

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

707



SUBMITTAL DATE:
March 7, 2013

FROM: Economic Development Agency

SUBJECT: Loan Agreement for the Use of HOME Funds for Orange Blossom Apartments in the Community of Valle Vista

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of HOME Funds for Orange Blossom Apartments in the Community of Valle Vista;
2. Approve the attached Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement;
3. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement; and

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,320,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD OF COMMISSIONERS AGENDA: No

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

C.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer Sargent

County Executive Office Signature

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Samuel Wong 3/6/13
DATE: 3/6/13

FORM APPROVED COUNTY COUNSEL
BY: Annie T. Sahhar 3/5/13
DATE: 3/5/13

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

Prev. Agn. Ref.: 3-28 of 2/05/13

District: 3/3

Agenda Number:

3-8

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents subject to County Counsel's approval.

BACKGROUND:

Riverside Housing Development Corporation (RHDC), a California nonprofit public benefit corporation and certified Community Housing Development Organization, is proposing to use \$1,320,000 in HOME Investment Partnership Act (HOME) funds for acquisition and rehabilitation of three four-plex properties located at 41932, 41968 and 41980 Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside. The project includes Assessor's Parcel Numbers: 438-110-047, 438-110-048 and 438-110-051. Each property is approximately 0.25 acres. The proposed project will consist of a total of 12 two-bedroom units for rent to qualified low-income family households. A total of 11 units will be designated as HOME-assisted units limited to households whose incomes do not exceed 80% of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME-assisted units will be restricted for a period of at least 55 years from the issuance of certificate of occupancy.

The proposed activities meet the conditions for exemption under Title 24 Code of Federal Regulations (CFR) Part 58.35(a)(12) and in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). Therefore, an Environmental Impact Statement under NEPA was not required. The project activity was included in the 2012/2013 One-Year Action Plan on February 5, 2013.

The total estimated development cost for the project is \$1,835,000 which includes a \$515,000 conventional loan secured by RHDC. The County's HOME Loan will be in the first position.

County Counsel has reviewed and approved the attached Loan Agreement for the use of HOME Funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement as to form. Staff recommends that the Board approve Loan Agreement for the use of HOME Funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement.

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 2012/2013 budget.

Attachments:

- Loan Agreement for the use of HOME Funds
- Deed of Trust with Assignment of Rents and 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 County of Riverside
9 Economic Development Agency
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn. Mervyn Manalo

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF
15 HOME FUNDS

16 This Loan Agreement for the use of HOME funds (“Agreement” or “HOME
17 Loan Agreement”) is made and entered into as of the ____ day of _____, 2013
18 by and between the County of Riverside (“COUNTY”), a political subdivision of the State of
19 California, and Riverside Housing Development Corporation (“BORROWER” or “RHDC”), a
20 California nonprofit public benefit corporation and certified Community Housing Development
21 Organization.

22 WITNESSETH:

23 WHEREAS, the Home Investment Partnerships (“HOME”) Program, which was
24 enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”),
25 as amended (commencing at 42 U.S.C. 12701 et seq.), and implemented under 24 CFR Part 92,
26 has as its purposes to expand the supply of decent, safe, sanitary, and affordable housing with
27 primary attention to rental housing, for very low-income and low-income families; to
28 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; and

WHEREAS, COUNTY has qualified as an “Urban County” for purposes of
receiving HOME funds which are to be used to assist and undertake essential housing

1 assistance activities pursuant to the Act; and

2 WHEREAS, BORROWER is eligible under the Act to apply and receive HOME
3 funds as a Community Housing Development Organization (“CHDO”) and to perform those
4 activities described herein; and

5 WHEREAS, BORROWER has proposed to acquire and rehabilitate properties
6 for rent to very low-income and low-income households in the community of Valle Vista in the
7 unincorporated area of the County of Riverside (the “Project”) and set aside certain units as
8 HOME-assisted units as further described in **Exhibit “A”**, which is attached hereto and by this
9 reference incorporated herein; and

10 WHEREAS, the HOME-assisted activities described herein comply with the
11 objectives as required under 24 CFR Part 92; and

12 WHEREAS, the HOME-assisted activities described herein are consistent with
13 COUNTY’s “Consolidated Plan.”

14 NOW, THEREFORE, COUNTY and BORROWER mutually agree as follows:

15 1. PURPOSE. COUNTY has agreed to lend up to One Million Three Hundred
16 Twenty Thousand Dollars (\$1,320,000.00) of HOME funds to BORROWER upon the terms
17 and conditions set forth herein (the “HOME Loan”). Subject to **Section 52** hereof, Project
18 Financing Contingency, BORROWER promises and agrees to undertake and assist with the
19 HOME activities by utilizing such HOME funds, as described in **Exhibit “A”**.

20 2. BORROWER’S OBLIGATIONS. BORROWER hereby agrees to use its
21 best efforts to undertake and complete the following activities, subject to its receipt of the
22 HOME funds and the terms of **Section 52** hereof:

23 a. Develop the Project in accordance with the timeline set forth in
24 **Exhibit “A”**.

25 b. In accordance with the Implementation Schedule set forth in
26 **Exhibit “A”**, submit to COUNTY for approval evidence that
27 BORROWER has obtained sufficient equity capital or has
28 obtained firm and binding commitments for construction and

1 permanent financing necessary to undertake the development and
2 completion of the Project.

- 3 c. Operate the Project in such a manner so that it will remain
4 affordable to qualified very low-income and low-income tenants
5 for the affordability period as defined in **Section 15** herein
6 without regard to (i) the term of the promissory note (the "HOME
7 Note"), or (ii) transfer of ownership.
- 8 d. Shall maintain the Project in compliance with applicable local,
9 state, federal laws, codes and regulations for the duration of the
10 Agreement.
- 11 e. Shall provide the COUNTY the Data Universal Number as
12 assigned by the Data Universal Number System ("DUNS")
13 assigned to BORROWER as required by the Federal Funding
14 Accountability and Transparency Act of 2006.

15 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
16 complete the following activities, subject to its receipt of HOME funds from U.S. Department
17 of Housing and Urban Development ("HUD"):

- 18 a. Provide the HOME Loan in the amount identified in **Section 1** to
19 BORROWER for financing of HOME-eligible construction costs
20 of the Project.
- 21 b. Comply with all of its obligations as participating recipient under
22 the applicable regulations set forth in 24 CFR Part 92.

23 4. HOME Loan. BORROWER shall borrow the HOME funds from
24 COUNTY for financing of the Project under the following terms and conditions:

- 25 a. Term. The maturity of the HOME Loan shall be the first to occur
26 of (i) July 1, 2069 or (ii) fifty-five (55) years from and after the
27 recordation of the Notice of Completion for the last property for
28 which rehabilitation is completed within the Project.

- 1 b. Principal. The principal of the HOME Loan shall be the amount
2 identified in **Section 1** secured by a deed of trust (the “HOME
3 Deed of Trust”) as shown in **Exhibit “B”** and evidenced by the
4 HOME Note, as specifically identified in **Exhibit “C”**, both of
5 which are attached hereto and by this reference incorporated
6 herein, executed by BORROWER in favor of COUNTY in a form
7 satisfactory to COUNTY.
- 8 c. Interest. The interest rate shall be one percent (1%) per annum.
- 9 d. Repayment. The HOME Note shall provide the following:
- 10 1. That the HOME Loan will accrue simple interest at a rate of
11 one percent (1%) per annum, except in the case of default as
12 hereinafter provided, and shall be repaid on an annual basis
13 from the Project’s Residual Receipts as defined herein;
- 14 2. The HOME Note shall be repaid according to the following:
- 15 i) Fifty percent (50%) of the Project’s Residual
16 Receipts shall be used towards the payment of the
17 loans secured by the Project, and the payment shall
18 be prorated based on the percentage of each
19 relative loan amount based upon the total amount
20 of all such loans, until the HOME Note is repaid in
21 full; and
- 22 ii) Fifty percent (50%) of the Project’s Residual
23 Receipts will be paid to BORROWER.
- 24 3. The Project’s Residual Receipts shall be determined based on
25 an annual review of certified financial statements for the
26 Project. Annual audited financial statements shall be
27 submitted by BORROWER within one hundred twenty (120)
28 days following the close of the project fiscal year. All

1 outstanding principal along with accrued interest shall be due
2 upon fifty-five (55) years from and after the recordation of the
3 Notice of Completion for the last property for which
4 rehabilitation is completed within the Project. The first
5 payment shall be due on July 1st in the first full calendar year
6 following the date of the recordation of the Notice of
7 Completion for the last property for which rehabilitation is
8 completed within the Project, to the extent of available
9 Residual Receipts, as set forth herein. Subsequent payments
10 shall be made on July 1st thereafter to the extent of available
11 Residual Receipts until sooner of full repayment of the
12 HOME Loan or the HOME Loan maturity date as set forth
13 above; and

- 14 4. The Project's Residual Receipts are defined as gross receipts,
15 not including interest on required reserve accounts, less the
16 following, but not including the Monitoring Fee as defined in

17 **Section 30:**

- 18 i) auditing and accounting fees;
19 ii) a property management fee not to exceed \$58 per
20 unit per month, increased annually by an amount
21 equal to the increase in the Consumer Price Index
22 ("CPI");
23 iii) operating expenses (any expense reasonably and
24 normally incurred in carrying out the Project's
25 day-to-day activities, which shall include
26 administration, on-site management, utilities, on-
27 site staff payroll, payroll taxes, and maintenance);
28 and

1 iv) replacement reserves, established in a separate
2 account from operating reserves, limited to \$400
3 per HOME-Assisted Unit, as defined in **Exhibit**
4 **“A”**, annually; and

5 v) payments of principal and interest on amortized
6 loans and indebtedness senior to the HOME Loan,
7 which have been approved by COUNTY
8 (collectively, the "Senior Debt").

9 e. Security. The HOME Deed of Trust and the terms of this
10 Agreement shall be subordinated to a deed of trust from the
11 Clearinghouse Community Development Financial Institution
12 (“Clearinghouse CDFI” or the “Senior Loan”). The HOME Deed
13 of Trust shall be in the second position. In addition, COUNTY
14 agrees to execute any and all documents necessary to effectuate
15 subordination of this Agreement and the HOME Deed of Trust to
16 the deeds of trust securing the Senior Loan.

17 f. Prepayment. Prepayment of principal and/or interest may occur at
18 any time without penalty. The requirements of **Section 18**,
19 Compliance with Laws and Regulations, however, shall remain in
20 full force and effect for a term specified in **Section 6** hereof.

21 5. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY’S
22 approval, through its Economic Development Agency (“EDA”), of all items requiring such
23 approvals as described in this Agreement.

24 6. TERM OF AGREEMENT. This Agreement shall become effective upon
25 execution and unless terminated earlier pursuant to the terms hereof, shall continue in full force
26 and effect for a period of fifty-five (55) years from and after the recordation of the Notice of
27 Completion for the last property for which rehabilitation is completed within the Project.

28 7. BORROWER’S REPRESENTATIONS. BORROWER represents and

1 warrants to COUNTY as follows:

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

1 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent with
2 the completion schedule set forth in **Exhibit "A"**, as the same may be amended by the parties
3 from time to time, and subject to Force Majeure Delays, as defined in **Section 9**.

4 9. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond
5 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
6 which prevent(s) BORROWER from complying with any of its obligations under this
7 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
8 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other similar acts.

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

25 10. EXTENSION OF TIME. COUNTY may grant an extension to the
26 completion schedule for the purpose of completing BORROWER's activities which cannot be
27 completed as outlined in **Exhibit "A"**. BORROWER shall request said extension in writing,
28 stating the reasons therefore, and may be granted only by receiving written approval from

1 COUNTY. Every term, condition, covenant, and requirement of this Agreement shall continue
2 in full force and effect during the period of any such extension.

3 11. Not Used.

4 12. REALLOCATION OF FUNDS. If BORROWER fails to meet the
5 deadlines set forth in the Implementation Schedule, subject to the notice and cure periods set
6 forth in **Section 33** herein, the funds allocated, reserved, or placed in a HOME Investment
7 Trust Fund may be reallocated by COUNTY after at least thirty (30) days' prior written notice
8 is given to BORROWER; provided that COUNTY agrees not to reallocate the funds while an
9 application for funding from another source is pending. Upon such reallocation, this
10 Agreement shall be terminated and be of no further force and effect and BORROWER shall be
11 released and discharged from any obligations under this Agreement.

12 13. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY, through its
13 EDA, shall: (1) make payments of the HOME funds to BORROWER as designated in **Exhibit**
14 **"A"**, and (2) monitor the Project to ensure compliance with applicable federal regulations and
15 the terms of this Agreement.

16 There will be no disbursement of funds for acquisition into escrow for each
17 property, as identified in Exhibit "A", until the following events first occur:

- 18 a. BORROWER executes this Agreement.
- 19 b. BORROWER executes the HOME Deed of Trust as shown in **Exhibit**
20 **"B"**.
- 21 c. BORROWER executes the HOME Note as shown in **Exhibit "C"**.
- 22 d. BORROWER executes the Covenant Agreement as shown in **Exhibit**
23 **"J"**, which is attached hereto and by this reference incorporated herein.

24 There will be no disbursement of funds for rehabilitation costs until the
25 following events first occur:

- 26 e. BORROWER records this Agreement for each property, as identified in
27 **Exhibit "A"**, in the Official Records of the County of Riverside.
- 28 f. BORROWER records the HOME Deed of Trust for each property, as

1 identified in **Exhibit "A"**, in the Official Records of the County of
2 Riverside.

3 g. BORROWER records the Covenant Agreement for each property, as
4 identified in **Exhibit "A"**, in the Official Records of the County of
5 Riverside.

6 h. BORROWER provides, at its expense, an ALTA lender's policy insuring
7 the HOME Deed of Trust upon the close of escrow.

8 i. BORROWER provides copies of receipts, paid invoices and conditional
9 lien releases (upon receipt of payment) for construction costs.

10 j. BORROWER provides satisfactory evidence that it has secured any and
11 all land use entitlements, permits, approvals which may be required for
12 construction of the Project pursuant to the applicable rules and
13 regulations of, COUNTY or any other governmental agency affected by
14 such construction work. BORROWER shall, without limitation, secure
15 all entitlement, change of zone, lot line adjustment, any and all necessary
16 studies required including but not limited to archaeological, cultural,
17 environmental, traffic studies and lead-based paint surveys, as applicable,
18 and pay all costs, charges and fees associated therewith, all conditions
19 precedent to the issuance of all permits necessary for the rehabilitation
20 and all such permits are available for issuance, other than payment of
21 fees.

22 k. BORROWER provides duly executed documents and instruments
23 showing the ownership of the Project Site as identified in **Exhibit "A"**.

24 l. If Davis Bacon and/or Prevailing Wages are required to be paid,
25 BORROWER hires a qualified professional firm to review and monitor
26 Davis Bacon prevailing wage compliance for all submissions of
27 contractors certified payrolls to COUNTY. In the event that the Project
28 requires prevailing wages, BORROWER shall comply with any

1 applicable labor regulations and all other State Laws in connection with
2 the construction of the improvements which compromise the Project,
3 including if applicable, requirements relating to prevailing wages.
4 BORROWER agrees and acknowledges that it is the responsibility of
5 BORROWER to obtain legal a determination, at BORROWER's sole
6 cost and expenses as to whether prevailing wages must be paid during the
7 construction of the Project. If the Project is subject to prevailing wage,
8 then BORROWER shall be solely responsible to pay its contractors and
9 subcontractors the required prevailing wage rates. BORROWER agrees
10 to indemnify, defend, and hold COUNTY harmless form and against any
11 and all liability arising out of and related to BORROWER's failure to
12 comply with any and all applicable prevailing wage requirements.

13 m. BORROWER provides satisfactory evidence that it has satisfied all
14 conditions precedent to the issuance of all permits necessary for the
15 construction of the development and all such permits are available for
16 issuance, other than payment of fees.

17 n. Irrespective of events (a) through (e), BORROWER is allowed to draw
18 down up to a not-to-exceed amount of Five Thousand (\$5,000) Dollars
19 for eligible soft costs incurred for the Project. Should the Project be
20 cancelled, all funds drawn down are to be paid back by BORROWER
21 within thirty (30) calendar days after receiving a request for payment
22 from the COUNTY.

23 o. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
24 BORROWER, and its principals, or any/all persons, contractors,
25 consultants, businesses, etc. ("Developer Associates"), that BORROWER
26 is conducting business with, are not presently debarred, proposed for
27 debarment, suspended, declared ineligible, or voluntarily excluded from
28 participation or from receiving federal contracts or federally approved

1 subcontracts or from certain types of federal financial and nonfinancial
2 assistance and benefits with the Excluded Parties Listing System
3 (“EPLS”). EPLS records are located at www.sam.gov. BORROWER
4 shall search and provide a single comprehensive list of Developer
5 Associates (individuals and firms) and print and maintain evidence of the
6 search results of each Developer Associate as verification of compliance
7 with this requires as provided in **Exhibit “H”**, which is attached hereto
8 and by this reference incorporated herein.

9 COUNTY shall retain ten percent (10%) of the total HOME Loan amount and
10 release the final draw of HOME funds upon receipt of the following “Closing Documents” from

11 **BORROWER:**

- 12 i. Conditional lien release from general contractor;
- 13 ii. recorded Notice of Completion;
- 14 iii. Certificate of Occupancy, if issued;
- 15 iv. architect certification identifying units that are accessible to individuals
16 with mobility impairments and units that are accessible to individuals
17 with sensory impairments in compliance with Section 504 of the
18 Rehabilitation Act of 1973, as described in **Section 18(i)**;
- 19 v. final Contract and Subcontract Activity report, Minority Business
20 Enterprise/Women Business Enterprise (“MBE/WBE”) report, HUD
21 form 2516;
- 22 vi. submission of documentation that shows compliance with the Uniform
23 Relocation Assistance and Real Property Acquisition Policies Act of
24 1970 and 24 CFR Part 42.
- 25 vii. submission of a Project completion report including Tenant Checklist as
26 shown in **Exhibit “G”** which is attached hereto and by this reference
27 incorporated herein;
- 28 viii. Affirmative Fair Housing Marketing Plan – Multifamily Housing, HUD

1 form 935.2A, as described in **Section 18(c)**;

- 2 ix. Tenant Selection Policy;
- 3 x. Management Plan;
- 4 xi. final development costs; and
- 5 xii. final sources and uses of funds for the Project.

6 14. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
7 established in the United States Treasury is managed through HUD's Integrated Disbursement
8 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS
9 System is a computerized system which manages, disburses, collects, and reports information
10 on the use of HOME funds in the United States Treasury Account.

11 Disbursement of HOME funds for acquisition and rehabilitation is expressly
12 conditioned upon the satisfaction of conditions set forth in **Section 13**. COUNTY shall pay
13 BORROWER the sum specified in **Section 1** above for all eligible approved costs under the
14 following schedule:

- 15 a. Up to an amount not-to-exceed of Five Thousand Dollars (\$5,000.00)
16 may be reimbursed to the BORROWER for eligible soft costs in
17 preparation of acquisition of the properties for the Project as identified in
18 **Exhibit "A"**.
- 19 b. The balance up to Eight Hundred Thousand Dollars (\$800,000.00) of the
20 HOME Loan for acquisition of the properties for the Project as identified
21 in **Exhibit "A"**.
- 22 c. The balance up to sixty percent (60%) of the HOME Loan upon fifty
23 percent (50%) completion of the Project, as certified and documented by
24 the project architect.
- 25 d. The balance up to ninety percent (90%) of the HOME Loan upon ninety
26 percent (90%) completion of the Project, as certified and documented by
27 the project architect.
- 28 e. COUNTY shall release the final draw of ten percent (10%) of the HOME

1 Loan following receipt of "Closing Documents" listed in **Section 13.**

2 15. TERMS OF AFFORDABILITY. The period of affordability shall be
3 fifty-five (55) years from and after the recordation of the Notice of Completion for the last
4 property for which rehabilitation is completed within the Project.

5 16. INSURANCE. Without limiting or diminishing BORROWER'S obligation
6 to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain or cause to
7 be maintained, at its sole cost and expense, the following insurance coverage's during the term
8 of this Agreement.

9 a. Worker's Compensation Insurance.

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

19 b. Commercial General Liability Insurance.

20 Commercial General Liability insurance coverage, including but
21 not limited to, premises liability, contractual liability, products
22 and completed operations liability, personal and advertising
23 injury, and cross liability coverage, covering claims which may
24 arise from or out of BORROWER'S performance of its
25 obligations hereunder. Policy shall name the County of Riverside,
26 its Agencies, Districts, Special Districts, and Departments, their
27 respective directors, officers, Board of Supervisors, employees,
28 elected or appointed officials, agents or representatives as

1 Additional Insured. Policy's limit of liability shall not be less
2 than \$1,000,000 per occurrence combined single limit. If such
3 insurance contains a general aggregate limit, it shall apply
4 separately to this agreement or be no less than two (2) times the
5 occurrence limit.

6 c. Vehicle Liability Insurance.

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

19 d. General Insurance Provisions – All Lines.

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

27 2) BORROWER's insurance carrier(s) must declare its
28 insurance self-insured retentions. If such self-insured retentions

1 exceed \$500,000 per occurrence such retentions shall have the
2 prior written consent of COUNTY Risk Manager before the
3 commencement of operations under this Agreement. Upon
4 notification of self-insured retention unacceptable to COUNTY,
5 and at the election of COUNTY's Risk Manager, BORROWER's
6 carriers shall either: (a) reduce or eliminate such self-insured
7 retention as respects this Agreement with COUNTY, or (b)
8 procure a bond which guarantees payment of losses and related
9 investigations, claims administration, and defense costs and
10 expenses.

11 3) BORROWER shall cause BORROWER's insurance
12 carrier(s) to furnish the County of Riverside with copies of the
13 Certificate(s) of Insurance and Endorsements effecting coverage
14 as required herein, and 2) if requested to do so orally or in writing
15 by COUNTY Risk Manager, provide copies of policies including
16 all Endorsements and all attachments thereto, showing such
17 insurance is in full force and effect. Further, said Certificate(s)
18 and policies of insurance shall contain the covenant of the
19 insurance carrier(s) that thirty (30) days written notice shall be
20 given to the County of Riverside prior to any material
21 modification, cancellation, expiration or reduction in coverage of
22 such insurance. In the event of a material modification,
23 cancellation, expiration, or reduction in coverage, this Agreement
24 shall terminate forthwith, unless the County of Riverside receives,
25 prior to such effective date, another Certificate of Insurance and
26 copies of endorsements, including all endorsements and
27 attachments thereto evidencing coverage's set forth herein and the
28 insurance required herein is in full force and effect.

1 BORROWER shall not commence operations until COUNTY has
2 been furnished Certificate(s) of Insurance and copies of
3 endorsements and if requested, copies of policies of insurance
4 including all endorsements and any and all other attachments as
5 required in this Section. An individual authorized by the
6 insurance carrier to do so, on its behalf, shall sign the original
7 endorsements for each policy and the Certificate of Insurance.

8 4) It is understood and agreed to by the parties hereto that
9 BORROWER's insurance shall be construed as primary
10 insurance, and COUNTY's insurance and/or deductibles and/or
11 self-insured retention's or self-insured programs shall not be
12 construed as contributory.

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

25 6) BORROWER shall pass down the insurance obligations
26 contained herein to all tiers of subcontractors working under this
27 Agreement.

28 7) The insurance requirements contained in this

1 Agreement may be met with a program(s) of self-insurance
2 acceptable to COUNTY.

3 8) BORROWER agrees to notify COUNTY of any claim
4 by a third party or any incident or event that may give rise to a
5 claim arising from the performance of this Agreement.

6 17. FINANCIAL RECORDS. BORROWER shall maintain financial,
7 programmatic, statistical, and other supporting records of its operations and financial activities
8 in accordance with the requirements of the HOME Investment Partnerships Program Final
9 Rule, and the regulations as amended promulgated thereunder, which records shall be open to
10 inspection and audit by authorized representatives of COUNTY, HUD, and the Comptroller
11 General of the United States during regular working hours. COUNTY, HUD, and the
12 Comptroller General, or any of their representatives, have the right of access with at least forty-
13 eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of
14 BORROWER, in order to make audits, examinations, excerpts, and transcripts. Said records
15 shall be retained for such time as may be required by the regulations of the HOME Program,
16 but in no case for less than five (5) years after the Project completion date; except that records
17 of individual tenant income verifications, project rents, and project inspections must be
18 retained for the most recent five (5) year period, until five (5) years after the affordability
19 period terminates. If any litigation, claim, negotiation, audit, or other action has been started
20 before the expiration of the regular period specified, the records must be retained until
21 completion of the action and resolution of all issues which arise from it, or until the end of the
22 regular period, whichever is later.

23 18. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
24 Agreement, BORROWER hereby certifies that it will adhere to and comply with all federal,
25 state and local laws, regulations and ordinances. In particular, BORROWER shall comply with
26 the following as they may be applicable to an BORROWER of funds granted pursuant to the
27 HOME Program:

28 a. The HOME Program and its implementing regulations set forth in

1 the Final Rule, as it now exists and may hereafter be amended.

2 b. Section 92.350 Other Federal requirements and
3 nondiscrimination. As set forth in 24 CFR part 5, sub part A,
4 BORROWER is required to include the following requirements:
5 nondiscrimination and equal opportunity under Section 282 of the
6 Act; disclosure; debarred, suspended, or ineligible contractors;
7 and drug-free workplace.

8 c. Section 92.351 Affirmative marketing and minority outreach
9 program. BORROWER must adopt affirmative marketing
10 procedures and requirements. These must include:

11 (1) Methods for informing the public, owners, and potential
12 tenants about Federal fair housing laws and the affirmative
13 marketing policy (e.g., the use of the Equal Housing
14 Opportunity logotype or slogan in press releases and
15 solicitations for owners, and written communication to fair
16 housing and other groups).

17 (2) Requirements and practices that BORROWER must
18 adhere to in order to carry out the affirmative marketing
19 procedures and requirements (e.g., use of commercial
20 media, use of community contacts, use of the Equal
21 Housing Opportunity logotype or slogan, and display of
22 fair housing poster).

23 (3) Procedures to be used by BORROWER to inform and
24 solicit applications from persons in the housing market
25 area who are not likely to apply without special outreach
26 (e.g., use of community organizations, employment
27 centers, fair housing groups, or housing counseling
28 agencies).

- 1 (4) Records that will be kept describing actions taken by
2 BORROWER to affirmatively market units and records to
3 assess the results of these actions.
- 4 (5) A description of how BORROWER will annually assess
5 the success of affirmative marketing actions and what
6 corrective actions will be taken where affirmative
7 marketing requirements are not met.
- 8 (6) BORROWER must prescribe procedures to establish and
9 oversee a minority outreach program to ensure the
10 inclusion, to the maximum extent possible, of minorities
11 and women, and entities owned by minorities and women,
12 including, without limitation, real estate firms,
13 construction firms, appraisal firms, management firms,
14 financial institutions, investment banking firms,
15 underwriters, accountants, and providers of legal services,
16 in all contracts entered into by BORROWER with such
17 persons or entities, public and private, in order to facilitate
18 the activities of COUNTY to provide affordable housing
19 authorized under this Act or any other Federal housing
20 law. Section 24 CFR 85.36(e) provided affirmative steps
21 to assure that minority business enterprises and women
22 business enterprises are used when possible in the
23 procurement of property and services. The steps include:
- 24 (i) Placing qualified small and minority businesses
25 and women's business enterprises on solicitation
26 lists.
- 27 (ii) Assuring that small and minority businesses, and
28 women's business enterprises are solicited

1 whenever they are potential sources.

2 (iii) Dividing total requirements, when economically
3 feasible, into smaller tasks or quantities to permit
4 maximum participation by small and minority
5 business, and women's business enterprises.

6 (iv) Establishing delivery schedules, where the
7 requirement permits, which encourage
8 participation by small and minority business, and
9 women's business enterprises.

10 (v) Using the services and assistance of the Small
11 Business Administration, and the Minority
12 Business Development Agency of the Department
13 of Commerce.

14 (vi) Requiring the prime contractor, if subcontracts are
15 to be let, to take the affirmative steps listed in (i)
16 through (v) above of this section.

17 d. Section 92.352 Environmental review. The environmental effects
18 of each activity carried out with HOME funds must be assessed in
19 accordance with the provisions of the National Environmental
20 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
21 authorities listed in HUD's implementing regulations at 24 CFR
22 Parts 50 and 58.

23 e. Section 92.353 Displacement, relocation, and acquisition. The
24 relocation requirements of Title II and the acquisition
25 requirements of Title III of the Uniform Relocation Assistance
26 and Real Property Acquisition Policies Act of 1970, and the
27 implementing regulations at 24 CFR Part 42. BORROWER must
28 ensure that it has taken all reasonable steps to minimize the

1 displacement of persons as a result of this project assisted with
2 HOME Funds.

3 f. Section 92.354 Labor. Every contract for the construction of
4 housing that includes twelve (12) or more units assisted with
5 HOME funds must contain a provision requiring the payment of
6 not less than the wages prevailing in the locality, as predetermined
7 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
8 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
9 the development of any part of the housing. Such contracts must
10 also be subject to the overtime provisions, as applicable, of the
11 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
12 332).

13 g. Section 92.355 Lead-based paint. Housing assisted with HOME
14 funds is subject to the lead-based paint requirements of 24 CFR
15 Part 35 issued pursuant to the Lead-Based Paint Poisoning
16 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
17 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
18 (j)(1)(i), also apply, irrespective of the applicable property
19 standard under §92.251.

20 h. Section 92.356 Conflict of Interest. In the procurement of
21 property and services by BORROWER, the conflict of interest
22 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively shall
23 apply. Section 92.356 shall cover all cases not governed by 24
24 CFR 85.36 and 24 CFR 84.42.

25 i. Section 504 of the Rehabilitation Act of 1973; Housing
26 accessibility requirement at 24 CFR Part 8, implementing Section
27 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
28 design and construction of multi-family dwellings as defined at 24

1 CFR 100.201 must comply with the requirements set forth in 24
2 CFR 100.205 implementing the Fair Housing Act. For new
3 construction of multi-family projects, 5 percent (5%) of the units
4 (but not less than one unit) must be accessible to individuals with
5 mobility impairments, and an additional 2 percent (2%) of the
6 units (but not less than one unit) must be accessible to individuals
7 with sensory impairments. Dwelling units designed and
8 constructed in accordance with the Uniform Federal Accessibility
9 Standards (UFAS) will be deemed to comply with the Section 504
10 regulation.

11 j. Model Energy Code published by the Council of American
12 Building Officials.

13 k. Section 3 of the Housing and Urban Development Act of 1968.

14 To the greatest extent feasible, opportunities for training and
15 employment arising from HOME funds will be provided to low-
16 income persons residing in the program service area. To the
17 greatest extent feasible, contracts for work to be performed in
18 connection with HOME funds will be awarded to business
19 concerns that are located in or owned by persons residing in the
20 program service area as outlined in the Riverside County EDA
21 Section 3 Contract Requirements attached hereto as **Exhibit "D"**.
22 Contracts funded from Section 3 covered funding sources must
23 abide by the Section 3 Clause prescribed at 24 CFR 135.38. All
24 contracts subject to the requirements of Section 3 must include the
25 Section 3 Clause verbatim that is contained at 24 CFR 135.38
26 attached hereto as **Exhibit "E"**, which is attached hereto and by
27 this reference incorporated herein.

28 l. Section 92.358 Consultant Activities. No person providing

1 consultant services in an employer-employee type relationship
2 shall receive more than a reasonable rate of compensation for
3 personal services paid with HOME funds.

4 m. BORROWER shall carry out its activity pursuant to this
5 Agreement in compliance with all federal laws and regulations
6 described in Subpart E of Part 92 of the Code of Federal
7 Regulations, except that:

8 (1) BORROWER does not assume COUNTY'S
9 environmental responsibilities described at 24 CFR Part
10 92.352; and

11 (2) BORROWER does not assume COUNTY's responsibility
12 for initiating the review process under the provisions of 24
13 CFR Part 92.352

14 n. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
15 and 85 "Common Rule", OMB Circular Nos. A-87 (for
16 government entities), A-122 (for non-profit organizations), and
17 the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
18 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities),
19 and the following §§84.2, 84.5, 84.13 through 84.16, 84.21,
20 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
21 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and
22 84.73 (for non-profit organizations). Federal awards expended as
23 a recipient or a subrecipient, as defined by HUD, would be
24 subject to single audit. The payments received for goods or
25 services provided as a vendor would not be considered Federal
26 awards.

27 o. BORROWER shall include written agreements that include all
28 provisions of **Section 18** if BORROWER provides HOME funds

1 to for-profit owners or developers, non-profit owners or
2 developers, sub-recipients, homeowners, homebuyers, tenants
3 receiving tenant-based rental assistance, or contractors.

4 p. Immigration requirements of Federal Register, Vol. 62, No. 221,
5 Department of Justice Interim Guidance on Verification of
6 Citizenship, Qualified Alien Status and Eligibility Under Title IV
7 of the Personal Responsibility and Work Opportunity
8 Reconciliation Act of 1996 (“PRWORA”). Final Attorney
9 General’s Order issued pursuant to PRWORA is specified under
10 Federal Register Vol. 66, No. 10, Department of Justice Final
11 Specification of Community Programs Necessary for Protection
12 of Life or Safety Under Welfare Reform Legislation.

13 q. BORROWER shall comply with all applicable local, state and
14 federal laws in addition to the above mentioned laws.

15 19. INCOME TARGETING REQUIREMENTS. BORROWER will set aside
16 eleven (11) units of the Project to be designated as floating “HOME-Assisted Units” as defined
17 under 24 CFR 92.252. A minimum of three (3) HOME-Assisted Units shall be restricted to
18 Low HOME rent limits, as published by HUD, limited to households whose incomes do not
19 exceed fifty percent (50%) of the area median income for the County of Riverside, adjusted by
20 family size at the time of occupancy. Eight (8) HOME-Assisted Units shall be restricted to
21 High HOME rent limits, as published by HUD, limited to households whose incomes do not
22 exceed eighty percent (80%) of the area median income for the County of Riverside, adjusted
23 by family size at the time of occupancy. The HOME units shall be restricted for a period of at
24 least fifty five (55) years from and after the recordation of the Notice of Completion for the last
25 property for which rehabilitation is completed within the Project.

26 20. RENT LIMITATIONS. BORROWER shall comply with the rent
27 limitations set forth under 24 CFR 92.252. COUNTY shall review and approve proposed rents
28 to the extent required under this section. BORROWER shall ensure that the HOME-Assisted

1 prior written consent.

2 b. Prohibited Lease Terms. The rental agreement/lease may not
3 contain any of the following provisions:

4 (1) Agreement to be sued. Agreement by the tenant to be
5 sued, to admit guilt or to a judgment in favor of
6 BORROWER in a lawsuit brought in connection with the
7 lease.

8 (2) Treatment of property. Agreements by tenant that
9 BORROWER may take, hold, or sell personal property of
10 household members without notice to the tenant and a
11 court decision on the rights of the parties. This prohibition,
12 however, does not apply to an agreement by the tenant
13 concerning disposition of personal property remaining in
14 the housing unit after the tenant has moved out of the unit.
15 BORROWER may dispose of this personal property in
16 accordance with State law.

17 (3) Excusing BORROWER from responsibility. Agreement
18 by the tenant not to hold BORROWER or BORROWER's
19 agents legally responsible for any action or failure to act,
20 whether intentional or negligent.

21 (4) Waiver of notice. Agreement of the tenant that
22 BORROWER may institute a lawsuit without notice to the
23 tenant.

24 (5) Waiver of legal proceeding. Agreement by the tenant that
25 the BORROWER may evict the tenant or household
26 members without instituting a civil court proceeding in
27 which the tenant has the opportunity to present a defense,
28 or before a court decision on the rights of the parties.

- 1 (6) Waiver of a jury trial. Agreement by the tenant to waive
2 any right to a trial by jury.
- 3 (7) Waiver of right to appeal court decision. Agreement by the
4 tenant to waive the tenant's right to appeal, or to otherwise
5 challenge in court, a court decision in connection with the
6 lease.
- 7 (8) Tenant chargeable with cost of legal actions regardless of
8 outcome. Agreement by the tenant to pay attorneys' fees
9 or other legal costs even if the tenant wins in a court
10 proceeding by BORROWER against the tenant. The
11 tenant, however, may be obligated to pay costs if the
12 tenant loses.

13 22. FEDERAL REQUIREMENTS. BORROWER shall comply with the
14 provisions of the Act and any amendments thereto and all applicable federal regulations and
15 guidelines now or hereafter enacted pursuant to the Act.

16 23. REPAYMENT INCOME. COUNTY must record the receipt and
17 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
18 92.503.

19 24. SALE OR TRANSFER OF THE PROJECT.

20 a) BORROWER hereby covenants and agrees not to sell, transfer or
21 otherwise dispose of the Project or any portion thereof, without obtaining the prior written
22 consent of COUNTY, which consent shall be conditioned solely upon receipt by COUNTY of
23 reasonable evidence satisfactory to COUNTY that transferee has assumed in writing and in
24 full, and is reasonably capable of performing and complying with BORROWER's duties and
25 obligations under this Agreement and where upon BORROWER shall be released of all
26 obligations hereunder which accrue from and after the date of such sale.

27 b) Upon prior written approval by COUNTY, BORROWER may transfer
28 the Project and/or accomplish any of the following: (i) the admission of limited partners to

1 BORROWER's limited partnership, or similar mechanism, and the purchase of any such
2 limited partnership interest or interests by BORROWER's general partner; (ii) the replacement
3 of BORROWER's general partner or similar mechanism, by an affiliate of the general partner;
4 (iii) the removal for cause of any general partner by a limited partner of BORROWER's
5 partnership, and the replacement thereof; (iv) the lease for occupancy of all or any of the Units;
6 (v) the granting of easements or permits to facilitate the development of the Property in
7 accordance with this Agreement; and (vi) the withdrawal, removal and/or replacement of any
8 limited partner of BORROWER.

9 COUNTY's approval of the transfers in **Section 24(b)** shall not be unreasonably
10 withheld and COUNTY's Assistant County Executive Officer/Economic Development Agency
11 or designee(s) are authorized to execute such written instrument necessary or appropriate to
12 evidence approval of the transfers in **Section 24(b)**. Notwithstanding anything to the contrary
13 herein, any transfer described in **Section 24(b)(vi)** above shall not require COUNTY's prior
14 approval, and any transfer described in **Section 24(b)(i)** above shall not require COUNTY's
15 prior approval as long as the lease complies with **Section 21** of this Agreement.

16 25. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
17 and employees shall act at all times in an independent capacity during the term of this
18 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be
19 agents, officers, or employees of COUNTY.

20 26. NONDISCRIMINATION. BORROWER shall abide by 24 CFR 570.602
21 which requires that no person in the United States shall on the grounds of race, color, national
22 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
23 subjected to discrimination under any program or activity receiving Federal financial assistance
24 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
25 against discrimination on the basis of age under the Age Discrimination Act and the
26 prohibitions against discrimination on the basis of disability under Section 504 shall apply to
27 programs or activities receiving Federal financial assistance under Title I programs. The
28 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR

1 Part 6.

2 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 3 a. BORROWER and its assigns, employees, agents, consultants,
4 officers and elected and appointed officials shall become familiar
5 with and shall comply with the conflict of interest provisions in
6 OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR
7 92.356 and Policy Manual #A-11, attached hereto as **Exhibit "F"**
8 and by this reference incorporated herein.
- 9 b. BORROWER understands and agrees that no waiver or exception
10 can be granted to the prohibition against conflict of interest except
11 upon written approval of HUD pursuant to 24 CFR 92.356(d).
12 Any request by BORROWER for an exception shall first be
13 reviewed by COUNTY to determine whether such request is
14 appropriate for submission to HUD. In determining whether such
15 request is appropriate for submission to HUD, COUNTY will
16 consider the factors listed in 24 CFR 92.356(e).
- 17 c. Prior to any funding under this Agreement, BORROWER shall
18 provide COUNTY with a list of all employees, agents,
19 consultants, officers and elected and appointed officials who are
20 in a position to participate in a decision-making process, exercise
21 any functions or responsibilities, or gain inside information with
22 respect to the HOME activities funded under this Agreement.
23 BORROWER shall also promptly disclose to COUNTY any
24 potential conflict, including even the appearance of conflict that
25 may arise with respect to the HOME activities funded under this
26 Agreement.
- 27 d. Any violation of this section shall be deemed a material breach of
28 this Agreement, and the HOME Loan Agreement shall be

1 immediately terminated by COUNTY.

2 28. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
3 HOME funds may not be provided to primarily religious organizations, such as churches, for
4 any activity including secular activities. In addition, HOME funds may not be used to
5 rehabilitate or construct housing owned by primarily religious organizations or to assist
6 primarily religious organizations in acquiring housing. However, HOME funds may be used
7 by a secular entity to acquire housing from a primarily religious organization, and a primarily
8 religious entity may transfer title to property to a wholly secular entity and the entity may
9 participate in the HOME program in accordance with the requirements set forth at 24 CFR
10 92.257. The entity may be an existing or newly established entity, which may be an entity
11 established by the religious organization. The completed housing project must be used
12 exclusively by the BORROWER/participant entity for secular purposes, available to all
13 persons regardless of religion. In particular, there must be no religious or membership criteria
14 for tenants of the property.

15 29. PROJECT MONITORING AND EVALUATION. BORROWER shall
16 submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit "G"** which is attached
17 hereto and by this reference is incorporated herein and may be revised by COUNTY,
18 summarizing the racial/ethnic composition, number and percentage of very low-income and
19 low-income households who are tenants of the HOME-Assisted Units. The Tenant Checklist
20 Form shall be submitted upon completion of the construction and thereafter, on a semi-annual
21 basis on or before March 31 and September 30. BORROWER shall maintain financial,
22 programmatic, statistical and other supporting records of its operations and financial activities
23 in accordance with the requirements of the HOME Program under 24 CFR 92.508, including
24 the submission of Tenant Checklist Form. Except as otherwise provided for in this Agreement,
25 BORROWER shall maintain and submit records to COUNTY within ten business days of
26 COUNTY's request which clearly documents BORROWER's performance under each
27 requirement of the HOME Program. A list of document submissions and timeline are shown in
28 **Exhibit "A"** and such list may be amended from time to time subject to HUD and COUNTY

1 reporting requirements.

2 30. MONITORING FEE. BORROWER shall be responsible for paying an
3 annual Compliance Monitoring fee to the COUNTY in the amount of \$1,200. The first
4 payment is due twenty-four (24) months from the recordation of the Notice of Completion for
5 the last property for which rehabilitation is completed within the Project and annually
6 thereafter. This amount is to be adjusted, not to exceed the CPI, every year.

7 31. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right to
8 visit the Project site at all reasonable times, and upon completion of the Project upon
9 reasonable written notice to BORROWER, to review the operation of the Project in accordance
10 with this Agreement.

11 32. EVENTS OF DEFAULT. The occurrence of any of the following events
12 shall constitute an "Event of Default" under this Agreement:

13 a. Monetary Default. (1) BORROWER's failure to pay when due
14 any sums payable under the HOME Note or any advances made
15 by COUNTY under this Agreement; (2) BORROWER's or any
16 agent of BORROWER's use of HOME funds for costs other than
17 costs or for uses inconsistent with terms and restrictions set forth
18 in this Agreement; (3) BORROWER's or any agent of
19 BORROWER's failure to make any other payment of any
20 assessment or tax due under this Agreement;

21 b. Non-Monetary Default - Operation. (1) Discrimination by
22 BORROWER or BORROWER's agent on the basis of
23 characteristics prohibited by this Agreement or applicable law; (2)
24 the imposition of any encumbrances or liens on the Project
25 without COUNTY's prior written approval that are prohibited
26 under this Agreement or that have the effect of reducing the
27 priority or invalidating the HOME Deed of Trust; (3)
28 BORROWER's failure to obtain and maintain the insurance

1 coverage required under this Agreement; (4) any material default
2 under this Agreement;

3 c. General Performance of Loan Obligations. Any substantial or
4 continuous or repeated breach by BORROWER or
5 BORROWER's agents of any material obligations on
6 BORROWER imposed in the HOME Loan Agreement;

7 d. General Performance of Other Obligations. Any substantial or
8 continuous or repeated breach by BORROWER or
9 BORROWER's agents of any material obligations on the Project
10 imposed by any other agreement with respect to the financing,
11 development, or operation of the Project; whether or not
12 COUNTY is a party to such agreement; but only following any
13 applicable notice and cure periods with respect to any such
14 obligation;

15 e. Representations and Warranties. A determination by COUNTY
16 that any of BORROWER's representations or warranties made in
17 this Agreement, any statements made to COUNTY by
18 BORROWER, or any certificates, documents, or schedules
19 supplied to COUNTY by BORROWER were untrue in any
20 material respect when made, or that BORROWER concealed or
21 failed to disclose a material fact from COUNTY.

22 f. Damage to Project. In the event that the Project is materially
23 damaged or destroyed by fire or other casualty, and BORROWER
24 receives an award or insurance proceeds sufficient for the repair
25 or reconstruction of the Project, and BORROWER does not use
26 such award or proceeds to repair or reconstruct the Project.

27 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or any
28 general partner of BORROWER's (1) filing for bankruptcy,

1 dissolution, or reorganization, or failure to obtain a full dismissal
2 of any such involuntary filing brought by another party before the
3 earlier of final relief or sixty (60) days after such filing; (2)
4 making a general assignment for the benefit of creditors; (3)
5 applying for the appointment of a receiver, trustee, custodian, or
6 liquidator, or failure to obtain a full dismissal of any such
7 involuntary application brought by another party before the earlier
8 of final relief or seventy-five (75) days after such filing; (4)
9 insolvency; or (5) failure, inability or admission in writing of its
10 inability to pay its debts as they become due.

11 33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For monetary
12 and non-monetary Events of Default, the COUNTY shall give written notice to BORROWER
13 and its investor limited partner, of any Event of Default by specifying: (a) the nature of the
14 Event of Default or the deficiency giving rise to the default, (b) the action required to cure the
15 deficiency, if an action to cure is possible, and (c) a date, which shall not be more than sixty
16 (60) calendar days from the mailing of the notice, by which such action to cure must be taken.
17 The COUNTY agrees that the BORROWER and any beneficiary under a deed of trust
18 permitted by this Agreement and the investor limited partner of the BORROWER (collectively,
19 the "Interested Parties") shall have the right to cure any and all defaults under this Agreement.

20 34. COUNTY REMEDIES. Upon the happening of an Event of Default and a
21 failure by BORROWER or other Interested Party to cure said default within the time specified
22 in the notice of default (if an action to cure is specified in said notice), COUNTY's obligation
23 to disburse HOME funds shall terminate, and COUNTY may also in addition to other rights
24 and remedies permitted by this Agreement or applicable law, proceed with any or all of the
25 following remedies in any order or combination COUNTY may choose in its sole discretion:

- 26 a. Terminate this Agreement, in which event the entire amount as
27 well as any other monies advanced to BORROWER by COUNTY
28 under this Agreement including administrative costs, shall

1 immediately become due and payable at the option of COUNTY.

- 2 b. Bring an action in equitable relief (1) seeking the specific
- 3 performance by BORROWER of the terms and conditions of this
- 4 Agreement, and/or (2) enjoining, abating, or preventing any
- 5 violation of said terms and conditions, and/or (3) seeking
- 6 declaratory relief.
- 7 c. Accelerate the HOME Loan, and demand immediate full payment
- 8 of the principal payment outstanding and all accrued interest under
- 9 the HOME Note, as well as any other monies advanced to
- 10 BORROWER by COUNTY under this Agreement.
- 11 d. Enter the Project and take any remedial actions necessary in its
- 12 judgment with respect to hazardous materials that COUNTY
- 13 deems necessary to comply with hazardous materials laws or to
- 14 render the Project suitable for occupancy.
- 15 e. Enter upon, take possession of, and manage the Project, either in
- 16 person, by agent, or by a receiver appointed by a court, and collect
- 17 rents and other amounts specified in the assignment of rents in the
- 18 Deed of Trust and apply them to operate the Project or to pay off
- 19 the HOME Loan or any advances made under this Agreement, as
- 20 provided for by the HOME Deed of Trust.
- 21 f. Pursue any other remedy allowed at law or in equity.

22 35. BORROWER'S REMEDIES. Upon the fault or failure of COUNTY to
23 meet any of its obligations under this Agreement, BORROWER may:

- 24 a. Demand payment from COUNTY of any sums due BORROWER;
- 25 and/or
- 26 b. Bring an action in equitable relief seeking the specific performance
- 27 by COUNTY of the terms and conditions of this Agreement;
- 28 and/or

1 c. Pursue any other remedy allowed at law or in equity.

2 36. BORROWER'S WARRANTIES. BORROWER represents and warrants

3 (1) that it has access to professional advice and support to the extent necessary to enable
4 BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out the
5 Project, (2) that it is duly organized, validly existing and in good standing under the laws of the
6 State of California, (3) that it has the full power and authority to undertake the Project and to
7 execute this Agreement, (4) that the persons executing and delivering this Agreement are
8 authorized to execute and deliver such documents on behalf of BORROWER and (5) that
9 neither BORROWER nor any of its principals is presently debarred, suspended, proposed for
10 debarment, declared ineligible, or voluntarily excluded from participation in connection with
11 the transaction contemplated by this Agreement.

12 37. BORROWER'S CERTIFICATION. BORROWER certifies, to the best of
13 its knowledge and belief, that:

14 a. No federally appropriated funds have been paid or will be paid, by
15 or on behalf of the undersigned, to any person for influencing or
16 attempting to influence an officer or employee of any agency, a
17 member of Congress, an officer or employee of Congress, or an
18 employee of a member of Congress in connection with the
19 awarding of any federal contract, the making of any federal grant,
20 the making of any federal loan, the entering into of any cooperative
21 agreement, and the extension, continuation, review, amendment, or
22 modification of any federal contract, grant, loan, or cooperative
23 agreement.

24 b. If any funds other than federally appropriated funds have been paid
25 or will be paid to any person for influencing or attempting to
26 influence an officer or employee of any agency, a member of
27 Congress, an officer or employee of Congress, or an employee of a
28 member of Congress in connection with this federal contract,

1 grant, loan, or cooperative agreement, the undersigned shall
2 complete and submit Standard Form-LLL, "Disclosure Form to
3 Report Lobbying," in accordance with its instructions.

- 4 c. The undersigned shall require that the language of this certification
5 be included in the award documents for all sub-awards at all tiers
6 (including subcontracts, sub-grants, and contracts under grants,
7 loans, and cooperative agreements) and that BORROWER shall
8 certify and disclose accordingly. This certification is a material
9 representation of fact upon which reliance was placed when this
10 transaction was made or entered into.

11 38. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
12 indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts
13 and Departments, their respective directors, officers, Board of Supervisors, elected and
14 appointed officials, employees, agents and representatives from any liability whatsoever, based
15 or asserted upon any services of BORROWER, its officers, employees, subcontractors, agents
16 or representatives arising out of their performance under this Agreement, including but not
17 limited to property damage, bodily injury, or death or any other element of any kind or nature
18 whatsoever arising from the performance of BORROWER, its officers, agents, employees,
19 subcontractors, agents or representatives under this Agreement. BORROWER shall defend, at
20 its sole expense, all costs and fees including, but not limited, to attorney fees, cost of
21 investigation, defense and settlements or awards, the County of Riverside, its Agencies,
22 Districts, Special Districts and Departments, their respective directors, officers, Board of
23 Supervisors, elected and appointed officials, employees, agents and representatives in any claim
24 or action based upon such alleged acts or omissions.

25 With respect to any action or claim subject to indemnification herein by BORROWER,
26 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
27 have the right to adjust, settle, or compromise any such action or claim without the prior consent
28 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no

1 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
2 forth herein.

3 BORROWER's obligation hereunder shall be satisfied when BORROWER has provided
4 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the
5 action or claim involved.

6 The specified insurance limits required in this Agreement shall in no way limit or
7 circumscribe BORROWER's obligations to indemnify and hold harmless COUNTY herein from
8 third party claims.

9 In the event there is conflict between this clause and California Civil Code Section 2782,
10 this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not
11 relieve BORROWER from indemnifying COUNTY to the fullest extent allowed by law.

12 39. TERMINATION.

13 a. BORROWER. BORROWER may terminate this Agreement
14 consistent with the Act, the regulations consistent implementing
15 the Act, and 24 CFR 85.44. In addition, BORROWER may
16 terminate this Agreement in accordance with **Section 51, Section**
17 **52, and Section 53** of this Agreement.

18 b. COUNTY. Notwithstanding the provisions of **Section 39(a)**,
19 COUNTY may suspend or terminate this Agreement upon written
20 notice to BORROWER of the action being taken and the reason for
21 such action:

22 (1) In the event BORROWER fails to perform the covenants
23 herein contained at such times and in such manner as
24 provided in this Agreement after the applicable notice and
25 cure provision hereof; or

26 (2) In the event there is a conflict with any federal, state or
27 local law, ordinance, regulation or rule rendering any
28 material provision, in the judgment of COUNTY of this

1 Agreement invalid or untenable; or

2 (3) In the event the funding from HUD to in **Section 1** above is
3 terminated or otherwise becomes unavailable.

4 c. This Agreement may be terminated or funding suspended in whole
5 or in part for cause in accordance with 24 CFR 85.43. Cause shall
6 be based on the failure of BORROWER to materially comply with
7 either the terms or conditions of this Agreement after the
8 expiration of all applicable notice and cure provisions hereof.
9 Upon suspension of funding, BORROWER agrees not to incur any
10 costs related thereto, or connected with, any area of conflict from
11 which COUNTY has determined that suspension of funds is
12 necessary. The award may be terminated for convenience in
13 accordance with 24 CFR 85.44.

14 d. Upon expiration of this Agreement, BORROWER shall transfer to
15 COUNTY any unexpended HOME funds in its possession at the
16 time of expiration of the HOME Loan Agreement as well as any
17 accounts receivable held by BORROWER which are attributable to
18 the use of HOME funds awarded pursuant to this Agreement.

19 40. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
20 hereby declare their express intent that the restrictions set forth in this Agreement shall be
21 affordable for a period of fifty-five (55) years from the recordation of the Notice of Completion
22 for the last property for which rehabilitation is completed within the Project, and shall bind all
23 successors in title to the Property until the expiration of this Agreement. Each and every
24 contract, deed or other instrument hereafter executed covering and conveying the Property or
25 any portion thereof shall be held conclusively to have been executed, delivered and accepted
26 subject to such restrictions, regardless whether such restrictions are set forth in such contract,
27 deed or other instrument.

28 41. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics

1 lien is filed against the Project or a stop notice affecting the HOME Loan is served on
2 COUNTY, BORROWER must, within twenty (20) days of such filing or service, either pay
3 and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by
4 delivering to COUNTY a surety bond in sufficient form and amount, or provide COUNTY
5 with other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be
6 paid or discharged.

7 42. 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 43. 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 44. 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 45. INTERPRETATION AND GOVERNING LAW. This Agreement and any
22 dispute arising hereunder shall be governed by and interpreted in accordance with the laws of
23 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 46. 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 47. 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 48. MINISTERIAL ACTS. COUNTY's Assistant County Executive
9 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial
10 actions as may be necessary or appropriate to implement the terms, provisions, and conditions
11 of this Agreement as it may be amended from time to time by both parties.

12 49. MODIFICATION OF AGREEMENT. COUNTY or BORROWER 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 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
16 Such amendments shall not invalidate this Agreement, nor relieve or release COUNTY or
17 BORROWER from any obligations under this Agreement, except for those parts thereby
18 amended. No amendment to this Agreement shall be effective and binding upon the parties,
19 unless it expressly makes reference to this Agreement, is in writing and is signed and
20 acknowledged by duly authorized representatives of all parties.

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

1 all the conditions and restrictions to which BORROWER is subject.

2 51. CONDITIONAL HOME COMMITMENT. As defined under
3 24 CFR 92.2, COUNTY can reasonably expect for BORROWER to start
4 construction within twelve (12) months of the execution of this Agreement. If
5 BORROWER cannot start within construction or provide evidence such as construction
6 permits, then COUNTY and BORROWER mutually agree that this Agreement will self-
7 terminate and any HOME Loan funds drawn to date shall be returned within thirty (30)
8 calendar days. Upon such termination, this Agreement shall be null and void. COUNTY and
9 BORROWER shall be released and discharged respectively from its obligations under this
10 Agreement.



11 52. PROJECT FINANCING CONTINGENCY. This Agreement
12 is expressly conditioned upon BORROWER's receipt, on or prior to September
13 30, 2013 of such binding loan commitments for new loans as may be required by
14 BORROWER, on terms and conditions acceptable to BORROWER, in its sole discretion,
15 including, without limitation, any conventional construction and/or permanent financing.
16 Either COUNTY or BORROWER may elect to terminate this Agreement with ten (10) days
17 written notice to the other party if BORROWER fails to acquire the project financing as
18 required by this **Section 52**. Upon such termination, this Agreement shall be null and void,
19 and:



- 20 a. If BORROWER elects to terminate this Agreement, BORROWER shall be
21 released and discharged by COUNTY from its obligations under this Agreement;
22 or
23 b. If COUNTY elects to terminate this Agreement, COUNTY shall be released and
24 discharged by BORROWER from its obligations under this Agreement.

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

26 53. COMPLETION CONDITION. In conformance with the
27 *Consolidated and Further Continuing Appropriations Act of 2012* (P.L. 112-55)
28 and CPD Notice 12-007 the Project must be completed and have recorded Notice



1 of Completions within four (4) years of the execution of this Agreement. The COUNTY may
2 request a one year extension from HUD if the BORROWER can provide proof that the
3 circumstances that led to the failure to complete the Project by the deadline were beyond the
4 BORROWER's control. The one year extension is subject to HUD's approval and not
5 guaranteed. If BORROWER is not able to meet the condition as required by this **Section 53**
6 then COUNTY and BORROWER mutually agree that this Agreement will self-terminate and
7 any HOME Loan funds drawn to date shall be returned within thirty (30) calendar days. Upon
8 such termination, this Agreement shall be null and void. COUNTY and BORROWER shall be
9 released and discharged respectively from their obligations under this Agreement.

10 54. EXHIBITS AND ATTACHMENTS. Each of the attachments and
11 exhibits attached hereto is incorporated herein by this reference.

12 55. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
13 provide input regarding all media releases regarding the Project. Any publicity generated by
14 BORROWER for the Project must make reference to the contribution of COUNTY in making
15 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
16 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and
17 public service announcements. BORROWER agrees to cooperate with COUNTY in any
18 COUNTY-generated publicity or promotional activities with respect to the Project.

19 56. NOTICES. All notices, requests, demands and other communication
20 required or desired to be served by either party upon the other shall be addressed to the
21 respective parties as set forth below or the such other addresses as from time to time shall be
22 designated by the respective parties and shall be sufficient if sent by United States first class,
23 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
24 delivery.

25 COUNTY

26 Assistant Director, Housing
27 Riverside County
28 Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504

BORROWER

Executive Director
Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501

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57. 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.

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

///
///
///

(SIGNATURES ON THE NEXT PAGE)

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

3
4 COUNTY:

BORROWER:

5 County of Riverside, a political
6 Subdivision of the State of California

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation,

7 By: _____
8 John J. Benoit, Chairman
9 Board of Supervisors

By: 
Bruce Kulpa, Executive Director

10 ATTEST:

11 KECIA HARPER-IHEM
12 Clerk of the Board

13
14 By: _____
15 Deputy

16
17 APPROVED AS TO FORM:
18 PAMELA J. WALLS, County Counsel

19
20 By: 
21 Annie T. Sahhar, Deputy County Counsel

22
23
24
25 **(COUNTY and BORROWER signatures need to be notarized)**
26
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On 2-28-13, before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kulpa
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 Jean Barry
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

EXHIBIT "A"

BORROWER: Riverside Housing Development Corporation
Address: 4250 Brockton Avenue, Riverside, CA 92501
Project Title: Orange Blossom Apartments
Project Site: 41932, 41968 and 41980 Orange Blossom Lane in the community of Valle Vista outside of the City of Hemet, Assessor Parcel Numbers: 438-110-047, 438-110-048 and 438-110-051. Each property is approximately 0.25 acres.

Description:

BORROWER will utilize \$1,320,000 in HOME funds for acquisition and rehabilitation of three (3) four-plex properties located at 41932, 41968 and 41980 Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside. The project will consist of a total of 12 two-bedroom units for rent to qualified low-income family households.

BORROWER will set aside eleven (11) units of the Project to be designated as floating "HOME-Assisted Units" as defined under 24 CFR 92.252. A minimum of three (3) HOME-Assisted Units shall be restricted to Low HOME rent limits, as published by HUD, limited to households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. Eight (8) HOME-Assisted Units shall be restricted to High HOME rent limits, as published by HUD, limited to households whose incomes do not exceed eighty percent (80%) of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME units shall be restricted for a period of at least fifty five (55) years from and after the recordation of the Notice of Completion for the last property for which rehabilitation is completed within the Project.

Upon completion, COUNTY must sign off on all the work that is being proposed below.

Scope of Development:

Capital improvements include installing new double-pane low-E windows, blinds, air conditioning and heating systems, water heaters, kitchen cabinets and counter tops, new paint, flooring, roofing, light fixtures and plumbing fixtures. All the units will be equipped with energy star rated appliances to include stoves/ovens.

LEGAL DESCRIPTION OF PROPERTY

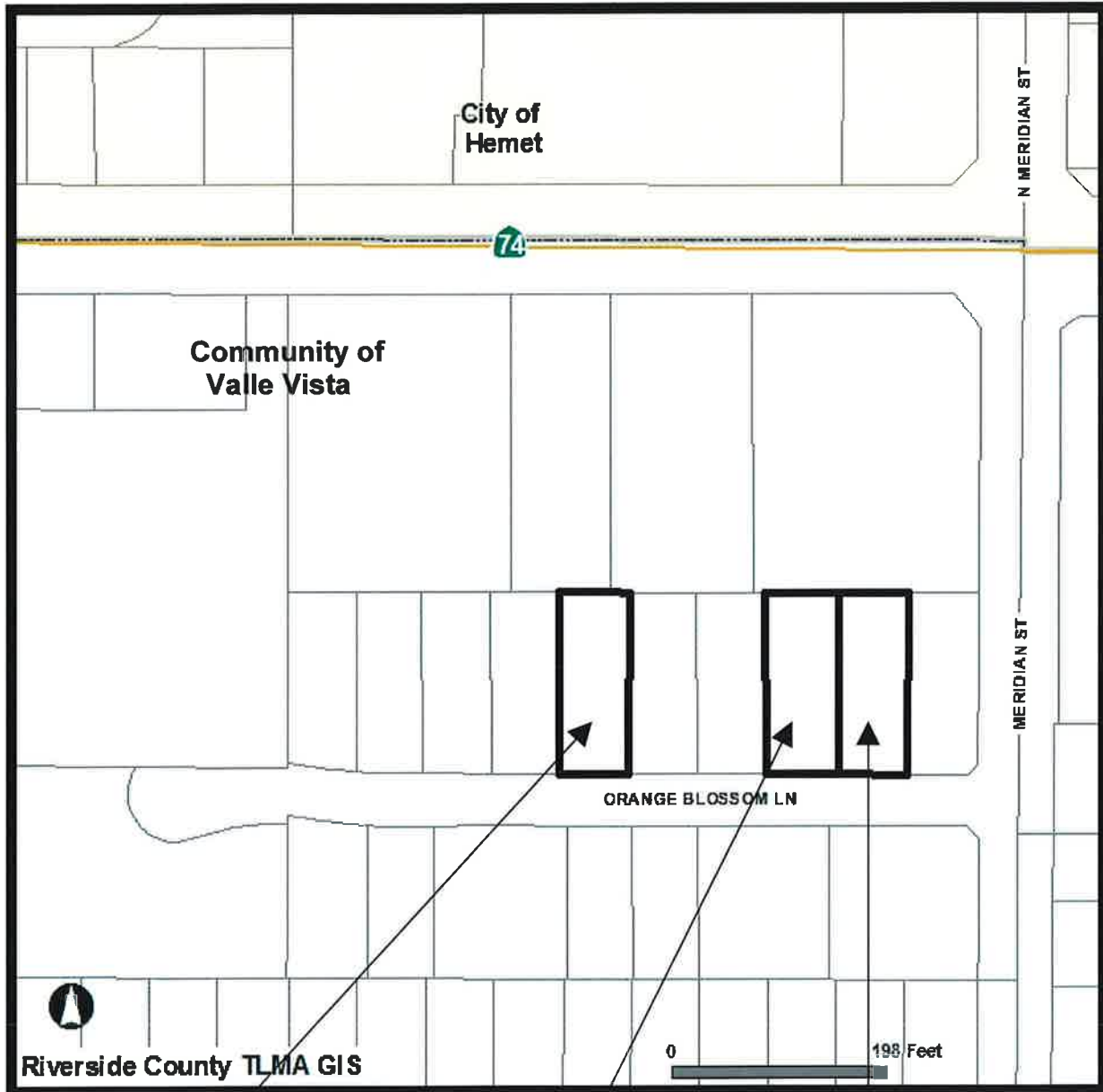
All that certain real property situated in the County of Riverside, State of California, described as follows:

Lots 2, 3 and 6 of Tract 11600, in the County of Riverside, State of California, as per map recorded in Book 110, Pages 46 and 47 of Maps, in the Office of the County Recorder of said County.

Together with that portion of the Northerly 7 feet of Orange Blossom Lane (formerly known as Marine Drive) lying between the Southerly prolongation of the Westerly and Easterly lines of said Lots 2, 3 and 6, as vacated by Resolution No. 2009-1609 recorded September 2, 2009 as Instrument No. 2009-0458809 of Official Records.

Assessor's Parcel Number: 438-110-047; 048; 051

Orange Blossom Lane, Hemet, California, 92544



APN 438-110-051
41932 Orange Blossom Lane

APN 438-110-048
41968 Orange Blossom Lane

APN 438-110-047
41980 Orange Blossom Lane

Project Permanent Sources and Uses of Fund:

Sources:

County of Riverside HOME Loan	\$	1,320,000
Clearinghouse CDFI Loan	\$	<u>542,500</u>
Total Sources	\$	1,862,500

Uses:

Land & Acquisition	\$	800,000
Rehabilitation Construction	\$	840,000
Architectural & Engineering	\$	3,000
Construction Contingency	\$	42,500
Permanent Financing Costs	\$	9,000
Appraisal	\$	1,500
Permit Processing Fees	\$	1,500
Relocation Expenses	\$	45,000
Developer's Fees	\$	<u>120,000</u>
Total Uses	\$	1,862,500

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$1,320,000) are required. The HOME match in the amount of \$330,000 will be satisfied from the current excess match carried over from Fiscal Year 2011-2012.

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.	Rehabilitation and Relocation Plan	April 1, 2013
2.	Permanent Financing Commitment	May 1, 2013
3.	Obtain Building Permit	May 15, 2013
4.	Begin Rehabilitation	July 1, 2013
5.	Lease Agreement, Proposed Rents and Utilities	October 1, 2013
6.	Completion of Rehabilitation	January 1, 2014
7.	Occupancy of Assisted Units	March 1, 2014
8.	Submission of Final actual Project costs and Sources and Uses of Funds	May 1, 2014
9.	Submission of Tenant Checklist report	May 1, 2014

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 15 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for RHDC and General Contractor (GC)	RHDC – 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. Project Site Photos	Bimonthly, due by the 15 th of each month
6. Notice of Completion	End of Construction
7. Certificate of Occupancy, if issued	End of Construction
8. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
9. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
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. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
15. Management Plan	Marketing Stage
16. Tenant Selection Policy	Marketing Stage
17. Copy of Lease Agreement	Marketing Stage
18. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
19. Project Operating Budget	Annual submission
20. Audited Yearly Income Expense Report for the Project	Annual submission

EXHIBIT “B”

Deed of Trust

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

This DEED OF TRUST is made on this 28th day of February, 2013. The trustor is and Riverside Housing Development Corporation, a California nonprofit public benefit corporation ("OWNER" or "BORROWER"), and whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), a political subdivision of the State of California, and whose address is 5555 Arlington Avenue, Riverside, CA 92504. Pursuant to the terms of that certain HOME Loan Agreement, dated _____, Borrower owes Lender the principal sum of One Million Three Hundred Twenty Thousand and No/100 Dollars (U.S. \$1,320,000.00) (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 or 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 recordation of the Notice of Completion for the last property for which rehabilitation is completed within the Project.

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"), 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. 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 in the second position behind a loan from the Clearinghouse Community Development Financial Institution ("Clearinghouse CDFI"). 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 this 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. 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 this Deed of Trust or as otherwise allowed under the HOME 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 Beneficiary. Trustor 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 Trustor 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.

(SIGNATURE ON NEXT PAGE)

BY SIGNING BELOW, BORROWER accepts and agrees to the terms and covenants contained in this Deed of Trust.

BORROWER:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: 
Bruce Kulpa
Executive Director

(BORROWER signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On 2-28-13, before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kulpa
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 Jean Barry
Signature of Notary Public



Place Notary Seal Above

EXHIBIT "B-1"

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

Lots 2, 3 and 6 of Tract 11600, in the County of Riverside, State of California, as per map recorded in Book 110, Pages 46 and 47 of Maps, in the Office of the County Recorder of said County.

Together with that portion of the Northerly 7 feet of Orange Blossom Lane (formerly known as Marine Drive) lying between the Southerly prolongation of the Westerly and Easterly lines of said Lots 2, 3 and 6, as vacated by Resolution No. 2009-1609 recorded September 2, 2009 as Instrument No. 2009-0458809 of Official Records.

Assessor's Parcel Number: 438-110-047; 048; 051

EXHIBIT “C”

Promissory Note

PROMISSORY NOTE

\$1,320,000

Riverside, CA

In installments as hereafter stated, for value received, Riverside Housing Development Corporation, a California nonprofit public benefit corporation ("Borrower") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of One Million Three Hundred Twenty Thousand and No/100 Dollars (U.S. \$1,320,000.00) (the "HOME Loan") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note ("Note") is given in accordance with that certain Loan Agreement for the Use of HOME Funds (the "HOME Loan Agreement") executed by COUNTY and Borrower, dated as of _____ . 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 HOME Loan Agreement of which the terms are as follows:

- (1) That the HOME Loan will accrue simple interest at a rate of one percent (1%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein;
- (2) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount based upon the total amount of all such loans, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.
- (3) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year. All outstanding principal along with accrued interest shall be due upon fifty-five (55) years from and after the recordation of the Notice of Completion for the last property for which rehabilitation is completed within the Project. The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion for the last property for which rehabilitation is completed within the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until sooner of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above; and
- (4) The Project's Residual Receipts are defined as gross receipts, not including interest on required reserve accounts, less the following, but not including the Monitoring Fee: auditing and accounting fees; a property management fee not to exceed \$58 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index ("CPI"); 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); and replacement reserves, established in a separate account from operating reserves, limited to \$400 per HOME-Assisted Unit, annually; and 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 continue in full force and effect for a period of fifty-five (55) years from and after the recordation of the Notice of Completion for the last property for which rehabilitation is completed within the Project.

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 HOME 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.

DATE: 2/28/13

BORROWER:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation


By: 
Bruce Kulpa
Executive Director

EXHIBIT "D"

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

SECTION 3

24 CFR PART 135

**ECONOMIC OPPORTUNITIES FOR
LOW-AND VERY LOW-INCOME PERSONS**

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

- (1) Recipients and covered contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth in this Section for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (2) The goals established in this section apply to the entire amount of the Section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY) commencing with the first FY following the effective date of this rule - (October 1, 1994).
- (3) For Recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (4) The numerical goals established in this Section represent minimum numerical goals.

B. TRAINING AND EMPLOYMENT

The numerical goals set forth in this Section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ Section 3 residents, to the greatest extent feasible, should be made at all levels.

Recipients of Section 3 covered community development assistance, and their contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to employ Section 3 residents as:

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and
- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

Numerical goals set forth in this Section apply to contracts awarded in connection with all Section 3 covered project and Section 3 covered activities. Each recipient and contractor and subcontractor may demonstrate compliance with the requirements of this part by committing to award to Section 3 Business Concerns:

- (1) At least 10 percent to of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
- (2) At least three (3) percent of the total dollar amount of all other Section 3 covered contracts.

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

- (1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the Section 3 preference requirements.
- (2) In evaluating compliance, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in Sec. 135.40, which were provided in its efforts to comply with Section 3 and the requirement of this part.

III. SECTION 135.34 Preference for Section 3 Residents in Training and Employment Opportunities.

- A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.
- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;
- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the

preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

IV SECTION 135.36 Preference for Section 3 Business Concerns in Contracting Opportunities.

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.

(1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:

- (i) Section 3 business concerns that provide economic opportunities for Section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
- (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);
- (iii) Other Section 3 business concerns.

- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.

- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income

persons, particularly persons who are recipients of HUD assistance for housing.

- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.

- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.
- C. Other business related economic opportunities:
 - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.
 - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

Applicant means any entity which makes an application for Section 3 covered assistance and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contract. See the definition of "Section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Department or HUD means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

Employment opportunities generated by Section 3 covered assistance means (with respect to Section 3 covered housing and community development assistance), this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3(a) (2)), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs, include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

Low income person. See the definition of "Section 3 Resident" in this section.

New hires mean full-time employees for permanent, temporary, or seasonal employment opportunities.

Public Housing resident has the meaning given this term in 24 CFR Part 963.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner,

PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)

Section 3 Business Concern means a business concern, as defined in this Section:

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in Sections (1) or (2) in this definition of "Section 3 Business Concern"

Section 3 Clause means the contract provisions set forth in Sec. 135.38.

Section 3 covered activity means any activity which is funded by Section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement):
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements regardless of ownership).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 resident means:

- (1) A public housing resident; or
- (2) An individual who resides in the San Bernardino or Riverside County, and who is:
 - (i) A low income person, is defined as families whose incomes do not exceed 80 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (ii) A very low income person, is defined as families whose incomes do not exceed 50 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (iii) A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very low income person. See the definition of "Section 3 resident" in this section.

Exhibit "D"

**RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY
CONTRACTOR CERTIFICATION
REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN**

I, _____, hereby certify that the business
(print name and title)

known as _____
(print business name)

- _____ is not a Section 3 business. (Please complete the bottom section.)
- _____ is a Section 3 business **because** (check one of the following:)
- _____ *51 percent or more is owned by Section 3 residents; or*
- _____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*
- _____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

The business was formed in accordance with state law and is licensed under state, county, or municipal law to engage in the business activity for which it was formed.

A Section 3 Resident is a person living in San Bernardino or Riverside County who is a Public Housing resident or who is low income.

Low-Income Persons mean families (including single persons) whose income does not exceed 80 percent of the median income, as adjusted by HUD, for Riverside and San Bernardino Counties.

Signature _____ Project _____
 Date _____
 Project _____ \$ _____

Effective 02/2012

Persons in Household	1	2	3	4	5	6	7	8
Low Income Family	\$37,550	\$42,650	\$48,250	\$53,600	\$57,900	\$62,200	\$66,500	\$70,800

A new hire is qualified as a Section 3 resident if he/she resides in Riverside or San Bernardino County and his/her total family income is less than the family income shown above for his/her household size.

EXHIBIT "E"

§ 135.38 Section 3 Clause

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires

that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Prohibition Against Conflicts of Interest

EXHIBIT "F"

§ 92.356 Conflict of interest.

(a) Applicability. In the procurement of property and services by participating jurisdictions, State recipients, and sub-recipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.

(b) Conflicts prohibited. No persons described in **paragraph (c)** of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions of **paragraph (b)** of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of COUNTY, State recipient, or sub-recipient which are receiving HOME funds.

(d) Exceptions: Threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of **paragraph (b)** of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of **paragraph (d)** of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

(5) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

(6) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- (7) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- (8) Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;
- (9) Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- (10) Any other relevant considerations.

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, COUNTY may grant an exception to the provisions of **paragraph (f)(1)** of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the HOME program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
 - (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

Community Development Block Grant
Policy Manual, I.D. # A-11

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY
DATE: MARCH 1999

This Conflict of Interest Code is written to comply with Federal Regulations (24 CFR Part 85). These Regulations. "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" require that grantees and sub-grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

- 1) No employee, officer, or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.
- 2) Such a conflict will arise when:
 - i) The employee, officer or agent;
 - ii) Any member of the immediate family;
 - iii) His/Her partners; or
 - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
 - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
 - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
 - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of **Section 4**, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.



Exhibit H

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors/vendors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

In July 2012, all records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

The County of Riverside requires that each contractor/vendor hold the required federal/state/local license for the service provided.

Please complete the following verification process for each contractor/vendor:

- STEP 1: Visit <https://www.sam.gov/portal/public/SAM/>
- STEP 2: Under "Search Records", enter the company name and press enter.
- STEP 3: Click "Print" on the Search Results page.
- STEP 4: Repeat steps 2 & 3 for variations of the name of contractor/vendor (individual last name or firm).
- STEP 5: Attach print out of search results to this certification as supporting documentation.
- STEP 6: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below NSP Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

DEVELOPER SIGNATURE

EXHIBIT “I”

Request for Notice

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. concurrent herewith, in the Official Records of the County of Riverside, California, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

Lots 2, 3 and 6 of Tract 11600, in the County of Riverside, State of California, as per map recorded in Book 110, Pages 46 and 47 of Maps, in the Office of the County Recorder of said County. Together with that portion of the Northerly 7 feet of Orange Blossom Lane (formerly known as Marine Drive) lying between the Southerly prolongation of the Westerly and Easterly lines of said Lots 2, 3 and 6, as vacated by Resolution No. 2009-1609 recorded September 2, 2009 as Instrument No. 2009-0458809 of Official Records. Assessor's Parcel Number: 438-110-047; 048; 051

Executed by Riverside Housing Development Corporation, a California nonprofit public benefit corporation, as trustor in which the County of Riverside, a political subdivision of the State of California is named as Beneficiary, and the Riverside County Economic Development Agency, as Trustee, be mailed to the Housing Authority of the County of Riverside, Housing Division at 5555 Arlington Avenue, Riverside, California 92504.

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

Dated _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE} S.S.

On _____, before me, _____
a Notary Public, personally appeared Tom Fan 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 _____

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

Tom Fan, Principal Development Specialist

(This area for official notarial seal)

EXHIBIT “J”

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

2 Order No.
3 Escrow No.
4 Loan No.

5 RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

6 County of Riverside
7 Economic Development Agency
8 5555 Arlington Avenue
9 Riverside, CA 92504
Attn. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

10 **COVENANT AGREEMENT**

11 This Covenant Agreement (“Covenant”) is made and entered into as of the _____ day of
12 _____, 2013 by and between the County of Riverside (“COUNTY”), a political
13 subdivision of the State of California, and Riverside Housing Development Corporation
14 (“RHDC”), a California nonprofit public benefit corporation and certified Community Housing
15 Development Organization.

16 **RECITALS**

17 WHEREAS, on _____, 2013, COUNTY and RHDC entered into
18 that certain Loan Agreement for the Use of HOME Funds (the “HOME Loan Agreement”) for
19 acquisition and rehabilitation of three (3) four-plex properties for rent to very low-income and
20 low-income households in the community of Valle Vista in the unincorporated area of the
21 County of Riverside (the “Project”). Capitalized terms not defined herein shall have the meaning
22 ascribed to them in the HOME Loan Agreement;

23 WHEREAS, the properties are located at 41932, 41968 and 41980 Orange Blossom
24 Lane, Hemet, California, 92544 (the “Property”), legally described in **Exhibit “I-1”**, which is
25 attached hereto and by this reference incorporated; and

26 WHEREAS, pursuant to the HOME Loan Agreement, RHDC has agreed to acquire and
27 rehabilitate the Property, which includes a total of 12 units for affordable rental housing, and
28 reserve 11 HOME-Assisted Units for qualified very low-income and low income households.

1 NOW, THEREFORE, in consideration of the mutual covenants and agreements
2 contained in this Covenant, and for other good and valuable consideration, the receipt and
3 sufficiency of which are hereby acknowledged, RHDC, on behalf of itself and its successors,
4 assigns, and each successor in interest to the HOME-Assisted Unit or any part thereof, hereby
5 declares as follows:

6 1) RESTRICTIONS. This Covenant shall continue in full force and effect for a
7 period of fifty-five (55) years from and after the recordation of the Notice of Completion for the
8 last property for which rehabilitation is completed within the Project, for itself and on behalf of
9 its successors and assigns, the Property shall be held, sold and conveyed, subject to the following
10 covenants, conditions, and restrictions:

11 a) Eleven (11) units of the Project shall be designated as floating HOME-
12 Assisted Units as defined under 24 CFR 92.252. A minimum of three (3) HOME-Assisted Units
13 shall be restricted to Low HOME rent limits, as published by HUD, limited to households whose
14 incomes do not exceed fifty percent (50%) of the area median income for the County of
15 Riverside, adjusted by family size at the time of occupancy. Eight (8) HOME-Assisted Units
16 shall be restricted to High HOME rent limits, as published by HUD, limited to households whose
17 incomes do not exceed eighty percent (80%) of the area median income for the County of
18 Riverside, adjusted by family size at the time of occupancy. The HOME-Assisted Units shall be
19 restricted for a period of at least fifty five (55) years from and after the recordation of the Notice
20 of Completion for the last property for which rehabilitation is completed within the Project.

21 b) Rent limitations are set forth under 24 CFR 92.252 and shall be rented to
22 income qualified applicants at the HOME rent levels for the County of Riverside, which are
23 published periodically by the United States Departments of Housing and Urban Development.

24 2) MAINTENANCE OF THE IMPROVEMENTS. RHDC, on behalf of itself and
25 its successors, assigns, and each successor in interest to the HOME-Assisted Unit or any part
26 thereof hereby covenants to and shall protect, maintain, and preserve HOME-Assisted Unit in
27 compliance with all applicable federal and state law and regulations and local ordinances.

28 3) NONDISCRIMINATION. RHDC covenants by and for itself and any successors

1 in interest that there shall be no discrimination against or segregation of any person or group of
2 persons on account of race, color, age, religious creed, sex, sexual orientation, marital status,
3 national origin, ancestry, familial status, source of income, physical or mental disability in the
4 sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Real Property, nor shall
5 RHDC itself or any person claiming under or through it establish or permit any such practice or
6 practices of discrimination or segregation with reference to the election, location, number, use or
7 occupancy of tenants, lessees, subtenants, sublessees or vendees of the Real Property. The
8 foregoing covenants shall run with the land. RHDC shall refrain from restricting the lease of the
9 HOME-Assisted Unit on the basis of race, color, age, religious creed, sex, sexual orientation,
10 marital status, national origin, ancestry, familial status, source of income, physical or mental
11 disability of any person. All such deeds, leases or contracts shall contain or be subject to
12 substantially the following nondiscrimination or non-segregation clauses:

13 a) In deeds: "The Grantee herein covenants by and for himself for herself, his or her
14 heirs, executors, administrators and assigns, and all persons claiming under or through them that
15 there shall be no discrimination against or segregation of any person or group of persons on
16 account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin,
17 ancestry, familial status, source of income, physical or mental disability in the sale, lease,
18 sublease, transfer, use, occupancy, tenure or enjoyment of the land herein conveyed, nor shall the
19 grantee himself or herself nor any person claiming under or through him or her establish or
20 permit any such practice or practices of discrimination or segregation with reference to the
21 selection, location, numbers use or occupancy of tenants, lessees, subtenants, sublessees or
22 vendees in the land herein conveyed. The foregoing covenants shall run with the land."

23 b) In leases: "The lessee herein covenants by and for himself or herself, his or her
24 heirs, executors, administrators, and assigns, and all persons claiming under or through him or
25 her, and this lease is made and accepted upon and subject to the following conditions: There
26 shall be no discrimination against or segregation of any person or group of persons on account of
27 race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry,
28 familial status, source of income, physical or mental disability in the leasing, subleasing,

1 transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the
2 lessee himself or herself, or any person claiming under or through him or her, establish or permit
3 any such practice or practices of discrimination or segregation with reference to the selection,
4 location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the
5 premises herein leased.”

6 c) In contracts, “There shall be no discrimination against or segregation of any
7 person or group of persons on account of race, color, age, religious creed, sex, sexual orientation,
8 marital status, national origin, ancestry, familial status, source of income, physical or mental
9 disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the
10 premises, nor shall the transferee himself or herself or any person claiming under or through him
11 or her, establish or permit any such practice or practices of discrimination or segregation with
12 reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants,
13 sublessees or vendees of the premises.”

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

19 COUNTY

20 Assistant Director, Housing
21 Riverside County
22 Economic Development Agency
23 5555 Arlington Avenue
Riverside, CA 92504

RHDC

Executive Director
Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501

24 5) BINDING EFFECT. The rights and obligations of this Covenant shall bind and
25 inure to the benefit of the respective heirs, successors and assigns of the parties.

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

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

3
4 COUNTY:

RHDC:

5 County of Riverside, a political
6 Subdivision of the State of California

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation,

7 By: _____

By: 

8 John J. Benoit, Chairman
9 Board of Supervisors

Bruce Kulpa, Executive Director

10 ATTEST:

11 KECIA HARPER-IHEM
12 Clerk of the Board

13
14 By: _____

15 Deputy

16
17 APPROVED AS TO FORM:
18 PAMELA J. WALLS, County Counsel

19
20 By: 
21 Annie T. Sahhar, Deputy County Counsel

22
23
24
25 **(COUNTY and RHDC signatures need to be notarized)**
26
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On 2-28-13, before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kulp
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 Jean Barry
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.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT "J-1"

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

Lots 2, 3 and 6 of Tract 11600, in the County of Riverside, State of California, as per map recorded in Book 110, Pages 46 and 47 of Maps, in the Office of the County Recorder of said County.

Together with that portion of the Northerly 7 feet of Orange Blossom Lane (formerly known as Marine Drive) lying between the Southerly prolongation of the Westerly and Easterly lines of said Lots 2, 3 and 6, as vacated by Resolution No. 2009-1609 recorded September 2, 2009 as Instrument No. 2009-0458809 of Official Records.

Assessor's Parcel Number: 438-110-047; 048; 051