

FORM APPROVED COUNTY COUNSEL
 BY: Shirley R. Brown 5-5-14
 DATE: _____
 JHAILA R. BROWN
 Departmental Concurrence

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

692



FROM: Economic Development Agency

SUBMITTAL DATE:
 May 8, 2014

SUBJECT: Loan Agreement for the Use of HOME Funds for Orange Blossom II Apartments in the Community of Valle Vista, District 3/District 3, [\$474,000], HOME Investment Partnerships Act Funds 100% ; Project is Exempt Under CEQA

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of HOME Funds, including all attachments thereto, in the amount of \$474,000, between the County of Riverside and Riverside Development Housing Corporation, for the acquisition and rehabilitation of Orange Blossom II Apartments in the Community of Valle Vista in the unincorporated area of the County of Riverside;
2. Approve the attached Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement,;

(Continued)

[Signature]

Robert Field
 Assistant County Executive Officer/EDA

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: Esteban Hernandez 5/12/14

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 474,000	\$ 0	\$ 474,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: HOME Investment Partnerships Act Funds				Budget Adjustment: No	
				For Fiscal Year: 2013/14	

C.E.O. RECOMMENDATION:

APPROVE
 BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

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

Economic Development Agency

FORM 11: Loan Agreement for the Use of HOME Funds for Orange Blossom II Apartments in the Community of Valle Vista, District 3/District 3, [\$474,000], HOME Investment Partnerships Act Funds 100%; Project is Exempt Under CEQA

DATE: May 8, 2014

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RECOMMENDED MOTION: (Continued)

3. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities;
4. Find that the project is a categorically excluded activity (subject to Title 24 Code of Federal Regulations (CFR) Section 58.5) and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.35(a) and in accordance with the National Environmental Policy Act of 1969;
5. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;
6. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, Promissory Note, Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents subject to County Counsel's approval; and
7. Direct staff to file the Notice of Exemption within five working days.

BACKGROUND:

Summary

On March 19, 2013, the Board of Supervisors approved \$1,320,000 in HOME Investment Partnerships Act funds for Riverside Housing Development Corporation (RHDC), a California nonprofit public benefit corporation and certified community housing development organization, to acquire and rehabilitate 3 fourplex properties on Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside. Rehabilitation was completed in February of 2014 and all units are expected to be fully leased by May of 2014.

RHDC currently owns and operates 15 of 20 rental properties on Orange Blossom Lane which has dramatically improved the health and safety of the neighborhood, reducing crime and gang activity on the street formerly known as Marine Drive. To initiate change, on July 1, 2008, the Board of Supervisors renamed Marine Drive, lying west of Meridian Street, to Orange Blossom Lane. RHDC subsequently acquired and rehabilitated 12 properties through funding from the former Redevelopment Agency for the County of Riverside in the amount of \$6,745,000 and made Orange Blossom Lane a desirable place to live.

RHDC is now proposing to utilize \$474,000 in HOME funds (HOME Loan) for a second phase project to acquire and rehabilitate one additional property consisting of 3 units located at 41945 Orange Blossom Lane with Assessor's Parcel Number 438-110-061 (Property). The Property is approximately 0.19 acres and consists of one three-bedroom unit and 2 two-bedroom units. All units will be designated as HOME-assisted units pursuant to HOME regulations limited to households whose incomes do not exceed 80% of the area median income for the County of Riverside with respect to household size. The HOME-assisted units will be restricted for a period of at least 55 years from the recorded Notice of Completion. The total development cost for the project is estimated at \$594,000 which includes a \$120,000 conventional loan to be secured as lien against the Property. The County's HOME Loan will be in the first lien position. The terms of the HOME Loan and obligations of RHDC and the County will be memorialized in the proposed Loan Agreement for the Use of HOME Funds attached hereto (Loan Agreement).

(Continued)

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

Economic Development Agency

FORM 11: Loan Agreement for the Use of HOME Funds for Orange Blossom II Apartments in the Community of Valle Vista, District 3/District 3, [\$474,000], HOME Investment Partnerships Act Funds 100%; Project is Exempt Under CEQA

DATE: May 8, 2014

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BACKGROUND:

Summary (Continued)

The proposed activities meet the conditions for categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35(a) and are exempt activities pursuant to Title 24 CFR Section 58.34(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 2013/2014 One-Year Action Plan on April 22, 2014. In addition, pursuant to the California Environmental Quality Act (CEQA), the Loan Agreement was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines 15301, Class 1-Existing Facilities. The proposed project involves the loan of HOME funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur.

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 the Loan Agreement for the use of HOME Funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement.

Impact on Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses throughout the County of Riverside. The project is expected to generate and create jobs in construction, property maintenance and property management. The project will also provide affordable housing for residents.

SUPPLEMENTAL:

Additional Fiscal Information

There is no impact upon the County's General Fund. The County's contribution for the proposed project will be fully funded with HOME Investment Partnerships Act Funds from the United States Department of Housing and Urban Development.

Attachments:

- Notice of Exemption
- Loan Agreement for the use of HOME Funds
 - Deed of Trust with Assignment of Rents and Promissory Note
 - Covenant Agreement



NOTICE OF EXEMPTION

May 15, 2014

Project Name: County of Riverside, Orange Blossom II Apartments Loan Agreement

Project Number: HM3-14-001

Project Location: APN 438-110-061; 41945 Orange Blossom Lane, Hemet, CA 92544 (See attached Exhibit A).

Description of Project: The County of Riverside is proposing to provide a loan agreement utilizing funds obtained from the United States Department of Housing and Urban Development (HUD) for the purpose of providing decent, safe, sanitary, and affordable housing for low-income families. The loan will provide funds to acquire and rehabilitate an existing 3-unit multifamily housing unit for rent to qualified very low and low income households located in the community of Valle Vista in the unincorporated area of Riverside County. The scope of the capital improvements include the following: installing new double-pane, low-energy windows and blinds; installing air conditioning, heating systems, plumbing fixtures, water heaters, and lighting fixtures; installing kitchen cabinets and counter tops; and providing new paint, flooring, and roofing. All the units will be equipped with energy star rated appliances to include stoves/ovens. No new residential units will be created and the existing use of the site will remain the same and of similar intensity. However, the existing residential multifamily units will be upgraded. Any existing impacts related to noise, traffic, or utilities will remain similar to existing conditions.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15301, Existing Facilities and Section 15061 (b) (3), General Rule Exemption.

Reasons Why Project is Exempt: The project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. The existing structure that will be upgraded does not possess any historic significance and the project site is already developed. Further, no unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The purchase and upgrade of existing residential units to be utilized in a similar manner will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur.

P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686

www.rivcoeda.org

Administration
Aviation
Business Intelligence
Cultural Services
Community Services
Custodial

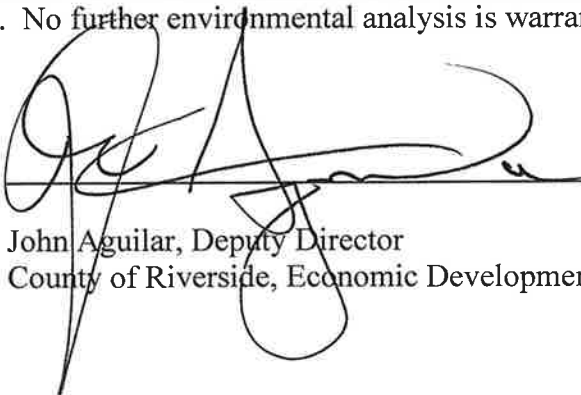
Housing
Housing Authority
Information Technology
Maintenance
Marketing

Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
Foreign Trade
Graffiti Abatement

Parking
Project Management
Purchasing Group
Real Property
Redevelopment Agency
Workforce Development

- Section 15301 – Class 1 Existing Facilities Exemption. This exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site’s use. The project as proposed is the purchase and upgrade of existing residential multifamily units for use as low income rental units. The project includes interior and exterior repairs, upgrades, and minor alterations in order to improve the existing use of the site for housing. The construction as proposed is minimal, would occur on existing disturbed land, and would not result in any physical impacts related to air quality, traffic, noise, biological or historic resources, or any other potential physical environmental impacts. Once the upgrades are complete, the property will continue to operate as residential units. Therefore, the project meets the scope and intent of the Class 1 Exemption.
- Section 15061 – General Rule or “Common Sense” Exemption. The State CEQA Guidelines provides this exemption based upon the general rule that CEQA only applies to projects with the potential to cause a significant effect on the environment. With certainty, there is no possibility that the proposed project may have a significant effect on the environment. The purchase and improvement of an already existing multifamily housing unit at the same physical location will not have an effect on the environment. The upgraded units will not increase any potential environmental impacts from either construction or operations of the units. The use and operation of the site will be substantially similar to the existing residential units and will not create any new environmental impacts to the surrounding area. In fact, the upgrades to the housing will improve both the existing structures and the surrounding community. Construction activities will be limited to the exterior and interior portions of the homes and any impacts related to the operation of the site will be the same or similar in nature to the existing conditions. Therefore, in no way would the project as proposed have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

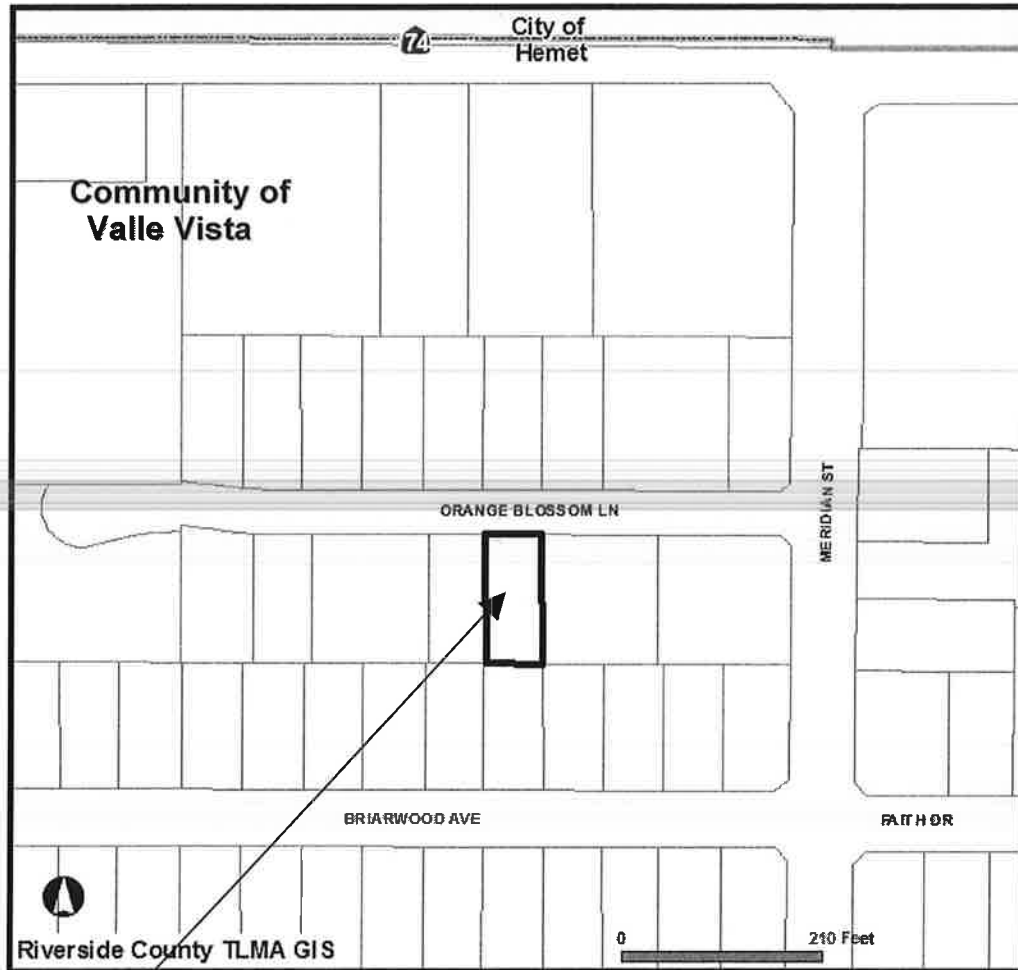
Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  _____ Date: 5-14-14

John Aguilar, Deputy Director
County of Riverside, Economic Development Agency

Exhibit A

41945 Orange Blossom Lane, Hemet, California, 92544
Assessor Parcel Number 438-110-061



APN 438-110-061
41945 Orange Blossom Lane

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 (Community Housing Development Organization)

17 This Loan Agreement for the Use of HOME Funds (Community Housing
18 Development Organization) (“Agreement”) is made and entered into as of the _____ day of
19 _____, 2014 by and between the County of Riverside , a political
20 subdivision of the State of California (“COUNTY”), and Riverside Housing Development
21 Corporation, a California nonprofit public benefit corporation (“RHDC”). The County and
22 RHDC may be individually referred to herein as a “Party” and collectively as the “Parties.”

23 WITNESSETH:

24 WHEREAS, the County was qualified by the United States Department of
25 Housing and Urban Development (“HUD”) as an “Urban County” and an approved
26 participating jurisdiction that has received funds from HUD pursuant to the HOME Investment
27 Partnerships Act and HOME Investment Partnerships Program, Title II of the Cranston-
28 Gonzalez National Affordable Housing Act , as amended (commencing at 42 U.S.C. 12701 et
seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the “HOME
Program”), for the purposes of providing decent, safe, sanitary, and affordable housing with
primary attention to rental housing, for low-income families; to strengthen public-private
partnerships to carry out affordable housing programs; and to provide for coordinated

1 assistance to participants in the development of affordable low-income housing;

2 WHEREAS, pursuant to the HOME Program (24 CFR Section 92.300), the
3 County has reserved not less than fifteen percent (15%) of its allocation of HOME Program
4 funds for investment in housing to be developed, sponsored, or owned by community housing
5 development organizations (“CHDO’s”);

6 WHEREAS, RHDC has been certified with the County as a qualified CHDO
7 under the HOME Program that has among its purposes the provision of decent housing that is
8 affordable to low income persons, and has submitted a proposal to the County for use of CHDO
9 set aside funds for a CHDO-eligible project as described herein;

10 WHEREAS, RHDC has proposed to acquire and rehabilitate a 3-unit multifamily
11 housing property for rent to qualified very low and low income households (“Project”) located
12 in the community of Valle Vista in the unincorporated area of the County of Riverside, on that
13 certain real property described in the legal description and depicted on the Site Map attached
14 hereto **Exhibit A** and incorporated herein by this reference (“Property”);

15 WHEREAS, the purpose of this Agreement is, among other things, for the
16 County to reserve and commit up to Four Hundred Seventy Four Thousand Dollars
17 (\$474,000.00) consisting of HOME CHDO set-aside funds, to provide financial assistance to
18 RHDC to pay a portion of the acquisition and rehabilitation costs related to the Project, as
19 more fully described herein; and

20 WHEREAS, the HOME-assisted activities described herein comply with the
21 objectives as required under 24 CFR Part 92 and are consistent with the County’s Consolidated
22 Plan.

23 NOW THEREFORE, based upon the foregoing Recitals and for good and valuable
24 consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
25 COUNTY and RDHC hereby agree as follows:

26 1. PURPOSE. COUNTY has agreed to lend up to Four Hundred Seventy Four
27 Thousand Dollars (\$474,000.00) of HOME funds to RHDC upon the satisfaction of the terms
28 and conditions set forth herein (the “HOME Loan”). Subject to **Section 51**, Conditional HOME

1 Commitment, of this Agreement, RHDC shall utilize the HOME funds for the limited purpose
2 of acquiring and rehabilitating the Property pursuant to the HOME Program, as set forth in this
3 Agreement, and the scope of development set forth in **Exhibit A**. Once the Project is
4 completed, during the Affordability Period of this Agreement, the Project shall be rented to and
5 occupied by households that qualify as very low income and/or low income households (as
6 required herein) pursuant to 24 CFR Section 92.2 (“Qualified Household”) for an affordable
7 rent pursuant to 24 CFR Section 92.252 (“Affordable Rent”). To remain a Qualified
8 Household, such household shall occupy their respective unit within the Project as their
9 principal residence.

10 2. RHDC’S OBLIGATIONS. Upon the disbursement of the HOME Funds to
11 RHDC from the County, RHDC shall undertake and complete the following activities:

- 12 a. Develop the Project in accordance with the timeline set forth in the
13 Implementation Schedule, attached hereto as **Exhibit A** and
14 incorporated herein by this reference.
- 15 b. Operate the Project in such a manner so that it will remain affordable
16 to Qualified Households for the Affordability Period as defined in
17 **Section 15** herein.
- 18 c. Maintain the Project in compliance with applicable local, state,
19 federal laws, codes and regulations for the duration of the
20 Affordability Period, including, but not limited to the applicable
21 HOME Program regulations.

22 3. COUNTY’S OBLIGATIONS. COUNTY shall complete the following
23 activities, subject to its receipt of HOME funds from HUD and RHDC’s satisfactory
24 completion of the conditions precedent to disbursement set forth below:

- 25 a. Provide the HOME Funds to RHDC to be used to pay a portion of the
26 HOME-eligible construction costs for the Project.
- 27 b. Comply with all of its obligations as participating jurisdiction under
28 the applicable regulations set forth in 24 CFR Part 92.

1 4. HOME Loan. Subject to the satisfaction of the conditions precedent to
2 disbursement of the HOME Funds set forth in **Section 13** below, County shall provide
3 financing to RHDC in the form of a loan in the amount of the HOME Funds (“HOME Loan”),
4 pursuant to the following terms and conditions:

5 a. Term. The maturity of the HOME Loan shall be the first to occur of
6 (i) July 1, 2070 or (ii) fifty-five (55) years from the date of the
7 recordation of the Notice of Completion in the Official Records (the
8 “HOME Loan Term”).

9 b. Principal. The principal of the HOME Loan shall not exceed the
10 amount of the HOME Funds and shall be evidenced by a Promissory
11 Note, substantially conforming in form and substance to the
12 Promissory Note attached hereto as **Exhibit C** and incorporated
13 herein by this reference (“HOME Note”), which note shall be secured
14 by a Deed of Trust with Assignment of Rents, substantially
15 conforming in form and substance to the Deed of Trust with
16 Assignment of rents attached hereto as **Exhibit B** and incorporated
17 herein by this reference (“HOME Deed of Trust”).

18 c. Interest. The interest rate shall be one percent (1%) per annum simple
19 interest.

20 d. Repayment. The HOME Note shall provide the following:

21 1. That the HOME Loan will accrue simple interest at a rate of one
22 percent (1%) per annum, except in the case of default as
23 hereinafter provided, and shall be repaid on an annual basis
24 from the Project’s Residual Receipts (defined below). Interest
25 will begin to accrue 30 days from the recordation of the Notice
26 of Completion in the Official Records.

27 2. The HOME Note shall be repaid according to the following:

28 i) Fifty percent (50%) of the Project’s Residual

1 increase in the Consumer Price Index ("CPI") for ;

2 iii) operating expenses (any expense reasonably and
3 normally incurred in carrying out the Project's day-to-
4 day activities, which shall include administration, on-site
5 management, utilities, on-site staff payroll, payroll taxes,
6 and maintenance) including interest from the operating
7 reserve account;

8 iv) replacement reserves, including interest from the reserve
9 account, established in a separate account from
10 operating reserves, limited to \$400 per HOME-Assisted
11 Unit, as defined in **Exhibit A**, increased annually by an
12 amount equal to the increase in CPI; and

13 v) payments of principal and interest on amortized loans
14 and indebtedness senior to the HOME Loan, which have
15 been approved in writing by the COUNTY (collectively,
16 the "Senior Debt").

17 e. Security. The HOME Deed of Trust and the terms of this Agreement
18 shall be in a first place lien position, prior and superior to a deed of
19 trust from the Clearinghouse Community Development Financial
20 Institution or other mutually acceptable lender as agreed to by the
21 parties ("Clearinghouse CDFI" or the "Junior Loan").

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

26 5. PRIOR COUNTY APPROVAL. RHDC shall obtain COUNTY'S written
27 approval, through its Economic Development Agency ("EDA"), of all items requiring such
28 approvals as described in this Agreement.

1 6. TERM OF AGREEMENT. This Agreement shall become effective upon
2 execution as more specifically discussed in **Section 55** below, and unless terminated earlier
3 pursuant to the terms hereof, shall continue in full force and effect until the first to occur of (i)
4 July 1, 2070 or (ii) fifty-five (55) years from and after the recordation of the Notice of
5 Completion (the "Agreement Term").

6 7. RHDC'S REPRESENTATIONS. RHDC represents and warrants to
7 COUNTY as follows:

8 a. Authority. RHDC is a duly organized nonprofit public benefit corporation
9 in good standing under the laws of the State of California. The copies of the documents
10 evidencing the organization of RHDC, which have been delivered to COUNTY, are true and
11 complete copies of the originals, amended to the date of this Agreement. RHDC has full right,
12 power and lawful authority to accept the conveyance of the Project Site, as defined in **Exhibit**
13 **A**, and undertake all obligations as provided herein and the execution, performance and
14 delivery of this Agreement by RHDC has been fully authorized by all requisite actions on the
15 part of RHDC.

16 b. No Conflict. To the best of RHDC's knowledge, RHDC's execution,
17 delivery and performance of its obligations under this Agreement will not constitute a default
18 or a breach under contract, agreement or order to which RHDC is a party or by which it is
19 bound.

20 c. No RHDC Bankruptcy. RHDC is not the subject of a bankruptcy
21 proceeding.

22 d. Prior to Closing. RHDC shall upon learning of any fact or condition
23 which would cause any of the warranties and representations in this **Section 7** not to be true as
24 of the date of the close of escrow, shall immediately give written notice of such fact or
25 condition to COUNTY. Such exception(s) to a representation shall not be deemed a breach by
26 RHDC hereunder, but shall constitute an exception which COUNTY shall have the right to
27 approve or disapprove if such exception would have an effect on the value and/or operation of
28 the Project Site.

1 8. COMPLETION SCHEDULE. RHDC shall proceed consistent with the
2 Implementation Schedule set forth in **Exhibit A** subject to Force Majeure Delays, as defined in
3 **Section 9**.

4 9. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond
5 the reasonable control of RHDC, and which could not have been reasonably anticipated, which
6 prevent(s) RHDC from complying with any of its obligations under this Agreement, including,
7 but not limited to: acts of God, acts of war, acts or threats of terrorism, civil disorders, strikes,
8 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 RHDC of its obligations hereunder, (ii) is not
11 reasonably foreseeable and is beyond RHDC's reasonable control, (iii) despite the exercise of
12 reasonable diligence, cannot be prevented, avoided or removed by RHDC and is not
13 attributable to the negligence, willful misconduct or bad faith of RHDC, and (iv) is not the
14 result of the failure of RHDC to perform any of its obligations under this Agreement.
15 Notwithstanding the foregoing, a Force Majeure Delay shall not be deemed to have occurred
16 unless RHDC has notified COUNTY of such occurrence of Force Majeure within fifteen (15)
17 days after such occurrence and has provided COUNTY with the details of such event and the
18 length of the anticipated delay within an additional fifteen (15) days thereafter. RHDC shall
19 diligently attempt to remove, resolve, or otherwise eliminate such event, keep COUNTY
20 advised with respect thereto, and shall commence performance of its obligations hereunder
21 immediately upon such removal, resolution or elimination. During the occurrence and
22 continuance of a Force Majeure Delay, RHDC shall be excused from performance of its
23 obligations under this Agreement to the extent the Force Majeure prevents RHDC from
24 performing such obligations.

25 10. EXTENSION OF TIME. COUNTY may grant an extension to the
26 Implementation Schedule for the purpose of completing RHDC's activities which cannot be
27 completed as outlined in **Exhibit A**, pursuant to **Section 51(c)**, Completion, herein. Every
28 term, condition, covenant, and requirement of this Agreement shall continue in full force and

1 effect during the period of any such extension.

2 11. CHDO DESIGNATION. Pursuant to 24 CFR 92.300(a), the Project is
3 funded using HOME CHDO set aside (“Set-Aside”) funds as that term is defined in 24 CFR
4 92.300(a). RHDC hereby understands and agrees that the HOME CHDO Set Aside funds
5 provided by County for this Project pursuant to this Agreement must be allocated only for
6 housing developed, sponsored or owned by a CHDO, its subsidiary or partnership of which it
7 or its subsidiary is the managing general partner. RHDC represents that it is eligible to receive
8 HOME funds and conduct activities pursuant to this Agreement. Any proposed sale,
9 assignment or other transfer of the Project shall be subject to the provisions set forth in **Section**
10 **24**, Sale or Transfer of the Project, herein.

11 12. REALLOCATION OF FUNDS. If RHDC fails to meet (1) the Acquisition
12 Deadline as set forth in **Section 51(a)**; (2) the Construction Start Deadline as set forth in
13 **Section 51(b)**; (3) the Completion Deadline as set forth in **Section 51(c)**; or (4) the Lease
14 Deadline as set forth in **Section 20(a)**, all of which are herein (collectively, the “Performance
15 Deadlines”), subject to the notice and cure periods as set forth in **Section 33** herein, then the
16 funds allocated, reserved, or placed in a HOME Investment Trust Fund may be reallocated by
17 COUNTY after at least thirty (30) days’ prior written notice is given to RHDC. Upon such
18 reallocation and repayment of funds, this Agreement shall be terminated and be of no further
19 force and effect and RHDC shall be released and discharged from any obligations under this
20 Agreement.

21 13. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN
22 FUNDS. COUNTY, through its EDA, shall: (1) make payments of the HOME funds to RHDC
23 as designated in **Exhibit A**, **subject** to RHDC’s satisfaction of the conditions precedent to
24 HOME Loan distribution set forth in this Agreement, and (2) monitor the Project to ensure
25 compliance with applicable federal regulations and the terms of this Agreement.

26 The County shall distribute the HOME Loan funds into a County approved
27 escrow to be used for Property acquisition costs, after RHDC’s satisfaction of the following
28 conditions precedent:

1 a. RHDC submits written evidence to the County that RHDC has obtained
2 sufficient financing commitments necessary to undertake the acquisition and rehabilitation of
3 the Project as required herein.

4 b. RHDC provides the County with the data Universal Number as assigned
5 by the Data Universal Number System (DUNS) assigned to RHDC as required by the Federal
6 Funding Accountability and Transparency Act of 2006.

7 c. RHDC executes this Agreement in the Official Records.

8 d. RHDC provides evidence of insurance as required herein.

9 e. RHDC executes the HOME Deed of Trust, substantially conforming in
10 form and substance to the Deed of Trust with Assignment of Rents attached hereto as **Exhibit**
11 **B**, and in recordable form.

12 f. RHDC executes the HOME Note, substantially conforming in form and
13 substance to the Promissory Note attached hereto as **Exhibit C**.

14 g. RHDC executes the Covenant Agreement, substantially conforming in
15 form and substance to the Covenant Agreement attached hereto as **Exhibit J** and incorporated
16 herein by this reference.

17 The County shall distribute the balance of the remaining HOME Loan funds after
18 distribution of County approved Property acquisition costs to RHDC, upon RHDC's
19 satisfaction of the following conditions precedent:

20 h. RHDC records this Agreement, as identified in **Exhibit A**, in the Official
21 Records of the County of Riverside.

22 i. RHDC records the HOME Deed of Trust, as shown in **Exhibit A**, in the
23 Official Records of the County of Riverside.

24 j. RHDC records the Covenant Agreement, as shown in **Exhibit A**, in the
25 Official Records of the County of Riverside.

26 k. RHDC provides, at its expense, an ALTA lender's policy insuring the
27 first lien priority of the HOME Deed of Trust upon the close of escrow.

28 l. RHDC provides copies of receipts, paid invoices and conditional lien

1 releases (upon receipt of payment) for construction costs.

2 m. RHDC provides satisfactory evidence that it has secured any and all land
3 use entitlements, permits, approvals which may be required for construction of the Project
4 pursuant to the applicable rules and regulations of, COUNTY or any other governmental
5 agency affected by such construction work. RHDC shall, without limitation, secure all
6 entitlement, change of zone, lot line adjustment, any and all necessary studies required
7 including but not limited to archaeological, cultural, environmental, traffic studies and lead-
8 based paint surveys, as applicable, and pay all costs, charges and fees associated therewith, all
9 conditions precedent to the issuance of all permits necessary for the rehabilitation and all such
10 permits are available for issuance, other than payment of fees.

11 n. RHDC provides duly executed documents and instruments showing the
12 ownership of the Project Site as identified in **Exhibit A**.

13 o. RHDC is not in default under the terms of this Agreement.

14 p. If Davis Bacon and/or Prevailing Wages are required to be paid, RHDC
15 hires a qualified professional firm to review and monitor Davis Bacon prevailing wage
16 compliance for all submissions of contractors certified payrolls to COUNTY. In the event that
17 the Project requires prevailing wages, RHDC shall comply with any applicable labor
18 regulations and all other State Laws in connection with the construction of the improvements
19 which compromise the Project, including if applicable, requirements relating to prevailing
20 wages. RHDC agrees and acknowledges that it is the responsibility of RHDC to obtain legal a
21 determination, at RHDC's sole cost and expenses as to whether prevailing wages must be paid
22 during the construction of the Project. If the Project is subject to prevailing wage, then RHDC
23 shall be solely responsible to pay its contractors and subcontractors the required prevailing
24 wage rates. RHDC agrees to indemnify, defend, and hold COUNTY harmless form and
25 against any and all liability arising out of and related to RHDC's failure to comply with any
26 and all applicable prevailing wage requirements.

27 q. RHDC provides satisfactory evidence that it has satisfied all conditions
28 precedent to the issuance of all permits necessary for the construction of the development and

1 all such permits are available for issuance, other than payment of fees.

2 r. Irrespective of events (a) through (e), RHDC is allowed to draw down up
3 to a not-to-exceed amount of Five Thousand (\$5,000) Dollars for eligible soft costs incurred
4 for the Project. Should the Project be cancelled, all funds drawn down are to be paid back by
5 RHDC within thirty (30) calendar days after receiving a request for payment from the
6 COUNTY.

7 s. Pursuant to 24 CFR, Part 5, RHDC agrees to verify that RHDC, and its
8 principals, or any/all persons, contractors, consultants, businesses, etc. (“Developer
9 Associates”), that RHDC is conducting business with, are not presently debarred, proposed for
10 debarment, suspended, declared ineligible, or voluntarily excluded from participation or from
11 receiving federal contracts or federally approved subcontracts or from certain types of federal
12 financial and nonfinancial assistance and benefits with the Excluded Parties Listing System
13 (“EPLS”). EPLS records are located at www.sam.gov. RHDC shall search and provide a single
14 comprehensive list of Developer Associates (individuals and firms) and print and maintain
15 evidence of the search results of each Developer Associate as verification of compliance with
16 this requires as provided in **Exhibit H**, which is attached hereto and by this reference
17 incorporated herein.

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

- 21 1) Conditional lien release from general contractor;
- 22 2) recorded Notice of Completion;
- 23 3) Certificate of Occupancy, if issued;
- 24 4) certification identifying units that are accessible to
25 individuals with mobility impairments and/or units that are
26 accessible to individuals with sensory impairments in
27 compliance with Section 504 of the Rehabilitation Act of
28 1973, as described in **Section 18(i)**;

- 1 5) final Contract and Subcontract Activity report, Minority
- 2 Business Enterprise/Women Business Enterprise
- 3 (“MBE/WBE”) report, HUD form 2516;
- 4 6) submission of documentation that shows compliance with
- 5 the Uniform Relocation Assistance and Real Property
- 6 Acquisition Policies Act of 1970 and 24 CFR Part 42.
- 7 7) submission of a Project completion report including
- 8 Tenant Checklist as shown in **Exhibit G** which is attached
- 9 hereto and by this reference incorporated herein;
- 10 8) Affirmative Fair Housing Marketing Plan – Multifamily
- 11 Housing, HUD form 935.2A, as described in **Section**
- 12 **18(c)**;
- 13 9) Tenant Selection Policy;
- 14 10) Management Plan;
- 15 11) final development costs; and
- 16 12) final sources and uses of funds for the Project.

17 14. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME FUNDS.

18 The HOME Investment Trust Fund account established in the United States Treasury is
19 managed through HUD’s Integrated Disbursement and Information System (IDIS) for the
20 HOME Investment Partnerships Program. The IDIS System is a computerized system which
21 manages, disburses, collects, and reports information on the use of HOME funds in the United
22 States Treasury Account.

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

- 27 a. Up to an amount not-to-exceed of Five Thousand Dollars
- 28 (\$5,000.00) may be reimbursed to the RHDC for eligible soft costs in preparation of

1 acquisition of the property for the Project as identified in **Exhibit A**.

2 b. The balance up to Two Hundred Seventy Five Thousand Dollars
3 (\$275,000.00) of the HOME Loan for acquisition of the property for the Project as identified in
4 **Exhibit A**.

5 c. The balance up to ninety percent (90%) of the HOME Loan upon
6 ninety percent (90%) completion of the Project, as certified and documented by the
7 construction manager.

8 d. COUNTY shall release the final draw of ten percent (10%) of the
9 HOME Loan following receipt of "Closing Documents" listed in **Section 13**.

10 15. TERMS OF AFFORDABILITY. The Project, including the HOME-
11 Assisted Units, shall remain affordable to qualified very low income and low-income tenants
12 for a period of fifty-five (55) years commencing from and after the recordation of the Notice of
13 Completion for the Project ("Affordability Period") without regard to the HOME Loan Term,
14 the Agreement Term, repayment of the HOME investment, or the transfer of ownership.

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

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

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

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

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

17 d. General Insurance Provisions – All Lines.

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

23 2. RHDC's insurance carrier(s) must declare its insurance
24 self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such
25 retentions shall have the prior written consent of COUNTY Risk Manager before the
26 commencement of operations under this Agreement. Upon notification of self-insured retention
27 unacceptable to COUNTY, and at the election of COUNTY's Risk Manager, RHDC's carriers
28 shall either: (a) reduce or eliminate such self-insured retention as respects this Agreement with

1 COUNTY, or (b) procure a bond which guarantees payment of losses and related
2 investigations, claims administration, and defense costs and expenses.

3 3. RHDC shall cause RHDC's insurance carrier(s) to furnish
4 the County of Riverside with copies of the Certificate(s) of Insurance and Endorsements
5 effecting coverage as required herein, and 2) if requested to do so orally or in writing by
6 COUNTY Risk Manager, provide copies of policies including all Endorsements and all
7 attachments thereto, showing such insurance is in full force and effect. Further, said
8 Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s)
9 that thirty (30) days written notice shall be given to the County of Riverside prior to any
10 material modification, cancellation, expiration or reduction in coverage of such insurance. In
11 the event of a material modification, cancellation, expiration, or reduction in coverage, this
12 Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such
13 effective date, another Certificate of Insurance and copies of endorsements, including all
14 endorsements and attachments thereto evidencing coverage's set forth herein and the insurance
15 required herein is in full force and effect. RHDC shall not commence operations until
16 COUNTY has been furnished Certificate(s) of Insurance and copies of endorsements and if
17 requested, copies of policies of insurance including all endorsements and any and all other
18 attachments as required in this Section. An individual authorized by the insurance carrier to do
19 so, on its behalf, shall sign the original endorsements for each policy and the Certificate of
20 Insurance.

21 4. It is understood and agreed to by the parties hereto that
22 RHDC's insurance shall be construed as primary insurance, and COUNTY's insurance and/or
23 deductibles and/or self-insured retention's or self-insured programs shall not be construed as
24 contributory.

25 5. If, during the term of this Agreement or any extension
26 thereof, there is a material change in the scope of services; or, there is a material change in the
27 equipment to be used in the performance of the scope of work which will add additional
28 exposures (such as the use of aircraft, watercraft, cranes, etc.); or, the term of this Agreement,

1 including any extensions thereof, exceeds five (5) years COUNTY reserves the right to adjust
2 the types of insurance required under this Agreement and the monetary limits of liability for
3 the insurance coverage's currently required herein, if; in COUNTY Risk Manager's reasonable
4 judgment, the amount or type of insurance carried by RHDC has become inadequate.

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

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

9 8. RHDC agrees to notify COUNTY of any claim by a third
10 party or any incident or event that may give rise to a claim arising from the performance of this
11 Agreement.

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

28 18. COMPLIANCE WITH LAWS AND REGULATIONS. By executing

1 this Agreement, RHDC hereby certifies that it will adhere to and comply with all federal, state
2 and local laws, regulations and ordinances. In particular, RHDC shall comply with the
3 following as they may be applicable to RHDC of funds granted pursuant to the HOME
4 Program:

5 a. The HOME Program and its implementing regulations set forth in
6 the Final Rule, as it now exists and may hereafter be amended.

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

11 c. Section 92.351 Affirmative marketing and minority outreach
12 program. RHDC must adopt affirmative marketing procedures and requirements. These must
13 include:

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

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

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

26 4. Records that will be kept describing actions taken by
27 RHDC to affirmatively market units and records to assess the results of these actions.

28 5. A description of how RHDC will annually assess the

1 success of affirmative marketing actions and what corrective actions will be taken where
2 affirmative marketing requirements are not met.

3 6. RHDC must prescribe procedures to establish and oversee
4 a minority outreach program to ensure the inclusion, to the maximum extent possible, of
5 minorities and women, and entities owned by minorities and women, including, without
6 limitation, real estate firms, construction firms, appraisal firms, management firms, financial
7 institutions, investment banking firms, underwriters, accountants, and providers of legal
8 services, in all contracts entered into by RHDC with such persons or entities, public and
9 private, in order to facilitate the activities of COUNTY to provide affordable housing
10 authorized under this Act or any other Federal housing law. Section 24 CFR 85.36(e) provided
11 affirmative steps to assure that minority business enterprises and women business enterprises
12 are used when possible in the procurement of property and services. The steps include:

13 (i) Placing qualified small and minority businesses
14 and women's business enterprises on solicitation lists.

15 (ii) Assuring that small and minority businesses, and
16 women's business enterprises are solicited whenever they are potential sources.

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

20 (iv) Establishing delivery schedules, where the
21 requirement permits, which encourage participation by small and minority business, and
22 women's business enterprises.

23 (v) Using the services and assistance of the Small
24 Business Administration, and the Minority Business Development Agency of the Department
25 of Commerce.

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

28 d. Section 92.352 Environmental review. The environmental effects

1 of each activity carried out with HOME funds must be assessed in accordance with the
2 provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the
3 related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

4 e. Section 92.353 Displacement, relocation, and acquisition. The
5 relocation requirements of Title II and the acquisition requirements of Title III of the Uniform
6 Relocation Assistance and Real Property Acquisition Policies Act of 1970, and the
7 implementing regulations at 24 CFR Part 42. RHDC must ensure that it has taken all
8 reasonable steps to minimize the displacement of persons as a result of this project assisted
9 with HOME Funds.

10 f. Section 92.354 Labor. Every contract for the construction of
11 housing that includes twelve (12) or more units assisted with HOME funds must contain a
12 provision requiring the payment of not less than the wages prevailing in the locality, as
13 predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-
14 276a-5), to all laborers and mechanics employed in the development of any part of the housing.
15 Such contracts must also be subject to the overtime provisions, as applicable, of the Contract
16 Work Hours and Safety Standards Act (40 U.S.C. 327-332).

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

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

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

1 24 CFR 100.201 must comply with the requirements set forth in 24 CFR 100.205
2 implementing the Fair Housing Act. Dwelling units must be designed and constructed in
3 accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to
4 comply with the Section 504 regulation.

5 1. 24 CFR Part 8.22 New construction—housing facilities.
6 For new construction of multi-family projects, 5 percent (5%) of the units (but not less than
7 one unit) must be accessible to individuals with mobility impairments, and an additional 2
8 percent (2%) of the units (but not less than one unit) must be accessible to individuals with
9 sensory impairments.

10 2. 24 CFR Part 8.23 Alterations of existing housing facilities.
11 If alterations are undertaken to a project that has 15 or more units and the cost of the alterations
12 is 75 percent or more of the replacement cost of the completed facility, then the provisions of
13 §8.22 shall apply. Alterations to dwelling units in a multifamily housing project shall, to the
14 maximum extent feasible, be made to be readily accessible to and usable by individuals with
15 handicaps. If alterations of single elements or spaces of a dwelling unit, when considered
16 together, amount to an alteration of a dwelling unit, the entire dwelling unit shall be made
17 accessible. Once 5 percent (5%) of the dwelling units in a project are readily accessible to and
18 usable by individuals with mobility impairments, then no additional elements of dwelling units,
19 or entire dwelling units, are required to be accessible under this paragraph. Alterations to
20 common areas or parts of facilities that affect accessibility of existing housing facilities shall,
21 to the maximum extent feasible, be made to be accessible to and usable by individuals with
22 handicaps. For purposes of this paragraph, the phrase to the maximum extent feasible shall not
23 be interpreted as requiring that a recipient make a dwelling unit, common area, facility or
24 element thereof accessible if doing so would impose undue financial and administrative
25 burdens on the operation of the multifamily housing project.

26 j. Model Energy Code published by the Council of American
27 Building Officials.

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

1 To the greatest extent feasible, opportunities for training and employment arising from HOME
2 funds will be provided to low-income persons residing in the program service area. To the
3 greatest extent feasible, contracts for work to be performed in connection with HOME funds
4 will be awarded to business concerns that are located in or owned by persons residing in the
5 program service area as outlined in the Riverside County EDA Section 3 Contract
6 Requirements attached hereto as **Exhibit D**. Contracts funded from Section 3 covered funding
7 sources must abide by the Section 3 Clause prescribed at 24 CFR 135.38. All contracts subject
8 to the requirements of Section 3 must include the Section 3 Clause verbatim that is contained at
9 24 CFR 135.38 attached hereto as **Exhibit E**, which is attached hereto and by this reference
10 incorporated herein.

11 1. Section 92.358 Consultant Activities. No person providing
12 consultant services in an employer-employee type relationship shall receive more than a
13 reasonable rate of compensation for personal services paid with HOME funds.

14 m. RHDC shall carry out its activity pursuant to this Agreement in
15 compliance with all federal laws and regulations described in Subpart E of Part 92 of the Code
16 of Federal Regulations, except that:

17 (1) RHDC does not assume COUNTY'S environmental
18 responsibilities described at 24 CFR Part 92.352; and

19 (2) RHDC does not assume COUNTY's responsibility for
20 initiating the review process under the provisions of 24 CFR Part 92.352

21 n. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
22 and 85 "Common Rule", OMB Circular Nos. A-87 (for government entities), A-122 (for non-
23 profit organizations), and the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
24 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities), and the following §§84.2, 84.5,
25 84.13 through 84.16, 84.21, 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
26 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and 84.73 (for non-profit
27 organizations). Federal awards expended as a recipient or a subrecipient, as defined by HUD,
28 would be subject to single audit. The payments received for goods or services provided as a

1 vendor would not be considered Federal awards.

2 o. RHDC shall include written agreements that include all provisions
3 of **Section 18** if RHDC provides HOME funds to for-profit owners or developers, non-profit
4 owners or developers, sub-recipients, homeowners, homebuyers, tenants receiving tenant-
5 based rental assistance, or contractors.

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

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

15 19. INCOME TARGETING REQUIREMENTS. RHDC shall set aside and
16 designate all three (3) units of the Project as “HOME-Assisted Units” as defined under 24 CFR
17 92.252 and which is more fully described in **Exhibit A**.

18 20. RENT LIMITATIONS. RHDC shall comply with the rent limitations set
19 forth under 24 CFR 92.252. COUNTY shall review and approve proposed rents to the extent
20 required under this section. RHDC shall ensure that the HOME-Assisted Units are rented to
21 qualified applicants at the HOME rent levels, adjusted by family size at the time of occupancy,
22 published by HUD.

23 a. Initial Occupancy of Vacant Units: Within four (4) months from
24 the recordation of the Notice of Completion, if a HOME-Assisted Unit remains unoccupied or
25 not leased to an eligible tenant, RHDC must provide to COUNTY information about current
26 marketing efforts and an enhanced plan for marketing the unit so that it is leased as quickly as
27 possible.

28 Within twelve (12) months from the recordation of the Notice of Completion (the

1 “Lease Deadline”), if a HOME-Assisted Unit remains unoccupied or not leased to an eligible
2 tenant, then RHDC agrees to repay HOME funds for any HOME-Assisted Unit that is not
3 rented to eligible tenants. RHDC may request an extension of the Lease Deadline from
4 COUNTY if RHDC can provide to COUNTY evidence showing efforts of aggressive
5 marketing efforts and proof that the circumstances that led to the failure to lease the HOME-
6 Assisted Unit(s) by the Lease Deadline were beyond the RHDC’s control. The extension and
7 time of extension is subject to COUNTY’s approval and not guaranteed. The Assistant County
8 Executive Officer/EDA, or designee, has the authority, at his or her discretion, to consent to an
9 extension of the Lease Deadline.

10 The amount of HOME funds to be repaid is based on the HOME Loan, defined
11 in Section 1, prorated by the number of HOME-Assisted Units that are or are not rented to
12 eligible tenants. If all HOME-Assisted Units are not rented to eligible tenants, then COUNTY
13 and RHDC mutually agree that this Agreement will self-terminate and any HOME Loan funds
14 drawn shall be returned within thirty (30) calendar days. Upon such termination, this
15 Agreement shall become null and void. COUNTY and RHDC shall be released
16 and discharged respectively from their obligations under this Agreement. All cost
17 incurred by each party on the Project will be assumed respectively.



18 b. Low HOME and High HOME Rent Limitations: Effective May
19 1, 2014, HUD published the Low HOME rents for the County of Riverside. Low HOME rent
20 for 2 bedroom units is \$717. High HOME rent for 2 bedroom units is \$958. In order to
21 calculate net rent to be charged, an applicable utility allowance must be subtracted from the
22 gross rents listed. Rent limitations for HOME-Assisted Units shall be as set forth under 24
23 CFR 92.252 and such units shall be rented and occupied by income qualified applicants at the
24 HOME rent levels for the County of Riverside, which are published periodically by HUD.

25 c. Initial rent schedule and utility allowance: The maximum monthly
26 allowances for utilities and services (excluding telephone) shall not exceed the utility
27 allowance as set by the Housing Authority of the County of Riverside. COUNTY shall review
28 and approve rents proposed by RHDC for HOME-Assisted Units subject to the maximum rent

1 limitations to ensure that the rents do not exceed the maximum rent minus the monthly
2 allowances for utilities and services.

3 21. TENANT PROTECTIONS. RHDC shall provide protection to the
4 tenants of the HOME-Assisted Units in accordance to the requirements set forth at 24 CFR
5 92.253 and described as follows:

6 a. Provide written lease agreement for not less than one year, unless
7 by mutual agreement between the tenant and RHDC. COUNTY shall review the initial form of
8 the lease agreement prior to RHDC executing any leases and, provided that RHDC uses the
9 County approved lease form, RHDC shall be permitted to enter into residential leases without
10 COUNTY's prior written consent.

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

13 (1) *Agreement to be sued.* Agreement by the tenant to be sued,
14 to admit guilt or to a judgment in favor of RHDC in a lawsuit brought in connection with the
15 lease;

16 (2) *Treatment of property.* Agreements by tenant that RHDC
17 may take, hold, or sell personal property of household members without notice to the tenant
18 and a court decision on the rights of the parties. This prohibition, however, does not apply to an
19 agreement by the tenant concerning disposition of personal property remaining in the housing
20 unit after the tenant has moved out of the unit. RHDC may dispose of this personal property in
21 accordance with State law;

22 (3) *Excusing RHDC from responsibility.* Agreement by the
23 tenant not to hold RHDC or RHDC's agents legally responsible for any action or failure to act,
24 whether intentional or negligent;

25 (4) *Waiver of notice.* Agreement of the tenant that RHDC may
26 institute a lawsuit without notice to the tenant;

27 (5) *Waiver of legal proceeding.* Agreement by the tenant that
28 the RHDC may evict the tenant or household members without instituting a civil court

1 proceeding in which the tenant has the opportunity to present a defense, or before a court
2 decision on the rights of the parties;

3 (6) *Waiver of a jury trial.* Agreement by the tenant to waive
4 any right to a trial by jury;

5 (7) *Waiver of right to appeal court decision.* Agreement by
6 the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court
7 decision in connection with the lease;

8 (8) *Tenant chargeable with cost of legal actions regardless of*
9 *outcome.* Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant
10 wins in a court proceeding by RHDC against the tenant. The tenant, however, may be
11 obligated to pay costs if the tenant loses; and

12 (9) *Mandatory supportive services.* Agreement by the tenant
13 (other than a tenant in transitional housing) to accept supportive services that are offered.

14 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
15 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence
16 Against Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L.
17 103-322, 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and
18 termination due to a tenant's status as a victim of domestic violence, dating violence, or
19 stalking, and requires landlords to maintain survivor-tenant confidentiality. VAWA 2013
20 prohibits a tenant who is a survivor of domestic violence, dating violence, sexual assault, and
21 stalking from being denied assistance, tenancy, or occupancy rights based solely on criminal
22 activity related to an act of violence committed against them. It extends housing protections to
23 survivors of sexual assault, and adds "intimate partner" to the list of eligible relationships in
24 the domestic violence definition. Protections also now cover an "affiliated individual," which
25 includes any lawful occupant living in the survivor's household, or related to the survivor by
26 blood or marriage including the survivor's spouse, parent, brother, sister, child, or any person
27 to whom the survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a
28 tenant or lawful occupant who engages in criminal activity directly relating to domestic

1 violence, dating violence, sexual assault, or stalking against an affiliated individual or other
2 individual, or others may be evicted or removed without evicting or removing or otherwise
3 penalizing a victim who is a tenant or lawful occupant. If victim cannot establish eligibility,
4 RHDC must give a reasonable amount of time to find new housing or establish eligibility under
5 another covered housing program. A Notice of Rights under VAWA 2013 for tenants must be
6 provided at the time a person applies for housing, when a person is admitted as a tenant of a
7 housing unit, and when a tenant is threatened with eviction or termination of housing benefits.
8 Tenants must request an emergency transfer and reasonably believe that they are threatened
9 with imminent harm from further violence if the tenant remains in the same unit. The
10 provisions of VAWA 2013 that are applicable to HUD programs are found in title VI of
11 VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence, Dating
12 Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N of
13 VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

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

17 23. REPAYMENT INCOME. COUNTY must record the receipt and
18 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
19 92.503.

20 24. SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT. RHDC
21 hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of the Project or
22 any portion thereof, without obtaining the prior written consent of the COUNTY, which
23 consent shall be conditioned upon (a) a County determination that transferee is a CHDO or is
24 otherwise eligible as a wholly-owned subsidiary or partnership of a CHDO and determined by
25 County to be HUD-eligible to receive an allocation of CHDO HOME Set Aside funds pursuant
26 to the requirements set forth in 24 CFR 92.300(a): and (b) receipt by the COUNTY of
27 reasonable evidence satisfactory to the COUNTY, in its sole discretion, that transferee has
28 assumed in writing and in full, and is reasonably capable of performing and complying with

1 the RHDC's duties and obligations under this Agreement , provided, however RHDC shall not
2 be released of all obligations hereunder which accrue from and after the date of such sale.

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

7 26. NONDISCRIMINATION. RHDC shall abide by 24 CFR 570.602 which
8 requires that no person in the United States shall on the grounds of race, color, national origin,
9 religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to
10 discrimination under any program or activity receiving Federal financial assistance made
11 available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions against
12 discrimination of the basis of age under the Age Discrimination Act and the prohibitions
13 against discrimination of the basis of disability under Section 504 shall apply to programs or
14 activities receiving Federal financial assistance under Title I programs. The policies and
15 procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR Part 6.

16 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

17 a. RHDC and its assigns, employees, agents, consultants, officers
18 and elected and appointed officials shall become familiar with and shall comply with the
19 conflict of interest provisions in OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR
20 92.356 and Policy Manual #A-11, attached hereto as **Exhibit F** and by this reference
21 incorporated herein.

22 b. RHDC understands and agrees that no waiver or exception can be
23 granted to the prohibition against conflict of interest except upon written approval of HUD
24 pursuant to 24 CFR 92.356(d). Any request by RHDC for an exception shall first be reviewed
25 by COUNTY to determine whether such request is appropriate for submission to HUD. In
26 determining whether such request is appropriate for submission to HUD, COUNTY will
27 consider the factors listed in 24 CFR 92.356(e).

28 c. Prior to any funding under this Agreement, RHDC shall provide

1 COUNTY with a list of all employees, agents, consultants, officers and elected and appointed
2 officials who are in a position to participate in a decision-making process, exercise any
3 functions or responsibilities, or gain inside information with respect to the HOME activities
4 funded under this Agreement. RHDC shall also promptly disclose to COUNTY any potential
5 conflict, including even the appearance of conflict that may arise with respect to the HOME
6 activities funded under this Agreement.

7 d. Any violation of this section shall be deemed a material breach of
8 this Agreement shall be immediately terminated by COUNTY.

9 28. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
10 HOME funds may not be provided to primarily religious organizations, such as churches, for
11 any activity including secular activities. In addition, HOME funds may not be used to
12 rehabilitate or construct housing owned by primarily religious organizations or to assist
13 primarily religious organizations in acquiring housing. However, HOME funds may be used
14 by a secular entity to acquire housing from a primarily religious organization, and a primarily
15 religious entity may transfer title to property to a wholly secular entity and the entity may
16 participate in the HOME program in accordance with the requirements set forth at 24 CFR
17 92.257. The entity may be an existing or newly established entity, which may be an entity
18 established by the religious organization. The completed housing project must be used
19 exclusively by the RHDC/participant entity for secular purposes, available to all persons
20 regardless of religion. In particular, there must be no religious or membership criteria for
21 tenants of the property.

22 29. PROJECT MONITORING AND EVALUATION.

23 a. Tenant Checklist. RHDC shall submit a Tenant Checklist Form to
24 COUNTY, as shown in **Exhibit G** which is attached hereto and by this reference is
25 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
26 composition, number and percentage of very low-income and low-income households who are
27 tenants of the HOME-Assisted Units. The Tenant Checklist Form shall be submitted upon
28 completion of the construction and thereafter, on a semi-annual basis on or before March 31

1 and September 30. RHDC shall maintain financial, programmatic, statistical and other
2 supporting records of its operations and financial activities in accordance with the requirements
3 of the HOME Program under 24 CFR 92.508, including the submission of Tenant Checklist
4 Form. Except as otherwise provided for in this Agreement, RHDC shall maintain and submit
5 records to COUNTY within ten business days of COUNTY's request which clearly documents
6 RHDC's performance under each requirement of the HOME Program. A list of document
7 submissions and timeline are shown in **Exhibit A** and such list may be amended from time to
8 time subject to HUD and COUNTY reporting requirements.

9 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the period
10 of affordability, COUNTY must perform on-site inspections of HOME-assisted rental housing
11 to determine compliance with the property standards of §92.251 and to verify the information
12 submitted by the owners in accordance with the requirements of §92.252. The inspections must
13 be in accordance with the inspection procedures that the participating jurisdiction establishes to
14 meet the inspection requirements of §92.251. The on-site inspections must occur within 12
15 months after Notice of Completion and at least once every 3 years thereafter during the period
16 of affordability. If there are observed deficiencies for any of the inspectable items in the
17 property standards established by COUNTY, in accordance with the inspection requirements of
18 §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur
19 within 12 months. COUNTY may establish a list of non-hazardous deficiencies for which
20 correction can be verified by third party documentation (e.g., paid invoice for work order)
21 rather than re-inspection. Health and safety deficiencies must be corrected immediately, in
22 accordance with §92.251. COUNTY must adopt a more frequent inspection schedule for
23 properties that have been found to have health and safety deficiencies. The property owner
24 must annually certify to the COUNTY that each building and all HOME- assisted units in the
25 project are suitable for occupancy, taking into account State and local health, safety, and other
26 applicable codes, ordinances, and requirements, and the ongoing property standards established
27 by the participating jurisdiction to meet the requirements of §92.251. Inspections must be
28 based on a statistically valid sample of units appropriate for the size of the HOME-Assisted

1 project, as set forth by HUD through notice. For projects with one-to-four HOME-Assisted
2 Units, COUNTY must inspect 100 percent of the HOME-Assisted Units and the inspectable
3 items (site, building exterior, building systems, and common areas) for each building housing
4 HOME-assisted units.

5 30. MONITORING FEE. RHDC shall be responsible for paying an annual
6 compliance monitoring fee to the COUNTY in the amount of \$400 due on July 1st of each year
7 for the monitoring period of July 1st to June 30th commencing July 1, 2016 (the "Monitoring
8 Fee"). The Monitoring Fee is to be adjusted upwards annually, increased by an amount equal
9 to the increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of
10 a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same
11 and shall not decrease.

12 31. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
13 to visit the Project site at all reasonable times, and upon completion of the Project upon
14 reasonable written notice to RHDC, to review the operation of the Project in accordance with
15 this Agreement.

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

18 a. Monetary Default. (1) RHDC's failure to pay when due any sums
19 payable under the HOME Note or any advances made by COUNTY under this Agreement, (2)
20 RHDC's or any agent of RHDC's use of HOME funds for costs other than costs or for uses
21 inconsistent with terms and restrictions set forth in this Agreement, (3) RHDC's or any agent
22 of RHDC's failure to make any other payment of any assessment or tax due under this
23 Agreement, and /or (4) default under the terms of any Junior Loan documents or any other
24 instrument or document secured against the Property;

25 b. Non-Monetary Default - Operation. (1) Discrimination by RHDC
26 or RHDC's agent on the basis of characteristics prohibited by this Agreement or applicable
27 law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior
28 written approval, including, but not limited to those liens or encumbrances expressly prohibited

1 under this Agreement or that have the effect of reducing the priority or invalidating the HOME
2 Deed of Trust, (3) RHDC's failure to obtain and maintain the insurance coverage required
3 under this Agreement, (4) any material default under this Agreement, and/or (5) default under
4 the terms of any Junior Loan documents or any other instrument or document secured against
5 the Property;

6 c. General Performance of Loan Obligations. Any substantial or
7 continuous or repeated breach by RHDC or RHDC's agents of any material obligations on
8 RHDC imposed in this Agreement;

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

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

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

23 g. Bankruptcy, Dissolution and Insolvency. RHDC's or any general
24 partner of RHDC's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain
25 a full dismissal of any such involuntary filing brought by another party before the earlier of
26 final relief or sixty (60) days after such filing; (2) making a general assignment for the benefit
27 of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or
28 failure to obtain a full dismissal of any such involuntary application brought by another party

1 before the earlier of final relief or seventy-five (75) days after such filing; (4) insolvency; or
2 (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

3 33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
4 monetary and non-monetary Events of Default, the COUNTY shall give written notice to
5 RHDC, at the address listed in Section 53 below, of any Event of Default by specifying: (a) the
6 nature of the Event of Default or the deficiency giving rise to the default, (b) the action
7 required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not
8 be more than sixty (60) calendar days from the date of the mailing of the notice, by which such
9 action to cure must be taken. RHDC shall have the right to cure any and all defaults under this
10 Agreement no later than sixty (60) calendar days from the date of the mailing of the notice of
11 default.

12 34. COUNTY REMEDIES. Upon the occurrence of an Event of Default and
13 a failure by RHDC to cure said default within the time period specified in the notice of default
14 (if an action to cure is specified in said notice), COUNTY's obligation to disburse HOME
15 funds shall terminate, and COUNTY may also in addition to other rights and remedies
16 permitted by this Agreement or applicable law, proceed with any or all of the following
17 remedies in any order or combination COUNTY may choose in its sole discretion:

18 a. Terminate this Agreement, in which event the entire amount as
19 well as any other monies advanced to RHDC by COUNTY under this Agreement including
20 administrative costs, shall immediately become due and payable at the option of COUNTY.

21 b. Bring an action in equitable relief (1) seeking the specific
22 performance by RHDC of the terms and conditions of this Agreement, and/or (2) enjoining,
23 abating, or preventing any violation of said terms and conditions, and/or (3) seeking
24 declaratory relief.

25 c. Accelerate the HOME Loan, and demand immediate full payment
26 of the principal payment outstanding and all accrued interest under the HOME Note, as well as
27 any other monies advanced to RHDC by COUNTY under this Agreement.

28 d. Enter the Project and take any remedial actions necessary in its

1 judgment with respect to hazardous materials that COUNTY deems necessary to comply with
2 hazardous materials laws or to render the Project suitable for occupancy.

3 e. Enter upon, take possession of, and manage the Project, either in
4 person, by agent, or by a receiver appointed by a court, and collect rents and other amounts
5 specified in the assignment of rents in the Deed of Trust and apply them to operate the Project
6 or to pay off the HOME Loan or any advances made under this Agreement, as provided for by
7 the HOME Deed of Trust.

8 f. Pursue any other remedy allowed at law or in equity.

9 35. Intentionally Blank.

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

20 37. RHDC'S CERTIFICATION. RHDC certifies, to the best of its
21 knowledge and belief, that:

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

1 b. If any funds other than federally appropriated funds have been
2 paid or will be paid to any person for influencing or attempting to influence an officer or
3 employee of any agency, a member of Congress, an officer or employee of Congress, or an
4 employee of a member of Congress in connection with this federal contract, grant, loan, or
5 cooperative agreement, the undersigned shall complete and submit Standard Form-LLL,
6 "Disclosure Form to Report Lobbying," in accordance with its instructions.

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

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

26 With respect to any action or claim subject to indemnification herein by RHDC,
27 RHDC shall, at their sole cost, have the right to use counsel of their own choice and shall have
28 the right to adjust, settle, or compromise any such action or claim without the prior consent of

1 COUNTY; provided, however, that any such adjustment, settlement or compromise in no
2 manner whatsoever limits or circumscribes RHDC'S indemnification to COUNTY as set forth
3 herein.

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

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

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

14 39. TERMINATION.

15 a. RHDC. RHDC may terminate this Agreement consistent with the
16 applicable HOME Program regulations, and 24 CFR 85.44.

17 b. COUNTY. Notwithstanding the provisions of **Section 39(a)**,
18 COUNTY may suspend or terminate this Agreement upon written notice to RHDC of the action
19 being taken and the reason for such action in the event one of the following events occur:

20 (1) In the event RHDC fails to perform the covenants herein
21 contained at such times and in such a manner as provided in this Agreement after the applicable
22 notice and cure provision hereof; or

23 (2) In the event there is a conflict with any federal, state or
24 local law, ordinance, regulation or rule rendering any material provision, in the judgment of
25 COUNTY of this Agreement invalid or untenable; or

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

28 c. This Agreement may be terminated or funding suspended in whole

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

7 d. Upon expiration of this Agreement, RHDC shall transfer to
8 COUNTY any unexpended HOME funds in its possession at the time of expiration of this
9 Agreement as well as any accounts receivable held by RHDC which are attributable to the use
10 of HOME funds awarded pursuant to this Agreement.

11 40. AFFORDABILITY RESTRICTIONS. COUNTY and RHDC hereby
12 declare their express intent that the restrictions set forth in this Agreement shall continue in full
13 force and effect for a period of fifty-five (55) years from and after the recordation of the Notice
14 of Completion for the Project without regard to the HOME Loan Term, the Agreement Term,
15 repayment of the HOME investment, or the transfer of ownership, and shall bind all successors
16 in title to the property. Each and every contract, deed or other instrument hereafter executed
17 covering and conveying the Property or any portion thereof shall be held conclusively to have
18 been executed, delivered and accepted subject to such restrictions, regardless whether such
19 restrictions are set forth in such contract, deed or other instrument. RHDC shall execute and
20 record as a lien against the Property, a Covenant Agreement, substantially conforming in form
21 and substance to the Covenant Agreement attached hereto as **Exhibit J** and incorporated
22 herein by this reference, setting forth in the affordability and income restriction required in this
23 Agreement.

24 41. MECHANICS LIENS AND STOP NOTICES. If any claim of
25 mechanics lien is filed against the Project or a stop notice affecting the HOME Loan is served
26 on COUNTY, RHDC must, within twenty (20) days of such filing or service, either pay and
27 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
28 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other

1 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
2 discharged.

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

7 43. AUTHORITY TO EXECUTE. The persons executing this Agreement or
8 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
9 represent that they have the authority to execute this Agreement and warrant and represent that
10 they have the authority to bind the respective parties to this Agreement to the performance of
11 its obligations hereunder.

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

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

24 46. JURISDICTION AND VENUE. Any action at law or in equity arising
25 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
26 determining the validity of any provision of this Agreement shall be filed in the Superior
27 Courts of Riverside County, State of California, and the parties hereto waive all provisions of
28 law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

4 48. MINISTERIAL ACTS. COUNTY's Assistant County Executive
5 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial
6 actions as may be necessary or appropriate to implement the terms, provisions, and conditions
7 of this Agreement as it may be amended from time to time by both parties.

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

18 50. MEDIA RELEASES. RHDC agrees to allow COUNTY to provide input
19 regarding all media releases regarding the Project. Any publicity generated by RHDC for the
20 Project must make reference to the contribution of COUNTY in making the Project possible.
21 COUNTY's name shall be prominently displayed in all pieces of publicity generated by
22 RHDC, including flyers, press releases, posters, signs, brochures, and public service
23 announcements. RHDC agrees to cooperate with COUNTY in any COUNTY-generated
24 publicity or promotional activities with respect to the Project.

25 51. CONDITIONAL HOME COMMITMENT.

26 a. Acquisition. If RHDC cannot acquire the Property by the
27 Acquisition Deadline as set forth in the Implementation Schedule in **Exhibit A** of this
28 Agreement, then COUNTY and RHDC mutually agree that this Agreement will self-terminate

1 and any HOME Loan funds drawn to date shall be returned within thirty (30) calendar days.
2 Upon such termination, this Agreement shall become null and void. COUNTY and RHDC
3 shall be released and discharged respectively from its obligations under this
4 Agreement, except for those provisions which by their terms survive
5 termination. All cost incurred by each party on the Project will be assumed
6 respectively.



7 b. Construction. Pursuant to 24 CFR 92.2, under the definition of
8 Commitment, all necessary financing has been secured, a budget and schedule have been
9 established, and underwriting has been completed and under which construction is scheduled to
10 start within twelve (12) months of the agreement date (“Construction Start Deadline”). If
11 RHDC cannot start construction or provide evidence such as construction permits within
12 twelve (12) months of the agreement date, then COUNTY and RHDC mutually agree that this
13 Agreement will self-terminate and any HOME Loan funds drawn to date shall be returned
14 within thirty (30) calendar days. Upon such termination, this Agreement shall become null and
15 void. COUNTY and RHDC shall be released and discharged respectively from
16 its obligations under this Agreement, except for those provisions which by their
17 terms survive termination. All cost incurred by each party on the Project will be
18 assumed respectively.



19 c. Completion. The Project must be completed and a Notice of
20 Completion shall have been recorded in the Official Records within two (2) years from the date
21 of this Agreement (the “Completion Deadline”). RHDC may request a one year extension of
22 the Completion Deadline from COUNTY, in County’s sole and absolute discretion, if the
23 RHDC can provide proof of the circumstances that led to the failure to complete the Project by
24 the Completion Deadline were beyond the RHDC’s control. The one year extension is subject
25 to COUNTY’s approval and not guaranteed. The Assistant County Executive Officer/EDA, or
26 designee, has the authority, at his or her discretion, to consent to an extension of the
27 Completion Deadline. If RHDC is unable to meet the condition as required by this **Section 51**,
28 then COUNTY and RHDC mutually agree that this Agreement will self-terminate and any

1 HOME Loan funds drawn to date shall be returned within thirty (30) calendar days. Upon such
2 termination, this Agreement shall become null and void. COUNTY and RHDC shall be
3 released and discharged respectively from their obligations under this
4 Agreement, except for those provisions which by their terms survive
5 termination. All cost incurred by each party on the Project will be assumed
6 respectively.



7 d. Tenant Leases. RHDC shall comply with the initial occupancy
8 requirements set forth in Section 20(a) of this Agreement.

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

11 53. NOTICES. All notices, requests, demands and other communication
12 required or desired to be served by either party upon the other shall be addressed to the
13 respective parties as set forth below or the such other addresses as from time to time shall be
14 designated by the respective parties and shall be sufficient if sent by United States first class,
15 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
16 delivery.

17 COUNTY

RHDC

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

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

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

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

28 ///

1 IN WITNESS WHEREOF, COUNTY and RHDC have executed this Agreement
2 as of 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: _____
8 Jeff Stone, Chairman
9 Board of Supervisors

By: 
Bruce Kulpa, Executive Director

10 Date: _____

Date: 5/13/14

11 ATTEST:

12 KECIA HARPER-IHEM
13 Clerk of the Board

14
15 By: _____
16 Deputy

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

20
21 By: _____
22 Jhaila R. Brown, Deputy County Counsel

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 5-13-14 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

1 IN WITNESS WHEREOF, COUNTY and RHDC have executed this Agreement
2 as of 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: _____
8 Jeff Stone, Chairman
9 Board of Supervisors

By: _____
Bruce Kulpa, Executive Director

10 Date: _____

Date: _____

11 ATTEST:

12 KECIA HARPER-IHEM
13 Clerk of the Board

14
15 By: _____
16 Deputy

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

20
21 By:  _____
22 Jhaila R. Brown, Deputy County Counsel

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

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT "A"

BORROWER: Riverside Housing Development Corporation
Address: 4250 Brockton Avenue, Riverside, CA 92501
Project Title: Orange Blossom Apartments
Project Site: 41945 Orange Blossom Lane in the community of Valle Vista outside of the City of Hemet, Assessor Parcel Number: 438-110-061 (the "Property" or "Project Site"). The property is approximately 0.19 acres.

Description:

BORROWER will utilize \$474,000 in HOME funds for acquisition and rehabilitation of a 3-unit property located at 41945 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 2 two-bedroom units and 1 three-bedroom unit to be rented to and occupied by income qualified households.

Income Targeting Requirements:

Two (2) HOME-Assisted Units shall be restricted to low-income households with 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. A minimum of one (1) HOME-Assisted Unit shall be restricted to very low-income households with 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, as published by HUD.

The HOME-Assisted Units shall be restricted for a period of at least fifty five (55) years from and after the date of the recordation of the Notice of Completion in the Official Records of Riverside County . An individual does not qualify as a low-income household if the individual is a student who is not eligible to receive Section 8 assistance under 24 CFR 5.612.

Upon satisfactory completion, COUNTY shall 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. Major systems are: structural support; roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning. A replacement reserve must be established and monthly payments made to the reserve must be adequate to repair or replace the systems as needed.

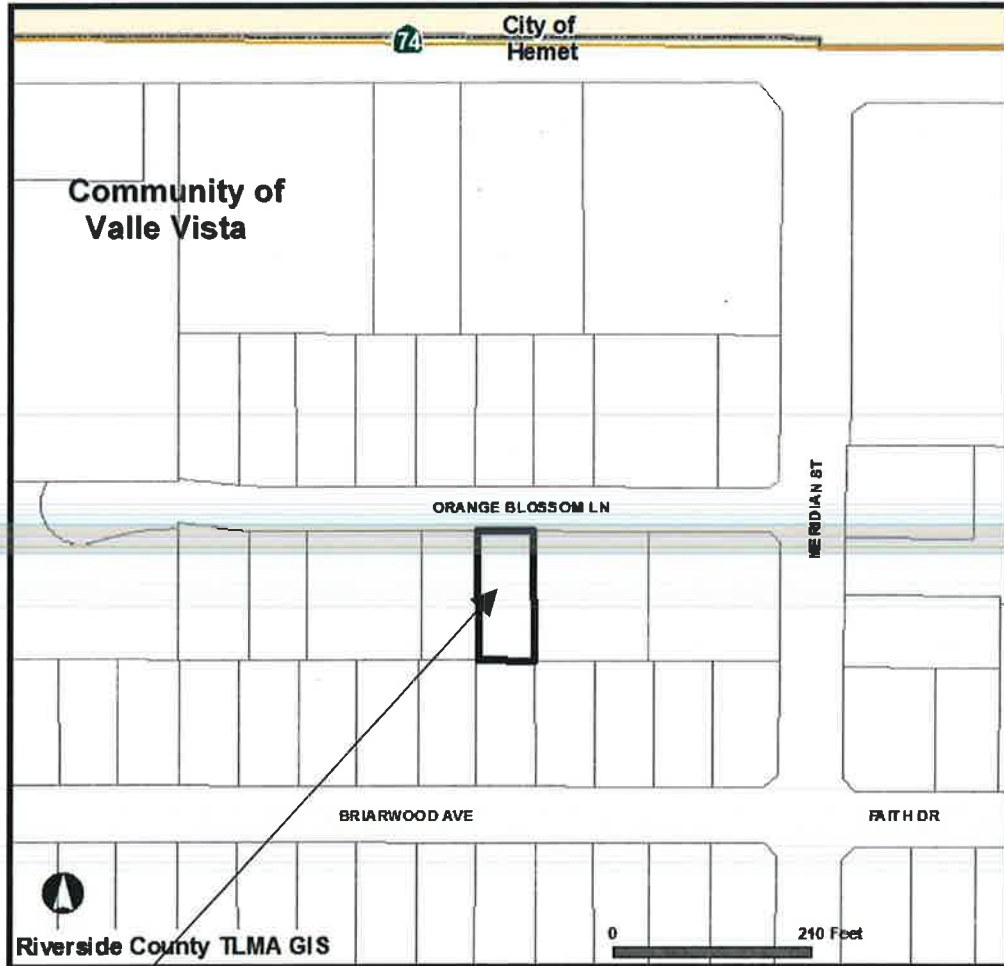
LEGAL DESCRIPTION OF PROPERTY

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

LOT 16 OF TRACT NO. 11600 AS PER MAP RECORDED IN BOOK 110, PAGES 46 AND 47 OF MAP RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 438-110-061

41945 Orange Blossom Lane, Hemet, California, 92544
Assessor Parcel Number 438-110-061



APN 438-110-061
41945 Orange Blossom Lane

Project Permanent Sources and Uses of Fund:

Sources:

County of Riverside HOME Loan	\$	474,000
Clearinghouse CDFI Loan	\$	<u>120,000</u>
Total Sources	\$	594,000

Uses:

Land & Acquisition	\$	275,000
Rehabilitation Construction	\$	244,000
Architectural & Engineering	\$	3,000
Construction Contingency	\$	8,250
Permanent Financing Costs	\$	2,500
Appraisal	\$	1,500
Permit Processing Fees	\$	2,500
Relocation Expenses	\$	17,250
Developer's Fees	\$	<u>40,000</u>
Total Uses	\$	594,000

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$474,000) are required. The HOME match in the amount of \$118,500 will be satisfied from the current excess match carried over from Fiscal Year 2012-2013.

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. Acquisition Deadline	September 30, 2014
2. Construction Start Deadline	12 months from date of Agreement
3. Completion Deadline	2 years from date of Agreement
4. Lease Deadline	12 months from Notice of Completion
5. Submission of Final actual Project costs	12 months from Notice of Completion
6. Submission of Sources and Uses of Funds	12 months from Notice of Completion
7. Submission of Tenant Checklist report	12 months from Notice of Completion

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 WITH ASSIGNMENT OF RENTS

This DEED OF TRUST is made on this ____ day of _____, 2014. The trustor is Riverside Housing Development Corporation, a California nonprofit public benefit corporation ("TRUSTOR"), whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is _____ ("Trustee"). The beneficiary is the COUNTY OF RIVERSIDE, a political subdivision of the State of California, ("COUNTY" or "BENEFICIARY"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the "Trust Estate"):

(A) That certain fee interest in the real property in the community of Valle Vista in the unincorporated area of the County of Riverside, State of California more particularly described in Exhibit "B-1" attached hereto and by this reference made a part hereof (such interest in real property is hereafter referred to as the "Subject Property");

(B) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements");

(C) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(D) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the Trustorship, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

(E) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership,

use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

(F) all present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) that certain Promissory Note in favor of the County executed by Trustor ("Borrower" therein) of even date herewith (the "Note");

(b) that certain Loan Agreement for the Use of HOME Funds dated _____, 2014, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and

(c) that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").

2. payment of indebtedness of the Trustor to the Beneficiary not to exceed FOUR HUNDRED SEVENTY FOUR THOUSAND DOLLARS AND NO CENTS (\$474,000.00) (the "HOME Loan") according to the terms of the Note.

Said Note, HOME Loan Agreement and Covenant Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The Note, HOME Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, HOME Loan Agreement and Covenant Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the HOME Loan Agreement.

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 maturity of the HOME Loan shall be the first to occur of (i) July 1, 2070 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "HOME Loan Term").

TRUSTOR COVENANTS that the Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property. Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the HOME Loan Agreement and Covenant Agreement at the time and in the manner respectively provided therein.

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use set forth in the HOME Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the HOME Loan Agreement and Covenant Agreement.

5. Payment of Principal and Interest; Prepayment and Late Charges. Trustor 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.

6. Taxes and Insurance. Trustor 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 Deed of Trust.

a. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor 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, Beneficiary 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 Beneficiary 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.

7. Application of Payments. Unless applicable law provides otherwise, all payments received by Beneficiary under **Sections 5 and 6** 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.

8. Prior Deeds of Trust; Charge; Liens. Trustor 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.

Trustor shall pay these obligations in the manner provided in **Section 6**, or if not paid in that manner, Trustor shall pay them on time directly to the person owed payment. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

a. Except for the liens permitted in writing by the Beneficiary, Trustor shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Trustor: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary'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 Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Beneficiary may give Trustor a notice identifying the lien. Trustor shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.

9. First Priority Position. This Deed of Trust shall be recorded in the first position senior in priority to the loan from the Clearinghouse Community Development Financial Institution or other mutually acceptable lender as agreed to by the parties. Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements approved as to form and content by Beneficiary.

10. Hazard or Property Insurance. Trustor 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 Beneficiary 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 Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.

a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the HOME Loan Agreement. Trustor shall promptly give to Beneficiary 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, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

b. Unless Beneficiary and Trustor 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 Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor 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 Trustor. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 27** the Property is acquired by Beneficiary, Trustor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

d. Notwithstanding the above, the Beneficiary's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of a Senior Lien Holder, if any, to collect and apply such proceeds in accordance with a Senior Deed of Trust.

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

a. The Trustor 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 Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. Protection of Beneficiary's Rights in the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary'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, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

a. Any amounts disbursed by Beneficiary under this **Section 12** shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary 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 Beneficiary to Trustor requesting payment.

13. Not used

14. Inspection. Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advanced notice in connection with an inspection specifying reasonable cause for the inspection.

15. 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 Beneficiary, subject to the terms of a Senior Deed of Trust, if any.

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 Trustor. 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 Trustor and Beneficiary 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 Trustor. 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 Trustor and Beneficiary 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 Beneficiary's lien is not impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.

b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary 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 Beneficiary and Trustor 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 5 and 6** or change the amount of such payments.

16. Trustor Not Released; Forbearance By Beneficiary Not a Waiver. Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary 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 Trustor or Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

17. 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 Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.

18. 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 Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

19. Notices. Any notice to Trustor 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 Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to such other address the Senior Lien Holder designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

20. 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. Any action at law or in equity arising under this Deed of Trust or brought by a

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

21. Trustor's Copy. Trustor shall be given one conformed copy of the Note and of this Deed of Trust.

22. Transfer of the Property or a Beneficial Interest in Trustor. Except 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 Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary'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) Beneficiary 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 Beneficiary 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 Beneficiary's approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

a. If Beneficiary exercises this Option, Beneficiary shall give Trustor and the Senior Lien Holder, if any, 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 Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

b. 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.

23. Trustor's Right to Reinstate. If Trustor meets certain conditions, Trustor 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 Trustor: (a) pays Beneficiary 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 Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, 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 22**.

24. 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 Trustor. 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, Trustor will be given written notice of the change in accordance with **Section 19** 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.

25. No Assignment. The Note and this Deed of Trust shall not be assigned without the County's prior written consent.

26. Hazardous Substances. Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor 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. Trustor shall promptly give Beneficiary 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 Trustor has actual knowledge. If Trustor 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, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

b. As used in this **Section 26**, "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 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

27. Acceleration; Remedies. Beneficiary shall give notice to Trustor prior to acceleration following Trustor'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 date of 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 Trustor 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 Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior

Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions then in effect, then Beneficiary 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. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, 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 Trustor, 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. Beneficiary 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.

28. Release. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs.

29. Substitute Trustee. Beneficiary, 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.

30. Modification of Senior Loan Documents. Any agreement or arrangement, in which a 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, shall require the prior written approval of the COUNTY.

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

32. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Trustor 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 Beneficiary 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.

33. 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.

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

TRUSTOR:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: 

Bruce Kulpa
Executive Director

Date: 5/13/14

(TRUSTOR signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

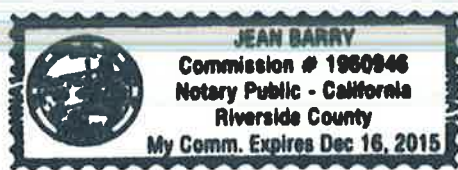
STATE OF CALIFORNIA }

COUNTY OF Riverside }

On 5-13-14, 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:

LOT 16 OF TRACT NO. 11600 AS PER MAP RECORDED IN BOOK 110, PAGES 46 AND 47 OF MAP RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 438-110-061

EXHIBIT “C”

Promissory Note

PROMISSORY NOTE

\$474,000

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 Four Hundred Seventy Four Thousand and No/100 Dollars (U.S. \$474,000.00) (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 _____ . Except 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 and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are 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"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County ("Official Records"), between Borrower and County.
- (2) 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. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) 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.
- (4) 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 maturity of the HOME Loan Agreement, which shall be the first to occur of (i) July 1, 2070 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "HOME Loan Term"). 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 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.

- (5) The Project's Residual Receipts are defined as gross receipts, 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") for the Los Angeles, Riverside, Orange County, CA Area; 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) including interest from the operating reserve account; and replacement reserves, including interest from the reserve account, established in a separate account from operating reserves, limited to \$400 per HOME-Assisted Unit, increased annually by an amount equal to the increase in CPI; and payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved in writing by the COUNTY (collectively, the "Senior Debt").
- (6) The HOME Loan evidenced by this Note is secured by that certain Deed of Trust with Assignment of Rents executed by Borrower for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.
- (8) 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 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 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 Deed of Trust to receive such income upon an Event of Default (as defined under the Deed of Trust).

(9) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the HOME Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default under the terms of any Junior Loan documents or any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval, including, but not limited to those liens or encumbrances expressly prohibited under the HOME Loan Agreement or that have the effect of reducing the priority or invalidating the Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HOME Loan Agreement, (4) any material default under the HOME Loan Agreement, and/or (5) default under the terms of any Junior Loan documents or any other instrument or document secured against the Property;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the HOME Loan Agreement; and

d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.

(10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

(12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid.

(13) Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of

any extension or extensions of the time of payment or of any due date under this Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorneys' fees, which may be incurred by the holder hereof, in the enforcement of this Note, the Deed of Trust or any term or provision of either thereof.

(14) 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.

BORROWER:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: 

Bruce Kulpa
Executive Director

DATE: 5/13/14

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 _____

\$ _____

HUD Effective FY 2014 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100

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:

(15) 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;

(16) 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;

- (17) 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;
- (18) Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;
- (19) Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- (20) 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:

LOT 16 OF TRACT NO. 11600 AS PER MAP RECORDED IN BOOK 110, PAGES 46 AND 47 OF MAP RECORDS, IN THE OFFICE OF THE COUNTY RECORDED OF SAID RIVERSIDE COUNTY, CALIFORNIA.
Assessor's Parcel Number: 438-110-061

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 _____, as Trustee, to be mailed to Riverside County EDA, 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
10 Attn. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **COVENANT AGREEMENT**

12 This Covenant Agreement (“Covenant”) is made and entered into as of the _____ day of
13 _____, 2014 by and between the County of Riverside (“County”), a political
14 subdivision of the State of California, and Riverside Housing Development Corporation
15 (“RHDC”), a California nonprofit public benefit corporation and certified Community Housing
16 Development Organization.

17 **RECITALS**

18 WHEREAS, on _____, 2014, County and RHDC entered into that
19 certain Loan Agreement for the Use of HOME Funds (the “HOME Agreement”) for acquisition
20 and rehabilitation of a three (3) unit property for rent to income qualified households in the
21 community of Valle Vista in the unincorporated area of the County of Riverside (the “Project”).
22 Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME
23 Agreement;

24 WHEREAS, the Project is located at 41945 Orange Blossom Lane, Hemet, California,
25 92544 with Assessor Parcel Number 438-110-061, legally described in **Exhibit “J-1”**, which is
26 attached hereto and by this reference incorporated herein (“Property”); and

27 WHEREAS, pursuant to the HOME Agreement, RHDC has agreed to acquire and
28 rehabilitate the Property, which includes a total of three (3) units reserved as HOME assisted
units for qualified very low-income and low-income households (“HOME-Assisted Units”) in

1 accordance with Title 24, Code of Federal Regulations (CFR), section 92.252, Qualification as
2 affordable housing: Rental housing;

3 WHEREAS, pursuant to Section 15 of the HOME Agreement, the Project, including the
4 HOME-Assisted Units, shall remain affordable to qualified low-income tenants for a period of
5 fifty-five (55) years commencing from and after the recordation of the Notice of Completion for
6 the Project without regard to the HOME Loan Term, the Agreement Term, repayment of the
7 HOME investment, or the transfer of ownership; and

8 WHEREAS, the parties desire to memorialize RHDC's obligation to maintain the
9 affordability of the HOME assisted units pursuant to the HOME regulations, as more particularly
10 set forth below.

11 NOW, THEREFORE, in consideration of the mutual covenants and agreements
12 contained in this Covenant, and for other good and valuable consideration, the receipt and
13 sufficiency of which are hereby acknowledged, RHDC, on behalf of itself and its successors,
14 assigns, and each successor in interest or any part thereof, hereby declares as follows:

15 1) **RESTRICTIONS. This Covenant shall continue in full force and effect for a**
16 **period of fifty-five (55) years commencing from and after the recordation of the Notice of**
17 **Completion for the Project without regard to the HOME Loan Term, the Agreement**
18 **Term, repayment of the HOME investment, or the transfer of ownership ("Term").** RHDC
19 for itself and on behalf of its successors and assigns, covenants, acknowledges and agrees that
20 the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and
21 restrictions:

22 a) All three (3) units of the Project are designated as HOME-Assisted Units
23 as defined under 24 CFR 92.252.

24 b) Two (2) HOME-Assisted Units shall be restricted to low-income
25 households with High HOME rent limits, as published by HUD, limited to households whose
26 incomes do not exceed eighty percent (80%) of the area median income for the County of
27 Riverside, adjusted by family size at the time of occupancy. The HOME-Assisted Units shall be
28 restricted for a period of at least fifty five (55) years from and after the recordation of the Notice

1 of Completion. An individual does not qualify as a low-income household if the individual is a
2 student who is not eligible to receive Section 8 assistance under 24 CFR 5.612.

3 A minimum of one (1) HOME-Assisted Unit shall be restricted to very low-
4 income households with Low HOME rent limits, as published by HUD, limited to households
5 whose incomes do not exceed fifty percent (50%) of the area median income for the County of
6 Riverside, adjusted by family size at the time of occupancy, as published by HUD. An
7 individual does not qualify as a very low-income family if the individual is a student who is not
8 eligible to receive Section 8 assistance under 24 CFR 5.612.

9 The HOME-Assisted Units shall remain affordable as set forth herein during the
10 Term of this Covenant.

11 c) RHDC on behalf of itself and its successors, assigns, and each successor in
12 interest to the Property and the Project including HOME-Assisted Units or any part thereof shall
13 comply with, and be bound by, all applicable provisions of the HOME Investment Partnership
14 Program as enacted under Title II of the Cranston Gonzalez National Affordable Housing Act
15 (42 USC 12701 et seq.) and its implementing regulations, 24 CFR Part 92, as both shall be
16 amended from time to time, including, but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24
17 CFR 92.253, 24 CFR 92.252, 24 CFR 92.255, 24 CFR 92.256, and 24 CFR 92.350.

18 d) Rent limitations for the HOME-Assisted Units shall be as set forth under
19 24 CFR 92.252 and such units shall be rented and occupied by income qualified applicants at the
20 HOME rent levels for the County of Riverside, which are published periodically by HUD.

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

25 3) NONDISCRIMINATION. RHDC covenants by and for itself and any successors
26 in interest that there shall be no discrimination against or segregation of any person or group of
27 persons on account of race, color, age, religious creed, sex, sexual orientation, marital status,
28 national origin, ancestry, familial status, source of income, physical or mental disability in the

1 sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the real property, nor shall
2 RHDC itself or any person claiming under or through it establish or permit any such practice or
3 practices of discrimination or segregation with reference to the election, location, number, use or
4 occupancy of tenants, lessees, subtenants, sublessees or vendees of the real property. The
5 foregoing covenants shall run with the land. RHDC shall refrain from restricting the lease of the
6 HOME-Assisted Unit on the basis of race, color, age, religious creed, sex, sexual orientation,
7 marital status, national origin, ancestry, familial status, source of income, physical or mental
8 disability of any person. All such deeds, leases or contacts shall contain or be subject to
9 substantially the following nondiscrimination or non-segregation clauses:

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

20 b) In leases: "The lessee herein covenants by and for himself or herself, his or her
21 heirs, executors, administrators, and assigns, and all persons claiming under or through him or
22 her, and this lease is made and accepted upon and subject to the following conditions: There
23 shall be no discrimination against or segregation of any person or group of persons on account of
24 race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry,
25 familial status, source of income, physical or mental disability in the leasing, subleasing,
26 transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the
27 lessee himself or herself, or any person claiming under or through him or her, establish or permit
28 any such practice or practices of discrimination or segregation with reference to the selection,

1 location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the
2 premises herein leased.”

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

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

16	<u>COUNTY</u>	<u>RHDC</u>
17	Assistant Director, Housing	Executive Director
18	Riverside County	Riverside Housing Development Corporation
19	Economic Development Agency	4250 Brockton Avenue
20	5555 Arlington Avenue	Riverside, CA 92501
20	Riverside, CA 92504	

21 5) REMEDIES. County shall have the right, in the event of any breach of any such
22 agreement or covenant, to exercise all the rights and remedies, and to maintain any actions at law
23 or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or
24 covenant.

25 6) TERM. The non-discrimination covenants, conditions and restrictions contained
26 in Section 3 of this Covenant shall remain in effect in perpetuity. Every other covenant,
27 condition and restriction contained in this Covenant shall continue in full force and effect for the
28 Term, as defined in Section 1 of this Covenant.

1 7) NOTICE AND CURE. Prior to exercising any remedies hereunder, the County
2 shall give RHDC notice of such default. Except as otherwise set forth herein, if a non-monetary
3 default is reasonably capable of being cured within sixty (60) days of the date of such notice,
4 RHDC shall have such period to effect a cure prior to exercise of remedies by County. If the
5 non-monetary default is such that it is not reasonably capable of being cured within sixty (60)
6 days, and RHDC (a) initiates corrective action within said period, and (b) diligently, continually,
7 and in good faith works to effect a cure as soon as possible, then RHDC shall have such
8 additional time as is reasonably necessary to cure the default prior to exercise of any remedies by
9 the County; but in no event no later than ninety (90) days from the date of such notice of default.

10 If a violation of any of the covenants or provisions of this Covenant remains
11 uncured after the respective time period set forth in this Section 8, County and its successors and
12 assigns, without regard to whether County or its successors and assigns is an owner of any land
13 or interest therein to which these covenants relate, may institute and prosecute any proceedings
14 at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to
15 compel specific performance by RHDC of its obligations hereunder. No delay in enforcing the
16 provisions hereof as to any breach or violation shall impair, damage or waive the right of any
17 party entitled to enforce the provisions hereof or to obtain relief against or recover for the
18 continuation or repetition of such breach or violations or any similar breach or violation hereof at
19 any later time.

20 8) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
21 governed by the laws of the State of California. Any legal action related to the performance or
22 interpretation of this Covenant shall be filed only in the Superior Court of the State of California
23 located in Riverside, California, and the parties waive any provision of law providing for a
24 change of venue to another location. In the event any provision in this Covenant is held by a
25 court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions
26 will nevertheless continue in full force without being impaired or invalidated in any way.

27 9) BINDING EFFECT. The rights and obligations of this Covenant shall bind and
28 inure to the benefit of the respective heirs, successors and assigns of the parties.

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

4 ///

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7
8
9 [remainder of page intentionally blank]

10
11 [signatures on following page]

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

3 COUNTY:

RHDC:

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

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

6
7 By: _____
8 Jeff Stone, Chairman
9 Board of Supervisors

By: 
Bruce Kulpa, Executive Director

10 Date: _____

Date: 5/13/14

11 ATTEST:

12 KECIA HARPER-IHEM
13 Clerk of the Board

14
15 By: _____
16 Deputy

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

19
20
21 By: _____
22 Jhaila R. Brown, Deputy County Counsel

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

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF Riverside }

On 5-13-14, 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

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

3
4 COUNTY:

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

RHDC:

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

9 By: _____
10 Jeff Stone, Chairman
11 Board of Supervisors

By: _____
Bruce Kulpa, Executive Director

Date: _____

Date: _____

12 ATTEST:

13 KECIA HARPER-IHEM
14 Clerk of the Board

15 By: _____
16 Deputy

17 APPROVED AS TO FORM:

18 PAMELA J. WALLS, County Counsel

19
20 By:  _____
21 Jhaila R. Brown, Deputy County Counsel

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

EXHIBIT "J-1"

LEGAL DESCRIPTION OF PROPERTY

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

LOT 16 OF TRACT NO. 11600 AS PER MAP RECORDED IN BOOK 110, PAGES 46 AND 47 OF MAP RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 438-110-061