exercises this Option, Lender 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 Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

b. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in **Section 8** above, Lender 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 Holder at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holder.

c. The Borrower and the Lender agree that whenever the Note or this Deed of Trust gives the Lender 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 Holder pursuant to the Senior Deeds of Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

d. Notwithstanding anything to the contrary contained herein, the transfer of the limited partner interest to the investment limited partner or the assignment of that interest to a limited liability company or limited partnership in which the investor limited partner or an affiliate is the managing member or general partner, respectively, shall not constitute a prohibited transfer under this Deed of Trust.

19. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Deed of Trust 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 Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Deed of Trust 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 Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Borrower, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 18**.

20. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Deed of Trust) 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 Deed of Trust. 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 **Section 15** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

21. No Assignment. Until the loan secured by the First Deed of Trust has been satisfied in full, the Lender and the Borrower agree that the Note and the Deed of Trust will not be assigned without the Senior Lien Holder's prior written consent.

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 Lender 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 Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action.

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

23. Acceleration; Remedies. Lender shall give notice to Borrower, the investor limited partner, and the Senior Lien Holder prior to acceleration following Borrower's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than sixty (60) calendar days from the mailing of the notice for a monetary default, or a date, which shall not be more than ninety (90) calendar days from the mailing of the notice for a non-monetary default, 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 Deed of Trust 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 Holder or the investor limited partner have not exercised their right to cure the default, but subject to any non-recourse provisions then in effect, then Lender at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in **Section 8** above, the Lender 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 Holder and the investor limited partner at least 60 days' prior written notice. Lender shall be entitled to collect all expenses

incurred in pursuing the remedies provided in this **Section 23**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the investor limited partner, the Senior Lien Holder 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. Lender 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 Deed of Trust; and (c) any excess to the person or persons legally entitled to it.

24. Release. Upon payment of all sums secured by this Deed of Trust, Lender shall release this Deed of Trust without charge to Borrower. Borrower shall pay any recordation costs.

25. Substitute Trustee. Lender, 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 Deed of Trust 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 Loan Documents. The Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces, or modifies any provisions of the Senior Deeds 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 Lender 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 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 Lender and is selected with reasonable promptness. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by COUNTY

necessary and adequate to fulfill the obligations undertaken in the HOME Loan Agreement, as amended.

29. Removal, Demolition or Alteration of Personal Property and Fixtures. Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Lender. Borrower may remove and dispose of, free from the lien of this HOME Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Borrower shall be deemed to have subjected such replacement personal property and fixtures to the lien of this HOME Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

(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.

COUNTY:

COUNTY OF RIVERSIDE


BORROWER:

THE COACHELLA VALLEY HOUSING
COALITION,
a California nonprofit public benefit corporation

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

By:  _____
Pedro S.G. Rodriguez, Chief Financial Officer

APPROVED AS TO FORM:
PAMELA J. WALLS, County Counsel

By:  _____
Annie Sahhar, Deputy

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

(Signatures on this page need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On May 21, 2012, before me, Martha Mendez, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Pedro S.G. Rodriguez-
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 Martha Mendez
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.

Signature _____
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "B-1"

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION, SOUTH 89° 48' 00" WEST, 806.53 FEET ON SAID SOUTH LINE FROM THE SOUTHEAST CORNER OF SAID SECTION;

THENCE SOUTH 89° 48' 00" WEST, 660.00 FEET CONTINUING ON SAID SOUTH LINE;

THENCE NORTH 00° 10' 00" WEST, 1,325.28 FEET TO THE SOUTH LINE OF THE LAND DESCRIBED IN THE DEED TO WILFRED BENOIT, A MARRIED MAN RECORDED AUGUST 3, 1965 AS INSTRUMENT NO. 89388, OFFICIAL RECORDS;

THENCE NORTH 89° 58' 28" EAST 490.00 FEET ON LAST SAID SOUTH LINE TO AN ANGLE POINT THEREIN;

THENCE NORTH 0° 10' 23" EAST 28.58 FEET CONTINUING ON SAID SOUTH LINE TO AN ANGLE POINT THEREIN;

THENCE SOUTH 89° 49' 37" EAST 170.00 FEET TO THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE LAND DESCRIBED IN THAT CERTAIN OPTION AGREEMENT BETWEEN JAMES J. O'BRIEN JR., ET UX AND THE INDIO SCHOOL DISTRICT, RECORDED MARCH 8, 1967 AS INSTRUMENT NO. 17490, OFFICIAL RECORDS, SAID PROLONGATION BEING THE WEST LINE OF VAN BUREN SCHOOL SITE;

THENCE SOUTH 00° 10' 00" EAST ON SAID PROLONGATION WEST LINE AND THE SOUTHERLY PROLONGATION THEREOF TO THE POINT OF BEGINNING.

SAID PROPERTY IS ALSO KNOWN AS PARCEL 1 OF PARCEL MAP, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 100 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF LOTS 9, 10 AND 16 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 25;

THENCE SOUTH 89° 50' 53" WEST, 1423.80 FEET ON THE EAST-WEST CENTER LINE OF SAID SECTION, BEING THE NORTH LINE OF SAID LOTS 9 AND 10;

THENCE SOUTH 00° 09' WEST, 810.4 FEET;

THENCE SOUTH 89° 51' 37" EAST, 623.80 FEET;

THENCE SOUTH 00° 17' 30" WEST, 804.75 FEET;

THENCE NORTH 89° 57' 30" EAST, 806.53 FEET TO A POINT ON THE EAST LINE OF SAID SECTION LOCATED NORTH 00° 00' 30" WEST, 1,068.20 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION;

THENCE NORTH 00° 00' 30" WEST, 1612.20 FEET ON THE EAST LINE OF SAID SECTION TO THE POINT OF BEGINNING.

EXCEPT THE NORTHERLY RECTANGULAR 30 FEET, CONVEYED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED JANUARY 17, 1956 AS INSTRUMENT NO. 3622 IN BOOK 1848, PAGE 288, OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND THE HYDROCARBONS AND ALL OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR THAT MAY BE PRODUCED FROM THE ABOVE DESCRIBED LAND, INCLUDING SUCH RIGHTS OF ACCESS TO AND THE USE OF SUCH PART OF THE SURFACE OF THE ABOVE DESCRIBED LAND AS MAY BE NECESSARY FOR MINING AND SAVING SAID MINERALS, AS RESERVED BY THE UNITED STATES OF AMERICA.

END OF LEGAL DESCRIPTION

EXHIBIT “B-2”

PROMISSORY NOTE

\$1,000,000

Riverside, CA

In installments as hereafter stated, for value received, Coachella Valley Housing Coalition, a California non-profit public benefit corporation (“Borrower”) promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), or order, at 3403 Tenth Street, Suite 500, Riverside, CA 92501, the sum of One Million and No/100 Dollars (U.S. \$1,000,000.00) (the “HOME Loan”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the “Note”) is given in accordance with that certain Loan Agreement for the Use of HOME Funds executed by COUNTY and Borrower, dated as of _____, as amended by the First Amendment thereto (the “HOME Loan Agreement”). Excepting to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the HOME Loan Agreement. The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the Agreement and by the additional terms of as follows:

(1) That the HOME Loan will accrue simple interest at a rate of three percent (3.00%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project’s Residual Receipts as defined herein; (2) The Note shall be repaid as defined herein: i) Seventy five percent (75%) of the Project’s Residual Receipts shall be used towards the payment of the residual receipts loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount of all such loan; and ii) The remaining twenty-five percent (25%) of the Project’s Residual Receipts will be paid to BORROWER. (3) The HOME Loan shall be subordinated to a construction loan, permanent first mortgage, the State of California Housing and Community Development Department (Multi-Family Housing Program), the United States Department of Agriculture, and the State of California Housing and Community Development Department (Joe Serna Jr. Farmworker Housing Grant). Available residual receipts shall be determined based on a review of certified financial statements for the project. Quarterly financial statements shall be submitted within forty-five (45) days following the close of each quarter of the project fiscal year. In addition, the annual audited financial statements shall be submitted within ninety (90) days following the close of the project fiscal year. All outstanding principal along with accrued interest shall be due upon the first to occur of (i) December 31, 2070 or (ii) fifty-five (55) years from the first certificate of occupancy. The first payment shall be due on July 1st of the year after the calendar year in which the first certificate of occupancy occurs, to the extent of available Residual Receipts, as set forth above; and (4) Project Residual Receipts are defined as gross receipts, not including interest on required reserve accounts, less the following: i) auditing and accounting fees; ii) property management fee not to exceed \$50 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index (“CPI”); iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project’s day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); iv) reserves; v) deferred developer’s fee; vi) a General Partner management fee, which shall be in the initial amount of \$20,000 and increased annually by the percentage equal to the percentage increase in the CPI; vii) a Limited Partnership asset management fee not to exceed \$2,500 per year and increased annually by the percentage equal to the percentage increase in the CPI; and viii) payments of principal and interest on

amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt").

This note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.

Pursuant to the HOME Loan Agreement, the term of the HOME Loan shall be fifty-five (55) years from the first certificate of occupancy.

In any action commenced to enforce the obligation of the Borrower to pay principal and interest under the Note, the obligations hereunder shall be non-recourse to the Borrower and the judgment shall not be enforceable personally against the Borrower, Borrower's partners, or the Borrower's assets, and the recourse of COUNTY 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 the 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 Loan Agreement, 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.

The Borrower and its partners, officers, directors, employees, and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the HOME Loan or the performance of the Borrower's obligations under the HOME documents. The sole recourse of COUNTY with respect to payment of the principal of, or interest on, the HOME Loan, shall be to the Project. No money judgment (or execution on a money judgment) entered in any action (whether legal or equitable) on the HOME documents shall be enforced personally against the Borrower or its partners, officers, directors, employees, and agents, but shall be enforced only against the Project and such other property as may from time to time be hypothecated in connection with the Borrower's obligations under the HOME documents. This non-recourse provision does not limit or impair the enforcement against all such security for the HOME Loan of all the rights and remedies of COUNTY, nor does it impair the right of COUNTY to assert the unpaid principal amount of the HOME Loan as a demand for money within the meaning of California Code of Civil Procedure Section 431.70 or any successor provision. In addition, this non-recourse provision does not relieve the Borrower of personal liability for damage to or loss suffered by COUNTY as a result of any of the following (i) fraud or willful misrepresentation; (ii) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the HOME Deed of Trust; (iii) the fair market value of any personal property of fixtures removed or disposed of by the Borrower other than in accordance with the HOME Deed of Trust; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to the extent of the misapplied proceeds or awards); and (v) any rental income or other income arising with respect to the Project received by the Borrower after COUNTY has properly

exercised its rights under the HOME Deed of Trust to receive such income upon an Event of Default (as defined under the HOME Deed of Trust).

(SIGNATURE ON NEXT PAGE)

DATE: May 21, 2012

BORROWER:

THE COACHELLA VALLEY HOUSING COALITION,
a California nonprofit public benefit corporation

By: 
Pedro S.G. Rodriguez, Chief Financial Officer

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Coachella Valley Housing Coalition
45-701 Monroe Street, Suite G, Plaza 1
Indio, CA 92201

SPACE ABOVE THIS LINE FOR RECORDER'S USE

ASSIGNMENT, ASSUMPTION AND MODIFICATION AGREEMENT

This ASSIGNMENT, ASSUMPTION AND MODIFICATION AGREEMENT (this "**Assignment**") is executed by and among COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation ("**Assignor**"), and FRED YOUNG PHASE I ASSOCIATES, L.P., a California limited partnership ("**Assignee**") and the COUNTY OF RIVERSIDE, a public political subdivision of the State of California (the "**County**"), as of the ___ day of _____, 2012, with reference to the following facts:

A. Assignor and the County, have entered into that certain Loan Agreement for Use of HOME Funds dated June 7, 2011, Promissory Note and Deed of Trust with Assignment of Rents, dated June 7, 2011, and as amended by that certain First Amendment to Loan Agreement for Use of HOME Funds, Promissory Note and Deed of Trust with Assignment of Rents, dated _____, 2012 (collectively, the "**Loan Agreement**"), pursuant to which County has agreed to make a loan to Assignor in the principal amount of \$1,000,000.00 (the "**Loan**"). All terms not expressly defined herein shall have the meanings ascribed thereto in the Loan Agreement.

B. Assignor intends to convey the real property legally described on **Exhibit A** attached hereto (the "**Property**") to Assignee for Assignee's development thereon of the Project. Assignor previously executed Promissory Note, dated _____, 2012 (the "**Note**") and a Deed of Trust with Assignment of Rents, dated _____, 2012 (the "**Deed of Trust**" and collectively with the Loan Agreement and the Note, the "**Loan Documents**").

C. Assignor intends to assign existing commitments pursuant to the Loan Documents to the Assignee. Fred Young Phase I, LLC, a California limited liability company, an affiliate of Assignor, is the General Partner of Assignee.

D. The County desires to consent to the Assignment of Assignor's rights and obligations under the Loan Documents to Assignee, and Assignor's transfer of the Property to the Assignee.

THEREFORE, Assignor, Assignee and County agree as follows:

1. **Assignment.** Assignor hereby assigns, conveys, transfers and delivers to Assignee all of Assignor's right, title, and interest in and to the Loan Documents, and Assignee hereby accepts such assignment and agrees to assume performance of all terms, covenants and conditions occurring or arising under the Loan Documents on or after the date of this Assignment. County hereby consents to the foregoing assignment.

2. **Assumption of Obligations.** By acceptance of this Assignment, Assignee hereby agrees to assume all of Assignor's right, title, and interest in and to the Loan Documents, and Assignee agrees to timely discharge, perform or cause to be performed and to be bound by all of the liabilities, duties and obligations imposed in connection with the Loan Documents from and after the date of this Assignment to the same extent as if Assignee had been the original party thereto. County hereby consents to the foregoing assumption by Assignee.

3. **Further Assurances.** Each party hereto hereby agrees to execute any additional documents, and take any further actions necessary to effect or evidence the assignment and assumption set forth in Section 1 and Section 2 above.

4. **Counterparts.** This Assignment may be executed in counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument.

5. **Miscellaneous.** This Assignment shall be binding on and inure to the benefit of the parties and their respective successors and assigns. The paragraph headings of this Assignment are for convenient reference only and shall not be used in interpreting this Assignment.

6. **California Law.** This Assignment shall be governed by and interpreted in accordance with the internal laws of the State of California, without regard to conflict of law principles. Venue shall be in Riverside County.

7. **Invalidity.** Any provision of this Assignment which is determined by a court to be invalid or unenforceable shall be deemed severed herefrom, and the remaining provisions shall remain in full force and effect as if the invalid or unenforceable provision had not been a part hereof.

8. **Third-Party Rights.** Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties and their respective successors and assigns, any rights or remedies.

9. **Release of Assignor.** The Assignee and the County release Assignor from all obligations imposed under any of the Loan Documents.

[SIGNATURES INCLUDED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, County, Assignor and Assignee have executed this Assignment as of the date and year first above written.

“ASSIGNOR”

COACHELLA VALLEY HOUSING
COALITION, a California nonprofit public
benefit corporation


By: 
Pedro S.G. Rodriguez
Its: Chief Financial Officer

“ASSIGNEE”

FRED YOUNG PHASE I ASSOCIATES,
L.P.,
a California limited partnership

By: Fred Young Phase I, LLC,
a California limited liability company,
its general partner

By: Coachella Valley Housing Coalition,
a California nonprofit public benefit
corporation, its member/manager

By: 
Pedro S.G. Rodriguez
Its: Chief Financial Officer

[SIGNATURES ON THIS PAGE MUST BE NOTARIZED]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

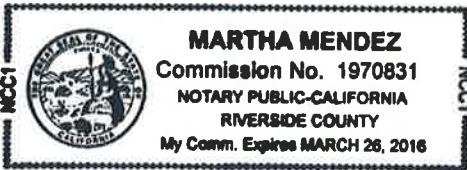
On May 21, 2012, before me, Martha Mendez, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Pedro S.G. Rodriguez -
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 *Martha Mendez*
Signature of Notary Public

COUNTY OF RIVERSIDE

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

APPROVED AS TO FORM:
PAMELA J. WALLS, County Counsel

By:  _____
Annie Sahhar, Deputy

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

[SIGNATURES ON THIS PAGE MUST BE NOTARIZED]

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

Exhibit A

PARCEL 1:

THAT PORTION OF THE SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT THEREOF, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION, SOUTH 89° 48' 00" WEST, 806.53 FEET ON SAID SOUTH LINE FROM THE SOUTHEAST CORNER OF SAID SECTION;

THENCE SOUTH 89° 48' 00" WEST, 660.00 FEET CONTINUING ON SAID SOUTH LINE;

THENCE NORTH 00° 10' 00" WEST, 1,325.28 FEET TO THE SOUTH LINE OF THE LAND DESCRIBED IN THE DEED TO WILFRED BENOIT, A MARRIED MAN RECORDED AUGUST 3, 1965 AS INSTRUMENT NO. 89388, OFFICIAL RECORDS;

THENCE NORTH 89° 58' 28" EAST 490.00 FEET ON LAST SAID SOUTH LINE TO AN ANGLE POINT THEREIN;

THENCE NORTH 0° 10' 23" EAST 28.58 FEET CONTINUING ON SAID SOUTH LINE TO AN ANGLE POINT THEREIN;

THENCE SOUTH 89° 49' 37" EAST 170.00 FEET TO THE NORTHERLY PROLONGATION OF THE WEST LINE OF THE LAND DESCRIBED IN THAT CERTAIN OPTION AGREEMENT BETWEEN JAMES J. O'BRIEN JR., ET UX AND THE INDIO SCHOOL DISTRICT, RECORDED MARCH 8, 1967 AS INSTRUMENT NO. 17490, OFFICIAL RECORDS, SAID PROLONGATION BEING THE WEST LINE OF VAN BUREN SCHOOL SITE;

THENCE SOUTH 00° 10' 00" EAST ON SAID PROLONGATION WEST LINE AND THE SOUTHERLY PROLONGATION THEREOF TO THE POINT OF BEGINNING.

SAID PROPERTY IS ALSO KNOWN AS PARCEL 1 OF PARCEL MAP, AS SHOWN BY MAP ON FILE IN BOOK 11, PAGE 100 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF LOTS 9, 10 AND 16 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE EAST QUARTER CORNER OF SAID SECTION 25;

THENCE SOUTH 89° 50' 53" WEST, 1423.80 FEET ON THE EAST-WEST CENTER LINE OF SAID SECTION, BEING THE NORTH LINE OF SAID LOTS 9 AND 10;

THENCE SOUTH 00° 09' WEST, 810.4 FEET;

THENCE SOUTH 89° 51' 37" EAST, 623.80 FEET;

THENCE SOUTH 00° 17' 30" WEST, 804.75 FEET;

THENCE NORTH 89° 57' 30" EAST, 806.53 FEET TO A POINT ON THE EAST LINE OF SAID SECTION LOCATED NORTH 00° 00' 30" WEST, 1,068.20 FEET FROM THE SOUTHEAST CORNER OF SAID SECTION;

THENCE NORTH 00° 00' 30" WEST, 1612.20 FEET ON THE EAST LINE OF SAID SECTION TO THE POINT OF BEGINNING.

EXCEPT THE NORTHERLY RECTANGULAR 30 FEET, CONVEYED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED JANUARY 17, 1956 AS INSTRUMENT NO. 3622 IN BOOK 1848, PAGE 288, OFFICIAL RECORDS.

EXCEPTING THEREFROM ALL OIL, GAS, ASPHALTUM AND THE HYDROCARBONS AND ALL OTHER MINERALS WHETHER SIMILAR TO THOSE HEREIN SPECIFIED OR NOT, WITHIN OR UNDERLYING OR THAT MAY BE PRODUCED FROM THE ABOVE DESCRIBED LAND, INCLUDING SUCH RIGHTS OF ACCESS TO AND THE USE OF SUCH PART OF THE SURFACE OF THE ABOVE DESCRIBED LAND AS MAY BE NECESSARY FOR MINING AND SAVING SAID MINERALS, AS RESERVED BY THE UNITED STATES OF AMERICA.

END OF LEGAL DESCRIPTION