

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

771



FROM: Economic Development Agency

SUBMITTAL DATE:
June 5, 2014

SUBJECT: Adoption of Resolution No. 2014-147 Approving the Housing Authority of County of Riverside's Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008 Located in the City of Jurupa Valley to Jurupa Valley Vista Rio Partners LP and Affirming Environmental Assessment No. 1206001902 and Adopted Mitigated Negative Declaration, District 2/District 2, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Conduct a joint public hearing with the Housing Authority of the County of Riverside's Board of Commissioners per Health and Safety Code Sections 33431 and 33433 regarding the proposed Ground Lease between the Housing Authority of the County of Riverside and Jurupa Valley Vista Rio Partners LP and Summary Report, each attached;
2. Close the public hearing;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year	Next Fiscal Year	Total Cost	Ongoing Cost	POLICY/COMMENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: N/A

Budget Adjustment: No
For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
DATE 6-5-14
BY: JAMILA R. BROWN
Departmental Concurrence

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

Prev. Agn. Ref.: 4.1 of 6/7/2011 | District: 2/2 | Agenda Number:

9-3

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

Economic Development Agency

FORM 11: Adoption of Resolution No. 2014-147 Approving the Housing Authority of County of Riverside's Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008 Located in the City of Jurupa Valley to Jurupa Valley Vista Rio Partners LP and Affirming Environmental Assessment No. 1206001902 and Adopted Mitigated Negative Declaration, District 2/District 2, [\$0]

DATE: June 5, 2014

PAGE: 3 of 4

BACKGROUND: (Continued)

Summary

The proposed Ground Lease provides for a 99 year lease of the Site by JVVRLP and the development, construction and operation thereon of a 49 unit multi-family affordable housing complex to be rented to and occupied by extremely low, very low, low and other income households, a community center, related parking, common areas, landscaping and roadways, as more specifically set forth in the proposed Ground Lease (Project). JVVRLP will pay to the Housing Authority, as ground lease rent for the Site, \$1 per annum. Forty-nine percent of the 49 rental housing units shall be restricted to occupancy and rental by households whose incomes are equal to or less than 50% of the area median income. Within that 49%, 30% of the rental units cannot go above 30% area median income. The income restrictions relating to the Project shall be memorialized in the proposed Agreement Containing Covenants which shall be recorded against the Site and run with the land. The term of the proposed Agreement Containing Covenants shall be 99 years from the date the City of Jurupa Valley issues a certificate of occupancy for the improvements. The proposed Agreement Containing Covenants is attached.

Under the proposed Ground Lease, JVVRLP shall be solely responsible for all aspects of development of Project, including development and construction costs, entitlements, securing financing, construction, on-site and off-site improvements and on-going property management and maintenance. The Project is proposed to be developed in one phase. The proposed Ground Lease will terminate if JVVRLP does not commence construction by April 30, 2016.

Pursuant to Health and Safety Code Sections 33431 and 33433 the Housing Authority published a Notice of Joint Public Hearing notifying the public of the joint Housing Authority and County of Riverside public hearing and consideration of the proposed Ground Lease with JVVRLP relating to the lease of the Site. Also, pursuant to Health and Safety Code 33433 the Housing Authority made available for public review on the date the Notice of Joint Public Hearing was published the attached proposed Ground Lease, including attachments, and the Summary Report.

Staff recommends approval of the proposed Ground Lease, including all attachments thereto, the proposed Escrow Agreement, and the adoption of Resolution 2014-147 Making Certain Findings Under Health And Safety Code Section 33433; Approving the Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008, located in the City of Jurupa Valley, California to Jurupa Valley Vista Rio Partners LP; and Making Certain Findings with Respect to the Ground Lease. County Counsel has approved Resolution 2014-147, the Summary Report, proposed Ground Lease and proposed Escrow Agreement as to form.

Impact on Citizens and Businesses

The proposed Project will have a positive impact on local residents and businesses. The construction of the 49 unit multi-family housing complex will create jobs and provide affordable rental housing for residents.

(Continued)

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

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FORM 11: Adoption of Resolution No. 2014-147 Approving the Housing Authority of County of Riverside's Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008 Located in the City of Jurupa Valley to Jurupa Valley Vista Rio Partners LP and Affirming Environmental Assessment No. 1206001902 and Adopted Mitigated Negative Declaration, District 2/District 2, [\$0]

DATE: June 5, 2014

PAGE: 4 of 4

SUPPLEMENTAL:

Additional Fiscal Information

The Site will be leased by JVVRPLP at the rate of \$1 per annum. JVVRPLP is solely responsible for the cost of development of Project, including, but not limited to, entitlements, financing, construction, off-site and on-site improvements, and on-going property management, maintenance, and operations of the proposed Community Center.

Attachments:

Site Map

Resolution No. 2014-147

33433 Summary Report

Proposed Ground Lease

Proposed Escrow Agreement

Public Notice

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

Economic Development Agency

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DATE: June 5, 2014

PAGE: 2 of 4

RECOMMENDED MOTION: (Continued)

1. Affirm Environmental Assessment No. 1206001902 and the Mitigated Negative Declaration that was adopted by the Board of Supervisors on May 24, 2011 for Mission Plaza and find that no new environmental documentation is required because all potentially significant effects of the Ground Lease were adequately analyzed and mitigated all environmental impacts in the adopted Mitigated Negative Declaration and no substantial changes to the project or circumstances under which the project will be undertaken have occurred;
2. Adopt Resolution No. 2014-147 Making Certain Findings Under Health And Safety Code Section 33433; Approving the Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008 , located in the City of Jurupa Valley, California to Jurupa Valley Vista Rio Partners LP; and Making Certain Findings with Respect to the Ground Lease;
3. Approve the Ground Lease, including all attachments, Agreement Containing Covenants and Escrow Agreement, each attached;
4. Authorize the Housing Authority's Chairman of the Board of Commissioners to execute the attached Ground Lease, Agreement Containing Covenants and Escrow Agreement; and
5. Authorize the Executive Director, or designee, to take all necessary steps to implement the Ground Lease, including, but not limited to, signing subsequent necessary and relevant documents subject to approval by County Counsel.

BACKGROUND:

Summary

On February 1, 2012, all California redevelopment agencies were eliminated and the Housing Authority of the County of Riverside (Housing Authority) assumed the housing functions of the former Redevelopment Agency for the County of Riverside (former RDA).

The need for affordable housing for low and very low-income households in the County of Riverside continues to be in demand. As a result of the dissolution of redevelopment agencies and the transfer of certain housing assets to the Housing Authority, the Housing Authority now owns a 3.87 acre parcel north of Tilton Avenue and Briggs Street intersection, in the City of Jurupa Valley identified as APN's 181-041-002, 181-041-004 and 181-041-008 (collectively, Site). A site map is attached.

On June 07, 2011, prior to the dissolution of redevelopment agencies, the former RDA and Jurupa Valley Mission Village LP, predecessor in interest to Jurupa Valley Vista Rio Partners LP (JVVRPLP), entered into an Exclusive Negotiation Agreement and Predevelopment Loan agreement in the amount of \$398,214 to facilitate all entitlement work related to the Site. Since the disbursement of the predevelopment loan JVVRPLP has received plan check approval from the City of Jurupa Valley. JVVRPLP is in the process of applying for other gap financing, including, but not limited to federal and/or state tax credit financing for the development and construction of the Project. Some of the gap financing that JVVRPLP will be applying for requires that JVVRPLP have site control, as a result JVVRPLP has requested to lease the Site from the Housing Authority. A copy of the proposed Ground Lease is attached.

(Continued)

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

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FORM 11: Adoption of Resolution No. 2014-147 Approving the Housing Authority of County of Riverside's Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008 Located in the City of Jurupa Valley to Jurupa Valley Vista Rio Partners LP and Affirming Environmental Assessment No. 1206001902 and Adopted Mitigated Negative Declaration, District 2/District 2, [\$0]

DATE: June 5, 2014

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BACKGROUND: (Continued)

Summary

The proposed Ground Lease provides for a 99 year lease of the Site by JVVRPLP and the development, construction and operation thereon of a 49 unit multi-family affordable housing complex to be rented to and occupied by extremely low, very low, low and other income households, a community center, related parking, common areas, landscaping and roadways, as more specifically set forth in the proposed Ground Lease (Project). JVVRPLP will pay to the Housing Authority, as ground lease rent for the Site, \$1 per annum. Forty-nine percent of the 49 rental housing units shall be restricted to occupancy and rental by households whose incomes are equal to or less than 50% of the area median income. Within that 49%, 30% of the rental units cannot go above 30% area median income. The income restrictions relating to the Project shall be memorialized in the proposed Agreement Containing Covenants which shall be recorded against the Site and run with the land. The term of the proposed Agreement Containing Covenants shall be 99 years from the date the City of Jurupa Valley issues a certificate of occupancy for the improvements. The proposed Agreement Containing Covenants is attached.

Under the proposed Ground Lease, JVVRPLP shall be solely responsible for all aspects of development of Project, including development and construction costs, entitlements, securing financing, construction, on-site and off-site improvements and on-going property management and maintenance. The Project is proposed to be developed in one phase. The proposed Ground Lease will terminate if JVVRPLP does not commence construction by April 30, 2016.

Pursuant to Health and Safety Code Sections 33431 and 33433 the Housing Authority published a Notice of Joint Public Hearing notifying the public of the joint Housing Authority and County of Riverside public hearing and consideration of the proposed Ground Lease with JVVRPLP relating to the lease of the Site. Also, pursuant to Health and Safety Code 33433 the Housing Authority made available for public review on the date the Notice of Joint Public Hearing was published the attached proposed Ground Lease, including attachments, and the Summary Report.

Staff recommends approval of the proposed Ground Lease, including all attachments thereto, the proposed Escrow Agreement, and the adoption of Resolution 2014-147 Making Certain Findings Under Health And Safety Code Section 33433; Approving the Ground Lease of Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008, located in the City of Jurupa Valley, California to Jurupa Valley Vista Rio Partners LP; and Making Certain Findings with Respect to the Ground Lease. County Counsel has approved Resolution 2014-147, the Summary Report, proposed Ground Lease and proposed Escrow Agreement as to form.

Impact on Citizens and Businesses

The proposed Project will have a positive impact on local residents and businesses. The construction of the 49 unit multi-family housing complex will create jobs and provide affordable rental housing for residents.

(Continued)

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DATE: June 5, 2014

PAGE: 4 of 4

SUPPLEMENTAL:

Additional Fiscal Information

The Site will be leased by JVVRPLP at the rate of \$1 per annum. JVVRPLP is solely responsible for the cost of development of Project, including, but not limited to, entitlements, financing, construction, off-site and on-site improvements, and on-going property management, maintenance, and operations of the proposed Community Center.

Attachments:

Site Map

Resolution No. 2014-147

33433 Summary Report

Proposed Ground Lease

Proposed Escrow Agreement

Public Notice

2
3
4 **RESOLUTION NO. 2014-147**

5
6 **MAKING CERTAIN FINDINGS UNDER HEALTH AND SAFETY CODE SECTION**
7 **33433; APPROVING THE GROUND LEASE OF, ASSESSOR PARCEL NUMBERS**
8 **181-041-002, 181-041-004, AND 181-041-008, LOCATED IN THE CITY OF JURUPA**
9 **VALLEY, CALIFORNIA TO JURUPA VALLEY VISTA RIO PARTNERS LP; AND**
10 **MAKING CERTAIN FINDINGS WITH RESPECT TO THE GROUND LEASE**

11 **WHEREAS,** the County of Riverside (“County”) adopted the redevelopment plan for
12 the Jurupa Valley Redevelopment Project Area (“Project Area”) for calendar years 2009-2014
13 (“Redevelopment Plan”);

14 **WHEREAS,** in accordance with California Health and Safety Code Section 33490, the
15 former Redevelopment Agency for the County of Riverside (“RDA”) adopted a five year
16 Implementation Plan for the Project Area, as amended from time to time (“Implementation
17 Plan”), which established goals to support affordable housing, economic development,
18 community revitalization and other activities necessary or appropriate to carry out the objectives
19 of the Redevelopment Plan;

20 **WHEREAS,** Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484
21 (“Dissolution Act”), added Parts 1.8 and 1.85 to Division 24 of the California Community
22 Redevelopment Law (Health and Safety Code sections 33000 et seq., the “CRL”). As a result of
23 the Dissolution Act, the RDA was dissolved on February 1, 2012 such that the RDA is now
24 deemed a former redevelopment agency under Health and Safety Code section 34173;

25 **WHEREAS,** pursuant to the Dissolution Act and Housing Authority of the County of
26 Riverside (“Housing Authority”) Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing
27 functions previously performed by the former RDA, including related rights, powers, duties,
28 obligations, and housing assets were transferred to the Housing Authority, including that certain
real property located in the City of Jurupa Valley identified by Assessor Parcel Numbers 181-
041-002, 181-041-004, and 181-041-008, which consists of approximately 3.87 acres, as legally
described in Exhibit “A” attached hereto and incorporated herein by this reference (the

1 “Property”);

2 **WHEREAS**, the Housing Authority is now implementing certain proposed uses
3 in the Project Area including low income housing, which use will aid in carrying out the
4 Redevelopment Plan and Implementation Plan pursuant to its obligations under the Dissolution
5 Act as the successor housing agency;

6 **WHEREAS**, Jurupa Valley Vista Rio Partners LP, a California limited partnership
7 (“Developer”) has proposed to acquire from the Housing Authority a leasehold interest in the
8 Property (“Leasehold”) to develop and operate thereon a multifamily affordable rental housing
9 project consisting of two 2-story buildings and one 3-story building comprised of 49 residential
10 units (containing 33 two-bedrooms units and 16 three-bedroom units), community space and
11 related parking, to be rented to and occupied by extremely low, very low, low and other income
12 households (except for one unrestricted manager’s unit) (“Project”), as more specifically
13 provided for in the proposed Ground Lease;

14
15 **WHEREAS**, in order to carry out and implement the Project, the proposed Ground Lease
16 provides for the Housing Authority’s ground leasing of the Property to the Developer for 99
17 years subject to the terms and conditions of the proposed Ground Lease between the Housing
18 Authority and Developer attached hereto as Exhibit “B” and incorporated herein by this
19 reference;

20 **WHEREAS**, pursuant to CRL section 33433, Housing Authority staff prepared a
21 Summary Report dated June 2, 2014 (“Summary Report”) which is attached hereto and
22 incorporated herein by this reference;

23 **WHEREAS**, in accordance with CRL section 33433, the Housing Authority and the
24 County of Riverside held a joint public hearing on the proposed lease of the Property pursuant to
25 such Ground Lease, having duly published notice of such public hearing and made copies of the
26 proposed Ground Lease, Summary Report and other documents available for public inspection,
27 and comment in accordance with CRL section 33433;

28

1 **WHEREAS**, pursuant to CRL section 33433, the Board of Supervisors considered the
2 information in the Summary Report and has made the findings required by CRL section 33433
3 with respect to the Ground Lease;

4 **WHEREAS**, the Board of Supervisors has also duly considered all the terms and
5 conditions of the proposed lease of the Property set forth in the proposed Ground Lease, and the
6 information contained in the submittal to the Board of Supervisors by Economic Development
7 Agency staff and provided at the public hearing, and believes that development of the Project in
8 accordance with the Ground Lease, is in the best interests of the County of Riverside and the
9 health, safety and welfare of its residents, and in accord with the public purposes and provisions
10 of applicable State and local law and requirements; and

11 **WHEREAS**, the Riverside County Board of Supervisors adopted a Mitigated Negative
12 Declaration (MND) associated with Environmental Assessment No. 1206001902 for Mission
13 Plaza on May 24, 2011. The proposed Ground Lease was also analyzed in Environmental
14 Assessment No. 1206001902. The Housing Authority already considered the MND and
15 associated environmental assessment which analyzed up to 301 residential dwellings, a one acre
16 park, interior circulation and infrastructure for the residential component of the Mission Plaza.
17 No new information has become known since the adoption of the MND and the proposed
18 Ground Lease falls within the scope of the analysis because it is only proposing 49 dwelling
19 units and associated amenities. Further, no substantial changes to the project or circumstances
20 under which the project will be undertaken have occurred. Therefore, no new environmental
21 documentation is required for the proposed Ground Lease under California Environmental
22 Quality Act (CEQA).

23 **NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by the
24 Board of Supervisors of the County of Riverside, State of California, in regular session
25 assembled June 17, 2014, as follows:

- 26 1. That it has received and heard all oral and written objections (if any) to the proposed
27 Ground Lease, to the proposed lease of the Property pursuant to the proposed Ground
28 Lease, and to the other matters pertaining to this transaction, and that all such oral and

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written objections (if any) are hereby overruled.

2. The foregoing recitals are true and correct.
3. The Board of Supervisors has reviewed and approves the Summary Report.
4. The Board of Supervisors hereby finds and determines that the lease of the Property to Developer and the development of the Project in accordance with the Ground Lease will assist in the elimination of blight or will provide housing for low income or moderate income persons.
5. The Board of Supervisors hereby finds and determines that the lease of the Property to Developer and the development of the Project in accordance with the Ground Lease is consistent with the Implementation Plan adopted pursuant to California Health and Safety Code Section 33490.
6. The Board of Supervisors hereby finds and determines that the consideration to be paid by the developer for the lease of the Property as described in the Ground Lease is not less than the fair reuse value at the use and with covenants and conditions and development costs authorized by the Ground Lease.
7. The Board of Supervisors hereby approves the ground leasing of the Property to the Developer for the 99 year term and the development of the Project, in accordance with the Ground Lease.
8. The Board of Supervisors hereby finds and determines that the Ground Lease, between the Housing Authority and Developer for the Project, including all attachments thereto, attached hereto as Exhibit "B" is approved.
9. The Board of Supervisors hereby authorizes the Housing Authority of the County of Riverside's Chairman of the Board of Commissioners to execute the Ground Lease and the Agreement Containing Covenants.
10. The Board of Supervisors hereby authorizes the Housing Authority Executive Director, or designee, to sign all documents necessary and appropriate to carry out and implement the Ground Lease (including, but not limited to escrow agreements) and to administer the Housing Authority's obligations, responsibilities, and duties to

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be performed under said Ground Lease, subject to approval by County Counsel.

11. The Board of Supervisor's affirm Environmental Assessment No. 1206001902 and the Mitigated Negative Declaration that was adopted by the Board of Supervisors on May 24, 2011 for Mission Plaza and find that no new environmental documentation is required because all potentially significant effects of the Ground Lease were adequately analyzed and mitigated all environmental impacts in the adopted Mitigated Negative Declaration and no substantial changes to the project or circumstances under which the project will be undertaken have occurred.

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FORM APPROVED COUNTY COUNSEL
BY: Jhaila R. Brown 6-5-14
JHAILA R. BROWN DATE

ESCROW AGREEMENT

(Vista Rio)

THIS ESCROW AGREEMENT (“Agreement”) is entered into on _____, 2014 by and between JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership (“Tenant”) and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (“Landlord”).

RECITALS

WHEREAS, Landlord is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code (the “Housing Authorities Law”);

WHEREAS, Landlord owns fee title to the subject property located at 3901 Briggs Street within the City of Jurupa Valley, California, identified as Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008, which consists of approximately 3.87 acres as described in the legal description attached hereto as Exhibit A and incorporated herein by this reference (“Property”);

WHEREAS, Landlord desires to convey a leasehold interest in the Property to Tenant (“Leasehold”) for the purpose of developing, constructing and operating thereon a 49-unit multi-family housing project, which shall be operated as rental housing that is affordable to extremely low, very low, low, and other income households, a community center and related parking (“Project”) as more particularly set forth in the Ground Lease attached hereto as Exhibit B and incorporated herein by this reference (“Ground Lease”). All capitalized terms not defined herein shall have the meaning ascribed to such term set forth in the Ground Lease; and

WHEREAS, in connection with the ground lease of the Property by Landlord to Tenant, the Parties desire to set forth the escrow terms relating to such lease, as more specifically discussed below.

NOW, THEREFORE, in consideration of the payments to be made hereunder and the mutual covenants and agreements contained herein, the Parties hereto agree as follows:

1. **Escrow.**

Tenant agrees to open an escrow for the conveyance of the Leasehold with Title Company or such other escrow company, escrow department of a bank, or escrow department of a title insurance company first approved by Landlord and Tenant (the “Escrow Agent”), no later than the applicable dates established in the Schedule of Performance (Exhibit _____ to the Ground Lease).

This Agreement shall constitute the joint escrow instructions of Tenant and Landlord with respect to the conveyance of the Leasehold, and a duplicate original of this Agreement and the executed Ground Lease shall be delivered to the Escrow Agent upon the opening of the escrow.

Landlord and Tenant shall provide such additional escrow instructions as shall be necessary to close the escrow with respect to the conveyance of the Leasehold, and consistent with this Agreement and the Ground Lease. The Escrow Agent hereby is empowered to act under such instructions, and upon indicating its acceptance thereof in writing, delivered to Landlord and to Tenant within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder.

Upon receipt by the Escrow Agent of all executed and acknowledged documents, as required by this Agreement and the Ground Lease, the Escrow Agent shall record all documents in accordance with Section 3 below, when the Leasehold can be vested in Tenant in accordance with the terms and provisions of this Lease. The Escrow Agent shall buy, affix and cancel any transfer stamps required by law. Any insurance policies governing the Property or any portion thereof are not to be transferred.

Tenant shall pay in escrow to the Escrow Agent the following fees, charges and costs promptly after the Escrow Agent has notified Tenant of the amount of such fees, charges and costs, but not earlier than one (1) day prior to the Closing Date (as defined in the Ground Lease) for conveyance of the Leasehold from the Landlord to Tenant:

1. Escrow fees;
2. Recording fees;
3. Notary fees;
4. Premiums for the title insurance policy or policies ordered by Tenant;
5. Ad valorem taxes and any other taxes, assessments or impositions of any kind, if any, attributable to Landlord's ownership of the Property prior to conveyance of the Leasehold; and
6. State, county, city or other documentary stamps and transfer taxes, if any.

The Escrow Agent is authorized to:

1. Pay, and charge Tenant, for any fees, charges and costs payable under this Section 1. Before such payments are made, the Escrow Agent shall notify Landlord and Tenant of the fees, charges and costs necessary to clear title and convey the Leasehold;
2. Disburse funds and deliver the Ground Lease and other documents to the parties entitled thereto when the conditions of the escrow have been fulfilled by Landlord and Tenant; and
3. Record any instruments delivered through the escrow if necessary or proper to vest the applicable interests in Tenant and Landlord in accordance with the terms and provisions of this Agreement and the Ground Lease.

All funds received in the escrow shall be deposited by the Escrow Agent in an interest bearing account for the benefit of the depositing party as directed by the depositing party.

If any escrow is not in condition to close on or before the closing date, either party who then shall have fully performed the acts to be performed before the closing date may, in writing, demand the return of its money, papers or documents. No demand for return shall be recognized until ten (10) days after the Escrow Agent shall have mailed copies of such demand to the other party at the address of its principal place of business. Objections, if any, shall be raised by written notice to the Escrow Agent and to the other party within the ten- (10) day period. If any objections are raised within the ten- (10) day period, the Escrow Agent is authorized to hold the money, paper and documents until instructed by mutual agreement of the parties or, upon failure thereof, by a court of competent jurisdiction. Notwithstanding the foregoing, the termination rights of Landlord and Tenant and other rights and remedies on default are governed by the termination and default terms of the Ground Lease, and no demand for such return shall affect such rights or remedies. If no such demands are made, the escrow shall be closed as soon as possible.

The Escrow Agent shall not be obligated to return any such money, papers or documents except upon the written instructions of both Landlord and Tenant affected thereby, or until the party entitled thereto has been determined by a final decision of a court of competent jurisdiction.

Any amendments to these escrow instructions shall be in writing and signed by both Landlord and Tenant. At the time of any amendment the Escrow Agent shall agree to carry out its duties as escrow agent under such amendment.

All communications from the Escrow Agent to Landlord or Tenant shall be directed to the addresses and in the manner established in Section 17.6 of the Ground Lease for notices, demands and communications between Landlord and Tenant.

The liability of the Escrow Agent under this Agreement and the Ground Lease is limited to performance of the obligations imposed upon it in this Agreement.

2. **Title Insurance.**

Concurrently with the recordation of the Ground Lease, Title Company shall provide and deliver to Tenant a Title Insurance Policy (as defined in the Ground Lease), issued by the Title Company insuring that the leasehold interest to be conveyed is vested in Tenant in the condition required by Section 2.2.3 of the Ground Lease ("Leasehold Title Policy"). The Title Company shall provide Landlord with a copy of the Leasehold Title Policy. The Leasehold Title Policy shall be in the amount specified by Tenant.

Tenant shall pay for all premiums for all title insurance policies and coverage and special endorsements with respect to the Leasehold.

3. **Recordation of Documents.**

Landlord and Tenant, respectively, agree to perform all acts necessary to achieve recordation and delivery of documents in sufficient time for escrow to be closed in accordance with the foregoing provisions.

a. The following documents shall be recorded in the following order (“Recorded Documents”):

Order of Recordation	Document Name
1 st	Agreement Containing Covenants
2 nd	Notice of Affordability Restrictions
2 nd	Ground Lease
3 rd	Senior Loan Security Instruments
4 th	Junior Loan Security Instruments

b. All documents to be recorded shall be recorded in the Official Records of the County of Riverside.

c. In the event that Tenant subdivides the Leasehold Estate into a vertical subdivision, the Recorded Documents shall be recorded against each parcel that comprises the vertical subdivision in the same order as set forth under subsection (a), above.

[Remainder of page Intentionally Blank]

[Signatures on Following Page]

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



"LANDLORD"	"TENANT"
<p>HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside</p> <p>By: _____ Jeff Stone, Chairman Board of Commissioners</p> <p>Date: _____</p>	<p>JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership</p> <p>By: PC JURUPA VALLEY VISTA RIO DEVELOPERS LLC, a California limited liability company</p> <p>By: PALM COMMUNITIES, a California corporation</p> <p>By:  _____ Danavon L. Horn, Chief Executive Officer</p> <p>Date: <u>6/4/14</u></p>
<p>ATTEST:</p> <p>Kecia Harper-Ihem Clerk of the Board</p> <p>By: _____ Deputy</p> <p>APPROVED AS TO FORM:</p> <p>Pamela J. Walls, County Counsel</p> <p>By:  _____ Jhaila Brown Deputy County Counsel</p>	

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

PARCEL B

Those portions of Lots 5, 6 and 7, of T. M. Parson's Survey of a portion of the Jurupa Rancho, as shown by map on file in Book 1 of Maps at page 68 thereof, Records of San Bernardino County, California, **together with** portions of Lot "A". Lot "E" and Lot 1 and all of Lot "B" and Lot 2 of Mayfair Square Unit 1, as shown by map on file in Book 39 of Maps at pages 50 and 51, Records of Riverside County, California, said portions being more particularly described as follows:

COMMENCING at the most northerly corner of Lot "D" (Alley, 20.00 feet in width) of said Mayfair Square Unit 1, said corner being on the southeasterly line of said Lot 7 of T. M. Parson's Survey;

Thence North $33^{\circ}53'22''$ East along said southeasterly line, a distance of 177.36 feet to the most northerly corner of that certain parcel of land conveyed to the Redevelopment Agency for the County of Riverside by Grant Deed recorded May 15, 2007 as Document No. 2007-0322534, Official Records of Riverside County, California;

Thence South $56^{\circ}27'20''$ East along the northeasterly line of said parcel so conveyed, a distance of 50.85 feet more or less to a point 308.00 feet distant from the northeasterly corner of said parcel so conveyed, said point also being the **TRUE POINT OF BEGINNING**;

Thence leaving said northeasterly line North $33^{\circ}26'24''$ East, a distance of 142.02 feet to the beginning of a tangent curve, concave to the west, having a radius of 300.00 feet;

Thence northeasterly and northerly along said curve, to the left, through a central angle of $32^{\circ}44'43''$, an arc distance of 171.45 feet;

Thence South $89^{\circ}21'45''$ East, a distance of 37.00 feet;

Thence South $58^{\circ}54'06''$ East, a distance of 450.49 feet to the beginning of a non-tangent curve, concave to the south, having a radius of 52.00 feet, the radial line to said point bears North $20^{\circ}52'30''$ West;

Thence easterly along said curve, to the right, through a central angle of $27^{\circ}11'09''$, an arc distance of 24.67 feet more or less to a point on the northwesterly right of way line of Briggs Street (Lot "E", 36.00 feet in half width) of said Mayfair Square Unit 1;

Thence North 33°46'10" East along said northwesterly right of way line, a distance of 5.61 feet to the northwesterly corner of said Lot "E";

Thence South 56°27'10" East along the northeasterly line of said Lot "E", a distance of 36.00 feet to a point of intersection with the centerline of said Briggs Street;

Thence South 33°46'10" West along said centerline, a distance of 373.03 feet to a point of intersection with the southeasterly prolongation of the southwesterly line of said Lot 2 of Mayfair Square Unit 1;

Thence North 56°29'50" West along said southeasterly prolongation and along the southwesterly line of said Lot 2, a distance of 178.00 feet to the most westerly corner of said Lot 2, said corner being on the southeasterly line of said parcel so conveyed to the Redevelopment Agency for the County of Riverside;

Thence North 33°46'10" East along the northwesterly line of said Lot 2 and along said southeasterly line of said parcel so conveyed, a distance of 8.03 feet to the northeasterly corner of parcel so conveyed;

Thence North 56°27'20" West along the northeasterly line of said parcel so conveyed, a distance of 308.00 feet to the **TRUE POINT OF BEGINNING**.

Containing 3.87 acres, more or less.

EXHIBIT B
GROUND LEASE
(behind this page)

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

Order No.

Escrow No.

Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority of the

County of Riverside

5555 Arlington Avenue

Riverside, CA 92504

Attn. Stephanie Adams

SPACE ABOVE THIS LINE FOR RECORDERS USE

GROUND LEASE

by and between

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,

“Landlord”

and

JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership

“Tenant”

GROUND LEASE

This Ground Lease ("Lease") is dated for reference purposes as of the ___ day of _____, 2014, and is entered into by and between THE HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside ("Landlord"), and JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership ("Tenant"). Tenant and Landlord shall collectively be referred to herein as the "Parties" and individually as a "Party."

RECITALS

WHEREAS, Landlord is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code (the "Housing Authorities Law");

WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the "CRL"). The Redevelopment Agency for the County of Riverside ("RDA") was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173;

WHEREAS, pursuant to Health and Safety Code Section 34176 (a), and Landlord Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations, and housing assets (excluding amounts in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency) were transferred to Landlord, including the Property (defined below);

WHEREAS, Landlord now owns fee title to the subject property located at 3901 Briggs Street within the City of Jurupa Valley, California, identified as Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-041-008, which consists of approximately 3.87 acres as depicted on the Site Map attached hereto as Exhibit "B" and incorporated herein by this reference ("Property"); and

WHEREAS, Landlord desires to lease the Property to Tenant for the purpose of developing, constructing and operating thereon a 49-unit multi-family housing project, which shall be operated as rental housing that is affordable to Extremely Low, Very Low, Low, and Other Income Households (as defined herein), a community center and related parking ("Project"), as more specifically described herein.

NOW, THEREFORE, in consideration of the payments to be made hereunder and the covenants and agreements contained herein, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the real property hereinafter defined as the "Leased Premises" upon the following terms and conditions.

ARTICLE 1 - DEFINITIONS

“Affiliate” shall mean (1) any Person directly or indirectly controlling, controlled by or under common control with another Person; (2) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities of such other Person; or (3) if that other Person is an officer, director, member or partner, any company for which such Person acts in any such capacity. The term “control” as used in the immediately preceding sentence, means the power to direct the management or the power to control election of the board of directors. It shall be a presumption that control with respect to a corporation or limited liability company is the right to exercise or control, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity or association, control is the possession, indirectly or directly, of the power to direct or cause the direction of the management or policies of the controlled entity. It shall also be a presumption that the managing General Partner of a limited partnership controls the limited partnership.

“Affordable Rent” shall mean rent, including a reasonable utility and parking allowance, that does not exceed the following respective amounts:

a. for a Low Income household, the product of thirty percent (30%) times sixty percent (60%) of the Area Median Income adjusted for family size appropriate for the unit;

b. for a Very Low Income household, the product of thirty percent (30%) times fifty percent (50%) of the Area Median Income adjusted for family size appropriate for the unit; and

c. for an Extremely Low Income household, the product of thirty percent (30%) times fifty percent (30%) of the Area Median Income adjusted for family size appropriate for the unit.

d. for an Other Income household, the product of thirty percent (30%) times ninety percent (90%) of the Area Median Income adjusted for family size appropriate for the unit.

“Affordable Units” shall mean the approximately 49 residential apartment units to be constructed on the Leasehold Premises by Tenant in accordance with this Lease and the Scope of Development (Exhibit “C”), including the Manager Unit. Except for the Manager Unit, the Affordable Units shall be restricted by Tenant for rental to Extremely Low, Very Low, Low, and Other Income households, at an Affordable Rent, in accordance with the terms and conditions of this Lease and the Agreement Containing Covenants (Exhibit “E”).

“Additional Rent” shall mean all sums of money required to be paid pursuant to the terms of this Lease other than Rent including but not limited to the sums to be paid pursuant to, Section 10.1 (regarding Impositions), and Section 14.3 (regarding self- help).

“Agreed Rate” shall mean an annual rate of interest equal to the lesser of (i) two percent (2%) above the rate of interest announced from time to time by the Bank of America, Downtown San Diego, Main Branch, as the prime or reference rate (or, in the event said bank ceases to announce a prime or reference rate or is acquired or ceases operations and there is no successor bank, another established and financially secure commercial bank, having a headquarters in California, selected by Landlord), or (ii) the highest rate permitted by law, if any.

“City” shall mean the City of Jurupa Valley.

“Commencement Date” shall mean the date that this Lease is fully executed by Landlord and Tenant and

this Lease is recorded in the Official Records, signifying the commencement of this Lease.

“Community Center” shall mean the space to be designated for community uses for the Affordable Units, in accordance with the Scope of Development (Exhibit “C”).

“Completion” shall mean the point in time when all of the following shall have occurred: (1) issuance of a certificate of occupancy by the City of Jurupa Valley for the Improvements; (2) recordation of a Notice of Completion by Tenant or its contractor for the Improvements; (3) certification by the project architect that construction of the Improvements (with the exception of minor “punchlist” items) has been completed in a good and workmanlike manner and substantially in accordance with the approved plans and specifications; and (4) payment, settlement or other extinguishment, discharge, release, waiver, bonding or insuring against any mechanic’s liens that have been recorded or stop notices that have been delivered.

“Construction Loan” shall mean, collectively, the source of financing in the form of a loan made to the Tenant at the time of the closing for construction of the Improvements, secured against the Leasehold by the Construction Loan deed of trust.

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

“Covenants” shall mean the affordability covenants imposed on the Property in accordance with the Agreement Containing Covenants recorded in the Official Records concurrently herewith.

“Covenant Period” shall mean the ninety-nine (99) year period, commencing upon the date of the issuance of the first certificate of occupancy by the City of Jurupa for the Improvements, during which time the Covenants are in effect.

“Development Costs” shall mean the total cost of acquiring the leasehold and developing and constructing the Improvement thereon, as set forth in the Project Budget.

“Environmental Laws” shall mean any federal, state or local environmental, health and/or safety-related law, rule, regulation, requirement, order, ordinance, directive, guideline, permit or permit condition, currently existing and as amended, enacted, issued or adopted in the future.

“Executive Director or designee” shall mean the Executive Director or designee of the Housing Authority of the County of Riverside.

“Extremely Low Income Household” shall have the meaning set forth in Health and Safety Code section 50106.

“Governmental Restrictions” shall mean and include any and all laws, statutes, official policies, ordinances, codes, formal decrees, rulings, regulations, writs, injunctions, orders, rules, conditions of approval or authorizations of any governmental entity, agency or political subdivision, now in force or hereafter adopted, which are applicable to the Leased Premises or the use thereof as of the date such term is being applied.

“Hazardous Substance” shall mean any substance, material or waste which is or becomes regulated by the United States government, the State of California, or any local or other governmental authority, including, without limitation, any material, substance or waste which is (i) defined as a “hazardous waste,” “acutely hazardous waste,” “restricted hazardous waste,” or “extremely hazardous waste” under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code; (ii) defined as a “hazardous substance” under Section 25316 of the California Health and Safety Code; (iii) defined as a “hazardous material,” “hazardous substance,” or “hazardous waste” under Section 25501 of the California Health and Safety Code; (iv)

defined as a “hazardous substance” under Section 25281 of the California Health and Safety Code; (v) petroleum; (vi) asbestos; (vii) a polychlorinated biphenyl; (viii) listed under Article 9 or defined as “hazardous” or “extremely hazardous” pursuant to Article 11 of Title 22 of the California Code of Regulations, Chapter 20; (ix) designated as a “hazardous substance” pursuant to Section 311 of the Clean Water Act (33 U.S.C. Section 1317); (x) defined as a “hazardous waste” pursuant to Section 1004 of the Resource Conservation and Recovery Act (42 U.S.C. Section 6903); (xi) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601); or (xii) any other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which by any governmental requirements either requires special handling in its use, transportation, generation, collection, storage, treatment or disposal, or is defined as “hazardous” or is harmful to the environment or capable of posing a risk of injury to public health and safety. “Hazardous Substances” do not include materials customarily used in the construction, development, operation or maintenance of real estate, provided such substances are used in accordance with all laws.

“Improvements” shall mean and include all buildings, structures, fixtures, excavation, parking areas, walkways, drives, landscape areas, underground installations and all other improvements of whatsoever character constructed on, around, under or over the Leased Premises by Tenant comprising the Affordable Units, all as described in the Scope of Development. The Improvements are not a part of the Leased Premises.

“Investor Limited Partner Capital Contribution” means funds provided to Tenant by the Tax Credit Equity Investor in consideration of the Low Income Housing Tax Credit.

“Leased Premises” shall have the meaning described in Article 2 below.

“Leasehold” shall mean that leasehold estate in the Property created by the execution of this Lease.

“Leasehold Mortgage” shall mean any mortgage, deed of trust, or other established method of securing real property financing, including the Permanent Loan, all of which shall be subject to the conditions and obligations in Articles 8 and 8A, herein.

“Lease Year” shall mean each of the consecutive twelve (12) calendar month periods beginning on the first day of the first calendar month following the Commencement Date unless the Commencement Date falls on the first day of a calendar month, in which event the Lease Year shall commence on the Commencement Date. As an example, “Lease Year 55” means the Lease Year commencing after the fifty-fourth (54th) anniversary of the Commencement Date.

“Lender” shall mean the owner and holder of any Mortgage or Leasehold Mortgage permitted by this Lease.

“Low Income Household” shall have the meaning set forth in California Health and Safety Code Section 50079.5.

“Low Income Housing Tax Credit” shall mean the tax credit authorized by the Tax Reform Act of 1986 and governed by Section 42 of the Internal Revenue Code.

“Losses and Liabilities” shall mean all liabilities, claims, losses, causes of action, charges, penalties, damages, costs and expenses (including reasonable attorneys’ fees and costs), of whatsoever character, nature and kind, whether to property or person, whether by direct or derivative action, and whether known or unknown, suspected or unsuspected, latent or patent.

“Manager Unit” shall mean the one (1) residential unit within the Improvements designated for the residential manager of the Affordable Units, which shall remain unrestricted.

“Mortgage” shall mean and include any mortgage, deed of trust, monetary lien, financing conveyance or other voluntary monetary lien of any kind and all appropriate modes of financing real estate ownership, which encumbers Landlord’s fee estate.

“Official Records” shall mean the Official Records of the Recorder’s Office of the County of Riverside.

“Other Income Household” means a household with an income equal to, or less than ninety percent (90%) of Area Median Income.

“Parking Garage” shall mean the carports to be constructed on the Property as part of the Improvements. The Parking Garage shall comply with the Scope of Development (Exhibit “C”) and City parking requirements.

“Permanent Loan” shall mean the source of financing in the form of a permanent loan to be made to the Tenant at the time the Construction Loan matures and becomes due, secured against the Leasehold by the Permanent Loan deed of trust.

“Permitted Exceptions” shall mean those permitted exceptions to title as agreed to by Tenant and Landlord for the Leasehold, including, but not limited to the following exceptions that are listed in the Title Report.

“Permitted Transfer” shall mean the following:

- a. A conveyance of a security interest in the Leasehold in connection with any Senior Loan and any transfer of title by foreclosure, deed or other conveyance in lieu of foreclosure in connection therewith;
- b. A conveyance of the Leasehold to any Affiliate Tenant, including, but not limited to, a conveyance to Tenant’s General Partner or Affiliate assignee pursuant to an option agreement with Tenant;
- c. The admission of limited partners to Tenant’s limited partnership, or similar mechanism, and the purchase of any such limited partnership interest or interests by the General Partner;
- d. The removal for cause of any General Partner by a limited partner of the Tenant’s partnership, and the replacement thereof, pursuant to the partnership agreement, provided Landlord receives 10 days advance written notice of such removal;
- e. The lease for occupancy of all or any part of the Improvements within the Leasehold;
- f. The granting of easements or permits to facilitate the development of the Property in accordance with this Lease; and
- g. The withdrawal, removal and/or replacement of any limited partner of Tenant, provided that any substitute limited partner is reasonably acceptable to Landlord and is selected with reasonable promptness (provided, however, this subsection excludes transfers of the limited partner interest by the Tax Credit Equity Investor to Affiliates of the Tax Credit Equity Investor in accordance with the partnership agreement).

Any transfer described in (b), (c), (f) and (g) above shall be subject to the reasonable approval of documentation by the Landlord’s Executive Director or designee for conformance with this Lease.

“Permitted Transferee” shall mean the transferee of a Permitted Transfer.

“Person” shall mean an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Rent” shall have the meaning described in Section 4.1.

“Representatives” shall mean the agents, contractors, employees (to the extent acting on behalf of such entity and within the scope of its employment or contract).

“Senior Loan” shall mean a source of financing in the form of a Construction Loan, the Permanent Loan or any other loan, credit enhancement or construction period guaranty facility secured by a deed of trust or other instrument against the Leasehold which is in a first priority lien position.

“Tax Credit Equity Investor”, shall mean a Person who will be a limited partner and will contribute to equity to Tenant in consideration of the Low Income Housing Tax Credits

“Term” shall mean the term of this Lease as described in Section 3.1 below.

“Title Insurer” shall mean a title insurance company mutually agreed to by the Parties.

“Title Report” shall mean the Preliminary Title Report, dated March 21, 2013, issued by Lawyers Title Company, a copy of which is on file with the Landlord

“Title Policy” shall mean and include the most current form of ALTA owner’s policy of title insurance, dated as of the Commencement Date, and with liability in the amount of the value of the land and completed improvements, insuring Tenant as the owner of the leasehold estate under the Lease, subject only to the Permitted Exceptions allowed by Section 2.2.3 of this Lease.

“Transfer/Transferee” shall mean and include any conveyance, transfer, sale, assignment, lease, license, concession, franchise, gift, hypothecation, Mortgage, pledge, encumbrance, or the like, to any person or entity (“Transferee”), excluding any Leasehold Mortgage which encumbers Tenant’s leasehold estate created by this Lease.

“Very Low Income Household” shall have the meaning set forth in California Health and Safety Code Section 50105.

ARTICLE 2 - LEASED PREMISES

2.1 Leased Premises.

The premises demised and leased hereunder (“Leased Premises”) consist of the real property located in the City of Jurupa Valley, County of Riverside, State of California, as more particularly described in the Legal Description for that property attached hereto as Exhibit A, and depicted on the Site Map attached hereto as Exhibit B, each respectively incorporated herein by this reference, together with all right, title and interest of Landlord in and to all rights of way or use, servitudes, licenses, easements, tenements, hereditaments and appurtenances now or hereafter belonging or pertaining to the use of such real property during the Term. The parties agree that Tenant alone shall be entitled to all federal tax attributes of ownership of the Improvements, including without limitation, the right to claim depreciation or cost recovery deductions and the right to claim the Low-Income

Housing Tax credits thereon.

2.2 Leased Premises; Condition of Premises; Zoning; Condition of Title.

Prior to the Commencement Date, Tenant, at Tenant's sole expense, shall have investigated and approved the physical condition of, and the condition of title with respect to, the Leased Premises. Landlord has provided to Tenant without any representation or warranty all information in Landlord's possession or control regarding the condition of the Leased Premises, including information concerning Hazardous Substances and seismic faulting. Landlord makes no representation or warranty, express or implied regarding any conditions of the Leased Premises. Tenant acknowledges and agrees that Landlord makes no representation or warranty, express or implied, written or oral, with respect to the condition of the Leased Premises, or its fitness or availability for any particular use.

2.2.1 Landlord makes no representations, express or implied, with respect to the legality, fitness, or desirability of the Leased Premises for Tenant's intended use. If Tenant desires to do so, Tenant shall have the right to conduct its own investigation, to its satisfaction, with respect to any matters affecting Tenant's ability to use the Leased Premises for Tenant's intended use. Landlord shall deliver title to the Leased Premises to Tenant in the condition required by Section 2.2.3 of this Lease.

2.2.2 The Leased Premises shall be delivered from Landlord to Tenant in an "as is" physical condition, with no warranty, express or implied by Landlord as to the presence of Hazardous Substances, or the condition of the soil, its geology or the presence of known or unknown faults. If the condition of the Leased Premises is not in all respects entirely suitable for the use or uses to which such Leased Premises will be put, then it is the sole responsibility and obligation of Tenant to place the Leased Premises in all respects in a condition entirely suitable for the development thereof, solely at Tenant's expense.

2.2.3 Landlord shall convey to the Tenant the Leasehold free and clear of (i) all liens, encumbrances, covenants, restrictions, easements, leases, taxes and other defects, and (ii) any exception created by the Landlord, the County, or the City after the date of this Lease, but subject to (a) the covenants, conditions, restrictions and easements arising out of the provisions of this Lease; and (b) Permitted Exceptions.

2.2.4 Effective on the Commencement Date, Tenant waives, releases and discharges Landlord, the County of Riverside and their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys, from any and all present and future claims, demands, suits, legal and administrative proceedings, and from all liability for damages, losses, costs, liabilities, fees and expenses (including, without limitation, attorneys' fees) arising out of or in any way connected with the Landlord's or Tenant's use, maintenance, ownership or operation of the Leased Premises, any Hazardous Substances on the Leased Premises, or the existence of Hazardous Substances contamination in any state on the Leased Premises, however the Hazardous Substances came to be placed there, except that arising out of the gross negligence or willful misconduct of the Landlord or its employees, officers or agents. Tenant acknowledges that it is aware of and familiar with the provisions of Section 1542 of the California Civil Code which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

To the extent of the release set forth in this Section 2.2.4, Tenant hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Tenant Initials

3. ARTICLE 3 – TERM

3.1 Term

The Term of this Lease shall be that period of time beginning on the Commencement Date and ending at midnight on the ninety-ninth (99th) anniversary of the Commencement Date, unless the Term of this Lease is sooner terminated as provided for herein.

3.2 Possession; Covenant of Quiet Enjoyment.

3.2.1 Subject to the requirements of Article 5A, sole possession of the Leased Premises shall be delivered to Tenant on the Commencement Date free and clear of any other tenancies or rights of occupancy or use, and Tenant shall take possession as of that date.

3.2.2 Landlord covenants that, subject to the limitations expressly set forth herein, Tenant, upon Tenant's timely payment of the Rent and performance of Tenant's covenants and obligations under this Lease, may quietly have, hold, and enjoy the Leased Premises during the Term of this Lease, without hindrance or interruption by Landlord or anyone claiming by or through Landlord, subject to Landlord's right to enter upon the Leased Premises as expressly provided herein.

3.3 Option to Purchase Property

Upon Tenant's written notice to Landlord of Tenant's desire to acquire the Property no later than ninety (90) days before the expiration of the Term, Landlord may, subject to the approval of Landlord's Board of Commissioners and the County Board of Supervisors, convey fee title to the Property to Tenant for a price equal to the fair market value of the Property at the time of such written notice ("Option Purchase Price") and such other terms as may be required by the Board of Commissioners and the Board of Supervisors. Upon Tenant's acquisition of fee title to the Property, the Ground Lease shall terminate.

ARTICLE 4 - RENT PAYMENTS

4.1 Rent.

The Rent payable for each Lease Year (the "Rent") during the Term shall be as set forth in Section 4.2 hereto. The Landlord acknowledges that as of the Commencement Date Tenant has paid the Rent for the entire Term. Tenant acknowledges and agrees that Landlord's acceptance from Tenant of the Rent for the entire Term shall not be deemed and/or constitute (i) a waiver of Landlord's right to enforce any term or provision of this Lease, or (ii) a waiver of any Tenant default under this Lease, nor shall such acceptance of Rent for the entire Term prevent Landlord from exercising any of the other rights and remedies granted to Landlord hereunder.

4.2 Rent Amounts.

During the Term of this Lease, including any extensions thereto, the Rent shall be ONE DOLLAR AND NO CENTS (\$1.00) per year.

4.3 Reserved.

4.4 Miscellaneous.

All payments of Rent shall be made to Landlord as they become due in lawful money of the United States of America in cash or by corporate check drawn on sufficient available funds, at such place as is designated herein

by Landlord for the receipt of notices or such other place as shall be designated to Tenant by Landlord in writing from time to time.

4.5 Triple Net Lease; No Counterclaim, Abatement, etc.

All Rent shall be paid absolutely net to Landlord, so that this Lease shall yield to Landlord the full amount of the installments of all Rent throughout the Term, and (unless otherwise expressly provided herein) shall be paid without assertion of any counterclaim, setoff, deduction or defense and, except as otherwise expressly provided herein, without abatement, suspension, deferment, diminution or reduction. Under no circumstances or conditions, whether now existing or hereafter arising, or whether beyond the present contemplation of the parties, shall Landlord be expected or required to make any payment of any kind whatsoever, including without limitation, any regular or special assessments levied against the Property, or be under any obligation or liability hereunder, except as herein expressly set forth. Landlord shall have no responsibility for any costs of repair, maintenance or replacement whatsoever. Except as otherwise expressly provided herein, this Lease shall continue in full force and effect, and the obligations of Tenant hereunder shall not be released, discharged or otherwise affected, by reason of: (a) any damage to or destruction of the Leased Premises or Improvements or any part thereof or any Taking of the Leased Premises or the Improvements or any part thereof; (b) any restriction or prevention of or interference with any use of the Leased Premises or the Improvements or any part thereof which materially interferes with Tenant's possession or use of the Leased Premises (other than a breach of Landlord's covenant of quiet enjoyment set forth at Section 3.2); (c) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other proceeding relating to Landlord, or any action taken with respect to this Lease by any trustee or receiver of Landlord with respect to this Lease by any trustee or receiver of Landlord, or by any court, in any proceeding; (d) any claim which Tenant has or might have against Landlord; or (e) any failure on the part of Landlord to perform or comply with any of the terms hereof or of any other agreement with Tenant. Except as expressly provided in this Lease, the obligations of Tenant shall be separate and independent covenants and agreements.

ARTICLE 5 - USE OF THE LEASED PREMISES,
MAINTENANCE AND HAZARDOUS SUBSTANCES

5.1 Use of the Leased Premises.

5.1.1 Tenant covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Tenant, such successors and such assignees shall use the Property only for the uses specified in any development agreements entered into by and between the City and Tenant, the Covenants, and this Lease. No change in the use of the Property shall be permitted without the prior written approval of Landlord.

5.1.2 Notwithstanding the generality of Section 5.1.1, Tenant, its successors and assigns, shall use the Leased Premises and the Improvements only for the uses permitted in this Lease, specifically including the following: (i) residential rental uses consisting of 49 Affordable Units (including the unrestricted manager's unit),(ii) a Community Center, (iii) a Parking Garage, (iv) common areas, (v) landscaping, and (vi) roadways.

5.1.3 Residential Uses. During the Covenant Period, Tenant on behalf of itself and its successors, assigns, and each successor in interest to Tenant's interest in the Leased Premises and/or Improvements or any part thereof, hereby covenants and agrees as follows:

(i) Except for the Manager Unit, all of the Affordable Units shall be available to Extremely Low, Very Low, Low, and Other Income households at an Affordable Rent in accordance with this Lease, the Covenants, as more specifically referenced in Section 5.6 herein.

(ii) The maximum incomes of all tenants eligible to rent an Affordable Unit shall be determined on the basis of the Area Median Income for the County of Riverside.

(iii) Affordability shall be restricted as follows:

(a) 49% of the Affordable Units shall be restricted to Very Low Income Households. Within that 49%, 30% of the units shall be restricted to Extremely Low Income Households.

(b) For the remaining 51% of the affordable units of the Affordable Units, all such units shall be available to Other Income Households.

(c) The aforementioned affordability restrictions shall be set forth in the Covenants, attached hereto as Exhibit C, and shall be recorded against the Property.

(iv) Tenant agrees that among Extremely Low, Very Low, Low, and Other Income households who are otherwise eligible to rent an Affordable Unit, Tenant shall, subject to applicable federal and state fair housing, Tax Credit Allocation Committee, and Internal Revenue Service requirements, give preferences to applicants, as follows:

(a) Landlord, and its respective successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Section 5.1.3. Tenant covenants that it shall comply with any monitoring program set up by Landlord to enforce said covenants. In complying with such monitoring program, Tenant or its agent shall prepare and submit to Landlord an occupancy report, financial information and income verification documents for each tenant of an Affordable Unit, and all supporting documentation, on forms provided by Tenant (or Landlord), annually, ("Annual Report") setting forth the required information for the preceding year, which shall include, at a minimum the following information for each Affordable Unit: (i) initial occupancy date; (ii) the number of persons residing in the unit; (iii) a written certification containing information of the identity of each member of the household and the total household income; and (iv) the monthly rent charged. Upon request by the Landlord, Tenant shall include, with the Annual Report, an annual income recertification and documentation verifying tenant eligibility, and such additional information as the Landlord may reasonably request from time to time in order to ensure compliance with the affordability restrictions as set forth in this Lease. Tenant shall pay to Landlord all such costs associated with said monitoring and enforcement efforts as required by Landlord. Tenant shall pay Landlord an annual monitoring fee in the amount of \$5880 due on July 1st of each year for the monitoring period of July 1st to June 30th commencing July 1, 2018 (the "Monitoring Fee"). The Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the increase in CPI for the Los-Angeles-Riverside-Orange County, CA area. In the event of a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease.

(b) Tenant agrees that prior to the initial rent-up of the Affordable Units, Tenant shall consult with and obtain the approval of Landlord in developing a fair marketing plan for renting the Affordable Units.

(v) Except for resident manager(s), no officer, employee, agent, official or consultant of Tenant may occupy any of the Affordable Units.

(vi) Over-Income Tenants. Tenant shall either comply with the applicable IRS rules for over-income tenants or, in the absence of any applicable IRS rules, shall comply with the following rule: any tenant who initially qualified as an Extremely Low, Very Low, Low, or Other Income household, as applicable, and who no longer qualifies as an Extremely Low, Very Low or Low Income household, respectively, may either, (i) raise such household's rent to the maximum rent for such household's new income (if such household qualifies as a Very Low Income Household, Low Income Household, or Other Income Household), or, (ii) relocate the

household to the next available unrestricted unit, or, in the event all units are restricted, (iii) raise the rent of the subject unit to market rent if such household's income exceeds the maximum income for an Other Income Household (unless there is another funding source regulating the affordability of the subject unit that is more restrictive).

5.1.4 Parking. During the term, Tenant on behalf of itself and its successors, assigns, and each successor in interest to Tenant's interest in the Leased Premises and/or Improvements or any part thereof, hereby covenants and agrees that the Affordable Rent for each of the Affordable Units shall include one (1) non-tandem parking space located in the Parking Garage at no extra charge to the occupants or tenants.

5.1.5 Community Center. During the Term, the Community Center shall be utilized for the benefit of residents of the Affordable Units in accordance with the parameters set forth in the Scope of Development (Exhibit "C").

5.2 No use of Hazardous Substances on the Leased Premises.

Tenant covenants and agrees that it shall not treat, use, store, dispose, release, handle or otherwise manage Hazardous Substances on the Leased Premises except in connection with any construction, operation, maintenance or repair of the Improvements or in the ordinary course of its business, and that such conduct shall be done in compliance with all applicable federal, state and local laws, including all Environmental Laws. Tenant's violation of the foregoing prohibition shall constitute a breach hereunder and Tenant shall indemnify, hold harmless and defend the Landlord for such violation as provided below.

5.3 Notice and Remediation by Tenant.

Tenant shall promptly give the Landlord written notice of any reportable release of any Hazardous Substances, and/or any notices, demands, claims or orders received by Tenant from any governmental agency pertaining to Hazardous Substances which may affect the Leased Premises. Tenant agrees to perform and be solely responsible for the clean-up of any Hazardous Substances on, in, under or within the Leased Premises, at the sole cost, risk and expense of Tenant as part of the Development Costs (as defined herein). Tenant shall defend, indemnify and hold harmless the Landlord, the County of Riverside and their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys, from any claims, liability, injury, damages, costs and expenses (including, without limiting the generality of the foregoing, the cost of any required clean-up of Hazardous Substances, and the cost of attorneys' fees) which may be sustained as the result of the presence or clean-up of Hazardous Substances on, in, or under the Leased Premises.

5.4 Environmental Indemnity.

Tenant agrees to indemnify, protect, defend, save and hold harmless Landlord, the County of Riverside and their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys, from and against any and all debts, duties, obligations (including any remediation obligations or clean-up costs imposed by any Governmental Restrictions), liabilities, suits, claims, demands, penalties, fines, causes of action, damages, losses, costs and expenses, including, without limitation, attorneys' fees and expenses (and including any allocable costs of any of the foregoing parties' in-house counsel) arising on or accruing as a result of the presence, use, storage, handling, treatment, generation, release, discharge, refining, manufacturing, dumping or disposal of any Hazardous Substances or other kinds of contamination or pollutants of any kind into the air, soil, groundwater or surface water on, under, in or about the Leased Premises (whether legal or illegal, accidental or intentional), that is caused by Tenant or its representatives. The indemnity provided in this Section 5.4 shall survive the Termination of the Lease.

5.5 Termination.

The agreements and obligations of Tenant under this Article 5 with regard to indemnification of Landlord and the County of Riverside shall survive the scheduled termination or sooner expiration of the Term for any reason and all claims relating thereto must be delivered in writing to Tenant within such period.

5.6 Covenants.

The Leased Premises are subject to that certain Covenants by and between Tenant as "Owner" and Landlord as "Authority" recorded in the Official Records concurrently herewith. The Covenants shall be recorded in a first priority lien position on the Property prior to this Lease. Tenant shall comply with all obligations of Owner under the Covenants during the Term and the Covenant Period. Tenant acknowledges and agrees that, to the extent that tenant utilizes funding for the Project from any local, state and/or federal programs that also restrict the affordability of the Affordable Units, Tenant shall comply with any and all such affordability restrictions of each program's requirements. To the extent that a dispute exists as to which affordability restrictions apply to the Project, Tenant acknowledges and agrees that it shall comply with the most restrictive of any and all such restrictions.

ARTICLE 5A-CONDITIONS TO DEVELOPMENT

5A.1 Lease of the Property; Conditions Precedent to Development.

As set forth above, the Leasehold shall be created as of the Commencement Date. Notwithstanding the Commencement Date, the Tenant shall have no right to commence physical construction of the Improvements until such time as all conditions precedent set forth below have been satisfied, Nothing in this Section shall be deemed to limit the right of Tenant, prior to commencement of the physical construction of the Improvements, to secure the Property, prevent any waste or vandalism, or conduct any predevelopment activities (i.e., activities related to the production of plans, drawings and studies related to the Improvements), on or about the Property.

For the benefit of the Landlord, Tenant's right to commence the physical constructions of the improvements, shall be conditioned upon Tenant's satisfaction of the following conditions precedent:

a. Limited Partnership Agreement. The limited partnership agreement, as may be amended from time to time (but only with respect to whether such limited partnership agreement is consistent with this Lease and the Method of Financing), has been approved by the Executive Director.

b. Leasehold. Tenant shall have accepted the Leasehold conveyance.

c. Project Budget. Tenant shall have delivered to Landlord a preliminary Project Budget, which has been approved by the Executive Director, demonstrating to the satisfaction of the Landlord the availability of sufficient funds to pay all Development Costs.

d. Method of Financing. Tenant shall have delivered to Landlord a Method of Financing setting forth the sources of financing to pay all Development Costs, which has been approved by the Executive Director or designee.

e. Evidence of Financing. Tenant shall have delivered to Landlord (i) evidence satisfactory to the Landlord that Tenant has obtained the financing necessary for the development of the Leased Premises pursuant to Section 5A.4 of this Lease, and (ii) additional documentation relating to the construction and development of the Project, as required in Article 5B of this Lease.

f. Insurance. Developer shall have submitted to landlord evidence of the insurance policies

required by this Lease.

g. Tenant's Formation Documents. Tenant shall have delivered documentation relating to the corporate, partnership, limited liability or other similar status of Tenant and its general partner(s), including, without limitation and as applicable: limited partnership agreements and any amendments thereto; articles of incorporation; Limited Liability Company Articles of Incorporation (LLC-1); Statement of Information and Operating Agreement (including any amendments thereto); copies of all resolutions or other necessary actions taken by such entity to authorize the execution of the Lease and related documents; a certificate of status issued by the California Secretary of State; and a copy of any Fictitious Business Name Statement, if any, as published and filed with the Clerk of the County of Riverside.

h. Recording Instructions. Escrow Agent shall have approved such supplemental recording instructions as may have been prepared on behalf of Landlord.

i. Documents. Landlord, Tenant and/or other parties, as appropriate, shall have executed, and filed or recorded as appropriate, the following documents:

- (1) Covenants (Exhibit "E", to be signed and acknowledged by Landlord and Tenant);
- (2) Notice of Affordability Restrictions (prepared by Landlord); and
- (3) Ground Lease.

5A.2 Recordation of Documents.

Landlord and Tenant, respectively, agree to perform all acts necessary to achieve recordation and delivery of documents in sufficient time for escrow to be closed in accordance with the foregoing provisions.

a. The following documents shall be recorded in the following order ("Recorded Documents"):

Order of Recordation	Document Name
1 st	Covenants/Notice of Affordability Restrictions
2 nd	This Ground Lease
3 rd	Senior Loan Security Instruments
4 th	Junior Loan Security Instruments

b. All documents to be recorded shall be recorded in the Official Records.

5A.3 Method of Financing.

The Development Costs shall be financed with a combination of sources of financing as provided in the Method of Financing (Exhibit "F"). In addition to the sources referenced above, Tenant shall use best efforts to procure additional funding sources, which, if procured, shall be used first, to fill any funding gaps. Tenant shall submit applications for such financing in accordance with the Schedule of Performance (Exhibit "D").

5A.4 Evidence of Financing and Other Required Documentation.

a. Not later than the date set forth in the Schedule of Performance, Tenant shall submit to the Landlord (i) evidence satisfactory to the Landlord that Tenant has obtained the financing necessary for the development of the Leased Premises in accordance with this Lease, and (ii) additional documentation relating to the construction and development of the Project. Failure to timely provide the aforementioned evidence of financing and documentation shall constitute a default under this Ground Lease. Such evidence of financing and

development related documentation shall include the following:

- i. Tenant shall have submitted and Landlord shall have approved Final Construction Drawings;
- ii. Tenant shall have delivered to the Landlord final revisions to the Project Budget, which have been approved by the Executive Director and Construction Lender, demonstrating to the satisfaction of the Landlord the availability of sufficient funds to pay all Development Costs ("Final Project Budget");
- iii. A copy of all loan documents relating to the Construction Loan, certified by Tenant to be a true and correct copy or copies thereof. In addition, Tenant shall have obtained approval of all financing described in the Method of Financing, and the Executive Director shall have approved evidence relating to the Tenant equity, gap financing sources, and all documents required to be executed in connection with such financing shall have been duly executed, acknowledged and delivered;
- iv. A copy of a loan commitment evidencing that the Permanent Loan will be available at Project Completion, certified by Tenant to be a true and correct copy or copies thereof;
- v. Tenant shall have delivered to the Landlord a general construction contract between the Tenant and a licensed general contractor, certified by Tenant to be a true and correct copy thereof, covering all construction required by the Lease and the approved Final Construction Drawings, in an amount that is consistent with the Final Project Budget, together with a construction schedule showing a detailed trade-by-trade breakdown of the estimated periods of commencement and completion of construction and complete fixturization of the Project, demonstrating that construction will be completed within the time provided in the Schedule of Performance;
- vi. Tenant shall have delivered to the Landlord a list of all permits required for the construction of the Improvements, and shall have demonstrated that all variances, entitlements and approvals have been obtained and that all conditions for the issuance of all necessary permits have been satisfied (with the exception of payment of fees, which payment is provided for in the approved Project Budget).
- vii. A copy of the limited partnership agreement or other documentation acceptable to the Executive Director or designee demonstrating the commitment of the Tax Credit Equity Investor to provide the Investor Limited Partner Capital Contribution, to demonstrate that Tenant has adequate equity funds committed to provide the amount of Tenant equity required by the Method of Financing; and

b. The Landlord shall approve or disapprove such evidence of financing within the time established in the Schedule of Performance. Such approval shall not be unreasonably withheld. If the Landlord shall disapprove any such evidence of financing, the Landlord shall do so by written notice to Tenant stating the reasons for such disapproval.

5A.5 Non-Refundable Payment for Landlord Administrative Fees.

a. In order to alleviate Landlord's cost to process this Lease, within thirty (30) days after the Commencement Date of this Lease, Tenant agrees to pay to Landlord a non-refundable administrative fee in the amount of TWENTY THOUSAND DOLLARS (\$20,000.00) ("Administrative Payment"). The Administrative Payment shall be in the form of a wire transfer, cashier's check or certified check naming the Landlord as payee, as applicable.

b. Tenant agrees that the Administrative Payment shall be used to alleviate and off-set Landlord's cost to process this Lease.

c. Landlord shall be under no obligation to pay or earn interest on the Administrative Payment, but, if interest shall accrue or be payable thereon, such interest, when received by the Landlord, shall be retained by and belong to Landlord as its sole property and may be disposed of by Landlord as Landlord sees fit.

d. The Administrative Payment shall be non-refundable. The Administrative Payment shall be non-refundable even if this Lease is terminated.

ARTICLE 5B-DEVELOPMENT OF THE PROPERTY

5B.1 Land Use Approvals.

It is the responsibility of Tenant, without cost to Landlord, to ensure that zoning of the Property and all applicable City land use requirements will permit development of the Property and construction of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Lease. Nothing contained herein shall be deemed to entitle Tenant to any City or County of Riverside permit or other City or County of Riverside approval necessary for the development of the Property, or waive any applicable City or County of Riverside requirements relating thereto. This Lease does not (a) grant any land use entitlement to Tenant, (b) supersede, nullify or amend any condition which may be imposed by the City in connection with approval of the development described herein, (c) guarantee to Tenant or any other party any profits from the development of the Property, or (d) amend any City or County laws, codes or rules. This is not a Development Agreement as provided in Government Code Section 65864.

Tenant shall provide Landlord with copies of all City-approved plans for the Project within fifteen (15) days following the written request of Landlord.

5B.2 Scope of Development.

The Property shall be developed in one phase in accordance with and within the parameters established in the Scope of Development (Exhibit "C").

Tenant is responsible for determining and obtaining all necessary easements for any adjacent properties owned by Landlord, County or a private owner; provided, however, at no cost to Landlord and to the extent possible, Landlord shall endeavor to use good faith efforts to execute such documents, and take such other actions, as may be reasonably necessary to assist Tenant to obtain any and all necessary easements over adjacent properties.

5B.3 Basic Concept and Schematic Drawings.

a. Tenant shall prepare and submit basic concept and schematic drawings and related documents for the development of the Property to the Landlord for review and written approval within the time established in the Schedule of Performance. Basic concept and schematic drawings shall include a site plan, elevations and sections of the Improvements as they are to be developed and constructed on the Property. Tenant shall consult with and seek the recommendations of property management and community service providers with experience relating to similar developments before submission of the basic concept and schematic drawings to the Landlord.

b. The Property shall be developed as established in the basic concept and schematic drawings and related documents except as changes may be mutually agreed upon between Tenant and the Executive Director or designee. Any such changes shall be within the limitations of the Scope of Development.

5B.4 Landscaping and Grading Plans.

a. Tenant shall prepare and submit to the Landlord for its approval preliminary and final landscaping

and preliminary and finish grading plans for the Property. These plans shall be prepared and submitted within the times established in the Schedule of Performance.

b. The landscaping plans shall be prepared by a professional landscape architect and the grading plans shall be prepared by a licensed civil engineer. Such landscape architect and/or civil engineer may be the same firm as Tenant's architect. Within the times established in the Schedule of Performance, Tenant shall submit to the Landlord for approval the name and qualifications of its architect, landscape architect and civil engineer.

5B.5 Construction Drawings and Related Documents.

a. Tenant shall prepare and submit construction drawings and related documents (collectively called the "Plans") to the Landlord for review (including but not limited to architectural review), and written approval in the times established in the Schedule of Performance. Such construction drawings and related documents shall be submitted as 50% and Final Construction Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to obtain a building permit.

b. Approval of progressively more detailed Plans will be promptly granted by the Executive Director or designee if developed as a logical evolution of Plans theretofore approved. Any items so submitted and approved by the Executive Director or designee shall not be subject to subsequent disapproval.

c. During the preparation of all Plans, the Executive Director or designee and Tenant shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and related documents by the Executive Director or designee. The Executive Director or designee and Tenant shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Landlord can receive prompt and speedy consideration.

d. If any revisions or corrections of Plans approved by the Landlord shall be required by any government official, department, or bureau having jurisdiction over the development of the Property, Tenant and the Executive Director or designee shall cooperate in efforts to obtain waiver of such requirements or to develop a mutually acceptable alternative.

5B.6 Landlord Approval of Plans.

a. Subject to the terms of this Lease, the Landlord shall have the right to review (including without limitation architectural review) and approve or disapprove all Plans and submissions, including any proposed substantial changes to any such Plans or submissions approved by Landlord. Upon receipt of any disapproval, Tenant shall revise the Plans, and shall resubmit to the Executive Director or designee as soon as possible after receipt of the notice of disapproval. The Landlord shall approve or disapprove the Plans referred to in this Lease within the times established in the Schedule of Performance. Any disapproval shall state in writing the reasons for disapproval and the changes which the Executive Director or designee requests to be made. Such reasons and such changes must be consistent with the Scope of Development and any items previously approved hereunder. Tenant, upon receipt of a disapproval based upon powers reserved by the Landlord hereunder shall revise the Plans, and shall resubmit to the Executive Director or designee as soon as possible after receipt of the notice of disapproval.

b. If Tenant desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Executive Director or designee for approval.

5B.7 Cost of Construction.

The cost of demolishing any improvements on the Property and developing the Property and constructing the Improvements, including any offsite or onsite improvements required by the City in connection therewith, shall be the sole financial responsibility of Tenant, without any cost to Landlord, subject to the terms of this Lease. Tenant shall also obtain performance, material and labor, and payment bonds for the Project, in the amount required by any lenders to the Project and determined by Landlord and shall furnish Landlord with copies thereof prior to the commencement of such construction.

5B.8 Schedule of Performance.

a. Each party to this Lease shall perform the obligations to be performed by such party pursuant to this Lease within the respective times provided in the Schedule of Performance, and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual agreement of the Landlord and Tenant. Landlord's Executive Director, or designee, on behalf of Landlord and without referring such matter to the Landlord's Board of Commissioners shall have the right but not the obligation to extend all pending deadlines in the Schedule of Performance on two (2) or fewer occasions, so long as the aggregate duration of such administrative time extensions is no greater than ninety (90) days.

b. After the Commencement Date, Tenant shall promptly begin and thereafter diligently prosecute to completion the construction of the Improvements as provided herein and in the Scope of Development.

c. During periods of construction, Tenant shall submit to the Landlord a written report of the progress of construction when and as reasonably requested by the Landlord, but not more frequently than once every quarter. The report shall be in such form and detail as may be reasonably required by the Landlord and shall include a reasonable number of construction photographs (if requested) taken since the last report by Tenant.

d. Nondiscrimination.

Tenant shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. Tenant understands and agrees that violation of this clause shall be considered a material breach of this Lease and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between Tenant and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers. Tenant shall comply with the provisions of the California Fair Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued pursuant to said Acts and Orders with respect to its use of the Leased Premises.

e. Notice of Job Availability.

Tenant is required, and shall require Tenant's contractor, and cause Tenant's contractor to notify any subcontractor, to notify the Riverside County Workforce Development Center and the Riverside County Greater Avenues for Independence (GAIN) program of any and all job openings related to the development and construction of the Project.

5B.9 Local, State and Federal Laws.

The Tenant shall carry out development and construction (as defined by applicable law) of the Improvements on the Property, including, without limitation, any and all public works, (as defined by applicable law), if any, in conformity with all applicable local, state and federal laws, including, without limitation, all applicable federal and state labor laws (including, without limitation, any applicable requirement to pay state prevailing wages). Tenant hereby agrees that Tenant shall have the obligation to provide any and all disclosures, representations,

statements, rebidding, and/or identifications which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Tenant hereby agrees that Tenant shall have the obligation to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law, to the extent required by law. Tenant shall indemnify, protect, defend and hold harmless Landlord, the County of Riverside and their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys, with counsel reasonably acceptable to Landlord, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorneys' fees, court and litigation costs, and fees of expert witnesses) which, in connection with the development and/or construction (as defined by applicable law) of the Improvements, including, without limitation, any and all public works (if any) (as defined by applicable law), results or arises in any way from any of the following: (1) the noncompliance by Tenant of any applicable local, state and/or federal law, including, without limitation, any applicable federal and/or state labor laws (including, without limitation, if applicable, the requirement to pay state prevailing wages); (2) the implementation of Chapter 804, Statutes of 2003; (3) the implementation of Sections 1726 and 1781 of the Labor Code, as the same may be enacted, adopted or amended from time to time, or any other similar law; (4) failure by Tenant to provide any required disclosure representation, statement, rebidding and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5) failure by Tenant to provide and maintain any and all bonds to secure the payment of contractors (including the payment of wages to workers performing any public work) which may be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time, or any other provision of law. Tenant hereby expressly acknowledges and agrees that neither Landlord, County nor City has ever previously affirmatively represented to the Tenant or its contractor(s) for the Improvements in writing or otherwise, that the work to be covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor Code. It is agreed by the parties that, in connection with the development and construction (as defined by applicable law) of the Improvements, including, without limitation, any public work (as defined by applicable law), if any, Tenant shall bear all risks of payment or non-payment of state prevailing wages and/or the implementation of Chapter 804, Statutes of 2003 and/or Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time to time, and/or any other provision of law. "Increased costs" as used in this Section shall have the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or amended from time to time. The foregoing indemnity shall survive termination of this Lease and shall continue after Completion. Tenant shall provide documentation of a Payment and Performance Bond or Letter of Credit to secure performance under the construction contract issued by a bonding company or financial institution reasonably approved by Landlord. The bond shall name Landlord as co-obligee.

5B.10 Notice of Non-Responsibility.

Landlord shall, at any and all times during the term of this Lease, have the right to post and maintain on the Property, and record against the Property, as required by law, any notice or notices of non-responsibility provided for by the mechanics' lien laws of the State of California; provided, however, upon the written request of the Landlord, Tenant shall, on behalf of the Landlord, post and maintain on the Property, and record against the Property, all notices of non-responsibility provided for by the mechanics' lien laws of the State of California.

5B.11 Permits.

Before commencement of demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Tenant shall, at its own expense, secure or cause to be secured, any and all permits which may be required by the City or any other governmental agency affected by such

construction, development or work.

5B.12 Rights of Access.

Commencing upon the Commencement Date, representatives of the Landlord and the County shall have the reasonable right of access to the Property, upon 24 hours' written notice to Tenant (except in the case of an emergency, in which case Landlord shall provide such notice as may be practical under the circumstances), without charges or fees, at normal construction hours during the period of construction for the purposes of this Lease, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of the Landlord or the County shall be those who are so identified in writing by the Executive Director of the Landlord.

5B.13 Disclaimer of Responsibility by Landlord.

The Landlord neither undertakes nor assumes nor will have any responsibility or duty to Tenant or to any third party to review, inspect, supervise, pass judgment upon or inform Tenant or any third party of any matter in connection with the development or construction of the Improvements, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Tenant and all third parties shall rely upon its or their own judgment regarding such matters, and any review, inspection, supervision, exercise of judgment or information supplied to Tenant or to any third party by the Landlord in connection with such matter is for the public purpose of redeveloping the Property, and neither Tenant (except for the purposes set forth in this Lease) nor any third party is entitled to rely thereon. The Landlord shall not be responsible for any of the work of construction, improvement or development of the Property.

5B.14 Prohibition against Transfer.

a. Prior to Completion, Tenant shall not, except as permitted by this Lease, assign or attempt to assign this Lease or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Tenant's interest in the Property or the Improvements thereon, without prior written approval of the Landlord. This prohibition shall not be deemed to prevent the granting of easements or permits to facilitate the development of the Property, nor shall it prohibit Permitted Transfers.

b. Except as permitted by paragraph a., in the event Tenant does assign this Lease or any of the rights herein, or does sell, transfer, convey or assign the Tenant's interest in the Property (or any portion thereof) prior to Completion without the approval of the Landlord, subject to the applicable notice and cure provisions set forth herein, the Landlord shall have the right to terminate this Lease.

c. In the absence of a specific written Lease by the Landlord, and except as otherwise provided in this Lease, no such sale, transfer, conveyance or assignment of this Lease or Tenant's interest in the Property (or any portion thereof), or approval by the Landlord of any such sale, transfer, conveyance or assignment, shall be deemed to relieve Tenant or any other party from any obligations under this Lease.

5B.15 Completion.

Following completion of such facilities and any other improvements for the Project, Tenant shall submit to Landlord: a complete set of "As Built" drawings showing every detail, latent or otherwise, of such improvements, alterations and fixtures, including, but not limited to, electrical circuitry and plumbing for the Project.

5B.16 Lender Not Obligated to Construct Improvements.

No lender shall be obligated by the provisions of this Lease to construct or complete the Improvements or to guarantee such construction or completion. Nothing in this Lease shall be deemed or construed to permit, or authorize any such lender to devote the Property to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Lease.

5B.17 Notice of Default to Lenders; Right of Lender to Cure Defaults.

Whenever the Landlord shall deliver any notice or demand to Tenant with respect to any breach or default by Tenant in completion of construction of the Improvements, the Landlord shall at the same time deliver to each Senior Lender of record a copy of such notice or demand. Each such Senior Lender shall (insofar as the rights of the Landlord are concerned) have the right at its option within sixty (60) days after the receipt of the notice, to cure or remedy, or commence to cure or remedy, any such default and to add the cost thereof to the security interest debt and the lien of its security interest. If such default shall be a default which can only be remedied or cured by such Senior Lender upon obtaining possession of the Property, such Senior Lender shall seek to obtain possession with diligence and continuity through a receiver or otherwise, and shall remedy or cure such default within sixty (60) days after obtaining possession; provided that in the case of a default which cannot with diligence be remedied or cured, or the remedy or cure of which cannot be commenced within such sixty (60) day period, such Senior Lender shall have such additional time as reasonably necessary to remedy or cure such default with diligence and continuity not to exceed ninety (90) days; and provided further that such Senior Lender shall not be required to remedy or cure any non-curable default of Tenant. Any Senior Lender who forecloses on its Senior Loan, or is assigned or otherwise succeeds to Tenant's rights under this Lease, shall have the right to undertake or continue the construction or completion of the Improvements upon execution of a written Lease with the Landlord by which such Senior Lender expressly assumes Tenant's rights and obligations under this Lease.

5B.18 Failure of Lender to Complete Improvements.

In any case where, ninety (90) after default by Tenant, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon the Property (or portion thereof) has not elected to completed construction of the Improvements, or, if it has elected to complete the Improvements, it has not proceeded diligently with construction, the Landlord shall have the right, but not the obligation, to purchase the mortgage, deed of trust or other security interest by payment to the holder of the full amount of the unpaid principal debt, plus any accrued and unpaid interest secured by the mortgage instrument approved by the Landlord.

5B.19 Right of the Landlord to Cure Defaults.

In the event of a default or breach by Tenant of a Senior Loan prior to Completion and prior to completion of a foreclosure by a Senior Lender, and the Senior Lender has not commenced to complete the development, the Landlord may cure the default at any time prior to completion by a Senior Lender of any foreclosure under its Senior deed of trust. In such event, the Landlord shall be entitled to reimbursement from Tenant of all costs and expenses incurred by the Landlord in curing the default. The Landlord shall also be entitled to a lien upon the Leased Premises to the extent of such costs and disbursements.

5B.20 Right of the Landlord to Satisfy Other Liens on the Property.

Prior to Completion and after Tenant has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on its interest in the Leased Premises, the Landlord shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in this Lease shall require Tenant to pay or make provisions for the payment of any tax, assessment, lien or charge so long as Tenant in good faith shall contest the validity or amount thereof, and so long as such delay in payment shall not subject the Property to forfeiture or sale. In such event, the Landlord shall be entitled to reimbursement from Tenant of all costs and expenses incurred by the Landlord in satisfying any such liens or encumbrances. The Landlord shall also be entitled to a lien upon the

Leasehold to the extent of such costs and expenses.

ARTICLE 6 – OWNERSHIP OF IMPROVEMENTS

Notwithstanding anything that is or appears to be to the contrary herein, any and all Improvements erected on the Leased Premises as permitted by this Lease, as well as any and all alterations or additions thereto or any other Improvements or fixtures on the Leased Premises, shall be owned by Tenant until the expiration of the Term or sooner termination of this Lease. Upon the expiration or sooner termination of this Lease, all Improvements and all alterations, additions or improvements thereto that are made to or placed on the Leased Premises by Tenant or any other person shall be considered part of the real property of the Leased Premises and shall remain on the Leased Premises and become the property of Landlord; provided that Tenant shall retain ownership of and shall be required to remove furniture, equipment, machinery, trade fixtures and removable personal property except as may be left on the Leased Premises with Landlord's prior written approval. Except as otherwise expressly provided in this Lease, any non-disturbance agreement approved by Landlord, any easement approved by Landlord, or any written instrument executed by Landlord which expressly states that Landlord is waiving its rights under this Article 6 to receive such Improvements free and clear of all other claims, said Improvements shall become Landlord's property free and clear of any and all rights to possession and all claims to or against them by Tenant or any third person or entity.

ARTICLE 7 - REPAIRS AND MAINTENANCE

7.1 Landlord's Nonresponsibility.

During the Term of this Lease, Landlord shall not be required to maintain or make any repairs or replacements of any nature or description whatsoever to the Leased Premises or the Improvements thereon, except as expressly provided elsewhere herein.

7.2 Tenant's Duty to Maintain Premises.

Except as expressly otherwise provided for herein, throughout the Term of this Lease, Tenant shall, at Tenant's sole cost and expense, maintain or cause to be maintained the Leased Premises and the Improvements now or hereafter located on the Leased Premises in good and clean condition and repair, free of debris, and in compliance with (i) all Governmental Restrictions and (ii) all applicable rules, orders, and regulations of any insurance company insuring all or any part of the Leased Premises or the Improvements thereon or both, and Tenant shall make or cause to be made whatever repairs and replacements are required by such enactments or provisions or future enactments or provisions. Maintenance includes but is not limited to any weed abatement, clean up and removal of any illegal dumping or abatement of any such nuisance. Should Landlord receive any notice regarding any such nuisance, Tenant shall cure the violation within forty eight (48) hours, or if such nuisance cannot be cured with 48 hours, then Tenant shall commence within 48 hours, and thereafter pursue such cure to completion, but in no event no later than 10 days after the date of Landlord's receipt of such notice regarding a nuisance. In the event such nuisance is not cured to completion within the aforementioned 10 day period, after notice and opportunity to cure pursuant to Article 14 below, such failure to cure shall constitute a default under this Lease.

7.3 Damage or Destruction.

7.3.1 In the event any of the Improvements are damaged by an insured casualty, Tenant promptly shall remove the debris resulting from such event, and within a reasonable time thereafter shall apply insurance proceeds to the repair or restoration of the Improvements so damaged to their condition immediately prior to such casualty, such repair or restoration to be performed in accordance with all provisions of this Lease.

7.3.2 In the event any of the Improvements are damaged by an uninsured casualty, or the insurance proceeds are insufficient to repair or restore the Improvements to their condition prior to the casualty, Tenant promptly shall remove the debris resulting from such event, and within a reasonable time thereafter shall either (i) repair or restore the Improvements so damaged to the extent economically feasible, such repair or restoration to be performed in accordance with all provisions of this Lease, or (ii) erect other Improvements in such location, provided all provisions of this Lease are complied with to the extent economically feasible, or (iii) if the damage occurs after the 94th anniversary of this Lease, demolish the damaged portion of such Improvements, restore any remaining Improvements to an architectural whole, remove all rubbish, and pave or plant grass and otherwise restore the area to a neat, orderly, sanitary and attractive condition. Landlord shall have the option to choose among the aforesaid alternatives, subject to rights of permitted Lenders secured by the Lease and the Tax Credit Equity Investor, but Tenant shall be obligated to perform one of such alternatives, provided that nothing herein obligates Tenant to obtain financing exceeding the insurance proceeds, if any. Tenant shall give written notice to Landlord within a reasonable time of which alternative it elects. Nothing contained in subsections 7.3.1 or 7.3.2 shall be construed as permitting the abatement or reduction of Rent, or the termination of this Lease.

7.3.3 Notwithstanding anything to the contrary contained in this Lease, if (i) there is damage to or destruction of the Improvements on the Leased Premises during the last five (5) years of the Term and the cost of repairing said damage or destruction exceeds the cost of demolishing and removing the remaining Improvements on the Leased Premises, or (ii) there is damage to or destruction of the Improvements on the Leased Premises which (1) arises from a cause which is not required to be insured against under any provision of this Lease, or (2) arises from a cause which is in fact insured against in compliance with the terms of this Lease, but for which the recoverable proceeds of such insurance are less than 90% of the cost to repair said damage or destruction, and (3) the cost to Tenant (which is not covered by insurance proceeds) of repairing said damage or destruction exceeds the cost of demolishing and removing the remaining Improvements on the Leased Premises, or (iii) there is damage to or destruction of the Improvements on the Leased Premises and the Governmental Restrictions then in effect with respect to the Leased Premises prohibit the construction of economically viable replacement Improvements with respect to a use which Tenant either has the right to engage in under this Lease or which Tenant desires to engage in and Landlord will permit to be engaged in, then Tenant shall have the option to terminate this Lease, subject to Tenant's satisfaction of all of the following requirements: (A) Tenant shall, within ninety (90) days after the event giving rise to such right to terminate, give Landlord written notice of its election to terminate ("Notice of Election to Terminate"); and (B) Tenant shall, at the election of Landlord (which election shall be communicated in writing to Tenant ("Demolition Notice") within thirty (30) days of Landlord's receipt of the Notice of Election to Terminate), raze and remove the damaged or destroyed Improvements and any other Improvements on the Leased Premises that Landlord may designate in the Demolition Notice, and shall complete said demolition and removal and shall vacate the Improvements on the Leased Premises within ninety (90) days of Landlord's delivery of the Demolition Notice (which vacation date shall fix the termination date of this Lease); and (c) Tenant shall comply with all provisions of Article 15 of this Lease consistent with this Section 7.3 prior to or concurrent with Tenant's vacation of the Improvements on the Leased Premises. If Tenant fails to satisfy the requirements set forth in (b) or (c) above, the failure to meet such conditions shall not invalidate the termination of this Lease, although, in that event and notwithstanding anything else in this Lease that may be or appear to be to the contrary, Tenant shall remain liable to Landlord in damages for such breach. Any and all property damage insurance proceeds (exclusive of any proceeds applicable to Tenant's trade fixtures, equipment or personal property that would be retained by Tenant at the end of the Term) paid to Tenant as a result of the damage or destruction giving rise to the termination, shall be distributed to the Parties, and any Lender, as their interest are determined.

7.3.4 Except as expressly provided in this Lease, no deprivation, impairment, or limitation of use resulting from any damage or destruction or event or work contemplated by this Section shall entitle Tenant to any offset, abatement, or reduction in Rent, nor to any termination or extension of the Term hereof.

ARTICLE 8 - LEASEHOLD FINANCING

8.1 Conditions To Obtaining Leasehold Mortgage.

8.1.1 Tenant shall not encumber the estate created by this Lease, except as expressly provided in this Article 8.

8.1.2 Prior to Completion, Tenant shall have the right to encumber Tenant's interest in this Lease with one or more Senior Loan deeds of trust, but only for the purpose of securing loans of funds to be used for financing and refinancing the Development Costs and other expenditures necessary and appropriate to develop the Property under this Lease, consistent with the amounts to be financed by Tenant per the Method of Financing ("Permitted Financing Purposes"). Prior to Completion: (1) Tenant shall not have any authority to encumber the Property for any purpose other than Permitted Financing Purposes; (2) Tenant shall notify the Landlord in advance of any proposed financing; and (3) Tenant shall not enter into any agreements for non-Permitted Financing Purposes requiring a conveyance of security interests in the Leasehold without the prior written approval of Landlord. The maker of any loan approved by the Landlord pursuant to this Section 8.1 shall not be bound by any amendment, implementation agreement or modification to this Lease subsequent to its approval without such lender giving its prior written consent.

a. In any event, Tenant shall promptly notify Landlord of any security interest created or attached to the Leasehold or Property whether by voluntary act of Tenant or otherwise.

b. The words "security interest" and "deed of trust" as used herein include all other appropriate modes of financing real estate acquisition, construction and land development.

c. The Executive Director or designee shall have the authority to make reasonable modifications to this Section 8.1 that may be requested by a Senior Lender or Tax Credit Equity Investor, provided such modification does not adversely affect the receipt of any material benefit by Landlord hereunder, including without limitation subordination of the Landlord's fee interest in the Property and/or subordination of the affordability covenants in the Covenants. Upon the reasonable request of a Senior Lender or Tax Credit Equity Investor, the Executive Director or designee shall execute from time-to-time such reasonable modifications, interpretations and estoppel certificates to the extent they are consistent with the terms of this Lease.

e. The requirements of this Section 8.1.2 shall not apply following Completion.

8.1.3 After Completion, Tenant shall have the right, with Landlord's prior written consent, to encumber Tenant's estate created by this Lease with any Leasehold Mortgage; provided, that such Leasehold Mortgage shall meet each of the following terms, conditions and requirements:

(i) The Leasehold Mortgage shall contain provisions requiring that copies of all notices of default under said Leasehold Mortgage must be delivered to Landlord pursuant to the procedures set forth in Section 17.6 of this Lease;

(ii) The Leasehold Mortgage shall not permit or authorize, or be construed to permit or authorize, any Lender to devote the Leased Premises to any uses, or to construct any Improvements thereon, other than those uses and Improvements provided for and authorized by this Lease;

8.1.4 Tenant shall not encumber Landlord's fee estate in the Property with any Leasehold Mortgage.

8.2 Lender's Rights.

So long as any Leasehold Mortgage permitted by this Lease exists, or any Lender (or its nominee) owns all or any portion of the leasehold estate created hereunder, and until such time as the lien (or estate) of any Leasehold Mortgage (or its holder) has been extinguished (which provisions shall be for the benefit of the Leasehold Mortgagee):

8.2.1 Following Lender's acquisition of Tenant's interest in this Lease pursuant to a foreclosure or an assignment in lieu of foreclosure, the Lender shall be entitled to assign its interest in this Lease without Landlord's prior consent, subject to compliance with the terms and conditions of this Article 8. All subsequent Transfers by the Transferee of Lender shall comply with the provisions of this Lease, including all restrictions on Transfer set forth in Article 9 hereof; and

8.2.2 Reserved.

8.2.3 Default Notice. Landlord, upon providing Tenant with any "Notice of Default" (as defined below) under this Lease, shall, at the same time, provide a copy of such notice to every Lender who has given written notice to Landlord of its interest in the leasehold estate. From and after such notice has been given to a Lender, such Lender shall have the same period for remedying the Default complained of as the cure period provided to Tenant pursuant to Section 14.2, plus the additional period provided to such Lender as specified below. Landlord shall accept performance by or at the instigation of such Lender as if the same had been done by Tenant.

8.3 Lender Cure Rights.

Notwithstanding anything to the contrary contained in this Lease, Landlord shall have no right to terminate this Lease on account of an Uncured Default of Tenant unless, following expiration of Tenant's applicable cure period, Landlord first provides each Lender not less than sixty (60) days notice of its intent to terminate, if Tenant's Default can be cured by the payment of money (a "Monetary Default"), and not less than ninety (90) days notice of its intent to terminate, if Tenant's Default is of any other type (a "Non-monetary Default"), and each Lender fails to cure such Monetary Default within sixty (60) days after receipt of such notice or each Lender fails to cure or, in good faith and with reasonable diligence and continuity, commence to cure such Non-monetary Default within said ninety (90) day period. If such Non-monetary Default cannot reasonably be cured by such Lender within said ninety (90) day period (or is such that possession of the Leased Premises is necessary for Lender to obtain possession and to remedy the Default), the date for termination shall be extended for such period of time as may be reasonably required to remedy such Default, if (a) Lender shall have fully cured any default in the payment of any monetary obligations of Tenant under this Lease within sixty (60) days after its receipt of notice of Landlord's intent to terminate, and shall continue to pay currently such monetary obligations as and when the same are due, and (b) Lender continues its good faith and diligent efforts to remedy such nonmonetary Default (including its acquisition of possession of the Leased Premises if necessary to the cure of such Default); provided, however, that in no event shall the Landlord be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) day days after the Lender's first notice of default is given. To the extent applicable, the Tax Credit Equity Investor shall have the same notice and cure rights set forth in this Section and such period shall run concurrently with the Senior Lender's cure period set forth in this paragraph above.

Nothing in this Section 8.3 shall be construed to require a Lender to continue any foreclosure proceeding it may have commenced against Tenant after all Defaults have been cured by Lender or Tenant, and if such Defaults shall be cured and the Lender shall discontinue such foreclosure proceedings, this Lease shall continue in full force and effect as if Tenant had not defaulted under this Lease.

8.4 Obligations of Lender and Purchaser.

8.4.1 No Lender, acting in such capacity, shall be deemed to be an assignee or transferee of this Lease or of the leasehold estate hereby created so as to require such Lender, in that capacity, to assume the performance of any of the terms, covenants or conditions on the part of the Tenant to be performed hereunder, unless and until it acquires the interest of Tenant hereunder. Upon acquiring Tenant's leasehold, a Lender may, without the consent of Landlord, sell and assign the leasehold estate on such terms and to such persons and entities as are acceptable to such Lender and thereafter be relieved of all obligations on the part of Tenant first arising under this Lease after the date of such sale or assignment; provided, that such assignee of the Lender shall have delivered to Landlord an assumption agreement as provided by Section 9.1 of this Lease. Any such assignee of Lender or any other assignee of this Lease or of the leasehold estate created hereby by a conveyance in lieu of foreclosure or any purchaser at any foreclosure sale of this Lease or of the leasehold estate hereby created (other than, in any case, the Lender), shall be deemed to be a Transferee of this Lease, and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of the Tenant to be performed hereunder from and after the date of such purchase and assignment and, from and after such date, shall be subject to all the terms of this Lease, including all restrictions on further Transfer set forth in Article 9.

8.4.2 Notwithstanding any other provision of this Lease, any bona fide sale of this Lease and of the leasehold estate hereby created in any proceedings for the foreclosure of any Leasehold Mortgage or a bona fide assignment or transfer of this Lease and of the leasehold estate hereby created in lieu of foreclosure of a Leasehold Mortgage (collectively, "Proceedings") shall be deemed to be a permitted sale, transfer or assignment of this Lease and of the leasehold estate hereby created so long as Landlord is given timely notice of any default of Tenant and of any such Proceeding and is afforded the cure periods specified in Section 8A.4 and so long as any such deed in lieu of foreclosure has not been undertaken for the purpose or with the intent of circumventing any otherwise applicable restrictions upon Transfers of Tenant's interest under this Lease. Notwithstanding the foregoing, any transfer by foreclosure or deed in lieu of foreclosure to Tenant or any Affiliate of Tenant shall not be deemed a permitted sale, transfer or assignment of this Lease and the leasehold estate created hereby.

8.5 New Lease.

Except as expressly provided in the last sentence of this Section, in the event of a termination of this Lease for any reason including, without limitation, by reason of any Default or the rejection or disaffirmance of this Lease pursuant to bankruptcy law or other law affecting creditors rights, Landlord shall give prompt notice thereof to any Lenders who have requested notice from Landlord in writing and furnished their names and addresses to Landlord. Landlord shall, on written request of any such Lender, made at any time within ninety (90) days after the giving of such notice by Landlord or within sixty (60) days after becoming legal owner of the Leasehold, enter into a new lease of the Leased Premises with such Lender within thirty (30) days after the receipt of such request, which new lease shall be effective as of the date of such termination of this Lease and shall be for the remainder of the Term of this Lease, at the rent provided for herein, and upon the same terms, covenants, conditions and agreements as are herein contained; provided that such Lender shall: (i) pay to Landlord at the time of the execution and delivery of said new lease any and all sums for Rent payable by Tenant hereunder to and including the date thereof, (ii) pay all Landlord costs resulting from the preparation and execution of such new lease; and (iii) on or prior to the execution and delivery of said new lease, agree in writing that promptly following the delivery of such new lease, such Lender will perform or cause to be performed all of the other covenants and agreements herein contained on Tenant's part to be performed to the extent that Tenant shall have failed to perform the same to the date of delivery of such new lease. Nothing herein contained shall be deemed to impose any obligation on the part of Landlord to deliver physical possession of the Leased Premises to such Lender unless Landlord at the time of the execution and delivery of such new lease shall have obtained physical possession thereof. Notwithstanding anything contained in this Section 8.5 to the contrary, Lender's leasehold interest in the Leased Premises pursuant to the new lease shall be subject to any claims by Tenant that it has a right to possession

of the Leased Premises.

8.6 New Lease Priority.

It is the intent of the Parties that any new lease made pursuant to Section 8.5 shall have the same priority with respect to any lien, charge or encumbrance on the fee of the Leased Premises as did this Lease and that the Tenant under such new lease shall have the same right, title and interest in and to the Leased Premises as Tenant had under this Lease.

8.7 Liability of New Tenant.

The Lender which becomes the tenant under any such new lease made pursuant to Sections 8.4 or 8.5 shall be liable to perform the obligations imposed on the tenant by such new lease as well as those arising under Sections 8.4 or 8.5 to the same extent as a Lender which acquires Tenant's estate under this Lease by the foreclosure thereof.

8.8 Leases and Rents.

After the termination of this Lease and during the period thereafter during which any Lender is entitled to enter into a new lease of the Leased Premises, Landlord shall receive all rent and other payments due from Subtenants (subject to Landlord's right to not accept such rent and other payments as set forth below), including Subtenants whose attornment it shall have agreed to accept, as agent of such Lender and shall deposit such rents and payments in a separate and segregated account, but may withdraw and pay to Landlord such sums as are required or were required to be paid to Landlord under this Lease, at the time and in the amounts due hereunder, and may withdraw and expend such amounts as are necessary for the maintenance, operation, and management of the Leased Premises in accordance with the requirements of this Lease; and, upon the execution and delivery of such new lease, Landlord shall account to the lessee under the said new lease for the balance, if any (after application as aforesaid), of the rent and other payments made under said leases. The collection of rent by Landlord acting as an agent pursuant to this Section shall not be deemed an acceptance by Landlord for its own account of the attornment of any subtenant unless Landlord shall have agreed in writing with such subtenant that its tenancy shall be continued following the expiration of any period during which a Lender may be granted a new lease, in which case such attornment shall take place upon such expiration but not before; provided, however, in the event Landlord determines that it cannot accept rent payments from a subtenant without risk of being deemed to have accepted such subtenant's attornment (and Landlord has not previously agreed to recognize such subtenant in the event of a Default under this Lease by Tenant), Landlord shall have the right to direct such subtenant to pay such rents directly to Lender. If all Lenders fail to exercise their rights to enter into a new lease or fail to timely execute such new lease, all rents collected by Landlord on behalf of such Lenders pursuant to this Section shall become Landlord's property free and clear of any claim by such Lenders and such Lenders shall have no further rights with respect thereto.

8.9 Legal Proceedings.

Landlord shall give each Lender who has given written notice of its interest in the leasehold estate to Landlord prompt notice of any legal proceedings between Landlord and Tenant involving obligations under this Lease. Each said Lender shall have the right to intervene in any such proceeding to protect its interest and be made a party thereto, and the parties hereto do hereby consent to such intervention. In the event that any such Lender shall not elect to intervene or become a party to any such proceedings, Landlord shall give such Lender notice of, and a copy of, any award or decision made in any such proceedings, which shall be binding on all Lenders not intervening after receipt of notice of the legal proceeding.

8.10 Notices. Notices from Landlord to any Lender shall be mailed to the address of the

Lender set forth in the Leasehold Mortgage furnished to Landlord or at such other address as may have been furnished to Landlord by such Lender. All notices from the Lender to Landlord shall be mailed to the address designated pursuant to the provisions of Section 17.6 or such other address as Landlord may designate in writing from time to time. All notices to a Lender or to Landlord shall be given in the manner described in Section 17.6 and shall in all respects be governed by the provisions of such Section.

8.11 No Encumbrance of Landlord's Fee Estate.

Tenant shall not encumber Landlord's fee estate in the Property. Tenant shall not place, or allow to be placed, against the Property or any portion thereof, any mortgage, trust deed, encumbrance or lien not authorized by this Lease. In addition, Tenant shall remove, or shall have removed, any levy or attachment made on title to the leasehold estate created by this Lease and/or the Property (or any portion thereof), or shall assure the satisfaction thereof within a reasonable time but in any event prior to a sale thereunder. Under no circumstances whatsoever shall the Tenant allow any security instruments to be recorded against the Landlord's fee interest in the Property.

ARTICLE 8A – PERMANENT LOAN

8A.1 Permanent Loan. The Permanent Loan deed of trust shall be a leasehold deed of trust and shall not encumber Landlord's fee title.

8A.2 Foreclosure of the Permanent Loan. Notwithstanding Section 8.5 herein, and subject to the provisions of Sections 8A.3 and 8A.4 below, upon a foreclosure by the Permanent Lender of the Permanent Loan deed of trust described in Section 8A.1 herein during the Term, the following terms and conditions shall be in effect:

8A.2.1 The Rent for this Lease following said foreclosure shall remain as stated in Section 4.1 herein.

8A.2.2 Following said foreclosure, used of the Lease Premises shall conform to Article 5 herein.

8A.2.3 So long as the Permanent Lender, or a subsidiary of Permanent Lender, remains as "lender in possession" of the Leased Premises, upon a default of Permanent Lender, or a subsidiary of Permanent Lender, as Tenant under this Lease, Landlord shall have all remedies available at law or in equity.

8A.3 Default Notice. Permanent Lender and the Tax Credit Equity Investor shall, and Tenant shall cause Permanent Lender and the Tax Credit Equity Investor to, upon providing Tenant with any notice of default (as defined in the Permanent Loan documents and the Tax Credit Equity Investor partnership documents), at the same time, provide a copy of such notice to Landlord. From and after such notice has been given to Landlord, Landlord shall have the same period for remedying the default complained of as the cure period provided to Tenant under the Permanent Loan documents and the Tax Credit Equity Investor partnership documents. Tenant shall cause the Permanent Lender and the Tax Credit Equity Investor to accept performance by or at the instigation of Landlord as if the same had been done by Tenant.

8A.4 Landlord Right to Cure. Notwithstanding anything to the contrary contained in this Lease, Permanent Lender shall have no right to complete a foreclosure under the Permanent Loan deed of trust on account of an uncured Default of Tenant under the Permanent Loan documents ("Uncured Loan Default") unless, following expiration of Tenant's applicable cure period under the Permanent Loan Documents, Permanent Lender first provides Landlord not less than sixty (60) days notice of its intent to foreclose, if Tenant's Uncured Loan Default can be cured by the payment of money ("Tenant Monetary Default"), and not less than ninety (90) days notice of its intent to terminate, if Tenant's Uncured Loan Default is of any other type ("Tenant Non-monetary Default"), and Landlord fails to cure such Tenant Monetary Default within sixty (60) days after receipt of such

notice or Landlord fails to cure such Tenant Non-monetary Default within a period of ninety days (90) days. If all Uncured Loan Defaults have been cured by Landlord in accordance with this Section, the Permanent Loan shall be reinstated in accordance with California Civil Code Section 2924c.

ARTICLE 9 - ASSIGNMENT AND TRANSFER

9.1 Transfer of the Lease, the Leased Premises or the Improvements Thereon.

(i) Transfer(s) occurring prior to Completion shall be made in accordance with Section 5B.14 of this Lease. Transfer(s) occurring after Completion shall be subject to the prior written consent of Landlord; provided, however, that notwithstanding anything to the contrary herein, Tenant may Transfer its interest in the Lease to Permitted Transferees under the same terms and conditions as set forth under Section 5B.14 of this Lease.

(ii) For Transfers to a Person other than a Permitted Transferee, Landlord shall have the right to consider the following factors (among others Landlord reasonably determines are necessary to consider in evaluating the proposed Transferee) in determining whether or not to consent to any proposed Transfer of Tenant's rights under or interest in this Lease, the Leased Premises, or the Improvements constructed thereon: (1) The financial condition of the proposed Transferee and its ability to perform all of the financial and other obligations of Tenant under this Lease, (2) the Transferee's business reputation, and (3) the Transferee's ability to demonstrate its capability to manage or provide for the management of the Improvements located on the Leased Premises.

(iii) Upon any approved or Permitted Transfer of this Lease or the Leased Premises (other than for security purposes), said Transferee shall expressly assume in writing liability for all of Tenant's obligations accruing under this Lease after the date of such Transfer. Except as to any Permitted Transferee (as defined herein), Tenant shall not be released of its obligations under this Lease.

(iv) At any time Tenant desires to effect a Transfer which requires Landlord's consent pursuant to clause (ii) or (iii) above, Tenant shall request consent from Landlord in writing and shall submit to Landlord in connection with such request all proposed agreements and documents (collectively, the "Transfer Documents") memorializing, facilitating and/or evidencing such proposed Transfer, as well as all other information Tenant reasonably believes is necessary for Landlord to properly evaluate the proposed Transferee pursuant to the criteria set forth in this Article 9. Landlord agrees to advise Tenant in writing of its decision on Tenant's request for consent to such Transfer, as promptly as possible, and, in any event, not later than sixty (60) days after Landlord receives all of the items required by the preceding sentence. If such request is denied, Landlord shall state the reasons for such denial in its notice of denial of Tenant's request. If Landlord fails to respond to Tenant's request within sixty (60) days after its receipt of all of the items required above, Tenant's request shall be deemed disapproved.

9.2 Transfer of Tenant's Interest in Lease and Tenant's Ownership.

The restrictions on Transfer contained in this Article 9 shall be binding on any successors, heirs or permitted Transferees of Tenant. The provisions of this Article 9 shall apply to each successive Transfer and Transferee in the same manner as initially applicable to Tenant under the terms set forth herein.

ARTICLE 10 - TAXES AND IMPOSITIONS

10.1 Tenant To Pay Impositions.

10.1.1 In addition to the Rent and other payments required to be paid under this Lease, Tenant shall pay or cause to be paid any and all taxes (including possessory interest taxes) and assessments (collectively, "Impositions") levied or assessed from the Commencement Date until the termination of this Lease by any governmental agency or entity on or against the Leased Premises or any portion thereof, or on or against any interest in the Leased Premises (including the leasehold interest created by this Lease), or any Improvements or other property in or on the Leased Premises. The timely payment of the Impositions is a material term of this Lease, and, to the extent the above-referenced items are payable to Landlord or its successors or assigns, they shall constitute Additional Rent hereunder.

10.1.2 If, by law, any such Imposition is payable, or may, at the option of Tenant be paid, in installments, Tenant may pay the same, together with any accrued interest on the unpaid balance of such Imposition, in such installments as those installments respectively become due and before any fine, penalty, interest, or cost may be added thereto for the nonpayment of any such installment and interest.

10.2 Proration of Impositions.

All Impositions levied or assessed on or against the Leased Premises shall be prorated, based on a 365-day year, between Landlord and Tenant as of the Commencement Date of this Lease, and as of the expiration or earlier termination of this Lease. On service of written request by Landlord, Tenant shall promptly pay to Landlord Tenant's share of such Impositions paid by Landlord on Tenant's behalf and, on service of written request by Tenant, Landlord shall promptly pay to Tenant Landlord's share of such Impositions paid by Tenant on Landlord's behalf.

10.3 Payment Before Delinquency.

Subject to Section 10.4, any and all Impositions and installments of Impositions required to be paid by Tenant under this Lease shall be paid by Tenant prior to delinquency, and, upon Landlord's written request, copies of the official and original receipt for the payment of each such Imposition or installment thereof or other reasonably satisfactory evidence of payment shall promptly be given to Landlord.

10.4 Contest of Imposition.

Tenant shall refrain from appealing, challenging or contesting in any manner the validity or amount of any tax assessment, encumbrance or lien on the Leased Premises; provided, however, that such prohibition shall not apply to an appeal, challenge or contesting of the erroneous initial assessment for property tax purposes of the Leased Premises in the fiscal year of the completion of the Improvements to be constructed pursuant to this Lease, and further provided that in the absence of transfer of ownership or new construction Tenant shall not be prohibited from appealing, challenging or contesting any increases in assessment of the Leased Premises for property tax purposes. Nothing herein shall be deemed as a prohibition on Tenant's right to seek a welfare exemption for the Project or to appeal, challenge, or contest the eligibility of the Project for such exemption.

Tenant agrees that any such permitted proceedings shall be begun without undue delay after any contested item is imposed and shall be prosecuted to final adjudication with reasonable dispatch. Tenant shall give Landlord prompt notice in writing of any such contest at least ten (10) days before filing any contests, except for related to the welfare exemption. Tenant may only exercise its right to contest an imposition hereunder if the subject legal proceedings shall operate to prevent the collection of the imposition so contested, or the sale of the Leasehold and/or Improvements, or any part thereof, to satisfy the same, and only if Tenant shall, prior to the date

such imposition is due and payable, have given such reasonable security as may be required by Landlord from time to time in order to insure the payment of such imposition to prevent any sale, foreclosure or forfeiture of the Leased Premises, or any part thereof, by reason of such nonpayment. In the event of any such contest and the final determination thereof adversely to Tenant, Tenant shall, before any fine, interest, penalty or cost may be added thereto for nonpayment thereof, pay fully and discharge the amounts involved in or affected by such contest, together with any penalties, fines, interest, costs and expenses that may have accrued thereon or that may result from any such contest by Tenant and, after such payment and discharge by Tenant, Landlord will promptly return to Tenant such security as Landlord shall have received in connection with such contest.

Landlord shall cooperate reasonably in any such contest permitted by this Section 10.4, and shall execute any documents or pleadings reasonably required for such purpose. Any such proceedings to contest the validity or amount of Imposition or to recover back any Imposition paid by Tenant shall be prosecuted by Tenant at Tenant's sole cost and expense; and Tenant shall indemnify and save harmless Landlord against any and all loss, cost or expense of any kind, including, but not limited to, reasonable attorneys' fees and expenses, which may be imposed upon or incurred by Landlord in connection therewith.

10.5 Tax Returns And Statements.

Tenant shall, as between Landlord and Tenant, have the duty of attending to, preparing, making, and filing any statement, return, report, or other instrument required or permitted by law in connection with the determination, equalization, reduction, or payment of any Imposition that is or may be levied on or assessed against the Leased Premises, or any portion thereof, or any interest therein, or any Improvements or other property on the Leased Premises.

10.6 Possessory Interest Taxes.

Landlord is a public entity, and as such, Landlord's underlying fee in the Leased Premises is, or may be, exempt from property tax assessments. In accordance with California Revenue and Taxation Code Section 107.6(a), Landlord states that by entering into this Lease, a Possessory interest in Tenant subject to property taxes will be created. Tenant or any other party in whom the Possessory interest is vested may be subject to the payment of property taxes levied on such interest. In addition, pursuant to Health and Safety Code Section 33673, the Leased Premises shall be assessed and taxed in the same manner as privately owned property, and Tenant shall pay taxes upon the assessed value of the entire Leased Premises and not merely the assessed value of its leasehold interest; provided however, that Landlord recognizes that Tenant will apply for and may receive a welfare exemption for all or a portion of the Improvements. After the Commencement Date Tenant shall be required to notify the proper authority, including but not limited to the Tax Assessor of the conveyance of the Leasehold from Landlord to Tenant pursuant to this Lease.

ARTICLE 11 - UTILITY SERVICES

11.1 Tenant's Responsibility.

During the Term of this Lease, Tenant shall pay, or cause to be paid, and shall indemnify, defend and hold Landlord and the property of Landlord harmless from all charges for water, sewage, gas, heat, air conditioning, light, power, steam, telephone service and all other services and utilities used, rendered or supplied to, on or in the Leased Premises during the Term.

11.2 Landlord Has No Responsibility.

Landlord shall not be required to furnish to Tenant or any other occupant of the Leased Premises during the Term of this Lease, any water, sewage, gas, heat, air conditioning, light, power, steam, telephone, or any other

utilities, equipment, labor, materials or services of any kind whatsoever. ARTICLE 12 –

ARTICLE 12-INSURANCE

12.1 Without limiting or diminishing the Tenant's obligation to indemnify or hold the Landlord harmless, Tenant shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the Term of this Lease. As respects to the insurance section only, the Landlord herein refers to the Housing Authority of the County of Riverside, the County of Riverside, and their respective Agencies, Districts, Special Districts, Departments, directors, officers, Board of Supervisors, employees, elected or appointed officials, agents, representatives and attorneys' as Additional Insureds.

12.2 Procure and maintain course of construction coverage on the Leased Premises in an amount not less than ninety percent (90%) of the actual value of the Project.

Procure and maintain Course of Construction coverage to include, without limitation, liability coverage that shall protect Tenant from claims for damages for personal injury, including, without limitation, accidental and wrongful death, as well as from claims for property damage, which may arise during the construction of the Project, whether such use or performance be by Tenant, by any subcontractor, or by anyone employed directly or indirectly by either of them.

12.3 Workers' Compensation. If the Tenant has employees as defined by the State of California, the Tenant shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the Landlord.

12.4 Commercial General Liability. Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Tenant's performance of its obligations hereunder. Policy shall name the Landlord as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Lease or be no less than two (2) times the occurrence limit.

12.5 Vehicle Liability. If vehicles or mobile equipment are used in the performance of the obligations under this Lease, then Tenant shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Lease or be no less than two (2) times the occurrence limit. Policy shall name the Landlord as Additional Insureds.

12.6 General Insurance Provisions - All lines:

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

2) The Tenant must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceed \$500,000 per occurrence each such retention shall have the prior written consent of the Landlord's Risk Manager before the commencement of operations under this Lease. Upon notification of self-insured retention unacceptable to the Landlord, and at the election of the Landlord's Risk

Manager, Tenant's carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Lease with the Landlord, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

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

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

5) If, during the term of this Lease or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Lease, including any extensions thereof, exceeds five (5) years; the Landlord reserves the right to adjust the types of insurance and the monetary limits of liability required under this Lease, if in the Landlord's Risk Manager's reasonable judgment, the amount or type of insurance carried by the Tenant has become inadequate.

6) Tenant shall pass down the insurance obligations contained herein to all tiers of contractors and sub-contractors under this Lease.

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

8) Tenant agrees to notify Landlord of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Lease.

12.7 Indemnification.

Tenant shall indemnify and hold harmless Landlord and the County of Riverside, and their respective Agencies, Districts, Special Districts and Departments, directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys' (individually and collectively hereinafter referred to as Indemnitees) and the property of Landlord, including the Leased Premises, from and against any and all Losses and Liabilities whatsoever, based or asserted upon the use, occupancy, or enjoyment of the Leased Premises by Tenant, its officers, employees, subcontractors, agents or representatives or any person thereon or holding under Tenant arising out of or in any way relating to this Lease, or any action, inaction, events or facts occurring during the Term from any cause, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the

performance of Tenant, its officers, employees, subcontractors, agents or representatives Indemnitors from this Lease. Tenant shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

Further, Tenant shall defend, indemnify and hold the Indemnitees free and harmless from any liability whatsoever, in the event that any legal challenge is initiated against Landlord as the Property owner, or as the real party in interest, or in the event that any legal challenge is brought against Landlord for approving or entering into this Lease or in any way arising out of the performance of this Lease with Tenant, including, but not limited to California Environmental Quality Act challenges.

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

Tenant's obligation hereunder shall be satisfied when Tenant has provided to Landlord the appropriate form of dismissal relieving Landlord from any liability for the action or claim involved.

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

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

The above indemnification includes, without limitation, any Losses and Liabilities arising by reason of:

(1) The death or injury of any person, including Tenant or any person who is an employee or agent of Tenant, or damage to or destruction of any property, including property owned by Tenant or by any person who is an employee or agent of Tenant, from any cause whatever while such person or property is in or on the Leased Premises;

(2) The death or injury of any person, including Tenant or any person who is an employee or agent of Tenant, or damage to or destruction of any property, including property owned by Tenant or any person who is an employee or agent of Tenant, caused or allegedly caused by either (A) the condition of the Leased Premises or some Improvements on said premises, or (B) some act or omission on the Leased Premises by Tenant or any person in, on, or about the Leased Premises with the permission and consent of Tenant;

(3) Any work performed on the Leased Premises or materials furnished to said premises at the insistence or request of Tenant or any person or entity acting for or on behalf of Tenant; or

(4) Tenant's failure to perform any provision of this Lease or to comply with any Governmental Restriction.

ARTICLE 13 - CONDEMNATION

13.1 General.

If any portion of or interest in the Leased Premises shall be condemned (including, without limitation,

inverse condemnation) or taken by any public authority or by any other person or entity with the power of condemnation, by eminent domain or by purchase in lieu thereof (a "Taking"), and such Taking renders the Leased Premises unsuitable in the commercially reasonable judgment of Tenant and Landlord for Tenant's business operations, Tenant may terminate this Lease by giving notice to Landlord, such termination to be effective as of the date specified in such notice. If this Lease is not terminated, Tenant's condemnation award shall be used for the purpose of repairing or restoring the Improvements in accordance with Section 7.3.

13.2 Award.

Whether or not this Lease is terminated as a result of any Taking, Landlord and Tenant shall together make one claim for an award for their combined interests in the Leased Premises including an award for severance damages if less than the whole shall be so taken. The condemnation proceeds shall be distributed to Landlord and Tenant as their respective interests appear. Both parties shall have the right to appear in and defend against such action as they deem proper in accordance with their own interests at their own expense. To the extent possible, the parties shall cooperate to maximize the condemnation proceeds payable by reason of the condemnation. Issues between Landlord and Tenant required to be resolved pursuant to this Article shall be joined in any such condemnation proceeding to the extent permissible under then applicable procedural rules of such court of law or equity for the purpose of avoiding multiplicity of actions and minimizing the expenses of the parties. If this Lease is not terminated pursuant to this Article, it shall continue, except that commencing with the date on which Tenant is deprived of the use of any portion of the Leased Premises or of any rights under this Lease, Rent shall be abated or reduced according to the extent to which Tenant is deprived of the use or benefit of the Leased Premises or of any rights under this Lease. If the Taking occurs in the last five (5) years of the Term, either Landlord or Tenant, by written notice to the other, may terminate this Lease, such termination to be effective as of the date that the condemnor acquires title to all or a portion of the Leased Premises.

13.3 Taking for Temporary Use.

If there is a Taking of the Leased Premises for temporary use for a period equal to or less than eight (8) months, this Lease shall continue in full force and effect, Tenant shall continue to comply with Tenant's obligations under this Lease not rendered physically impossible by such Taking, neither the Term nor the Rent shall be reduced or affected in any way, but the Rent shall continue at the level of the last Rent paid prior to the Taking (including any subsequent increases in such Rent provided for under this Lease), and Tenant shall be entitled to any and all Awards for the use or estate taken. If any such Taking is for a period extending beyond such eight (8) month period, the Taking shall be treated as a total, substantial or partial taking, as appropriate.

ARTICLE 14 – DEFAULT

14.1 Notice; Cure Period; Remedies

a. Subject to the extensions of time set forth in Section 5B.8, failure or delay by either party to perform any term or provision of this Lease constitutes a default under this Lease. The party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured party shall give written notice of default to the party in default ("Notice of Default"), specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Lease, any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by either party in asserting any of its rights and remedies shall not deprive either party of its right to

institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. Except as otherwise provided herein, if a monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default written notice of such default. The party in default shall have a period of thirty (30) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within sixty (60) calendar days after such notice is received or deemed received, the party in default shall have such period to effect a cure prior to exercise of remedies by the injured party. If the default is such that it is not reasonably capable of being cured within sixty (60) days after such notice is received, and the party in default (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the party in default shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in any event no more than ninety (90) days of receipt of such notice of default from the injured party.

e. If Tenant fails to take corrective action or cure the default within a reasonable time, Landlord shall deliver written notice thereof to each of the Senior Lenders and, as provided in paragraph f., below, the Tax Credit Equity Investor. The Tax Credit Equity Investor may take such action, including removing and replacing the general partner of Owner with a substitute general partner, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. Landlord agrees to accept cures tendered by any Senior Lender or Tax Credit Equity Investor within the cure periods provided herein; provided, however, in no event shall the Landlord be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

14.2 Institution of Legal Actions

In addition to any other rights or remedies (and except as otherwise provided in this Lease), either party may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Lease. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California, in any other appropriate court of that county, or in the United States District Court for the Central District of California.

14.3 Acceptance of Service of Process

a. In the event that any legal action is commenced by Tenant against Landlord, service of process on Landlord shall be made by personal service upon the County of Riverside Clerk, or in such other manner as may be provided by law.

b. In the event that any legal action is commenced by Landlord against Tenant, service of process on Landlord shall be made by personal service upon Landlord (or upon the General Partner or managing member, as applicable, or any officer of the General Partner or managing member, as applicable) and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

14.4 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Lease, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

14.5 Damages

Subject to the notice and cure provisions of this Article 14, if either party defaults with regard to any of the provisions of this Lease, the non-defaulting party shall serve written notice of such default upon the defaulting party. If the default is not cured within the time provided in this Article 14, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may thereafter (but not before) commence an action for damages against the defaulting party with respect to such default.

14.6 Default.

Subject to the notice and cure provisions of Section 14.1, in addition to other rights and remedies at law and equity Landlord shall have the right to terminate this Lease in the event of a default by Tenant under the Lease or failure of any condition precedent to the development of the Improvements required under the Lease, including but not limited to the following events ("Default(s)") and Landlord shall have the right to exercise all remedies available to it in law and equity, including, but not limited to termination of this Lease:

14.6.1 any failure by Tenant to complete construction of the Improvements pursuant to this Lease and/or City approved plans and specifications within the time period set forth in the Schedule of Performance;

14.6.2 failure to provide evidence of financing within the time period provided for in the Schedule of Performance as required in Section 5A.4 of this Lease and the Method of Financing;

14.6.3 any failure by Tenant to pay the Rent or make any other payment required to be made by Tenant hereunder, on the date the payment is due; or

14.6.4 Any breach by Tenant of its obligations under the Covenants, and the failure to cure such default under the terms of such document; or

14.6.5. Any breach by Tenant of its obligations under any Senior Loan or Junior Loan, and the failure to cure such default under the terms of such document; or

14.6.6 In the event a petition for the adjudication of Tenant is filed for voluntary bankruptcy or involuntary bankruptcy of Tenant which is not dismissed within sixty (60) days; or

14.6.7 In the event Tenant (or any successor in interest) assigns or attempts to assign this Lease or any right herein, or transfers or assigns any of Tennat's rights in and to the Property (or any portion thereof on interest therein) or the Leasehold Estate (or any portion thereof on interest therein), or the Improvements, except as permitted by this Agreement; or Tenant's interest hereunder are assigned involuntarily or by operation of law, for the benefits of creditors; or

14.6.8 In the event Tenant abandons the Leased Premises; or

14.6.9 A failure by Tenant to observe and perform any other condition, restriction, covenant, obligation or provision of this Lease to be observed or performed by Tenant.

14.7 Termination of Lease.

14.7.1 Automatic Termination of Lease. In the event Tenant has failed to deliver to Landlord such evidence of financing as required pursuant to Section 5A.4 of this Lease within the time period set forth in the Schedule of Performance (as such Schedule of Performance may be amended from time to time by the Parties) and/or fails to commence construction of the Improvements as required herein with the time period set forth in the Schedule of Performance, then this Lease shall automatically terminate without further action of the Parties; provided, however, the Parties hereby agree to execute such documents as may be reasonably requested to evidence the termination of this Lease, and further provided that Tenant shall execute a quit claim deed for the benefit of Landlord upon Landlord's request. Thereafter, neither Party shall have any further rights, duties, or obligations under this Lease (except for any provisions that survive termination).

14.7.2 As used in this Lease, the term "Uncured Default" shall mean any Default by Tenant which continues uncured, following the giving of a Notice of Default as required by this Lease, for the entire cure period applicable to that Default under the provisions of this Lease.

14.8 Landlord's Right to Cure Tenant's Defaults.

After expiration of the applicable time granted to Tenant for curing a particular Default and upon not less than five (5) business days' notice (unless a longer period of time is otherwise expressly provided by this Lease, in which case such longer period shall apply), Landlord may, at Landlord's election, make any payment (other than Rent payable to Landlord) required of Tenant under this Lease or perform or comply with any covenant or condition imposed on Tenant under this Lease, and the amount so paid, plus the reasonable cost of any such performance or compliance, plus interest on such sum at the Agreed Rate, from the date of payment, performance, or compliance until the date of repayment by Tenant, shall be due and payable by Tenant on the first day of the next calendar month following any such payment, performance or compliance by Landlord as Additional Rent hereunder. No such act shall constitute a waiver of any Default or of any remedy for Default or render Landlord liable for any loss or damage resulting from any such act (except to the extent such loss or damage arises from Landlord's or Landlord's Representatives' negligence or intentional or willful misconduct).

14.9 Notice of Landlord's Default; Tenant Waiver.

14.9.1 If Landlord has committed a breach under this Lease, as described in Section 14.1, Tenant shall deliver a written Notice of Default to Landlord. Each Notice of Default shall specify the alleged Default.

14.9.2 Landlord shall, after notice, promptly and diligently commence curing the Default and shall have sixty (60) days after notice is given to complete the cure of said Default; provided, however, that if (i) the nature of said Default is such that the same cannot reasonably be cured within said sixty (60) day period, and (ii) Landlord shall have in good faith commenced and diligently and continuously pursued such cure, then Landlord shall have such time as is reasonably necessary to complete the cure of said Default. If it is determined that Landlord is liable to Tenant for damages pursuant to this Lease Landlord shall pay such damages to Tenant in accordance with such judgment within 90 days after such determination. Tenant shall have no right to offset any amount of damages owed by Landlord to Tenant against the Rent owed by Tenant to Landlord under this Lease.

14.10 Landlord's Remedies.

14.10.1 In the event of any Uncured Default, then, subject to the rights of a Lender expressly set forth in this Lease, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant

hereunder by giving written notice of such termination, in which event the Parties shall have no further obligation to one another under this Lease.

14.10.2 Reserved.

14.10.3 Reserved.

14.10.4 Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by the terms of any mortgage, deed of trust, or bonded indebtedness. Accordingly, if any installment of Rent shall not be received by Landlord or its designee within ten (10) days after Rent is due, or if any Additional Rent or Impositions shall not be received by Landlord within twenty (20) days after the Notice of Default is given, then without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge to Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

14.10.5 Right of Reentry; Reversionary Interest

Subject to the notice and cure provisions set forth in this Lease, the Landlord shall have the right, at its option, to reenter and take possession of the Leased Premises with all Improvements thereon, and to terminate and revert in the Landlord the Leasehold estate theretofore conveyed to the Tenant, if after conveyance of the Leasehold, the Tenant (or its successors in interest) shall:

1. fail to commence construction of the Improvements on the Leased Premises (or portion thereof) as required by this Lease after the date set forth in the Schedule of Performance, provided that the Tenant shall not have obtained an extension or postponement to which the Tenant may be entitled pursuant to Section 14.13 hereof; or
2. abandon or substantially suspend construction of the Improvements on the Leased Premises (or portion thereof) for a period of three (3) months after written notice of such abandonment or suspension from the Landlord, provided that the Tenant shall not have obtained an extension or postponement to which the Tenant may be entitled to pursuant to Section 14.13 hereof; or
3. assign or attempt to assign this Lease, or any rights herein, or transfer, or suffer any involuntary transfer of the Leased Premises, or any part thereof, in violation of this Lease, and such violation shall not be cured within thirty (30) days after the date of receipt of written notice thereof by the Landlord to the Tenant; or
4. failure to deliver to Landlord such evidence of financing as required pursuant to Section 5A.4 of this Lease within the time period set forth in the Schedule of Performance (as such Schedule of Performance may be amended from time to time by the Parties); or
5. after notice and opportunity to cure, any material breach or material default of any term or provision of this Lease.

Such right to reenter, repossess, terminate, and revert, shall be subject to and be limited by and shall not

defeat, render invalid, or limit:

1. any Leasehold Mortgage instrument;
2. any rights or interests provided in this Lease for the protection of the holders of such Leasehold Mortgage instruments.

Upon the revesting in the Landlord of title to the Leased Premises, or any part thereof, as provided in this section, the Landlord shall, pursuant to its responsibilities under state law, use its diligent and good faith efforts to resell the Leasehold interests in the Leased Premises, or any part thereof, as soon and in such manner as the Landlord shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties (as determined by Landlord), who will assume the obligation of making or completing the Improvements, or such other Improvements in their stead, as shall be satisfactory to the Landlord. Upon such resale of the Leasehold interests in the Leased Premises, or any part thereof, the proceeds thereof shall be applied:

1. first, to reimburse the Landlord on its own behalf of all costs and expenses actually incurred by the Landlord, including but not limited to salaries to personnel engaged in such action, in connection with the recapture, management, and resale of the leasehold interests in the Leased Premises, or part thereof (but less any income derived by the Landlord from the Leased Premises, or any part thereof, in connection with such management); all taxes, assessments and water and sewer charges with respect to the Leased Premises or part thereof (or, in the event the Leased Premises, or part thereof, is exempt from taxation or assessment or such charges during the period of ownership, then such taxes, assessments, or charges, as would have been payable if the Leased Premises, or part thereof, were not so exempt); any payments made or necessary to be made to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Tenant, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the agreed Improvements or any part thereof on the Leased Premises, or part thereof; and any amounts otherwise owing to the Landlord by the Tenant and its successor or transferee; and
2. second, to reimburse the Tenant, its successor or transferee, up to the amount equal to (1) the costs incurred for the development of the Leased Premises, or part thereof, or for the construction of the agreed Improvements thereon, if such costs were incurred in accordance with the Method of Financing and Project Budget, less (2) any gain or income withdrawn or made by the Tenant therefrom or from the Improvements thereon. For purposes of this paragraph the term "cost incurred" shall include direct, out-of-pocket expenses of development, but shall exclude Tenant's all overhead expenses, Tenant fees, and profit.

Any balance remaining after such reimbursements shall be retained by the Landlord as its property.

To the extent that the right established in this section involves forfeiture, it must be strictly interpreted against the Landlord, the party for whose benefit it is created. The rights established in this section are to be interpreted in light of the fact that the Landlord will convey the Leasehold to the Tenant for development and not for speculation in undeveloped land.

Following and uncured Default, upon written demand of Landlord, Tenant shall execute all documents necessary to implement this Section 14.10 and to revest in Landlord in the Leasehold estate and clear title to the real property, including, but not limited to execution of a Quitclaim Deed(s).

14.11 Tenant Remedies; Remedies Cumulative.

Except as otherwise expressly provided in this Lease, Tenant shall have all rights and remedies at law or equity upon the occurrence of an Uncured Default by Landlord hereunder. Each right and remedy of Landlord and Tenant provided for in this Lease shall be cumulative and shall be in addition to every other right or remedy provided for in this Lease except as otherwise limited by this Lease, and the exercise or the beginning of the exercise by Landlord or Tenant of any one or more of the rights or remedies provided for in this Lease, except as otherwise limited by this Lease, shall not preclude the simultaneous or later exercise by Landlord or Tenant of any or all other rights or remedies provided for in this Lease, except as otherwise limited by this Lease.

14.12 No Waiver.

Landlord's or Tenant's failure to enforce any provision of this Lease with respect to a Default hereunder shall not constitute a waiver of Landlord's or Tenant's right to enforce such provision or any other provision with respect to any future Default. The acceptance of Rent by Landlord shall not be deemed a waiver of Landlord's right to enforce any term or provision hereof. The waiver of any term or condition of this Lease shall not be deemed to be a waiver of any other term or condition hereof or of any subsequent failure of any term or condition hereof.

14.13 Delays in Performance.

The time within which the Parties hereto shall be required to perform any obligation under this Lease shall be extended by a period of time equal to the number of days during which performance of such act is delayed due to an act of God, strikes, lockouts, fire, earthquake, flood, explosion, war, invasion, insurrection, riot, mob violence, acts of the public enemy, epidemics, quarantine restrictions, freight embargoes, unusually severe weather, application of governmental restrictions, regulations or controls not contemplated by this Lease or otherwise reasonably foreseeable, court order, delays or inaction of independent contractors, remediation of Hazardous Substances located upon the Leased Premises, litigation brought against the Leased Premises or a Party without that Party's consent, or other like events which are completely and strictly beyond a Party's control (the "Force Majeure Events"). The additional grace period or extension of time provided above shall be equal to the period of delay caused by the above-described event, which period shall commence to run from the time of the commencement of the cause for delay and shall terminate upon termination of that cause. A Party wishing to invoke this Section must notify in writing the other Party to this Lease of that intention within sixty (60) days of the commencement of any such cause for delay and shall, at that time, specify the reasons therefor, the specific provision of this Lease which will be delayed as a result, and the period of such extension, if known, or if not known, a reasonable estimate thereof.

ARTICLE 15 - EXPIRATION; TERMINATION

At the expiration or earlier termination of this Lease, Tenant shall surrender to Landlord possession of the Leased Premises free and clear of all liens, encumbrances and Mortgages other than those, if any, created by Landlord, those which both extend beyond the Term of this Lease and were expressly approved in writing by Landlord, or those which encumbered the Leased Premises prior to the Commencement Date of this Lease. Tenant shall leave the Leased Premises and any other property surrendered in its then existing "as is" condition. As provided above at Article 6, all property that Tenant is required to surrender shall become Landlord's property at termination or expiration of this Lease. In addition, Tenant shall surrender to Landlord all residential leases, and all records related to the residential leases and compliance with the Covenants. All property that Tenant is not required to surrender but that Tenant does abandon by failure to remove said property within sixty (60) days after the expiration or earlier termination of this Lease shall, at Landlord's election, become Landlord's property. At Landlord's request Tenant shall execute and deliver to Landlord assignments of leases and a quitclaim deed, both in commercially reasonable form and as prepared by Landlord. By the quitclaim deed Tenant shall quitclaim any

right, title or interest which Tenant may have or claim to have in the Improvements.

ARTICLE 16 – NO DISCRIMINATION

16.1 Tenant herein covenants by and for itself, its heirs, executors, administrators and assigns, and all persons claiming under or through them, and this Lease is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

16.2 Tenant, its successors and assigns, shall refrain from restricting the rental, sale, or lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and contract entered into with respect to the Property, or any portion thereof, after the date of this Lease shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

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

vendees of the land.”

In addition to the obligations and duties of Tenant set forth herein, Tenant shall, upon notice from Landlord, promptly pay to Landlord all fees and costs, including administrative and attorneys’ fees, incurred by Landlord in connection with responding to or defending any discrimination claim brought by any third party and/or local, state or federal government entity, arising out of or in connection with this Lease and Landlord’s ownership of a fee interest in the Property.

ARTICLE 17 - MISCELLANEOUS

17.1 Landlord’s Representations and Warranties.

Landlord covenants, represents and warrants to Tenant, as of the date of execution of this Lease, as follows:

17.1.1 Landlord is a public entity, corporate and politic under the laws of the State of California, has full legal right, power, and authority to enter into this Lease and to carry out and consummate all transactions contemplated by this Lease, and by appropriate corporate action has duly authorized the execution and delivery of this Lease. Further, Landlord will take those actions required to remain in good standing under the laws of the state of California during the term of this Lease.

17.1.2 To Landlord’s actual knowledge, the execution, delivery and performance of this Lease by Landlord does not result in a material violation of, or constitute a material default under, any provision of any existing agreement, judgment or court order.

17.1.3 Except as revealed in writing by Landlord to Tenant, Landlord has not been served with any pending, and knows of no threatened, litigation or claims against the Leased Premises or against Landlord in connection with the Leased Premises which would have an adverse effect on the transactions contemplated herein.

17.1.4 Copies of all documents heretofore delivered by Landlord to Tenant are true, correct and complete copies of such documents in all material respects.

17.1.5 Landlord makes no representation or warranty as to the condition of the title to the Leased Premises except as provided in Section 2.2.3 of this Lease.

17.2 Tenant’s Representations and Warranties.

Tenant covenants, represents and warrants to Landlord, as of the date of execution of this Lease, as follows:

17.2.1 Tenant is a limited partnership duly organized and in good standing under the laws of the State of California, has full legal right, power, and authority to enter into this Lease and to carry out and consummate all transactions contemplated by this Lease, and by appropriate action has duly authorized the execution and delivery of this Lease. Further, Tenant will take those actions required to remain in good standing under the laws of the state of California during the term of this Lease.

17.2.2 The representatives of Tenant executing this Lease are fully authorized to execute the same.

17.2.3 This Lease has been duly authorized, executed, and delivered by Tenant, and will constitute a legal, valid, and binding agreement of Tenant.

17.2.4 Except as may be revealed in writing by Tenant to Landlord, Tenant has not been served with any pending, and knows of no threatened, litigation or claims against Tenant which would have an adverse effect on the transactions contemplated herein.

17.2.5 Copies of all documents heretofore delivered by Tenant to Landlord are true, correct and complete copies of such documents in all material respects;

17.3 Survival of Representations, Warranties and Covenants.

The respective representations, warranties and covenants contained herein shall survive the Commencement Date and continue throughout the Term.

17.4 Further Assurances

Each party hereto will promptly execute and deliver without further consideration such additional agreement, assignments, endorsements and other documents as the other party hereto may reasonably request to carry out the purposes of this Lease.

17.5 Estoppel Certificate.

Within thirty (30) days after request by Landlord or Tenant (which request may be from time to time as often as reasonably required by Landlord or Tenant) Landlord or Tenant shall execute and deliver to the other, without charge, a statement (the "Estoppel Certificate") in the form of Exhibit "G" attached hereto or in such other similar form as Landlord or Tenant may reasonably request. Any such statement may be conclusively relied upon by any Lender or prospective purchaser of the Leased Premises.

17.6 Notices.

All notices, requests, demands and other communications under this Lease shall be in writing and shall be deemed to have been given on (a) the date of service if served personally on the Party to whom notice is to be given, (b) the date of actual or attempted delivery provided such attempted delivery is made on a business day, if served by Federal Express, Express Mail or another like overnight delivery service, (c) the date of actual delivery as shown by the addressee's registry or certification of receipt or the date of addressee's refusal to accept delivery, if mailed to the person to whom notice is to be given, by first class U.S. mail, registered or certified, postage prepaid, return receipt requested and properly addressed as follows (or to such other address as either Party may from time to time direct by written notice given in the manner herein prescribed), or (d) (except for Permitted Lenders) one day after receipt of a confirmed facsimile transmission provided any such communication is concurrently given by one of the above methods:

If to Landlord: Housing Authority of the County of Riverside
5555 Arlington Ave.
Riverside, CA 92504
Attn: Assistant Director, Housing

and, if to Tenant: Jurupa Valley Vista Rio Partners LP
c/o Palm Communities
15635 Alton Pkwy., Ste., 375
Irvine, CA 92618
Attn: President

17.7 Attorneys' Fees.

In the event that either Party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this Lease or as a consequence of any breach by the other party of its obligations under this Lease, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees (including allocable costs for any in-house counsel) and out-of-pocket expenditures paid by the losing Party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys' fees to the prevailing party, the prevailing party in any lawsuit on this Lease shall be entitled to its attorneys' fees incurred in any post judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment on this Lease.

17.8 Headings.

The headings used in this Lease are inserted for reference purposes only and do not affect the interpretation of the terms and conditions hereof.

17.9 Rights of Successors.

All of the rights and obligations of the Parties under this Lease shall bind and inure to the benefit of their respective heirs, successors and assigns; provided, however, that nothing in this Section 17.9 shall be construed to limit or waive the provisions concerning restrictions on Transfer set forth in Article 9 hereof.

17.10 Amendments in Writing.

This Lease cannot be orally amended or modified. Any modification or amendment hereof must be first approved by Landlord and in writing and signed by the Party to be charged.

17.11 No Brokers.

Each Party shall defend, indemnify, and hold the other harmless from all costs and expenses, including attorneys' fees, arising out of any and all claims for broker's agent's or finder's fees or commissions in connection with the negotiation, execution or consummation of this transaction incurred as a result of any statement, representation or agreement alleged to have been made or entered into by the indemnifying Party. Neither Tenant nor Landlord is entitled to receive any brokerage commission as a consequence of this transaction.

17.12 Negation of Partnership.

Nothing in this Lease shall be construed to render Landlord, a partner, joint venturer, or associate in any relationship or for any purpose with Tenant, other than that of Landlord and Tenant, nor shall this Lease be construed to authorize either to act as agent for the other.

17.13 Time of Essence.

Time is of the essence of each provision in this Lease, subject to delays caused by any of the Force Majeure Events set forth in Section 14.8.

17.14 Interpretation.

When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. The term "Person" as used in this Lease means a natural person, corporation, limited liability company, association, partnership, organization, business, trust, individual, or a governmental authority, agency, instrumentality or political subdivision, and whenever the word "day" or "days" is used herein, such shall refer to calendar day or days, unless otherwise specifically provided herein. Whenever a reference is made herein to a particular Section of this Lease, it shall mean and include all subsections and subparts thereof. The word "include" or "including" shall describe examples of the antecedent clause, and shall not be construed to limit the scope of such clause.

17.15 Applicable Law; Severability.

This Agreement shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

17.16 Exhibits.

All exhibits referred to in this Lease are attached hereto and incorporated herein by reference.

17.17 Landlord Representative.

Landlord hereby appoints the Executive Director of the Housing Authority or designee(s) as its authorized representative to administer this Lease. The Executive Director of the Housing Authority or designee(s) are authorized to take such ministerial actions as may be necessary or appropriate to implement the terms, provisions, and conditions of this Lease, including, but not limited to, amendments or modifications to the Schedule of Performance.

17.18 Landlord's Rights of Inspection.

Landlord and its authorized Representatives shall have the right during business hours, upon not less than twenty-four (24) hours' oral or written notice to Tenant (except that in the case of an emergency, the existence of which shall be determined by Landlord in its reasonable discretion, no advance notice shall be required) to enter upon the Leased Premises (but excluding the interiors of any of the residential units) for purposes of inspecting the same and exercising its rights under this Lease. Landlord agrees to coordinate with Tenant to schedule such inspections so that Tenant's representatives may attend the inspections, in the discretion of such Tenant. Landlord shall also have the right at all reasonable times to inspect and copy the books and records of Tenant pertaining to the Leased Premises as pertinent to the purposes of this Lease.

17.19 Nonmerger of Fee and Leasehold Estates.

If both Landlord's and Tenant's estates in the Leased Premises become vested in the same owner (other than by termination of this Lease following an Uncured Default hereunder, subject to the rights, if any, of a Lender pursuant to Article 8 above), this Lease shall not be terminated by application of the doctrine of merger except at the express election of Landlord and with the consent of each Lender holding a Leasehold Mortgage.

17.20 Counterparts.

This Lease may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

17.21 Interest On Past Due Obligations.

Except where another rate of interest is specifically provided for in this Lease, any amount due from Tenant under this Lease which is not paid within ten (10) days after receipt of written notice that such amount is due (or in the case of Rent, within three (3) days after such Rent is due), shall bear interest at the Agreed Rate from the date such amount was originally due to and including the date of payment.

17.22 Holding Over.

Any holding over by Tenant after the expiration of the Term shall be construed as a tenancy from month to month and shall be subject to all of the terms and conditions which are provided for in this Lease except that the Rent shall be in an amount equal to 150% of the Rent in effect immediately prior to the expiration of the Term.

17.23 Conflict of Interest.

Tenant warrants that at the date of entering into this Lease no conflict of interest exists or is likely to arise in the performance of its obligations under this Lease. If during the term of this Lease, Tenant becomes aware of a conflict, Tenant shall immediately notify Landlord, in writing, of such conflict and take any steps that Landlord reasonably requires to resolve such conflict.

17.24 Employees and Agents of Tenant.

It is understood and agreed by Tenant that all persons hired or engaged by Tenant shall be considered to be employees or agents of Tenant and not of Landlord throughout the term of this Lease.

17.25 Construction of Lease

The Parties hereto negotiated this Lease at arm's length and with the advice of their respective attorneys, and no provisions contained herein shall be construed against Landlord solely because it prepared this Lease in its executed form.

17.26 No Third Party Beneficiaries.

The Parties to this Lease acknowledge and agree that the provisions of this Lease are for the sole benefit of Landlord and Tenant, and not for the benefit, directly or indirectly, of any other person or entity.

17.27 Nonliability of Landlord Officials and Employees.

No member, official, agent, legal counsel or employee of Landlord shall be personally liable to Tenant, or any successor in interest in the event of any default or breach by Landlord or for any amount which may become due to Tenant or successor or on any obligation under the terms of this Lease.

17.28 Approvals.

- a. Except as otherwise expressly provided in this Lease, approvals required of Landlord or

Tenant in this Lease, including the attachments hereto, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either party to approve a matter within the time provided for approval of the matter shall not be deemed a disapproval, and failure by either party to disapprove a matter within the time provided for approval of the matter shall not be deemed an approval.

b. Except as otherwise expressly provided in this Lease, approvals required of the Landlord shall be deemed granted by the written approval of the Executive Director or designee. Landlord agrees to provide notice to Tenant of the name of the Executive Director's designee on a timely basis, and to provide updates from time to time. Notwithstanding the foregoing, the Executive Director or designee may, in his or her sole discretion, refer to the governing body of the Landlord any item requiring Landlord approval; otherwise, "Landlord approval" means and refer to approval by the Executive Director or designee.

17.29 Compliance with Law.

Tenant agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the development and use of the Property and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Tenant or any lessee or permittee in any action or proceeding against them, or any of them, whether Landlord be a party thereto or not, that Tenant, lessee or permittee has violated any such ordinance or statute in the development and use of the Property shall be conclusive of that fact as between Landlord and Tenant.

17.30 Entire Lease

a. This Lease, including all of the exhibits appended hereto, constitutes the entire understanding and agreement of the Parties.

b. This Lease integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the subject matter hereof.

ARTICLE 18-GRANT OF EASEMENT

18.1 Landlord Right.

Tenant hereby grants to Landlord the right to reserve and record an easement and right of ingress and egress over and across the Leased Premises insofar as such ingress and egress is necessary to protect, maintain, and preserve the continued operation of the Property; provided, however, such right shall only be effective upon the occurrence and continuation beyond any applicable notice and cure period, of an event of default by Tenant under this Lease. Pursuant to such grant, upon prior written notice to Tenant, Landlord, County, its agents, employees, and representatives, shall be permitted, but are not required, to enter upon the Leased Premises (or portion thereof) and perform such acts and work necessary to protect, maintain, and preserve the continued operation of the Property; provided, however any such entry shall not unreasonably interfere with Tenant's quiet use and enjoyment. From time to time, Landlord may be required to grant an easement to a third party in order to provide for the protection, maintenance, and continued operation of the Property, which Landlord reserves the right to grant; provided, however, in no event shall such grant of easement have a material adverse impact on Tenant's ability to develop and operate the Leased Premises.

18.2 Approval of Easements; Correction of Legal Description.

Landlord agrees to approve all necessary easements, subject to County Counsel review, over all other

Landlord properties necessary for the development of the Project, which includes any adjacent properties owned by Landlord. In addition, at no cost to Landlord, Landlord agrees to endeavor to use good faith efforts assist the Tenant in obtaining such additional easements from the County, necessary for the development of the Property. Such easements, shall be first approved by landlord, and shall be recorded no later than the commencement of construction of the Project (or, to the extent applicable, such later time if such easements are not required for the commencement of construction). To the extent Landlord determines that it is in the Parties interest to have the Landlord, as the fee owner of the Property, enter into any easement for the benefit of the Property with the County, then the Landlord shall execute such easement(s), first approved as to form and substance by Landlord; provided, however, during the term of this Lease, the Tenant shall pay all related and required costs and perform all duties and obligations of the Landlord, under such easement(s), including, but not limited to all duties to construct improvements, and repair and maintain such improvements pursuant to such easement(s). It is the sole responsibility of Tenant to determine all necessary easements for the Project and obtain approval of such easements on all non-Landlord owned properties, which includes but is not limited to all properties owned by the County. Approval of such easements on Landlord owned property will include but not limited to: emergency access easements, water basin and drainage easement, landscape easements, reciprocal easements, and temporary rights of entry for the construction of the Project.


In certain circumstances the exact location of certain easements granted in connection with the use of the Leased Premises and the Improvements cannot precisely be determined until the Completion of construction of the Improvements. In such event, as soon as reasonably possible after Completion, as evidenced by issuance of a certificate of occupancy by the City, Tenant , at its expense, shall cause the ALTA “as built” survey, or its equivalent as first approved by the Landlord Executive Director, to be prepared, showing the actual location of the Improvements and all easements. If the ALTA “as built” survey discloses that either (i) the area of the Leased Premises has been modified, or if such area is required to be modified to reflect the dedication of any portion of the Leased Premises to the City as may be required by the City in conjunction with any necessary approvals of Improvements, or (ii) the Improvements were not constructed in the location as set forth in the Site Map attached hereto as Exhibit “B”, then the Parties shall promptly take such steps as may be reasonably necessary to cause the recordation in the Official Records of an amendment to this Ground Lease that revises the Project plans and the legal description of the Leased Premises set forth in Exhibit “A,” as necessary to reflect the correct location of the easements and Improvements as constructed, and, if necessary, subject to the reasonable approval of the Landlord Executive Director or designee. Nothing contained herein shall be deemed to relieve or excuse Tenant from exercising all due diligence to construct the Improvements in accordance with plans approved by the City and Landlord pursuant to this Lease.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

Ground Lease-Signature Page

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

"LANDLORD"	"TENANT"
HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside	JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership
By: _____ Jeff Stone, Chairman Board of Commissioners	By: PC JURUPA VALLEY VISTA RIO DEVELOPERS LLC, a California limited liability company, its general partner
Date: _____	By: PALM COMMUNITIES, a California corporation, its sole member
ATTEST: Kecia Harper-Ihem Clerk of the Board	By:  Danavon L. Horn, Chief Executive Officer
By: _____ Deputy	Date: <u>6/4/14</u>
APPROVED AS TO FORM: Pamela J. Walls, County Counsel	
By: _____ Jhaila Brown Deputy County Counsel	

(Signatures on this page need to be notarized)

State of California)
County of Orange)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

On June 4, 2014 before me, Susan E. Roberts, notary public,
(here insert name and title of the officer)

personally appeared Danavon L. Horn

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 Susan E. Roberts

(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of JV-VR Ground Lease

containing _____ pages, and dated _____

The signer(s) capacity or authority is/are as:

- Individual(s)
 Attorney-in-Fact
 Corporate Officer(s)

Title(s)

- Guardian/Conservator
 Partner - Limited/General
 Trustee(s)
 Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
 form(s) of identification credible witness(es)

Notarial event is detailed in notary journal on:
Page # _____ Entry # _____

Notary contact: _____

Other

Additional Signer(s) Signer(s) Thumbprint(s)

EXHIBITS

EXHIBIT A	-	LEGAL DESCRIPTION
EXHIBIT B	-	SITE MAP
EXHIBIT C	-	SCOPE OF DEVELOPMENT
EXHIBIT D	-	SCHEDULE OF PERFORMANCE
EXHIBIT E	-	AGREEMENT CONTAINING COVENANTS
EXHIBIT F	-	METHOD OF FINANCING
EXHIBIT G	-	ESTOPPEL CERTIFICATE

**EXHIBIT "A" - LEGAL DESCRIPTION
LOT LINE ADJUSTMENT NO. 05411**

PARCEL B

Those portions of Lots 5, 6 and 7, of T. M. Parson's Survey of a portion of the Jurupa Rancho, as shown by map on file in Book 1 of Maps at page 68 thereof, Records of San Bernardino County, California, **together with** portions of Lot "A". Lot "E" and Lot 1 and all of Lot "B" and Lot 2 of Mayfair Square Unit 1, as shown by map on file in Book 39 of Maps at pages 50 and 51, Records of Riverside County, California, said portions being more particularly described as follows:

COMMENCING at the most northerly corner of Lot "D" (Alley, 20.00 feet in width) of said Mayfair Square Unit 1, said corner being on the southeasterly line of said Lot 7 of T. M. Parson's Survey;

Thence North 33°53'22" East along said southeasterly line, a distance of 177.36 feet to the most northerly corner of that certain parcel of land conveyed to the Redevelopment Agency for the County of Riverside by Grant Deed recorded May 15, 2007 as Document No. 2007-0322534, Official Records of Riverside County, California;

Thence South 56°27'20" East along the northeasterly line of said parcel so conveyed, a distance of 50.85 feet more or less to a point 308.00 feet distant from the northeasterly corner of said parcel so conveyed, said point also being the **TRUE POINT OF BEGINNING**;

Thence leaving said northeasterly line North 33°26'24" East, a distance of 142.02 feet to the beginning of a tangent curve, concave to the west, having a radius of 300.00 feet;

Thence northeasterly and northerly along said curve, to the left, through a central angle of 32°44'43", an arc distance of 171.45 feet;

Thence South 89°21'45" East, a distance of 37.00 feet;

Thence South 58°54'06" East, a distance of 450.49 feet to the beginning of a non-tangent curve, concave to the south, having a radius of 52.00 feet, the radial line to said point bears North 20°52'30" West;

Thence easterly along said curve, to the right, through a central angle of 27°11'09", an arc distance of 24.67 feet more or less to a point on the northwesterly right of way line of Briggs Street (Lot "E", 36.00 feet in half width) of said Mayfair Square Unit 1;

Thence North 33°46'10" East along said northwesterly right of way line, a distance of 5.61 feet to the northwesterly corner of said Lot "E";

Thence South 56°27'10" East along the northeasterly line of said Lot "E", a distance of 36.00 feet to a point of intersection with the centerline of said Briggs Street;

Thence South 33°46'10" West along said centerline, a distance of 373.03 feet to a point of intersection with the southeasterly prolongation of the southwesterly line of said Lot 2 of Mayfair Square Unit 1;

Thence North 56°29'50" West along said southeasterly prolongation and along the southwesterly line of said Lot 2, a distance of 178.00 feet to the most westerly corner of said Lot 2, said corner being on the southeasterly line of said parcel so conveyed to the Redevelopment Agency for the County of Riverside;

Thence North 33°46'10" East along the northwesterly line of said Lot 2 and along said southeasterly line of said parcel so conveyed, a distance of 8.03 feet to the northeasterly corner of parcel so conveyed;

Thence North 56°27'20" West along the northeasterly line of said parcel so conveyed, a distance of 308.00 feet to the **TRUE POINT OF BEGINNING**.

Containing 3.87 acres, more or less.

Exhibit "B"

SITE MAP

(behind this page)



Assessor Parcel Numbers 181-041-002, 004 and 008

Exhibit C

SCOPE OF DEVELOPMENT

A. Tenant Responsibilities

1. General

This is the Scope of Development attached to the Ground Lease (“Ground Lease”) by and between the Housing Authority of the County of Riverside (“Housing Authority”) and Jurupa Valley Mission Village, L.P., a California limited partnership (“Tenant”) pertaining to the Property. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the GROUND LEASE.

Tenant shall be responsible for providing all parking appropriate and necessary for the proposed development of the Property along with appropriate landscaping, all in accordance with applicable City of Jurupa Valley (“City”) requirements and codes. All improvements on the Property (“Improvements”) shall be of high architectural quality, well landscaped, and effectively and aesthetically designed. The shape, scale, exterior design, and exterior finish of the Improvements must be consonant with, visually as well as physically related to, and an enhancement to the adjacent neighborhood.

Tenant’s plans, drawings and proposals submitted to the Housing Authority and City for approval shall describe in reasonable detail the architectural character intended for the Improvements.

2. Improvements

Notwithstanding the generality of Section 1, above, the Tenant shall construct, or cause to be constructed on the Property, a) two 2 story buildings and one 3 story of three buildings (“Structure”). The Structures will contain: (i) 48 Affordable Units and 1 Managers unit, comprised of 33 two-bedroom apartments, and 16 three-bedroom apartments; (ii) approximately 3,093_square feet of Community Space, and (iv) the Parking with 100_spaces (2.0 space/unit).

The following is a summary of the scope of development for the Project:

Site Area	155,347 sq. ft.
Floor Area Ratio (FAR)	37.5%
FAR Bonuses Proposed	N
Stories	2-3 stories
Type of Housing	Affordable Rental Apartments
Total Number of Units / Total Residential Square Feet	49/54,388 sqft

Types of Units (sizes)	2BR/ 915-1004 sqft 3BR/ 999-1259 sqft
Type of Parking-	100 spaces for residential
Assessor's Parcel Nos.	181-041-002, 004, 008

3. Green Building

The Project shall achieve Silver LEED certification or other applicable green building standard required by TCAC . The Project team includes LEED certified staff to assist with the design and selection of the Project's green building features and LEED strategy. Costs for the proposed green building features and LEED certification process are incorporated into the Project Budget (Attachment No. 7).

4. Amenities

The Project shall include approximately 3,093 square feet of community space. The ground floor shall include (swimming pool, courtyard, on-site computer training etc).

5. Parking

The Surface parking shall include 49 covered and 48 uncovered parking spaces, 1 covered accessible and 2 accessible open parking spaces, totaling 100 spaces (2.0 space/unit) for the residents living in the development. All spaces shall be designed to City of Jurupa Valley Standards.

6. Required Permits/Compliance with Laws

The Property shall be developed in accordance with Plot Plan_ No.21201, and all applicable laws.

7. Design Development and 100% Construction Drawings

The Tenant shall submit for approval to the Housing Authority 100% Construction Drawings which implement the design intent of the Basic Concept/Schematic Drawings and any requirements included in the Plot Plan No.21201.

Exhibit "D"

SCHEDULE OF PERFORMANCE

I. GENERAL PROVISIONS

- | | |
|---|--|
| 1. <u>Submission of Good Faith Deposit. Tenant shall submit the Good Faith Deposit to Housing Authority.</u> | Within thirty (30) days of following execution of the GROUND LEASE by the Housing Authority. |
| 2. <u>Submission - Architect, Landscape Architect and Civil Engineer.</u> Tenant shall submit to Housing Authority for approval of the names and qualifications of its architect, landscape architect, and civil engineer for the Property. | Within thirty (30) days following execution of the GROUND LEASE by the Housing Authority. |
| 3. <u>Approval - Architect, Landscape Architect and Civil Engineer.</u> Housing Authority shall approve or disapprove the architect, landscape architect, and civil engineer for the Property. | Within fifteen (15) days following receipt by the Housing Authority. Housing Authority acknowledges that it has approved the Tenant's architect and landscape architect. |

II. DEVELOPMENT

- | | |
|---|--|
| 1. <u>Submission - Schematic/Design Development Drawings.</u> Tenant shall prepare and submit to Housing Authority the schematic/design development drawings for the Property. | Concurrently with or prior to Housing Authority's execution of the GROUND LEASE. |
| 2. <u>Approval - Schematic Drawings.</u> Housing Authority shall approve or disapprove the schematic/design development drawings for the Property. | Within fifteen (15) business days after receipt by Housing Authority. |
| 3. <u>Submission - Design Development Drawings at 50%, and Preliminary Landscaping and Grading Plans.</u> Tenant shall prepare and submit to Housing Authority preliminary construction | At least 30 days prior to the submission to the City. |

drawings and

preliminary landscaping and grading plans for the Property.

4. Approval – Design Development Drawings at 50%, and Preliminary Landscaping and Grading Plans. Housing Authority shall approve or disapprove the design development drawings at 50% and preliminary landscaping and grading plans for the Property. Within thirty (30) business days after receipt by Housing Authority.
5. Submission - Final Construction Drawings and Landscaping and Finish Grading Plans. Tenant shall prepare and submit the final construction drawings and the final landscaping and finish grading plans for the Property. At least thirty days (30) prior to Closing of Tax Credits.
6. Approval - Final Construction Drawings and Landscaping and Finish Grading Plans. Housing Authority shall approve or disapprove the final construction drawings and the final landscaping and finish grading plans for the Property. Within thirty (30) days after receipt by Housing Authority and in any event prior to Closing.
7. Receipt of Entitlements. Tenant shall obtain all entitlements necessary for the development of the Property. At least thirty (30) days prior to Closing of tax credits.

III. FINANCING

1. Tenant to provide the Housing Authority with a pro forma analysis (“4%/9% Analysis”). At least thirty days (90) prior to submittal of **California Tax Credit Allocation Committee** Application unless otherwise requested by the Housing Authority.
2. Application for Tax Credit Financing. Tenant shall submit its application for tax credit Within fifteen (15) business days after submission to **the California Tax**

financing to the California Tax Credit Allocation Committee ("TCAC").

Credit Allocation Committee.

3. Procurement of Tax Credit Financing. Tenant shall show evidence of its allocation of tax credit financing from TCAC.

A Tax Credit pre-award letter shall be provided to the Housing Authority no later than **10/31/2016**.

4. Evidence of Financing. Tenant shall submit to Housing Authority for approval the Evidence of Financing prior to the submittal of the Tax Credit application to TCAC. This includes all gap financing necessary for the development of project

At least thirty days (30) prior to submittal of **California Tax Credit Allocation Committee** or no later than July 01, 2016.

5. Approval of Financing. Housing Authority shall approve or disapprove each submission of Tenant's Evidence of Financing for the Property.

Within five (5) business days after receipt of such submission by Housing Authority.

6. Closing/Construction Financing Event. Tenant shall have satisfied all conditions necessary to secure all financial commitments necessary for the development of project.

At least thirty days (30) prior to the 180 day test of the **California Tax Credit Allocation Committee**.

7. Commencement of Construction. Tenant shall commence construction of the Improvements, as required by the GROUND LEASE and Scope of Development (Attachment No. 5).

Within thirty (30) days of Closing of the Tax Credits.

8. Completion of Construction. Tenant shall achieve Completion, in accordance with the GROUND LEASE and Scope of Development.

On or before thirty (30) months after commencement of construction.

9. Construction Period Reporting

During the Construction period Tenant shall submit monthly reports to the

Housing Authority due on the 15th of
each month reporting the progress of the
Construction

EXHIBIT E
FORM OF AGREEMENT CONTAINING COVENANTS

OFFICIAL BUSINESS

Document entitled to free
recording per Government
Code Section 6103

Recording Requested by and When
Recorded Return to:

HOUSING AUTHORITY OF
THE COUNTY OF RIVERSIDE
5555 Arlington Avenue
Riverside, California 92504
Attn: Stephanie Adams

Space above this line for Recorder's use only

AGREEMENT CONTAINING COVENANTS
(INCLUDING RENTAL RESTRICTIONS)

THIS AGREEMENT CONTAINING COVENANTS (the "Agreement") is entered into as of _____, 2014, by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its capacity as housing successor to the former Redevelopment Housing Authority for the County of Riverside (herein referred to as "Housing Authority") and JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership (hereinafter referred to as "Owner").

A. Housing Authority owns fee title interest to that certain real property (the "Property") located in the City of Jurupa Valley, County of Riverside, State of California, legally described in the "Legal Description" attached hereto as Exhibit "A" and incorporated herein by this reference.

B. Pursuant to that certain Ground Lease entered into between the Housing Authority and Owner, dated _____, 2014 and recorded in the Official Records of the County of Riverside concurrently herewith (as may be amended from time to time, the "Ground Lease"), Owner owns a leasehold interest in the Property ("Leasehold Estate").

C. Pursuant to the Ground Lease, Owner shall develop and construct on the Property a 49-unit multi-family housing project (including one manager's unit), which shall be operated as rental housing that is affordable to Extremely Low, Very Low, Low, and Other Income households, a community center and related parking ("Project"), as more specifically described in the Ground Lease. Ground Lease as used herein shall mean, refer to and include the Ground Lease, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto

(which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the Ground Lease. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Ground Lease.

D. This Agreement is entered into and recorded in accordance with Ground Lease.

NOW, THEREFORE, HOUSING AUTHORITY AND OWNER COVENANT AND AGREE AS FOLLOWS:

1. Development of the Property. Owner covenants and agrees for itself, its successors and assigns and every successor in Owner's interest in the Property or any part thereof, that Owner, its successors and assigns, shall develop and construct, or cause the development and construction, of the Improvements on Property in accordance with the provisions of the Ground Lease, including, but not limited to the Scope of Development (Exhibit C to the Ground Lease).

2. Use of the Property. Owner, on behalf of itself and its successors, assigns, and each successor in interest to Owner's interest in the Property or any part thereof, hereby covenants and agrees as follows:

a. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Leasehold Estate or any part thereof, that Owner, such successors and such assignees shall use the Property only for the uses specified in any development agreements entered into by and between the City of Jurupa Valley and Owner, the Ground Lease, and this Agreement. No change in the use of the Property shall be permitted without the prior written approval of the Housing Authority.

b. Notwithstanding the generality of subsection (a), above, Owner, its successors and assigns, shall use the Property only for the uses permitted in this Agreement, specifically including the following: (i) residential rental uses, consisting of 49 Affordable Units comprised of 32 two-bedroom apartments, and 16 three-bedroom apartments (plus one manager's unit) (ii) the Community Space, and (iii) the Parking Garage.

c. Residential Uses. For a period of ninety-nine (99) years commencing on the date the City of Jurupa Valley issues the certificate of occupancy for the Affordable Units ("the Covenant Period"), Owner on behalf of itself and its successors, assigns, and each successor in interest to Owner's interest in the Property or any part thereof, hereby covenants and agrees as follows:

(1) Affordability shall be restricted as follows:

A. 49% of the Affordable Units shall be restricted to 50% AMI. Within that 49%, at least 30% of the units cannot go above 30% AMI.

B. For the remainder of the Affordable Units, household income may be equal to or greater than, 90% AMI.

(2) All of the Affordable Units shall be available to Extremely Low, Very Income, Low, and Other Income households at an Affordable Rent in accordance with the Schedule of Affordable Rents attached hereto as Exhibit "B" and incorporated herein by this reference.

(3) The maximum incomes of all tenants eligible to rent an Affordable Unit shall be determined on the basis of the Area Median Income. For purposes herein, "Area Median Income" or "AMI" means the median family income for the County of Riverside as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development.

(4) Owner agrees that prior to the initial rent-up of the Affordable Units, Owner shall consult with and obtain the approval of the Housing Authority in developing a fair marketing plan for renting the Affordable Units, such approval shall not be unreasonably withheld, delayed, or conditioned.

(5) Housing Authority and its successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained herein. Owner covenants that it shall comply with any monitoring program set up by Housing Authority to enforce said covenants. In complying with such monitoring program, Owner or its agent shall prepare and submit to Housing Authority an occupancy report, financial information and income verification documents for each tenant of an Affordable Unit, and all supporting documentation, on forms provided by Owner, annually, setting forth the required information for the preceding year. Housing Authority agrees to accept any form required by any other lender or governmental agency providing similar information. Owner shall pay such costs associated with said monitoring and enforcement efforts as required by the Housing Authority. Owner shall pay an annual compliance monitoring fee to the Housing Authority in the amount of \$5880 due on July 1st of each year for the monitoring period of July 1st to June 30th commencing on July 1, 2018. The monitoring fee is to be adjusted upwards annually, increased by an amount equal to the increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease.

(6) Except for resident managers, no officer, employee, agent, official or consultant of Owner may occupy any of the Affordable Units.

(7) Owner shall either comply with the applicable IRS rules for over-income tenants or, in the absence of any applicable IRS rules, shall comply with the following rule: any tenant who initially qualified as an Extremely Low, Very Low, or Low Income household, as applicable, and who no longer qualifies as an Extremely Low, Very Low, or Low Income household, respectively, shall either, (i) relocate the household to the next available Other Income unit, or, in the event all units are occupied or otherwise restricted, (ii) raise the rent of the subject unit to market rent (unless there is another funding source regulating the affordability of the subject unit that is more restrictive).

d. During the Covenant Period, Owner on behalf of itself and its successors, assigns, and each successor in interest to Owner's interest in the Property or any part thereof, hereby covenants and agrees that the Affordable Rent for each of the Affordable Units shall include one (1) non-tandem parking space located in the Parking Garage at no extra charge to the occupants or tenants.

e. During the Covenant Period, the Community Space shall be utilized for the benefit of residents of the Affordable Units in accordance with the parameters set forth in the Scope of Development attached to the Ground Lease.

f. Owner herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that this Agreement is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Leasehold Parcels.

g. Owner, its successors and assigns, shall refrain from restricting the rental, sale, or lease of the Leasehold Estate or any portion thereof, on the basis of race, color, creed, religion, sex, sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and contract entered into with respect to the Property, or any portion thereof, after the date of this Agreement shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

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

h. Owner shall adopt written selection policies and criteria that meet the following requirements:

(1) Are consistent with the purpose of providing housing for Low Income, Very Low, Extremely, and Other Low Income households.

(2) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

(3) Provide for:

(A) The selection of tenants from a written waiting list in the chronological order of their satisfaction of all eligibility requirements, insofar as is practicable; and

(B) The prompt written notification to any rejected applicant of the grounds for any rejection;

(4) To the extent permitted by law, provide first priority in the selection of otherwise eligible tenants to persons displaced by the Housing Authority (if any); and

(5) Carry out the affirmative marketing procedures of the Housing Authority, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area. Owner and Housing Authority shall cooperate to effectuate this provision during the Owner's initial lease-up of the Affordable Units and as

vacancies occur.

4. Maintenance of the Property. Owner, its successors and assigns, shall maintain the Improvements on the Property in the same aesthetic and sound condition (or better) as the condition of the Property at the time of Completion, reasonable wear and tear excepted. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and prompt repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order. In the event Owner, its successors or assigns fails to maintain the Improvements in accordance with the standard for the quality of maintenance, Housing Authority or its designee shall have the right but not the obligation to enter the Property upon prior written notice to Owner, in accordance with Section 9, below, correct any violation, and hold Owner, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Leasehold Estate; provided, however such lien shall be subordinate to any lien in favor of the Owner's lenders permitted pursuant to the Ground Lease.

5. Management. Owner shall be responsible for the operation of the Improvements either by direct management or by contracting its managerial functions to a third party property manager reasonably acceptable to the Housing Authority which property manager will be charged with managing the Improvements on behalf of the Owner. The Housing Authority shall have the right to review and approve any such entity prior to its selection by the Owner. Such approval shall not be unreasonably withheld. Owner shall include in any such property management agreement a provision providing for the termination of the agreement in the event that the property manager violates any federal, state or local health and safety laws and regulations which are not cured within thirty (30) days following the giving of notice of such violations by the Housing Authority or any other governmental entity; provided, however, that in the case of a violation that cannot be cured within such thirty (30) day period, that such cure shall be commenced within thirty (30) days of notification and shall be diligently prosecuted to completion not later than sixty (60) days after notification. Owner, its successors and assigns, upon notice from the Housing Authority, shall pay any costs and fees (including administrative and attorneys' fees) incurred by Housing Authority in connection with responding to or defending any discrimination claim brought by any third party and/or local, state or federal government entity, arising out of or in connection with the Ground Lease and/or this Agreement.

6. Covenants Running with the Land. All conditions, covenants and restrictions contained in this Agreement shall be covenants running with the land, and shall, in any event, and without regard to technical classification or designation, legal or otherwise, be, to the fullest extent permitted by law and equity, binding for the benefit and in favor of, and enforceable by Housing

Authority, its successors and assigns, against Owner, its successors and assigns, to or of Owner's interest in the Property, or any portion thereof or any interest therein, and any party in possession or occupancy of said Property or portion thereof. Housing Authority shall be deemed the beneficiary of the covenants, conditions and restrictions of this Agreement both for and in its own right and for the purposes of protecting the interests of the community. The covenants, conditions, and restrictions shall run in favor of the Housing Authority, without regard to whether the Housing Authority has been, remains, or is an owner of any land or interest therein in the Property. Except as provided in the preceding sentence, the covenants, conditions and restrictions contained in this Agreement shall not benefit nor be enforceable by any other owner of real property except the Housing Authority.

7. Permitted Mortgages. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any mortgage permitted by the Ground Lease.

8. Term. Every covenant and condition and restriction contained in this Agreement shall remain in effect for the Covenant Period, except for the non-discrimination provisions set forth in Section 2.f. and 2.g. which shall remain in effect in perpetuity.

9. Notice and Opportunity to Cure. Prior to exercising any remedies hereunder, Housing Authority shall give Owner notice of such default. If the default is reasonably capable of being cured within thirty (30) days, Owner shall have such period to effect a cure prior to exercise of remedies by Housing Authority. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and Owner (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then Owner shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by Housing Authority, but in no event no more than sixty (60) days of receipt of such notice of default from the Housing Authority. If Owner fails to take corrective action or to cure the default within a reasonable time, Housing Authority shall give Owner, Owner's lenders, and each of the general and limited partners of Owner's partnership written notice thereof, provided Housing Authority receives in writing the aforementioned parties addresses for purposes of notice, whereupon the limited partner may remove and replace the general partner with a substitute general partner who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions.

10. Enforcement. If a violation of any of the covenants or provisions of this Agreement remains uncured after the respective time period set forth in Section 9 above, Housing Authority and its successors and assigns, without regard to whether Housing Authority or its successors and assigns is an owner of any land or interest therein to which these covenants relate, may institute and prosecute any proceedings at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by Owner of its obligations hereunder. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

11. Liens. Nothing herein contained shall be deemed to prohibit Owner from contesting the validity or amounts of any encumbrance, lien, levy or attachment, nor to limit the remedies available to Owner in respect thereto.


12. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Agreement, which, with all attached signature pages, shall be deemed to be an original Agreement.

[REMAINDER OF PAGE BLANK]

[SIGNATURES ON NEXT PAGE]

Agreement Containing Covenants-Signature Page

IN WITNESS WHEREOF, Housing Authority and Owner have signed this Agreement as of the dates set opposite their signatures.

<p>“LANDLORD”</p> <p>HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside</p> <p>By: _____ Jeff Stone, Chairman Board of Commissioners</p> <p>Date: _____</p> <p>ATTEST: Kecia Harper-Ihem Clerk of the Board</p> <p>By: _____ Deputy</p> <p>APPROVED AS TO FORM: Pamela J. Walls, County Counsel</p> <p>By: _____ Jhaila Brown Deputy County Counsel</p>	<p>“TENANT”</p> <p>JURUPA VALLEY VISTA RIO PARTNERS LP, a California limited partnership</p> <p>By: PC JURUPA VALLEY VISTA RIO DEVELOPERS LLC, a California limited liability company, its general partner</p> <p>By: PALM COMMUNITIES, a California corporation, its sole member</p> <p>By:  _____ Danavon L. Horn, Chief Executive Officer</p> <p>Date: <u>6/4/14</u></p>
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(Signatures on this page need to be notarized)

State of California)
County of Orange)

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

On June 4, 2014 before me, Susan E. Roberts, notary public.
(here insert name and title of the officer)

personally appeared Daravon L. Horn

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 Susan E. Roberts

(Seal)

OPTIONAL INFORMATION

Although the information in this section is not required by law, it could prevent fraudulent removal and reattachment of this acknowledgment to an unauthorized document and may prove useful to persons relying on the attached document.

Description of Attached Document

The preceding Certificate of Acknowledgment is attached to a document titled/for the purpose of JV-VR Covenant Agmt.
containing _____ pages, and dated _____.

The signer(s) capacity or authority is/are as:

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

- Guardian/Conservator
 Partner - Limited/General
 Trustee(s)
 Other: _____

representing: _____
Name(s) of Person(s) or Entity(ies) Signer is Representing

Additional Information

Method of Signer Identification

Proved to me on the basis of satisfactory evidence:
 form(s) of identification credible witness(es)

Notarial event is detailed in notary journal on:
Page # _____ Entry # _____

Notary contact: _____

Other

- Additional Signer(s) Signer(s) Thumbprint(s)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California

County of _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION

PARCEL B

Those portions of Lots 5, 6 and 7, of T. M. Parson's Survey of a portion of the Jurupa Rancho, as shown by map on file in Book 1 of Maps at page 68 thereof, Records of San Bernardino County, California, **together with** portions of Lot "A". Lot "E" and Lot 1 and all of Lot "B" and Lot 2 of Mayfair Square Unit 1, as shown by map on file in Book 39 of Maps at pages 50 and 51, Records of Riverside County, California, said portions being more particularly described as follows:

COMMENCING at the most northerly corner of Lot "D" (Alley, 20.00 feet in width) of said Mayfair Square Unit 1, said corner being on the southeasterly line of said Lot 7 of T. M. Parson's Survey;

Thence North $33^{\circ}53'22''$ East along said southeasterly line, a distance of 177.36 feet to the most northerly corner of that certain parcel of land conveyed to the Redevelopment Agency for the County of Riverside by Grant Deed recorded May 15, 2007 as Document No. 2007-0322534, Official Records of Riverside County, California;

Thence South $56^{\circ}27'20''$ East along the northeasterly line of said parcel so conveyed, a distance of 50.85 feet more or less to a point 308.00 feet distant from the northeasterly corner of said parcel so conveyed, said point also being the **TRUE POINT OF BEGINNING**;

Thence leaving said northeasterly line North $33^{\circ}26'24''$ East, a distance of 142.02 feet to the beginning of a tangent curve, concave to the west, having a radius of 300.00 feet;

Thence northeasterly and northerly along said curve, to the left, through a central angle of $32^{\circ}44'43''$, an arc distance of 171.45 feet;

Thence South $89^{\circ}21'45''$ East, a distance of 37.00 feet;

Thence South $58^{\circ}54'06''$ East, a distance of 450.49 feet to the beginning of a non-tangent curve, concave to the south, having a radius of 52.00 feet, the radial line to said point bears North $20^{\circ}52'30''$ West;

Thence easterly along said curve, to the right, through a central angle of $27^{\circ}11'09''$, an arc distance of 24.67 feet more or less to a point on the northwesterly right of way line of Briggs Street (Lot "E", 36.00 feet in half width) of said Mayfair Square Unit 1;

Thence North $33^{\circ}46'10''$ East along said northwesterly right of way line, a distance of 5.61 feet to the northwesterly corner of said Lot "E";

Thence South $56^{\circ}27'10''$ East along the northeasterly line of said Lot "E", a distance of 36.00 feet to a point of intersection with the centerline of said Briggs Street;

Thence South $33^{\circ}46'10''$ West along said centerline, a distance of 373.03 feet to a point of intersection with the southeasterly prolongation of the southwesterly line of said Lot 2 of Mayfair Square Unit 1;

Thence North $56^{\circ}29'50''$ West along said southeasterly prolongation and along the southwesterly line of said Lot 2, a distance of 178.00 feet to the most westerly corner of said Lot 2, said corner being on the southeasterly line of said parcel so conveyed to the Redevelopment Agency for the County of Riverside;

Thence North $33^{\circ}46'10''$ East along the northwesterly line of said Lot 2 and along said southeasterly line of said parcel so conveyed, a distance of 8.03 feet to the northeasterly corner of parcel so conveyed;

Thence North $56^{\circ}27'20''$ West along the northeasterly line of said parcel so conveyed, a distance of 308.00 feet to the **TRUE POINT OF BEGINNING**.

Containing 3.87 acres, more or less.

EXHIBIT B

SCHEDULE OF AFFORDABLE RENTS

<u>Unit Type/Number</u>	<u>Income Requirements - based upon household size appropriate for the unit</u>
Two Bedroom Units 32	Forty nine percent (49%) of the total number of housing units developed on the property (legal description attached as Exhibit "A") will be restricted to households whose incomes are equal to or less than fifty percent (50%) of the Area Median Income (AMI). Within that forty nine percent (49%), at least thirty percent (30%) of the units cannot go above thirty percent (30%) AMI. For the remainder of the units household income may be equal to, or greater than ninety percent (90%) AMI.
Three Bedroom Units 16	

* "AMI" means the median family income for the County of Riverside as annually estimated by the U.S. Department of Housing and Urban Development and published by the California Department of Housing and Community Development

Exhibit F

METHOD OF FINANCING

This is the Method of Financing attached to the Ground Lease ("GROUND LEASE") by and between the Housing Authority of the County of Riverside ("Housing Authority") and Jurupa Valley Vista Rio Partners, LP, a California limited partnership ("Tenant"), pertaining to the development of a 49-unit multi-family housing project located on Assessor Parcel Numbers 181-041-002, 181-041-004, and 181-030-002 and, in the City of Jurupa Valley, which shall be operated as rental housing that is affordable to extremely-low, very-low, low-income, any other income households ("Project"), as more specifically described in the GROUND LEASE. GROUND LEASE as used herein shall mean, refer to and include the GROUND LEASE, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the GROUND LEASE. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the GROUND LEASE.

1. Development Costs. The parties estimate that the cost of developing the Property will be approximately \$13,021,827 during the construction financing period and \$14,321,827 during the permanent financing period. The sources of financing during the construction financing period and permanent financing period are set forth in Section 2 of this Method of Financing.

2. Sources of Financing. The parties anticipate that the costs of developing and constructing the Improvements thereon (the "Development Costs") shall be financed with a combination of loans and equity, as set forth in the following chart and as described below, which chart shall be updated if the costs of developing and constructing the Improvements change, or if the financing changes, all subject to the approval of the Housing Authority (as updated, the "Sources of Financing"):

Source of Funds	Construction	Permanent
Conventional Loan	\$10,444,145	\$788,195
Limited Partnership Equity	\$1,140,391	\$11,403,914
General Partner Equity	\$0	\$0
Deferred Tenant Fee	\$608,277	\$704
TUMF Waiver	\$338,592	\$338,592
DIF Waiver	\$92,208	\$92,208

County Pre-Development Loan	\$398,592	\$398,592
TOTALS	\$13,021,827	\$14,321,827

2.1 Construction Period Financing

a. Construction Loan Financing. The financing derived from the proceeds of a construction loan in the approximate original principal amount of \$10,444,145 during the construction period (the "Construction Loan") shall be used as part of the construction financing for the Project and shall be secured by one or more senior priority deeds of trust against the Leasehold (the "Senior Construction Lenders" and, together with the Senior Permanent Lenders described below, referred to as the "Senior Lenders"). The Construction Loan shall be repaid upon Conversion in part by the proceeds of a permanent loan in the approximate original principal amount of \$788,195.

(1) Tenant shall not refinance the Senior Loan and/or the Permanent Loan for the Project or place any additional financing on the Leasehold Estate except as set forth in this Method of Financing and the GROUND LEASE without the advanced and express written consent of the Housing Authority Executive Director or designee.

b. Tenant Equity. Equity from the Tenant (the "Tenant Equity") consisting of the following:

(1) Approximately \$11,403,914, to be provided by the Tax Credit Equity Investor, derived from Low Income Housing Tax Credits, which shall include approximately \$1,140,391 to be disbursed during the construction period and the balance to be disbursed following Completion;

(2) A deferred portion of the Tenant Fee, in the amount of \$704 (the "Deferred Tenant Fee"), constituting that portion of the Tenant Fee to be paid to Tenant from operating revenues, before calculating residual receipts, with the balance of the Tenant Fee in the amount of \$1,200,173 payable to Tenant during construction of the Project, in accordance with the following schedule of disbursements:

- i. 20% upon Closing;
- ii. 30% upon C of O;
- iii. 2.5% upon Perm Conversion; and
- iv. 47.5% upon 8609.

(3) Tenant shall be responsible for providing any additional funds which may

be needed to pay for cost overruns and contingencies not otherwise funded by the Sources of Financing described above.

- (4) Tenant Equity described in this subsection (c) shall consist of funds provided by Tenant or borrowed funds, repayment of which shall not be secured by any deed of trust on the Leasehold and/or the Property.
 - (5) All cost savings from improved debt or equity pricing compared to the terms in this Method of Financing will be used to reduce the deferred portion of the Tenant Fee. If proceeds from debt or equity are lower than projected, Tenant shall be financially responsible for any differences.
- c. TUMF. Transportation Uniform Mitigation Fee Program waiver in the approximate amount of \$338,592.
 - d. DIF. Development Impact Fee Program waiver in the approximate amount of \$92,208.
 - e. Former Redevelopment Agency Pre-Development Loan. A pre-development loan from the Housing Authority of the County of Riverside in the approximate amount of \$398,214. The tenant acknowledges that the former Redevelopment Agency Pre-Development Loan in the amount of \$398,214 was paid to and received by Tenant in full and no further disbursements are due from the County in connection with such loan.

2.2 Permanent Sources of Financing

- a. A permanent loan in the approximate original principal amount of \$788,195, secured by a senior priority deeds of trust (the beneficiaries of which shall include the Permanent Lender, and, together with the Construction Lender, described above, referred to as the "Senior Lenders").
- b. The Pre-Development Loan as described in subsection (e) of 2.1 above.
- c. Tenant Equity, as described in subsection (b) of Section 2.1, above.
- d. TUMF financing sources, as described in subsection (c) of Section 2.1, above.
- e. DIF financing sources, as described in subsection (d) of Section 2.1, above.
- f. Land Value for TCAC application in the approximate amount of \$1,300,000.

3. Project Budget

The parties anticipate that all Development Costs shall be as set forth in the Project Budget (Attachment No. ____ to the GROUND LEASE), incorporated herein by this reference. Any change order in excess of One Hundred Thousand Dollars (\$100,000) or any amendment to

the total Project Budget in excess of One Hundred Thousand Dollars (\$100,000) (collectively referred to as a "Revision") shall require the written approval of the Executive Director or designee in addition to any approval required by any Senior Lender. Except as provided in the previous sentence, the Executive Director or designee shall not unreasonably withhold or delay approval of any requested Revision for which the Senior Lender's approval is not required, under the terms of the Senior Loan documents, or which has been approved by the Senior Lender if, within five (5) working days after receipt of the request, Housing Authority receives such explanation and/or back-up information as was received and relied upon by the Senior Lender in connection with its approval of the Revision, and if the following conditions are satisfied:

- a. to the extent the Revision is limited to a reallocation of budgeted funds among Project Budget line items without any increase in the total Project Budget, (i) the funds in the line item(s) to be reduced remain sufficient for completion of the Project, and (ii) the requested increase in one or more line item(s) is to be used to pay approved costs; and
- b. to the extent the Revision involves an increase in the total Project Budget, (i) additional funds in an amount equal to the increase in the total Project Budget will be provided by Tenant, the Senior Lender or another funding source reasonably approved by the Housing Authority and (ii) the requested increase in the Project Budget is to be used to pay approved costs.

Upon written approval of any Revision, the Project Budget shall be replaced by the approved revised Project Budget.

4. Evidence of Financing

The sum of the Senior Sources of Financing described in Section 2 above shall be sufficient at all times to pay all Development Costs as set forth in the most recently approved Project Budget, and the sum of the permanent Senior Sources of Financing described in Section 2 above, shall be at least equal at all times to the sum of the construction Sources of Financing plus all other Development Costs. Within the time provided therefor in the Schedule of Performance (Attachment No. _____--to the GROUND LEASE), Tenant shall submit for approval by the Executive Director or designee, evidence of such financing, including all documents required by the Construction Lender relating to the Construction Loan the Project and all documents evidencing the availability of permanent financing for the Project upon Completion. The Executive Director or designee shall not unreasonably withhold his or her approval. Tenant shall provide written certification to the Housing Authority that such financing documents are correct copies of the actual documents to be executed by Tenant on or before the Closing Date. To the extent that the sum of the Sources of Financing described in Section 2, 2.1 and 2.2 above is insufficient to pay all Development Costs, Tenant shall demonstrate the availability prior to the Closing of increased Tenant's Equity equal to the shortfall.

5. No Subordination of Affordability Covenants

Notwithstanding anything to the contrary herein or in the GROUND LEASE, the affordability covenants in the Agreement Containing Covenants (Including Rental Restrictions) (Attachment No. _____) shall be senior to the security instruments for all Senior Loans, including the Permanent Deed of Trust and shall be recorded against the fee interest in the Property.

EXHIBIT G

Estoppel Certificate

The undersigned, as Tenant [Landlord] under that lease dated _____ (the "Lease") made between _____-("Landlord"), and [_____] LP, a California limited partnership ("Tenant"), hereby certifies as follows:

(1) That Tenant has entered into occupancy of the premises described in said lease (the "Leased Premises");

(2) That the Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as follows: _____;

(3) That the Commencement Date of the Lease is _____;

(4) That there is an unexpired term thereunder of _____ years;

(5) That to the knowledge of the undersigned there are no defaults by either Tenant or Landlord thereunder, except as follows: _____;

(6) That no rents have been prepaid, other than as provided in the Lease.

EXECUTED THIS _____ day of _____, _____.

[Tenant] [Landlord]

By: _____
Print Name: _____
Its: _____

By: _____
Print Name: _____
Its: _____

**Summary Report Pursuant To
California Health and Safety Code Section 33433
On A Ground Lease
By and Between
The Housing Authority of the County of Riverside County
and
Jurupa Valley Vista Rio Partners, LP**

The following Summary Report has been prepared pursuant to California Health and Safety Code Section 33433 ("Section 33433"). The Summary Report sets forth certain details of the proposed Ground Lease ("Lease") between the Housing Authority of the County of Riverside ("Housing Authority") and Jurupa Valley Vista Rio Partners, LP ("JVVRPLP"). The Lease requires the Housing Authority to lease approximately 3.87 acres of residentially zoned real property located in the City of Jurupa Valley, west of Briggs Street, between Mission Avenue and Tilton Avenue, more specifically Assessor Parcel Numbers 181-041-002, 004 and 008 ("Site") to JVVRPLP for the construction of a 49 unit multi-family housing complex, with a community room, swimming pool and tot lot ("Project").

The Housing Authority is a California Housing Authority acting under the California Housing Authorities Law, Part 2 of Division 24 of the Health and Safety Code (the "Housing Authorities Law").

Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 ("Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the "CRL"). The Redevelopment Agency for the County of Riverside ("RDA") was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173;

Pursuant to Health and Safety Code Section 34176 (a), and Housing Authority Resolution Nos. 2012-035, 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations, and housing assets (excluding amounts in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency) were transferred to the Housing Authority. As such, the Housing Authority owns the Site.

The proposed lease of the Site to the JVVRPLP is subject to the reporting requirements imposed by Section 33433. Section 33433 requires the leasing entity to prepare a report that summarizes the following information in connection with the leasing of the Site:

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

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

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

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

It is the intent of this Summary Report (Report) to meet all of the Section 33433 requirements and provide the required information and data. This Report is based upon the information contained within the Lease, and is organized into the following seven sections:

1. **Salient Points of the Lease:** This section summarizes the major responsibilities imposed on the Housing Authority and JVVRPLP in the Lease.
2. **Cost of the Lease to the Housing Authority:** This section details the total cost to the Housing Authority associated with implementing the Lease.
3. **Estimated Value of the Interests to be Conveyed Determined at the Highest Use Permitted Under the Existing Zoning:** This section estimates the value of the interest to be conveyed determined at the highest use permitted under the Site's existing zoning.
4. **Estimated Reuse Value of the Interests to be Conveyed:** This section summarizes the valuation estimate for the Site based on the required scope of development, and the other conditions and covenants required by the Lease.
5. **Consideration Received and Comparison with the Established Value:** This section describes the compensation to be received by the Housing Authority, and explains any difference between the compensation to be received and the established value of the Site.
6. **Blight Elimination:** This section describes the existing blighting conditions on the Site, and explains how the Lease will assist in alleviating the blighting influence.
7. **Conformance with the AB 1290 Implementation Plan:** This section describes how the Lease achieves the goals identified in the adopted AB 1290 Implementation Plan for the Jurupa Valley Redevelopment Project Area.

1. SALIENT POINTS OF THE LEASE

Description of the Site and Project

The property to be leased by the Housing Authority to JVVRPLP is approximately 3.87 acres of residentially zoned land located in the City of Jurupa Valley, west of Briggs Street, between Mission Avenue and Tilton Avenue; more specifically APN's 181-041-002, 004 and 008. A legal description of the property is shown in **Exhibit A** and map of property shown in **Exhibit B**. On December 14, 2010 the former RDA Board of Directors adopted Resolution Numbers 2010-049 and 2010-050 authorizing the purchase of the three parcels consisting of a total 3.87 acres. The Site has since been transferred to the Housing Authority as discussed above.

The former RDA acquired the property primarily for the purpose of carrying out its obligation to eliminate blight and for future affordable housing development. When the Site was purchased by the former RDA, the Site consisted of vacant land. Prior to the dissolution of redevelopment the former RDA entered into an Exclusive Negotiation Agreement and Predevelopment loan in the amount of \$398,214 to facilitate entitlement work related to the property for future affordable housing development. The Housing Authority has determined that the best use for the Site would be to enter into a Ground Lease for the development of Project.

Scope of Development

The proposed scope of development includes the construction and development on the Site of a 49 unit affordable multi-family housing complex. The project will consist of 33-two bedroom units and 16-three bedroom units. One 2-bedroom unit will be set aside as an on-site manager's unit. The Project will consist of a community room, swimming pool and tot-lot. Forty-nine percent of the units will be restricted to households whose incomes do not exceed 50% of the Area Median Income (AMI). Within that 49%, at least 30% of the households cannot exceed 30% of the AMI. Affordability will be restricted for the term of the Lease of 99 years. The affordability restrictions will be set forth in a covenant agreement to be recorded against the Site and run with the land.

JVVRPLP Responsibilities

The Lease requires JVVRPLP to accept the following responsibilities:

1. JVVRPLP must accept the Site in an "as-is" condition.
2. JVVRPLP shall pay to the Housing Authority \$20,000 as a non-refundable "Administrative Fee."
3. JVVRPLP shall develop the Site pursuant to the Scope of Development attached to their Lease.
4. JVVRPLP is responsible for obtaining all necessary entitlements and easements to carry out entire Scope of Development.
5. JVVRPLP shall maintain affordability restrictions of the affordable units pursuant to the Agreement Containing Covenants attached to the Lease, which covenants shall be

recorded against the Site.

6. JVVRLP must secure all financing including the pre-award of tax credits by 10/31/2015 pursuant to the Lease and the Schedule of Performance attached to the Lease.

Housing Authority Responsibilities

The Lease imposes the following responsibilities on the Housing Authority, subject to the satisfaction of certain conditions precedent set forth therein:

1. The Housing Authority must lease site to JVVRLP for a period of 99 years for the sum of one dollar (\$1) per year.
2. The Housing Authority upon project completion shall monitor affordability restrictions for the entire affordability period of 99 years.

2. COST OF THE LEASE TO THE FORMER RDA AND THE HOUSING AUTHORITY

The cost of acquiring the Site borne by the former RDA is approximately \$1,553,073. Such cost includes estimated land value based on appraisals conducted in the surrounding area, consideration paid for land, consulting fees, appraisal costs, title expenses and various other costs and expenses. The Housing Authority did not absorb any cost in preparation of lease as JVVRLP is required to pay the sum of \$20,000 to cover all expenses. The Site was purchased in scattered parcels over different periods of time. The costs incurred for land acquisition is broken down by the total acreage purchased divided by acreage included in the Lease.

Costs Incurred

Land Acquisition-Assessor Parcel Number 181-041-002

2 Parcels = Total acreage of 5.48; Site = 2.84 acres

Proportion % = $(2.84 / 5.48) * 100 = 51.82\%$

Total purchase price = \$1,345,183

Site purchase cost = $\$1,345,183 * 0.5182 = \$697,073$

Land Acquisition-Assessor Parcel Number 181-041-004 and 008

2 Parcels = Total acreage of 1.02; Site = 1.02 acres

Total purchase price = \$856,000

Site purchase cost = \$856,000

Land Acquisition	\$ 1,553,073
Relocation	\$ 0
Demolition	\$ 0
Total	<u>\$ 1,553,073</u>

3. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED DETERMINED AT THE HIGHEST USE PERMITTED UNDER THE EXISTING ZONING

Section 33433 requires the Housing Authority to identify the value of the interests being leased at the highest use allowed by the Site's zoning. The valuation must be based on the assumption that near-term development is required, but the valuation does not take into consideration any extraordinary use, quality and/or income restrictions that are being imposed on the development by the Housing Authority.

In an Appraisal Report prepared by Villegas Appraisal Company, dated April 15, 2014 (Appraisal), the appraiser, concluded that given the Site's residential zoning and considering the current property uses in the immediate and greater surrounding areas, the highest and best use of the Site is for residential development. The Appraiser's conclusion was based on a sales comparison approach. Based on the above, the estimated fair market value of the Site is determined to be \$441,000.

4. ESTIMATED REUSE VALUE OF THE INTERESTS TO BE CONVEYED

Re-use value is defined as the highest price in term of cash or its equivalent which a property or development right is expected to bring for a specified use in a competitive open market, subject to the covenants, conditions, and restrictions imposed by any agreements to develop Project.

The method used to establish the re-use value is based on the anticipated income characteristics for project, the operating expenses and the cost of development for Project. The Lease imposes affordability covenant restrictions on project. The Site can only be used for the development of affordable housing for the period set forth in the Lease.

The anticipated cost for development of project including indirect and direct cost is \$6,465,027. Taking into consideration the cost of construction, the affordability and use restrictions imposed on the Project, plus on-going monitoring fees required under the Lease, the fair re-use value is less than \$0, an amount less than the annual lease payments due under the Lease. It is also anticipated that the developer will secure other sources of financing that will require loan servicing and additional monitoring fees.

5. CONSIDERATION RECEIVED IN COMPARISON WITH THE ESTABLISHED VALUE

JVVRPLP will lease site for a period of 99 years at \$1.00 per annum. With the consideration of the value of the land compared to development costs, annual monitoring fees and residual receipt payments, the cost to develop and maintain the project exceeds the Fair Re-Use value.

6. BLIGHT ELIMINATION

The Site consists of vacant land and is located within the Jurupa Valley Redevelopment Project Area in the City of Jurupa Valley. Development of the Project on the Site will provide much needed affordable housing on a vacant site. The Project will increase employment during the construction phase. Thus, the proposed Project fulfills the blight elimination requirement imposed by Section 33433.

7. **CONFORMANCE WITH THE AB 1290 IMPLEMENTATION PLAN**

The Project meets the following goals called out in the Jurupa Valley Implementation Plan 2009-2014 adopted pursuant to Health and Safety Code Section 33490:

Increase, improve and preserve the affordable housing stock.

ATTACHMENT A

LEGAL DESCRIPTION

**EXHIBIT "A" - LEGAL DESCRIPTION
LOT LINE ADJUSTMENT NO. 05411**

PARCEL B

Those portions of Lots 5, 6 and 7, of T. M. Parson's Survey of a portion of the Jurupa Rancho, as shown by map on file in Book 1 of Maps at page 68 thereof, Records of San Bernardino County, California, **together with** portions of Lot "A". Lot "E" and Lot 1 and all of Lot "B" and Lot 2 of Mayfair Square Unit 1, as shown by map on file in Book 39 of Maps at pages 50 and 51, Records of Riverside County, California, said portions being more particularly described as follows:

COMMENCING at the most northerly corner of Lot "D" (Alley, 20.00 feet in width) of said Mayfair Square Unit 1, said corner being on the southeasterly line of said Lot 7 of T. M. Parson's Survey;

Thence North $33^{\circ}53'22''$ East along said southeasterly line, a distance of 177.36 feet to the most northerly corner of that certain parcel of land conveyed to the Redevelopment Agency for the County of Riverside by Grant Deed recorded May 15, 2007 as Document No. 2007-0322534, Official Records of Riverside County, California;

Thence South $56^{\circ}27'20''$ East along the northeasterly line of said parcel so conveyed, a distance of 50.85 feet more or less to a point 308.00 feet distant from the northeasterly corner of said parcel so conveyed, said point also being the **TRUE POINT OF BEGINNING**;

Thence leaving said northeasterly line North $33^{\circ}26'24''$ East, a distance of 142.02 feet to the beginning of a tangent curve, concave to the west, having a radius of 300.00 feet;

Thence northeasterly and northerly along said curve, to the left, through a central angle of $32^{\circ}44'43''$, an arc distance of 171.45 feet;

Thence South $89^{\circ}21'45''$ East, a distance of 37.00 feet;

Thence South $58^{\circ}54'06''$ East, a distance of 450.49 feet to the beginning of a non-tangent curve, concave to the south, having a radius of 52.00 feet, the radial line to said point bears North $20^{\circ}52'30''$ West;

Thence easterly along said curve, to the right, through a central angle of $27^{\circ}11'09''$, an arc distance of 24.67 feet more or less to a point on the northwesterly

right of way line of Briggs Street (Lot "E", 36.00 feet in half width) of said Mayfair Square Unit 1;

Thence North $33^{\circ}46'10''$ East along said northwesterly right of way line, a distance of 5.61 feet to the northwesterly corner of said Lot "E";

Thence South $56^{\circ}27'10''$ East along the northeasterly line of said Lot "E", a distance of 36.00 feet to a point of intersection with the centerline of said Briggs Street;

Thence South $33^{\circ}46'10''$ West along said centerline, a distance of 373.03 feet to a point of intersection with the southeasterly prolongation of the southwesterly line of said Lot 2 of Mayfair Square Unit 1;

Thence North $56^{\circ}29'50''$ West along said southeasterly prolongation and along the southwesterly line of said Lot 2, a distance of 178.00 feet to the most westerly corner of said Lot 2, said corner being on the southeasterly line of said parcel so conveyed to the Redevelopment Agency for the County of Riverside;

Thence North $33^{\circ}46'10''$ East along the northwesterly line of said Lot 2 and along said southeasterly line of said parcel so conveyed, a distance of 8.03 feet to the northeasterly corner of parcel so conveyed;

Thence North $56^{\circ}27'20''$ West along the northeasterly line of said parcel so conveyed, a distance of 308.00 feet to the **TRUE POINT OF BEGINNING**.

Containing 3.87 acres, more or less.

ATTACHMENT B

SITE MAP

(behind this page)



Assessor Parcel Numbers 181-041-002, 004 and 008