FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS 7/27/15 DATE

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Susana Garcia-Bocanegra 8/5/15
Departmental Concurrence

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

793

FROM: Economic Development Agency

SUBMITTAL DATE:
August 6, 2015

SUBJECT: Adoption of Resolution Number 2015-144, Approving the Disposition and Development Agreement between the Housing Authority of the County of Riverside and The Coachella Valley Housing Coalition to Provide Financial Assistance and Convey Property Known as Assessor's Parcel Numbers 768-361-010 through -012, 768-362-001 through -016, 768-371-001 through -019, 768-372-015 Located in the City of Coachella for the Tierra Bonita 39 Homeownership Project, and Affirming the Adopted Initial Study Checklist No. 04-07/ Mitigated Negative Declaration, District 4, [$1,189,800]; 2006 Former Coachella Redevelopment Agency Series A Taxable Housing Bond Proceeds

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm the Board of Supervisors has reviewed and considered the Initial Study Checklist No. 04-07/ Mitigated Negative Declaration (attached) for Tract 31158 in the City of Coachella and finds that no new environmental documentation is required as it pertains to the Disposition and Development Agreement because all potentially significant effects of the project were adequately analyzed as they pertain to the authority of the Housing Authority of the County of Riverside (Housing Authority) acting as a Responsible Agency;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	$	$	$ 1,189,800	$	Consent ☐ Policy ☒
NET COUNTY COST	$	$	$	$	

SOURCE OF FUNDS: 2006 Former Coachella Redevelopment Agency Series A Taxable Housing Bond Proceeds	Budget Adjustment: No
	For Fiscal Year: 2015/16

C.E.O. RECOMMENDATION:

APPROVE

BY: Imelda Delos Santos

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Prev. Agn. Ref.: 10.1 of 1/13/15 | **District:** 4 | **Agenda Number:** 9-1

RECOMMENDED MOTION: (Continued)

2. Conduct a joint Public Hearing with the Board of Commissioners per Health and Safety Code Sections 33431 and 33433 regarding the proposed Disposition and Development Agreement between the Housing Authority and Coachella Valley Housing Coalition and Summary Report, each attached;

3. Adopt Resolution Number 2015-144 Making Certain Findings Under Health and Safety Code Section 33433; Approving the attached Disposition and Development Agreement to (i) Convey Property known as Assessor's Parcel Numbers 768-361-010 through -012, 768-362-001 through -016, 768-371-001 through -019, 768-372-015, located in the City of Coachella, California to the Coachella Valley Housing Coalition, and (ii) Provide Financial Assistance to the Tierra Bonita 39 Homeownership Project; and Making Certain Findings with Respect to the Disposition and Development Agreement;

4. Approve the loan of 2006 former Coachella Redevelopment Agency Series A Taxable Housing Bond Proceeds in the total aggregate amount of $1,189,800 to qualified low income first time homebuyers (each purchase money loan shall be no more than $50,000 and no less than $5,000) as set forth in the attached Disposition and Development Agreement; and

5. Approve the Disposition and Development Agreement, including all attachments, including, but not limited to the Promissory Note, Deed of Trust, Grant Deed, Agreement Containing Covenants, and Re-Sale Restrictions, each attached.

BACKGROUND:

Summary

The Coachella Valley Housing Coalition (CVHC) is a California nonprofit public benefit corporation that has contracted with the United States Department of Agriculture (USDA) to build safe and affordable housing for low income families through the USDA's Mutual Self Help program (Self Help Program). CVHC proposes to acquire from the Housing Authority of the County of Riverside (Housing Authority) approximately 9.308 acres of vacant land located at Avenue 53 and Calle Leandro in the City of Coachella, County of Riverside known as Assessor's Parcel Numbers 768-361-010 through -012, 768-362-001 through -016, 768-371-001 through -019, 768-372-015 (Property) and cause the development and construction thereon through the Self Help Program of 39 for sale single family homes, to be sold to and occupied by low income first time homebuyers for an affordable purchase price (Project). CVHC also desires the Housing Authority to provide financial assistance in the total maximum amount of $1,189,800 (Housing Authority Loan) to assist qualified low income first time homebuyers pay a portion of the purchase price for a single family home. The terms of the sale and financing are set forth in the proposed Disposition and Development Agreement, including exhibits, which is attached (DDA).

The Housing Authority acquired title to the Property and the Housing Authority Loan funds in its capacity as the housing successor to the former Coachella Redevelopment Agency pursuant to the Redevelopment Dissolution Act, that certain Memorandum of Understanding dated June 4, 2013 between the City of Coachella and the Housing Authority, and the Housing Entity Asset Reporting Form approved by the California Department of Finance in March 5, 2015.

(Continued)

BACKGROUND:
Summary (Continued)

The Property and Housing Authority Loan are dedicated to provide affordable housing to qualified residents. As such, the Project fulfills program objectives to provide affordable housing opportunities in the County of Riverside for first time homebuyers that meet income eligibility standards.

On January 13, 2015, the Board of Commissioners approved that certain Exclusive Negotiation Agreement (ENA) with CVHC to explore and negotiate in good faith a Disposition and Development Agreement for the Project which is set to expire on September 30, 2015.

CVHC has secured income qualified homebuyers, financing commitments, and is processing entitlements with the City of Coachella for the development of the Project. CVHC is prepared to enter into a DDA acceptable to the Board that will constitute a commitment for conveyance and development of the Property. CVHC proposes to reserve all homes for low income households whose incomes do not exceed 80% of the County area median income adjusted or family size, as defined by Health and Safety Code (HSC) Section 50079.5. Income and resale restrictions relating to the Project shall be memorialized in the Agreement Containing Covenants and Re-Sale Restrictions attached to the proposed DDA, which shall be recorded against the Property. The income and resale restrictions shall remain in place for 15 years since this is a self-help method Project. Authority Loan repayment obligations shall remain in place for 45 years. Pursuant to the proposed DDA, subject to the satisfaction of certain conditions precedent, the Housing Authority will convey the Property to CVHC, pursuant to a Grant Deed, for $1 plus the additional consideration set forth in the DDA. CVHC shall be responsible for all construction and development costs, entitlements, securing financing, construction, on-site and off-site improvements and maintenance obligations until completion of the Project. Pursuant to the proposed DDA, the Housing Authority shall retain a right of reverter, wherein title to the Property reverts back to the Housing Authority in the event CVHC does not convey parcels to qualified purchasers.

The cost to develop and construct the Project is estimated to be $7,960,000 and will be financed by a combination of the following funds, (i) the United States Department of Agriculture Mutual Self Help Housing Program funds ($4,928,300), California Housing and Community Development (HCD) CalHOME ($595,400) and Joe Serna funds ($360,000), Housing Authority funds ($1,189,800), and homebuyer sweat equity ($886,500). The Authority Loan in the total amount of $1,189,800 is derived from taxable housing bond proceeds and will assist first time homebuyers with payment of the purchase price. The Authority Loans will be junior to the USDA and HCD Calhome loans, and will be evidenced by promissory notes and secured by deeds of trust, affordability and use restrictions and other security instruments recorded on each parcel sold in favor of the Housing Authority. Affordability restrictions will require an equity share upon resale within year 1 through 15, and recapture rights between years 16 through 45, as well as income eligibility for subsequent homebuyers for a 45 year period.

(Continued)

BACKGROUND:
Summary (Continued)

Pursuant to HSC Section 33433, before the Property can be sold by the Housing Authority for development, the sale must first be approved by resolution of the Board of Supervisors after a public hearing. Pursuant to HSC Sections 33431 and 33433, the Housing Authority published a Notice of Joint Public Hearing notifying the public of the joint Housing Authority and County public hearing and the parties' consideration of the proposed DDA relating to the sale of the Property and provision of financial assistance. In addition, the Housing Authority made available for public review, on the date the Notice of Joint Public Hearing was published, the attached DDA including all attachments and the attached Summary Report.

The City of Coachella, as the appropriate lead agency under the California Environmental Quality Act (CEQA), prepared the attached Initial Study Checklist 04-7/Mitigated Negative Declaration for Tract 31158 which was adopted on August 25, 2004 pursuant to Resolution No. 2004-62 which is attached. The lead agency determined through the Initial Study that all issues of environmental concern can be adequately mitigated to a level of less than significant. Notice of the study and Mitigated Negative Declaration was published in accordance with the CEQA. Acting in its limited role as a responsible agency under CEQA, the Housing Authority has received, reviewed and considered the information contained in the record of decision from the City of Coachella and finds that as to the potential environmental impacts within the Housing Authority's authority as responsible agency, the project is within the scope of the impacts evaluated and the project has been adequately addressed in the initial study and mitigated negative declaration.

County Counsel has reviewed and approved the attached DDA and attachments, including, but not limited to the, Authority Loan Promissory Note, Authority Loan Deed of Trust, Grant Deed, Agreement Containing Covenants, Re-Sale restrictions and Escrow Agreement. Staff recommends that the Board approve the DDA and attachments, including, but not limited to the, Authority Loan Promissory Note, Authority Loan Deed of Trust, Grant Deed, Agreement Containing Covenants, Re-Sale restrictions and Escrow Agreement.

Impact on Residents and Businesses
Thirty-nine qualified first time homebuyers earning 80% or less of County area median income will own newly constructed and affordable homes. Coachella residents will benefit from the project as the site will no longer be vacant and used for illicit dumping and vagrancy. The local economy will also benefit from the financial investment made by the project into the community.

SUPPLEMENTAL:
Additional Fiscal Information
(Commences on Page 5)

SUPPLEMENTAL:
Additional Fiscal Information

The Housing Authority's use of the former Coachella Redevelopment Agency 2006 Series A Taxable Housing Bond proceeds has been approved for this project by the California Department of Finance pursuant to Recognized Obligation Payment Schedule (ROPS) 15-16A Line 19. No general funds will be used for this agreement. CVHC will bear its own costs and expenses incurred or to be incurred in connection with the Tierra Bonita 39 Unit Homeownership Project.

Attachments:
- Initial Study Checklist/ Mitigated Negative Declaration (City of Coachella Resolution No. 2004-62 Tract 31158), Notice of Determination
- Housing Authority Resolution Number 2015-0144
- 33433 Summary Report, Site Map and Public Notice
- Disposition and Development Agreement including all attachments

RESOLUTION NO. 2004-62

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COACHELLA, CALIFORNIA APPROVING TENTATIVE TRACT MAP NO. 31158 FOR THE SUBDIVISION OF APPROXIMATELY 29.7 ACRES (APN 765-170-001 and -003) INTO 115 SINGLE FAMILY RESIDENTIAL LOTS LOCATED AT THE NORTHEAST CORNER OF FREDERICK STREET AND AVENUE 53.
APPLICANT: NORTH AMERICAN RESIDENTIAL COMMUNITIES.

WHEREAS, North American Residential Communities has filed Tentative Tract Map No. 31158 to subdivide approximately 29.7 acres into a 115 lot Single Family residential subdivision, located at the northeast corner of Avenue 53 and Frederick Street more particularly described in Exhibit "1" attached hereto and made a part hereof; and

WHEREAS, the City has processed said application pursuant to the Subdivision Map Act (commencing with Section 64580, Title 7 of the Government Code and the California Environmental Quality Act of 1970) as amended; and

WHEREAS, on August 4, 2004, the Planning Commission of the City of Coachella held a duly noticed and published Public Hearing and considered the Tentative Tract Map as presented by the applicant, together with the recommendations of the Department of Community Development; and

WHEREAS, the Planning Commission does recommend the approval of Tentative Tract Map No. 31158, subject to the following findings and conditions:

Findings:

1. That the proposed project is generally consistent with the goals, objectives, policies and implementation measures of the Coachella General Plan 2020.

2. That the project is in substantial conformance with the City of Coachella Zoning Ordinance.

3. That Environmental Initial Study No. 04-07 was prepared pursuant to the State of California Environmental Quality Act Guidelines. A determination was made at a duly noticed public hearing by the Planning Commission on August 4, 2004, that the proposed project could not have a significant effect on the environment, because of the following mitigation measures:

I. Aesthetics:

MM1. In conjunction with development of the proposed project, the Applicant/Developer shall shield all on-site lighting so that it is directed within the project site, does not illuminate adjacent properties, and is consistent with the General Plan. A detailed lighting plan shall be submitted for review and approval of the Community Development Department and the Engineering Department in conjunction with the project improvement plans. The locations and design of the shielded light fixtures shall be submitted for the review and approval of the Community Development Department and Engineering Department in conjunction with the approval of improvement plans.

II. Agriculture Resources:

None required.

III. Air Quality:

MM2. Implement Mitigation Measure 23.

MM3. Prior to the issuance of grading permits, the project developer shall develop a dust control plan, as approved by the City, which includes the following measures recommended by the SCAQMD, or equivalently effective measures approved by the SCAQMD. These measures shall be implemented through the grading and construction phases of development.

a. Apply approved non-toxic chemical soil stabilizers according to manufacturer's specification to all inactive construction areas (previously graded areas inactive for four days or more).
b. Replace ground cover in disturbed areas as quickly as possible.

c. Enclose, cover, water twice daily, or apply approved soil binders to exposed piles (i.e., gravel, sand, dirt) according to manufacturers' specifications.
d. Water active grading sites at least twice daily.
e. Suspend all excavating and grading operations when wind speeds (as instantaneous gusts) exceed 25 mph.
f. Provide temporary wind fencing consisting of 3- to 5-foot barriers with 50 percent or less porosity along the perimeter of sites that have been cleared or are being graded.
g. All trucks hauling dirt, sand, soil, or other loose materials are to be covered or should maintain at least 3 feet of freeboard (i.e., minimum vertical distance between top of the load and the top of the trailer), in accordance with Section 23114 of the California Vehicle Code.
h. Sweep streets at the end of the day if visible soil material is carried over to adjacent roads (recommend water sweepers using reclaimed water if readily available).
i. Install wheel washers where vehicles enter and exit unpaved roads onto paved roads, or wash off trucks and any equipment leaving the site each trip.
j. Apply water three times daily or chemical soil stabilizers according to manufacturers' specifications to all unpaved parking or staging areas or unpaved road surfaces.

Enforce traffic speed limits of 15 mph or less on all unpaved roads.

Pave construction roads when the specific roadway path would be utilized for 120 days or more.

IV. Biological Resources:

None required.

V. Cultural Resources:

MM4. A qualified archeological monitor, as well as a Native American monitors (either representing the Augustine Band of Cahuilla Indians or the Torres Martinez Desert Cahuilla Indians), shall be present during at least the initial phases of rough grading, and shall also inspect all piping trenches, to ensure that if any buried cultural resources are discovered during construction activities, all work shall be halted in the vicinity of the find. The archaeologist shall determine whether the find is an isolated example or part of a more complex resource. Upon determining the significance of the resource, the consulting archaeologist, in coordination with the City, shall determine the appropriate actions to be taken. As per General Plan policy, if a

finding of significance is made, an appropriate mitigation plan shall be implemented. The appropriate measures may include as little as recording the resource with the California Archaeological Inventory database or as much as excavation, recording, and preservation of the sites that have outstanding cultural or historic significance.

MM5. Should human remains be uncovered, the Riverside County Coroner's Office shall be immediately contacted and all work halted until final disposition by the Coroner. State Health Safety Code Section 7050.5 states that no further disturbance shall occur until the County Coroner has made necessary findings as to the origin and disposition pursuant to Public Resources Code Section 5097.98. Should the remains be determined to be of Native American descent, the Native American Heritage Commission shall be consulted to determine the appropriate disposition of such remains.

VI. Geology and Soils:

MM6. Prior to issuance of a grading permit, a final geologic and geotechnical report shall be conducted for the project site, which shall include a separate soils study, and shall also include the recommendations and remediations provided in the Geotechnical Investigation prepared for the project by Sladden Engineering.

MM7. Prior to the issuance of building permits, the City Engineer shall ensure that the minimum seismic design of all structures complies with the 2001 edition of the California Building Code.

MM8. Prior to the issuance of a grading permit, the applicant shall submit a grading plan to the City Engineer for review and approval. If the grading plan differs significantly from the proposed grading illustrated on the approved tentative tract map, a tentative map that is consistent with the new revised grading plan shall be provided for review and approval by the City Engineer.

MM9. Any applicant for a grading permit shall submit an erosion control plan to the City Engineer for review and approval. This plan shall identify protective measures to be taken during construction, supplemental measures to be taken during the rainy season, the sequenced timing of grading and construction, and subsequent revegetation and landscaping work to ensure water quality in creeks and tributaries in the General Plan Area is not degraded from its present level. All protective measures shall be shown on the grading plans and specify the entity responsible for completing and/or monitoring the measure and include the circumstances and/or timing for implementation.

MM10. Implement Mitigation Measure 3.

MM11. Prior to approval of final facilities design, plans for drainage and stormwater runoff control systems and their component facilities shall be submitted to the Engineering Department for review and approval to ensure that these systems and facilities are non-erosive in design.

MM12. Grading, soil disturbance, or compaction shall not occur during periods of rain or on ground that contains freestanding water. Soil that has been soaked and wetted by rain or any other cause shall not be compacted until completely drained and until the moisture content is within the limit approved by a Soil Engineer. Approval by a Soil Engineer shall be obtained prior to the continuance of grading operations. Confirmation of this approval shall be provided to the Engineering Department prior to commencement of grading.

MM13. Implement Mitigation Measure 6.

MM14. Implement Mitigation Measure 6.

VII. Hazards and Hazardous Materials:

MM15. Prior to issuance of a demolition permit by the City for any on-site structures, the applicant/developer shall retain the services of a State-certified LBP and asbestos professional(s) to perform a LBP and asbestos survey on the farm office building for testing and confirmation of LBP and asbestos within and around the structure. Any LBP and/or asbestos found shall be removed according to Riverside County Department of Environmental Health, prior to demolition.

MM16. In conjunction with the submittal of grading plans, the project applicant shall submit a detailed soils study to the City Engineer indicating that the levels of Organochlorine pesticide residues are below the State standards for residential development. The soil study shall be conducted and samples collected by a qualified soils engineer according to a Riverside County Environmental Health Department (RCEHD) pre-approved sampling protocol. The composite soil samples shall be submitted to a State-certified hazardous waste testing laboratory and analyzed for Organochlorine pesticides using EPA method series 6000/7000 AND 8080. Should the levels exceed acceptable State standards, a remediation plan shall be submitted to RCEHD and the City of Coachella. Remediation to the satisfaction of RCEHD and the City of Coachella shall occur prior to the issuance of grading permits.

VIII. Hydrology and Water Quality:

MM17. Prior to the issuance of grading permits, the applicant/developer shall submit to the City Engineer for review and approval a Drainage Master Plan which implements Best Management Practices (BMPs) to control quality of stormwater runoff.

MM18. Prior to the issuance of grading permits, a National Pollution Discharge Elimination System (NPDES) construction permit shall be obtained for any disturbance of more than one acre.

IX. Land Use and Planning:

MM19. If permits are issued prior to approval of a development impact fee, a General Plan fee shall be paid at the time permits are issued as a mitigation of the environmental impacts associated with this project. The fees shall be as follows: Buildings - $50.00 per Dwelling Unit (DU).

X. Mineral Resources:

None required.

XI. Noise:

MM20. All construction equipment shall use properly operating mufflers, and no combustion equipment such as pumps or generators shall be allowed to operate within 300 feet of any occupied residence during construction hours, unless the equipment is surrounded by a noise protection barrier acceptable to the Community Development Department. These criteria shall be included in the grading plan submitted by the applicant/developer for review and approval of the Community Development Director prior to issuance of grading permits.

XII. Population and Housing:

None required.

XIII. Public Services:

MM21. The applicant shall be subject to the further requirement that it participate in the Community Facilities District the City proposed to establish under the Mello-Roos Community Facilities Act of 1982, Section 5311 of the California Government Code, as amended, for all undeveloped property within the boundaries of the City, including the property subject to approval of TTM 31158 to finance City police and fire services for such undeveloped property. The applicant shall do everything necessary for inclusion of the property subject to this development approval within such District upon its establishment. This development approval is subject to such requirement as a condition subsequent, unless such District is established prior to the effectiveness of such approval, in which case, it shall be a condition precedent. Written verification of the applicant's participation in the CFD shall be submitted for review and approval of the City Engineer prior to occupancy of the proposed project.

MM22. Implement Mitigation Measure 21.

XIV. Recreation:

None required.

XV. Transportation:

MM23. Prior to initiating roadway construction, the applicant shall submit to the City Engineer, for review and approval, plans for the following roadway improvements:

~~Calle Verde shall be constructed from the western project boundary to the eastern project boundary at its ultimate half-section width as a collector.~~

Avenue 53 shall be constructed from Frederick Street to Calle Empalme at its ultimate half-section width as a Secondary **Thoroughfare.**

Frederick Street shall be constructed from the northerly project boundary to Avenue 53 at its ultimate half-section width as a secondary **Thoroughfare.**

Calle Empalme shall be constructed from the north project boundary to Avenue 53 at its ultimate half-section width as a

Collector.

Frederick Street shall be constructed as a 32-foot paved section between the northerly project boundary and the existing terminus south of Avenue 52 in conjunction with development.

A traffic signal shall be installed at the Harrison Street/Avenue 53 intersection with the costs credited toward payment of the City's impact fees and proportioned among other developments in the area. MM27, a mitigation fee for traffic lights, shall cover the applicant's entire financial responsibility in regard to the installation of the traffic light at this intersection.

The roadway improvements shall be complete prior to occupancy of the residential units (except the model home complex(es).

MM24. The City Engineer shall ensure, prior to approval, that the improvement plans includes the construction of Avenue 53, Fredereick Street, Calle Verde and Calle Emplame roadway segments, which exist adjacent to the project site, to their ultimate half-widths.

MM25. Prior to approval of final maps, the City Engineer shall ensure that the applicant has prepared and submitted a deficiency plan.

MM26. Prior to the issuance of grading permits, the City Engineer shall ensure that the project participates in funding of off-site improvements, which are needed to serve cumulative future conditions through payment of appropriate fees (TUMF). The TUMF includes a network of regional facilities and endeavors to spread the cost on a regional basis through participation of the County and individual cities. The TUMF provides a key funding source for General Plan improvements in the area.

MM27. The approved development impact fee for Traffic Signals shall be paid at the time building permits are issued. The fee paid at the time the permits are issued shall be as follows: Building - $192.00 per DU.

MM28. The approved development impact fee for Bridge and Grade Separation shall be paid at the time building permits are issued as follows: Buildings - $422.00 per DU.

MM29. Prior to approval of the final map, the City Engineer shall ensure that the following safety features are included within the project design:

Stop controls provided at the project access points where they intersect with the public roadway system.

A 150-foot (minimum) southbound left turn pocket provided along Frederick Street at the westerly project driveway.
Sight distance at project entrances designed to comply with Caltrans and City of Coachella standards (shall also be indicated on final grading, landscape, and street improvement plans).

MM30. Implement Mitigation Measures 23 and 29.

MM31. The approved development impact fee for Bus Shelters and Bus stops shall be paid at the time permits are issued, and shall be as follows: Bus Shelters - $50.00 per dwelling unit.

XVI. Utilities and Service Systems:

None required.

XVII. Mandatory Findings of Significance:

None required.

4. That the evidence before the Planning Commission supports the conclusion that Tentative Tract Map No. 31155 be approved as does the record consisting of the staff report, case file, exhibits on display and public hearing testimony.

Conditions:

1. Tentative Tract Map No. 31158 is approved for 24 months from the final date of City Council approval unless a one year time extension is requested by the applicant and approved by the Planning commission.

Final Map

2. The Final Map shall comply with the Subdivision Map Act and City of Coachella Subdivision Ordinance.

3. All public streets shall be dedicated to City of Coachella.

4. Prior to submittal of the final map to the City Council for approval, the applicant shall post securities (Bonds) to guarantee the installation of required improvements and a Subdivision Improvement Agreement shall be submitted to Engineering Division for City Engineer and City Attorney approval.

5. Prior to approval of the Tentative Map, the applicant shall resolve CVWD issues related to any existing tile drain, or irrigation lines affected by the project. The tile

drains or irrigation lines shall be relocated, or abandoned and in the case of relocation easement documents shall be prepared for the line in the new location. The easement shall be shown on the final map. Plans for any such relocation shall be submitted to CVWD for approval and a copy of the plans shall be submitted to the City for evaluation regarding possible conflict with City facilities

Grading and Drainage

6. A preliminary geological and soils engineering investigation shall be conducted by a registered soils engineer, and a report submitted for review with the grading plan and shall include pavement recommendations (on-site & off-site). The report recommendations shall be incorporated into the grading plan design prior to grading plan approval. The soils engineer and/or the engineering geologist shall certify to the adequacy of the grading plan.

7. A grading plan, prepared by a California Registered Civil Engineer, shall be submitted for review and approval by the City Engineer prior to issuance of any permits. A final soils report, compaction report and rough grading certificate shall be submitted and approved prior to issuance of any building permits.

8. A Drainage Report, prepared by California Registered Civil Engineer, shall be submitted for review and approval by the City Engineer prior to issuance of any permits. The report shall contain an Hydrology Map showing on-site and off-site tributary drainage areas and shall be prepared in accordance with the requirements of the Riverside County Flood Control District. Adequate provisions shall be made to accept and conduct the existing tributary drainage flows around or through the site in a manner which will not adversely affect adjacent or downstream properties. If the design of the project includes a retention basin, it shall be sized to contain the runoff resulting from a 10-year storm event and the runoff from a 100-year storm event shall be contained within basin with shallow ponding (1.5' max.) and within the public streets. The basin shall be designed to evacuate a 10-year storm event within 72 hours. The size of the detention basin(s) shall be determined by the hydrology report and be approved by the City Engineer. Detention basin shall be provided with a minimum of 2.00 feet sandy soil if determined to contain silt or clay materials. Maximum allowable percolation rate for design shall be 10 gal./s.f./day unless otherwise approved by the City Engineer. A percolation test for this site is required to be submitted. A combination drywell- drain field shall be constructed at all points where runoff enters the retention basin.

9. The retention/detention basins shall be designed to be suitable and safe for park use. **Subject to Architectural Review approval, a rail fence shall be placed between these basins and the adjoining street for the purpose of providing a distinct separation between recreational user of the basin and the adjacent street traffic.**

10. Site access improvements shall be in conformance with the requirements of Title 24 of the California Administrative Code. This shall include access ramps for off-site and

on-site streets as required.

11. Applicant shall obtain approval of site access and circulation from Fire Marshall and trash disposal company.

12. Separate permits shall be required for wall construction. The maximum height of any wall shall be limited to six (6) feet as measured from an average of the ground elevations on either side. A 6' solid block wall shall be required for the perimeter of any subdivision. A 6' solid block wall shall be required for the property line between the retention/detention basin and any residential lot. A 6' wrought iron fence shall be required for the perimeter of the retention/detention basin adjacent to public streets. The gate shall include a Knox Box to provide for emergency access to the site when the gate is locked.

Street Improvements

13. Street improvement plans prepared by a California Registered Civil Engineer shall be submitted for Engineering plan check prior to issuance of encroachment permits. All street improvements including street lights shall be designed and constructed in conformance with City Standards and Specifications. Street flowline grade shall have a minimum slope of 0.35 %.

14. Applicant shall construct all off-site and on-site improvements including street pavement, curb, gutter, sidewalk, street trees, perimeter walls, perimeter landscaping and irrigation, storm drain, street lights, and any other incidental works necessary to complete the improvements. Driveways shall be a minimum width of 16.00 feet.

15. Avenue 53 shall be constructed with a 50 foot right of way on the west side; except where underground utilities will be constructed within the parkway, additional right of way is required for a total of a 15 foot parkway. Improvements shall include a 6 foot (half width) landscaped median with 6 inch type "D" curb, 32 feet (curb face to curb face) of 3 inches asphalt paving over 10 inches class 2 aggregate base, 6" type "B" curb and gutter, 6 foot sidewalks, 15,000 lumen HPS (150 watt bulb) street lights, and all other works necessary to complete the improvements according City standards.

16. ~~Frederick Street shall be improved to a 50 foot right of way on the west side; except where underground utilities will be constructed within the parkway, additional right of way is required for a total of a 15 foot parkway. Improvements shall include a 6 foot (half width) landscaped median with 8 inch type "D" curb, 32 feet (curb face to curb face) of 3 inches asphalt paving over 10 inches class 2 aggregate base, 8" type "B" curb and gutter, 6 foot sidewalks, 15,000 lumen HPS (150 watt bulb) street lights, and all other works necessary to complete the improvements according City standards.~~

Frederick Street shall be improved to a 50 foot right of way along the project's entire frontage with this street. Except where underground utilities will be constructed within the parkway, additional right of way is required for a total of a 15 foot parkway. Improvements shall include a 6 foot (half width) landscaped median with 8 inch type "D" curb, 32 feet (curb face to curb face) of 3 inches asphalt paving over 10 inches class 2 aggregate base, 8" type "B" curb and gutter, 6 foot sidewalks, 15,000 lumen HPS (150 watt bulb) street lights, and all other works necessary to complete the improvements according City standards.

The applicant is also responsible for providing a 30 foot strip of pavement that connects improvements required along the project's frontage with Frederick Street to the half-street improvement that have been previously been made on Frederick from approximately 321 feet north of the project to Avenue 52.

17. Interior streets shall be 60 foot right of way, 36' wide (curb to curb) with modified (wedge) curb and gutter, 5' sidewalks, 5,000 lumen (100 watt bulb) street lights, and all other works necessary to complete the improvements according City standards.

18. Provide "Speed Humps" on all interior streets. Locations shall be approved by the City Engineer.

19. Non-vehicular access to the adjacent Elementary School through the northern portion of the subject subdivision north of Calle Verde will be provided. The specific design for this access to be mutually agreed upon by the City of Coachella Planning Department, the developer and the school district **and subject to final approval of the City Engineer.**

<u>Sewer and Water Improvements</u>

<u>GENERAL</u>

20. Sewer & Water Improvement Plans prepared by a California Registered Civil Engineer shall be submitted for Engineering plan check and City Engineer approval.

21. Applicant shall pay his share of the water main construction in Frederick Street. **As the applicant fair share contribution toward the cost of sewer main constrution in Frederick Street and Avenue 53, the applicant shall ~~pay~~ be credited $500 per residential unit constructed in TTM 31158. The method and timing of such payments to be determined by the City Engineer.**

22. Minimum depth of sewer manholes shall be 5.00 feet (top of pipe to top of rim). Size and slope of sewer mains shall be approved by the City Engineer. The minimum slope for sewer main shall be as follows: (1) 8" - 0.33 percent, (2) 10" - 0.24 percent, (3) 12" - 0.19 percent, (4) 15", 18", 24", 27" & 33" 0.14 percent.

23. Applicant shall construct 8" (min.) sewer mains through out the tract connecting to the existing main in Avenue 53 or the main in Frederick Street. System shall include all manholes, clean outs, and laterals to serve each residential lot, and all incidental works necessary to complete the sewer system in accordance with City Standards and specifications.

Water:

24. Applicant shall construct 8 inch water mains throughout the tract connecting the existing mains in Avenue 53 and in Frederick Street, with 4" blowoffs at all construction phase breaks, including fire hydrants, valves, fittings and all incidental works necessary to complete the water system in accordance with City Standards and specifications.

25. Water supply line shall loop into track from two directions.

GENERAL

26. A composite utility plan showing all utilities shall be submitted for review and approval by the City Engineer. The applicant shall construct all other utilities such as gas, telephone, television cable, electrical, and any other incidental works necessary to complete the utility improvements. All utilities will be constructed underground and extended to the tract boundary. Existing overhead utilities within the limit of construction shall be relocated underground and behind sidewalk.

27. The developer shall submit a Fugitive Dust Control and Erosion Control plan in accordance with Guidelines set forth by CMC and SCAQMD to maintain wind and drainage erosion and dust control for all areas disturbed by grading. Exact method(s) of such control shall be subject to review and approval by the City Engineer. No sediment is to leave the site. Additional securities in amount of $1,000 per acre or as determined by the City Engineer may be required to insure compliance with this requirement. No work may be started on or off site unless the PM-10 plan has been approved and the original plans are in the engineering department at the City of Coachella.

28. The owner shall agree to the formation of a Lighting & Landscaping District for the maintenance of the lighting, perimeter wall, landscaping and irrigation. The owner shall prepare the improvement plans, Engineer's Report, Estimated Costs, and submit the mailing labels as required for the formation of the L&LM District. The actual costs of any additional work to be done by the City or its consultants for the formation of the L&LM District shall be paid for from the owner's funds deposited with the City prior to the recordation of the Final Map. The funds to be deposited shall be a minimum of $1,000. Costs over $1,000 shall be billed by the City to the owner for payment prior to the recordation of the Final Map.

29. The applicant shall pay all necessary plan check, permit and inspection fees. Fees will be determined when plans are submitted to Engineering Department for plan

check.

30. "As-built" plans shall be submitted to and approved by the City Engineer prior to acceptance of the improvements by the City. All off-site and on-site improvements shall be completed to the satisfaction of the City Engineer prior to acceptance of improvements for maintenance by the City.

31. No pad elevations shall be more than one foot above the highest lot corner measured at top of curb.

32. All pavement markings (Stops, Limit Bars, and Speed Humps) should be Thermoplast.

33. All applicable fees, including sewer connection fees must be paid to the City prior to connection to the collection system. The proposed sewer must be submitted for review and approval by City staff and must meet the requirements of the City's Standard Requirements and Specifications.

34. In every instance where side yards are along streets, there shall be a minimum of eight (8) feet landscape area in addition to sidewalk.

35. The applicant shall work with Sunline, CVUSD, and the City Engineer to locate a multiple-agency use bus safety zone. The bus stop shall be included within the Landscape and Lighting District.

36. The applicant shall provide water plans and calculations to the Fire Department and the City Engineer for review and approval for fire flow pursuant to the Fire Department comments.

37. Street lights shall be installed on Avenue 53, Frederick Steeet, Calle Verde, Calle Empalme on all internal project streets.

38. Transportation Uniform Mitigation Fees shall be paid prior to issuance of first building permit.

39. The applicant shall pay all required parkland mitigation fees pursuant to the City's Quimby Ordinance and Park Master Plan.

40. The applicant shall submit a list of alternative street names to the Community Development Department for review and approval by the Planning Commission and the City Council.

41. Community Mail Box Units (CMBU's) shall be located in coordination with the United States Post Office and with composite utility plan for the project to avoid conflicts.

42. Landscape and grading plans shall include a six (6) foot high solid masonry wall around the perimeter of the project, consisting of decorative elements incorporating a variations in the wall design, a decorative wall cap and entry treatments, and anti-

grafitti coating.

43. Project identification monumentation is required and shall be included with the landscape plan details and on the project grading plan.

44. All primary structures, landscaping (including perimeter, retention and individual lots)and decorative perimeter fencing are subject to review and approval by the Planning Commission as part of the Architectural Review process.

45. The applicant shall comply with all environmental mitigation requirements as included in the Environmental Assessment No. 03-07, and Tentative Tract Map 31158.

46. Surface improvements proposed over existing irrigation and drainage facilities will be constructed in consideration of anticipated traffic loads so as not to impact structural integrity of the facilities.

47. Accessibility to drainage and irrigation lines which will remain active upon project completion shall be maintained to facilitate operation and maintenance activities.

48. Any irrigation and agricultural drainage lines to be replaced or abandoned shall conform to all District specifications, including obtaining a District encroachment permit and the completion of the Bureau of Reclamation application for abandonment or replacement of irrigation lines if applicable.

49. The applicant shall work with the Coachella Valley Unified School District (CVUSD)to accommodate the proposed increase in school enrollment. A School impact fee shall be paid to CVUSD prior to issuance of building permits.

50. Any hazardous wastes/materials encountered during project construction shall be remediated in accordance with local, state, and federal regulations. The applicant shall comply with applicable regulations to investigate and/or remediate any issues on-site that may be identified as requiring remediation.

51. The applicant shall comply with all State regulations and policies regarding hazardous wastes/substances at the site.

52. Prior to import/disposal of soils (if necessary for the project), the project applicant shall comply with all local and state regulations regarding excavated soils.

53. If unknown wastes or suspect materials are discovered during construction by the contractor which he/she believes may involve hazardous waste/materials, the contractor shall:

    - Immediately stop work in the vicinity f the suspected contaminant, removing workers and the public from the area.

    -Notify the Project Engineer of the implementing Agency.

-Secure the area as directed by the Project Engineer; and

-Notify the implementing agency's Hazardous Waste/materials Coordinator.

54. For residential areas, approved standard fire hydrants, located at each intersection and spaced 330 feet apart with no portion of any lot frontage more than 165 feet from a hydrant. Minimum fire flow shall be 1000 GPM for a 2-hour duration at 20 PSI.

55. Blue dot retro-reflectors shall be placed in the street 8 inches from the centerline to the side that the fire hydrant is on, to identify fire hydrant locations.

56. Any turn-around requires a minimum 38-foot turning radius.

57. All structures shall be accessible from an approved roadway to within 150 feet of all portions of the exterior of the first floor.

58. The minimum dimension for access roads and gates is 20 feet clear and unobstructed width and a minimum vertical clearance of 13 feet 6 inches in height.

59. Roadways may not exceed 1320 feet without secondary access. This access may be restricted to emergency vehicles only however, public egress must be unrestricted.

60. The required water system, including fire hydrants, shall be installed and accepted by the appropriate water agency prior to any combustible building material being placed on an individual lot. Two sets of water plans are to be submitted to the Fire Department for approval.

61. The applicant or developer shall prepare and submit to the Fire Department for approval, a site plan designating required fire lanes with appropriate lane painting and / or signs.

62. Abandon any existing water wells as per Riverside County Health Department Specifications.

63. Potential buyers who are eligible and qualified for the City of Coachella First Time Homebuyers Down Payment Assistance Program shall have the opportunity to purchase homes in this subdivision. Permanent Financing for these buyers shall be provided by the California Housing Finance Agency (CALFHA).

64. The Developer shall complies with the Building Industry Association (BIA) Directional Sign Program in the City of Coachella and is aware that any other signage on the site be approved and permitted by Community Development Department. (In this regard the applicant will be aware that any off site directional or promotional signage is in violation of the city's ordinance.)

65. "Gates" for residences shall have as little an opening as allowable by the municipal code as to prevent dogs from escaping from the rear yards.

66. Public Safety and Law Enforcement issues:

Pre-Construction & Construction Phases:

Construction site: Prior to construction on any structure, a material storage area should be established and enclosed by a six foot chain link fence to minimize theft of material and /or equipment.

It is recommended that a list of serial and/or license numbers of equipment stored at the location be maintained both, at the site and any off-site main office. Thefts and burglaries of building materials, fixtures, and appliances from construction storage areas and buildings under construction are on the rise.

The public and non-essential employees should be restricted in access to the construction areas. Current emergency contact information for the project should be kept on file with the Coachella Police Department.

The developer and/or builders name, address and phone numbers should be conspicuously posted at the construction site. Visibility into the construction site should not be intentionally hampered. Areas actually under construction should be lit during hours of darkness. All entrances and exits should be clearly marked.

Designate and establish specific parking areas for construction site workers and employees. The parking areas and commercial areas on premises should be accessible to emergency vehicles at all times with paved pathways of sufficient width to accommodate such vehicles.

Lighting:

Have adequate security lighting throughout the project. All lighting fixtures should be resistant to vandalism and tampering. The standards should be a height to reduce any tampering or damage.

Graffiti Reduction Tips:

Prior to occupancy, the surfaces of walls, fences, buildings, logo monuments, etc. should be graffiti resistant either through surface composition, applied paint types and/or planned shielding by landscaping or plants. Wrought iron fencing has worked well in other projects to reduce graffiti.

Landscaping:
Landscaping shall be of type and situated in locations to maximize observation while providing the desired degree of aesthetics. Security planting materials are encouraged along fence and property lines and under vulnerable windows.

Line of Sight/Natural Surveillance:

Wide-angle peepholes should be incorporated into all dwelling front doors and to all solid doors where visual scrutiny to the door from public or private space is compromised.

Other line of sight obstructions including recessed doorways, alcoves, etc., should be avoided on building exterior walls.

Additional Recommendations:

As a condition of approval, we request that the Community Facilities District tax be established and applied to all property owners within this district. This will help finance adequate police services due to the increase population to be generated by this community.

Should the Community Development Department, developer or construction staff have any questions regarding the listed law enforcement and public safety concerns, please contact Deputy Heather Olsen at (760) 863-8990.

67. The applicant will agree to defend and indemnify the City of Coachella against all claims, actions, damages, and losses, including attorney fees and costs, in the event that anyone files legal challenges to the approval of this project on the basis of the California Environmental Quality Act (CEQA).

68. Applicant shall be subject to further requirement that it participate in the Community Facilities District the City proposes to establish under the Mello-Roos Community Facilities Act of 1982, Section 53311 of the California Government Code, as amended, for all undeveloped property within the boundaries of the City, including the property subject to this development approval (Tentative Tract Map No. 31158), to finance City police and fire services for such undeveloped property. Applicant shall do everything necessary for inclusion of the property subject to this development approval within such District upon its establishment. This development approval is subject to such requirement as a condition subsequent, unless such District is established prior to the effectiveness of such approval, in which case, it shall be a condition precedent.

WHEREAS, the City Council considered Environmental Initial Study 04-07 for compliance with the California Environmental Quality Act, and has determined that the project will not have a significant impact on the environment and has adopted a Mitigated Negative Declaration for the project; and

WHEREAS, Tentative Tract Map No. 31158 is in conformance with the Coachella

Municipal Code, specifically the development standards of the Residential Single Family Development Zone and the Subdivision Ordinance when viewed in conjunction with the conditions that are imposed; and

WHEREAS, the City Council of the City of Coachella finds that this subdivision is consistent with the goals, objectives, policies and implementation measures of the Coachella General Plan 2020 including the Low Density Residential Land Use designation and meets the findings required by the Municipal Code; and

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Coachella, California does hereby approves Tentative Tract Map No. 31158, subject to the findings and conditions recommended by the Planning Commission on August 4, 2004; and

PASSED, APPROVED AND ADOPTED this 25th day of August, 2004, by the following roll call vote:

AYES: Councilwoman Contreras, Councilman De Lara, Councilman Ramirea, Mayor Pro-Tem Villarreal, Mayor Macknicki.

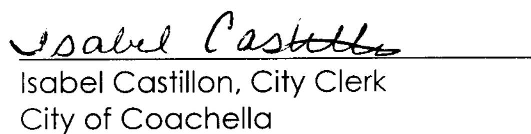
NOES: None.

ABSENT: None.

ABSTAIN:

Richard Macknicki, Mayor
City of Coachella

ATTEST:

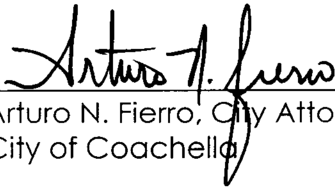


Isabel Castillon, City Clerk
City of Coachella

I hereby certify that the foregoing is a true and correct copy of a resolution, being Resolution No. 2004-62, duly passed and adopted at a meeting of the City Council of the City of Coachella, California, held on August 25, 2004.

Isabel Castillon, City Clerk
City of Coachella

APPROVED AS TO FORM:



Arturo N. Fierro, City Attorney
City of Coachella

ATTACHMENTS

IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

TENTATIVE TRACT MAP NO. 31158

BEING A PORTION OF LOT 7 OF THE COACHELLA LAND & WATER COMPANY'S SUBDIVISION, ALSO BEING IN THE NORTHEAST QUARTER OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN.

Dudek & Associates, Inc
Palm Desert, CA

November, 2003

TENTATIVE TRACT MAP NO. 31158 APPLICANT & DEVELOPER:

NORTH AMERICAN RESIDENTIAL COMMUNITIES, INC
326 W. ARROW HIGHWAY
SAN DIMAS, CA 91773
TEL (909)394-7773
FAX (909)394-7707

OWNER:

CAREFREE HOMES, A LLC, AS TO PARCEL A,
LNH INVESTMENTS COMPANY, INC.,
A UTAH CORPORATION, AS TO PARCEL B
C/O NORTH AMERICAN RESIDENTIAL COMMUNITIES, INC.

ENGINEER (PREPARED BY):

DUDEK & ASSOCIATES, INC.
75-150 SHERYL AVENUE, SUITE "C"
PALM DESERT, CA 92211
TEL (760)341-6660
FAX (760)346-8118

LOT SUMMARY:

RESIDENTIAL LOTS	LOTS 1-115
PUBLIC STREET LOTS	LOTS 11
RETENTION LOTS	LOT 2
TOTAL NUMBER OF LOTS	128

ACREAGE:

PUBLIC STREETS ON-SITE	.8 1 AC.
PUBLIC STREETS OFF-SITE	.2 9 AC.
RESIDENTIAL LOTS	19.2 AC.
MINIMUM LOT SIZE	6,000 S.F.
AVERAGE LOT SIZE PHASE 1	±7,011 S.F.
AVERAGE LOT SIZE PHASE 2	±7,327 S.F.
AVERAGE LOT SIZE PHASE 3	±7,430 S.F.
AVERAGE LOT SIZE OVERALL	±7,263 S.F.
RETENTION LOTS ("L"&"M")	±1.5 AC.
COMBINED NET	±20.7 AC.
GROSS	±29.7 AC
DENSITY	4.5 UNITS/ACRE

ZONING & LAND USE:

EXISTING LAND USE	VACANT
PROPOSED LAND USE	SINGLE FAMILY HOMES
CURRENT ZONING	R-S
PROPOSED ZONING	R-S

LEGAL DESCRIPTION:

PARCEL A:

THE NORTH HALF OF LOT 7 OF COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP ON FILE IN BOOK 4 PAGE 53 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, EXCEPTING THEREFROM THE WEST 20 FEET THEREOF AS GRANTED TO THE COUNTY OF RIVERSIDE FOR HIGHWAY.

EXCEPTING THEREFROM:

THE EASTERLY RECTANGULAR 330 FEET OF THE NORTH-HALF OF LOT 7 OF COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 4 PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL B:

THE SOUTHERLY RECTANGULAR ONE-HALF OF LOT 7 OF THE COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS.

EXCEPTING THEREFROM ANY PORTION THEREOF INCLUDED IN PUBLIC RECORDS.

GENERAL PLAN DESIGNATION

RL

ASSESSOR'S PARCEL No.

765-170-001, 003

UTILITIES:

ELECTRIC	IMPERIAL IRRIGATION DISTRICT (760)398-5811
GAS	SOUTHERN CALIFORNIA GAS COMPANY (800)427-2200
TELEPHONE	VERIZON (800)483-4000
SEWER, WATER	CITY OF COACHELLA (760)398-5744
TELEVISION	TIME WARNER CABLE (760)340-2225

NOTES:

CONTOUR INTERVAL (SOURCE AERIAL TOPOGRAPHY)	1 FOOT
THOMAS BROS. INDEX (RIVERSIDE CO. 2003 ED.)	PG 5531, GRIDS A & B - 1
SCHOOL DISTRICT	COACHELLA VALLEY UNIFIED SCHOOL DISTRICT

VICINITY MAP

CALLE EMPALME

PROPOSED AVENUE 53

PROPOSED FREDRICK STREET

PROPOSED INTERIOR STREET SECTION

PREPARED BY:
DUDEK & ASSOCIATES
Palm Desert Office:
75-150 Sheryl Avenue, Suite C
Palm Desert, CA 92211
Tel. 760.341.6660
Fax 760.346.8118

Exhibit 2. Tentative Tract Map No. 31158

NO FEE FOR RECORDING PURSUANT TO GOVERNMENT CODE SECTION 6103

Order No.
Escrow No.
File No.

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

Housing Authority of the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn: Leah Rodriguez

SPACE ABOVE THIS LINE FOR RECORDERS USE

DISPOSITION AND DEVELOPMENT AGREEMENT
(File No. CSA 3-15-001)

By and Between

THE HOUSING AUTHORITY OF
THE COUNTY OF RIVERSIDE

and

THE COACHELLA VALLEY HOUSING COALITION

for

Tierra Bonita 39 Unit Homeownership Project

Dated August 18, 2015

Approved by

Board of Commissioners Resolution No. 2015-012
and
Board of Supervisors Resolution 2015-144

TABLE OF CONTENTS

ARTICLE 1 SUBJECT OF AGREEMENT 2

Section 1.1 Definitions 2

Section 1.2 Purpose of Agreement 12

Section 1.3 The Authority 12

Section 1.4 Developer 12

Section 1.5 Assignments and Transfers 12

ARTICLE 2 DISPOSITION OF THE PROPERTY 14

Section 2.1 Conveyance of the Property; Purchase Price 14

Sections 2.1.1 Conditions Precedent to Conveyance of Property 14

Section 2.2 Escrow 14

Section 2.3 Possession of Property Upon Close of Escrow 14

Section 2.4 Form of Deed 15

Section 2.5 Condition of Title 15

Section 2.6 Closing Date 15

Section 2.7 Title Insurance 15

Section 2.8 Taxes and Assessments 16

Section 2.9 Occupants of the Property 16

Section 2.10 Condition of the Property 16

Section 2.10.1 Hazardous Substances 16

Section 2.11 Suitability of the Property 17

Section 2.12 Property Access Prior to Close of Escrow 18

Section 2.13 Method of Financing 19

Section 2.13 A Performance Guarantee 19

Section 2.14 Authority Loan 19

Section 2.15 Representations and Warranties 20

Section 2.16 Conditions Precedent to the Close of Escrow for the sale of the Property 21

Section 2.17 Failure of Conditions to Close of Escrow 23

Section 2.18 Post-Closing Conditions and Obligations 24

Section 2.19 Evidence of Financing 26

Section 2.20 Conditions Precedent to the close of Escrow for the Authority Loans 26

ARTICLE 3	DEVELOPMENT OF THE PROPERTY	28
Section 3.1	Land Use Approvals	28
Section 3.1.1	Construction Contracts	28
Section 3.2	Scope of Development	29
Section 3.2 A	Developer Technical Assistance	29
Section 3.3	Basic Concept, Schematic Drawings and Related Documents	29
Section 3.4	Landscaping and Grading Plans	30
Section 3.5	Authority Approval of Plans	30
Section 3.6	Cost of Construction	30
Section 3.7	Project Phasing and Schedule of Performance	31
Section 3.8	Local, State, and Federal Laws	31
Section 3.9	Notice of Non-Responsibility	33
Section 3.10	Nondiscrimination During Construction	33
Section 3.11	Indemnification and Insurance	33
Section 3.12	Disclaimer of Responsibility by the Authority	36
Section 3.13	Rights of Access	37
Section 3.14	Taxes, Assessments, Encumbrances and Liens	37
Section 3.15	Prohibition Against Transfer	37
Section 3.16	No Encumbrances Except Senior Loans	38
Section 3.17	Lender Not Obligated to Construct Improvements	38
Section 3.18	Notice of Default to Lenders; Right of Lender to Cure Defaults	39
Section 3.19	Failure of Lender to Complete Improvements	39
Section 3.20	Right of Authority to Cure Defaults	39
Section 3.21	Right of Authority to Satisfy Other Liens on the Property	40
Section 3.22	Release of Construction Covenants	40
ARTICLE 4	USE OF THE PROPERTY	41
Section 4.1	Uses	41
Section 4.2	Maintenance of the Property	43
Section 4.3	Obligation to Refrain from Discrimination	44
Section 4.4	Effect and Duration of Covenants	45
Section 4.5	Effect of Violation of the Terms and Provisions of this Agreement	46
Section 4.6	Hazardous Substances	46

ARTICLE 5 DEFAULTS, REMEDIES AND TERMINATION 46

Section 5.1 Defaults - General 46

Section 5.2 Institution of Legal Actions 47

Section 5.3 Applicable Law 47

Section 5.4 Acceptance of Service of Process 47

Section 5.5 Rights and Remedies Are Cumulative 47

Section 5.6 Damages 47

Section 5.7 Specific Performance 48

Section 5.8 Termination 48

Section 5.9 Termination by Authority after Closing 48

Section 5.10 Right of Reentry 49

ARTICLE 6 GENERAL PROVISIONS 50

Section 6.1 Notices, Demands and Communications between the Parties 50

Section 6.2 Conflicts of Interest 50

Section 6.3 Nonliability of Authority Officials and Employees 51

Section 6.4 Force Majeure 51

Section 6.5 Inspection of Books and Records 51

Section 6.6 Approvals and Non-Substantive Amendments 51

Section 6.7 Real Estate Commissions 52

Section 6.8 Further Assurances 52

Section 6.9 Construction and Interpretation of Agreement 52

Section 6.10 Time of Essence 53

Section 6.11 No Partnership 53

Section 6.12 Compliance with Law 53

Section 6.13 Binding Effect 53

Section 6.14 No Third Party Beneficiaries 53

Section 6.15 Authority to Sign 53

Section 6.16 Incorporation by Reference 54

Section 6.17 Counterparts 54

ARTICLE 7 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS 54

ARTICLE 8 EFFECTIVE DATE OF AGREEMENT 54

ATTACHMENTS

ATTACHMENT NO. 1 - LEGAL DESCRIPTION
ATTACHMENT NO. 2 - METHOD OF FINANCING
ATTACHMENT NO. 3 - SCHEDULE OF PERFORMANCE
ATTACHMENT NO. 4 - GRANT DEED
ATTACHMENT NO. 5 - SCOPE OF DEVELOPMENT
ATTACHMENT NO. 6 - PROJECT BUDGET
ATTACHMENT NO. 7 - RELEASE OF CONSTRUCTION COVENANTS
ATTACHMENT NO. 8 - PRELIMINARY TITLE REPORT

ATTACHMENT NO. D-1 - ENVIRONMENTAL INDEMNITY
ATTACHMENT NO. D-2 - ASSIGNMENT OF AGREEMENTS
ATTACHMENT NO. D-3 - FORM OF NOTICE OF AFFORDABILITY RESTRICTIONS
ATTACHMENT NO. D-4 - AGREEMENT CONTAINING COVENANTS
ATTACHMENT NO. D-5 - REQUEST FOR NOTICE
ATTACHMENT NO. D-6 - ESCROW AGREEMENT
ATTACHMENT NO. D-7 - RIGHT OF ENTRY
ATTACHMENT NO. D-8 - PERFORMANCE GUARANTY

ATTACHMENT NO. P-1 - AUTHORITY PROMISSORY NOTE
ATTACHMENT NO. P-2 - AUTHORITY DEED OF TRUST
ATTACHMENT NO. P-3 - FORM OF ADDENDUM TO GRANT DEED
ATTACHMENT NO. P-4 - RESALE RESTRICTIONS

DISPOSITION AND DEVELOPMENT AGREEMENT
(Tierra Bonita 39 Unit Homeownership Project)

THIS DISPOSITION AND DEVELOPMENT AGREEMENT ("Agreement") is entered into this 18th day of August, 2015, 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 Coachella Redevelopment Agency ("Authority") and THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation ("Developer"). Authority and Developer are collectively referred to herein as the "Parties" and individually as a "Party."

RECITALS

A. The Coachella Redevelopment Agency ("RDA") located in the County of Riverside ("County"), was duly created pursuant to California Community Redevelopment Law (Health and Safety Code Section 33000 et seq. the "CRL");

B. 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 CRL. As a result of the Dissolution Act, the 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;

C. Pursuant to Health and Safety Code Section 34176, on January 25, 2012, the City of Coachella adopted Resolution No. 2012-10 electing not to retain responsibility for the housing assets and functions of the former RDA thus transferring the housing assets and functions of the former RDA to the Authority;

D. Pursuant to Health and Safety Code section 34176, on June 4, 2013, the Board of Commissioners of the Authority approved that certain Memorandum of Understanding accepting the transfer of housing assets and functions previously performed by the former RDA, excluding any amounts on deposit in the Low and Moderate Income Housing Fund and enforceable obligations retained by the successor agency, ("Asset Transfer"). The Asset Transfer included, among other things, the transfer of a fee interest in that certain real property consisting of approximately 9.308 acres of land located at Avenue 53 and Calle Leandro, in the City of Coachella identified as Assessor Parcel Numbers 768-361-010 through -012, and 768-362-001 through -016, and 768-371-001 through -019, and 768-372-015, as further described in the Legal Description attached hereto as **Attachment No. 1** and incorporated herein by this reference ("Property"). The Property was acquired by the former RDA using 2006 Series A Taxable Housing Bonds;

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

F. Developer is a California nonprofit public benefit corporation engaged in building safe and affordable housing for low-income families;

G. Developer desires to acquire the Property from Authority and subsequently sell the existing thirty-nine (39) Purchaser Parcels (defined below) located on the Property to qualified low income first-time buyers for an affordable sales price, and cause the construction and development of 39 single family homes consisting of approximately 1400 to 1632 square feet, ranging from 3-4 bedrooms each, and a parking garage, pursuant to the Self-Help Method ("Project");

H. To assist with a qualified purchaser's acquisition of a Restricted Unit (defined below), Authority desires to provide financial assistance to the Project in the not to exceed total amount of One Million, One Hundred Eighty Nine Thousand, Eight Hundred Dollars 00/100 ($1,189,800) ("Authority Loan") derived from former Coachella Redevelopment Agency 2006 Series A Taxable Housing Bonds. Each qualified purchaser will receive a portion of the Authority Loan funds in the form of a purchase money loan evidenced by a promissory note and secured by a deed of trust encumbering the subject Purchaser Parcel and Restricted Unit (each defined below); and

I. In furtherance of the public purposes set forth in the Housing Authorities Law and the CRL, and in order to facilitate the Project, the Authority desires to sell the Property to Developer for One Dollar ($1) for the development and construction of the Project, and related improvements and amenities, as more specifically described herein.

NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual covenants and conditions hereinafter set forth, the Authority and Developer hereby do agree as follows:

ARTICLE 1 SUBJECT OF AGREEMENT

Section 1.1 Definitions

For purposes of this Agreement, the following capitalized terms shall have the following meanings:

"Addendum to Grant Deed" means the instrument to be included with all grant deeds from the Developer to Purchasers of the Purchaser Parcels, substantially in the form attached hereto as **Attachment No. P-3,** which is incorporated herein by this reference.

"Affordability Period" shall mean the fifteen (15) year period applicable to each Restricted Unit commencing upon the issuance of the certificate of occupancy for such Restricted Unit constructed pursuant to the Agreement.

"Affiliate" means (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 Housing Resale Restriction(s)" or "Resale Restrictions" means that certain Affordable Housing Resale Restriction, attached hereto as **Attachment No. P-4** and incorporated herein by this reference, to be executed by a Purchaser of a Restricted Unit on or prior to the close of escrow for the conveyance of such unit from Developer to such Purchaser. The Affordable Housing Resale Restrictions shall include, among other things, a first right of refusal in favor of the Authority to the purchased Restricted Unit during the Term, and an equity sharing and recapture provision in favor of the Authority in the event of the sale of such Restricted Unit prior to the expiration of the applicable affordability period (see Section 2.14 below).

"Affordability Restrictions" means the restriction on Developer to sell the Restricted Purchaser Parcels only to Low Income First Time Homebuyers for an Affordable Sales Price as provided in Section 4.1 of this Agreement and the Grant Deed during the Affordability Period, and the restriction on each Purchaser and subsequent owner of each Restricted Unit to sell the Restricted Units only to Low Income Homebuyers for an Affordable Sales Price unless otherwise permitted by the terms of the Addendum to Grant Deed and the Re-Sale Restrictions during the Affordability Period.

"Affordable Housing Cost" means, pursuant to Health and Safety Code Section 50052.5(b)(3), for lower income households the housing cost payments shall not exceed thirty percent (30%) of the gross income of the household times seventy percent (70%) of the Area Median Income as determined by HUD, adjusted for household size appropriate for the Unit. For purposes of this definition, the phrase "adjusted for household size appropriate for the Unit" shall mean a household size equal to the number of bedrooms in the Unit plus one.

"Affordable Sales Price" means that portion of the Sales Price of a Restricted Unit that is equal to the sum of a First Mortgage Loan and any down payment, if applicable, where the total Housing Cost to be paid by the Purchaser does not exceed the Affordable Housing Cost. The Affordable Sales Price shall be established so that payments on the First Mortgage Loan (based on either a 33-year USDA fixed mortgage, or a 30-year conventional fixed mortgage loan, each at prevailing interest rates) will not exceed an Affordable Housing Cost to the buyer when added to all other components of the Housing Cost, as defined in Section 6920 of title 25 of the California Administrative Code.

"AHP Deed of Trust" means the subordinate deed of trust to be recorded against title to a Purchaser Parcel, including the Restricted Unit, which secures an AHP Loan.

"AHP Loan" means a purchase money loan of Federal Home Loan Bank of San Francisco Affordable Housing Program (AHP) funds to be made by Rabobank, NA, to each Purchaser of a Purchaser Parcel. Each such purchase money loan shall be evidenced by a promissory note and secured by, among other things, an AHP Deed of Trust that shall be subordinate to the First

Mortgage Deed of Trust, the CalHome Deed of Trust, Authority Deed of Trust, and Serna Deed of Trust.

"Area Median Income" for purposes of the First Mortgage Loan means the median income of the Riverside-San Bernardino-Ontario area as determined by the USDA, and for purposes of the Authority Loan means the median income of the Riverside-San Bernardino-Standard Metropolitan Statistical Area, adjusted for family size by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act of 1937, as determined by HUD and published from time to time by the California Department of Housing and Community Development.

"Authority Executive Director" or "Executive Director" means the Executive Director of the Housing Authority of the County of Riverside or his or her designee. Authority agrees to provide notice to Developer of the name of the Executive Director's designee on a timely basis, and to provide updates from time to time.

"Authority Deed of Trust" means the deed of trust to be recorded against title to a Purchaser Parcel, including the Restricted Unit to be developed and constructed thereon, which secures an Authority Loan. An Authority Loan Deed of Trust shall substantially conform in form and substance to the Authority Loan Deed of Trust attached hereto as **Attachment No. P-2** and incorporated herein by this reference.

"Authority Loan" means a purchase money loan to be made by Authority to each Purchaser of a Purchaser Parcel, derived from former Coachella Redevelopment Agency 2006 Series A Taxable Housing Bonds, in which Authority is the initial maker of the loan. The Authority Loan is subject to the CRL. Each Authority Loan shall be in original principal amount approximately equal to the positive difference between (a) the estimated sales price of the "as improved" value of a Purchaser Parcel, less the sum of the CalHome Loan, the Serna Loan, the AHP Loan applicable to the Purchaser Parcel, and Sweat Equity, and (b) the Affordable Sales Price. The Authority Loan shall be evidenced by a promissory note and secured by, among other things, an Authority Deed of Trust that shall be subordinate to the First Mortgage Deed of Trust. The amount of each Authority Loan shall be determined by the Authority Executive Director prior to the sale of any Purchaser Parcel in light of all the circumstances at the time, including the availability of other second mortgage loan program funding, it being the intention of the parties that each Authority Loan shall not exceed $50,000 per qualified Purchaser and shall be no less $5,000 per qualified Purchaser. In the event a qualified Purchaser obtains a CalHome Loan, the Authority Loan will be in a junior position subordinate to the First Mortgage Loan and the CalHome Program funded loan. Except in the event CalHome Program funds are utilized to purchase a Purchaser Parcel, the Authority Loan shall only be junior to the First Mortgage Loan. The maximum cumulative amount of Authority Loan proceeds loaned pursuant to this Agreement shall not exceed $1,189,800.

"Authority Promissory Note" means the promissory note in favor of the Authority evidencing an Authority Loan, executed by a qualified Purchaser conforming in form and substance to the Authority Promissory Note attached hereto as **Attachment No. P-1** and incorporated herein by this reference.

"CalHome Deed of Trust" means the subordinate deed of trust to be recorded against title to a Restricted Unit which secures a CalHome Loan.

"CalHome Loan" means a purchase money loan which may be made by Developer to a Purchaser of a Purchaser Parcel using CalHome Program funds. Each such purchase money loan shall be in an amount based on the Purchaser's financial need, which loan shall be evidenced by a promissory note and secured by, among other things, a CalHome Deed of Trust that shall be subordinate to the First Mortgage Deed of Trust and, if permitted by HCD, to the Authority Deed of Trust. The amount of each CalHome Loan shall be determined by the Developer.

"CalHome Program" means that certain CalHome Program administered by the California Department of Housing and Community Development pursuant to Health and Safety Code Section 50650 et seq. and the California Code of Regulations Title 25, Section 7715 et seq.

"City" means the City of Coachella, California.

"Closing" or "Close of Escrow" means with respect to the acquisition of the Property by Developer the point in time when all conditions precedent to such acquisition have been satisfied in accordance with this Agreement.

"Closing Date" means the date on which the Closing has occurred.

"Completion" Means the point in time at which all of the following have been satisfied: (a) issuance of a certificate of occupancy by the City of Coachella for all thirty-nine (39) Restricted Units required to be constructed pursuant to this Agreement, (b) recordation of a Notice of Completion pursuant to Civil Code section 3093, (c) submission to the Authority, of unconditional lien releases or waivers obtained by Developer or Developer's agent, (d) certification by the City of Coachella Inspector that construction of the Improvements (with the exception of minor "punch list" items) has been completed in a good and workmanlike manner and substantially in accordance with the approved plans and specifications; (e) 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; and (f) the Property has been developed in accordance with this Agreement, the Scope of Development and plans approved by the Authority pursuant to this Agreement.

"Conditions" means, with respect to the Property, the condition of the soil, geology, the presence of known or unknown faults or defects, or Hazardous Substances, the suitability of the Property for its intended uses, or the condition of any related public improvements.

"Construction Financing Event" means the close of escrow in connection with the sale of Purchaser Parcels to qualified Purchasers by the Developer and the recording in the Official Records of the First Mortgage Deed of Trust, CalHome Deed of Trust, Authority Deed of Trust, Serna Deed of Trust, and AHP Deed of Trust, as applicable, as liens against a Purchaser Parcel as required herein. Pursuant to this Agreement, the sale, construction and development of the Purchaser Parcels shall occur in three (3) phases within the time frames set forth in the Schedule of Performance, as such there shall be three separate Construction Financing Events which shall occur upon the close of escrow of the final Purchaser Parcel in each phase.

"Construction Loan" means the First Mortgage Loan made to a qualified Purchaser by the USDA at the time of the Construction Financing Event, secured against a Restricted Unit by the First Mortgage Loan Deed of Trust. The Construction Loan will convert to a permanent loan when the final disbursement of Construction Loan funds is made.

"Construction Lender" means the USDA.

"Construction Loan Deed of Trust" means the deed of trust securing the Construction Loan that is first in priority.

"County" means the County of Riverside, a political subdivision of the State of California.

"DDA" or "Agreement" means this Disposition and Development Agreement by and between the Authority and the Developer which shall be recorded in the Official Records on title to the Property, including each Purchaser Parcel and their respective Restricted Units, and shall remain on title for the Term.

"Developer" means The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation and any assignee of or successor to its rights, powers and responsibilities permitted by this Agreement.

"Development Costs" means all costs which are actually incurred by Developer and all qualified Purchasers for the acquisition of the Property and the financing, design, development and construction of the Project, including, but not limited to each Restricted Unit required to be constructed pursuant to this Agreement, and shall include, without limitation, all of the items of cost set forth in the Project Budget and similar costs, fees and expenses as approved in writing by the Authority Executive Director.

"Escrow Instructions" or "Escrow Agreement" means escrow instructions prepared on behalf of the Authority relating to the sale of the Property to Developer.

"First Mortgage Deed of Trust" means, upon the sale of a Purchaser Parcel to a Purchaser, the first priority deed of trust which secures the First Mortgage Loan.

"First Mortgage Loan" means a loan made by the USDA to a Purchaser to be used to pay a portion of the construction costs of the Restricted Unit to be constructed on a Purchaser Parcel which, upon the sale of a Purchaser Parcel to a Purchaser, shall be secured by a first deed of trust and other security instruments having a lien on the Purchaser Parcel, including the Restricted Unit developed and constructed thereon, that is senior in priority to the lien of all other financing permitted under this Agreement. The First Mortgage Loan is a USDA 502 Loan governed by the Housing Act of 1949 as amended (7 CFR Part 3550 et seq.). Pursuant to 7 CFR Section 3550.63 (a)(3), the maximum USDA loan limit for self-help housing will be calculated by adding the total of the market value of the Purchaser Parcel (including reasonable and typical costs of site development), the cost of construction, and the value of Sweat Equity.

"First Time Homebuyer" means an individual and spouse, partner or family member who have not owned a home during the three (3)-year period immediately preceding the purchase of

the Restricted Unit, except that an individual may not be excluded from consideration as a First Time Homebuyer on the basis that the individual owns or owned, as a principal residence during the 3-year period immediately preceding the purchase of the Restricted Unit, a dwelling unit whose structure is not permanently affixed to a permanent foundation in accordance with local or other applicable regulations.

"Force Majeure" or "Force Majeure Event" means any of the following events, provided that it actually delays and interferes with the timely performance of the matter to which it applies and despite the exercise of diligence and good business practices is or would be beyond the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Authority shall not excuse performance by the Authority); or the imposition of any applicable moratorium by a Governmental Authority; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge of the event, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event.

"Force Majeure Delay" means any delay in taking any action required by this Agreement, proximately caused by the occurrence of any Force Majeure Event.

"Governmental Approvals" means and include any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Authority in order to commence and complete the construction of the Project.

"Governmental Authority" means the United States, the State of California, the City of Coachella, County of Riverside or any other political subdivision in which the Property is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Property.

"Grant Deed" means the instrument by which the Authority will convey title to the Property to Developer, substantially in the form attached hereto as **Attachment No. 4**, which is incorporated herein by this reference.

"Hazardous Substances" shall have the meaning set forth in the Environmental Indemnity.

"HCD" means the California Department of Housing and Community Development.

"Housing Cost" shall have the meaning set forth in Title 25 California Administrative Code Section 6920.

"HUD" means the United States Department of Housing and Urban Development.

"Improvements" means 39 new residential single-family homes, 33 homes of which shall have four bedrooms and a minimum of 1,600 square feet, and 6 homes of which shall have three bedrooms and a minimum of 1,400 square feet, to be constructed on the Property with related infrastructure, parking, and common areas, all in accordance with this Agreement, and as more specifically described in the Scope of Development attached hereto as **Attachment No. 5** and incorporated herein by this reference, and any other plans and/or specifications approved by Governmental Authorities in connection with the Project.

"Lender" or "Senior Lender" means the USDA or any other owner or holder of a mortgage permitted by this Agreement.

"Low Income" or "Low Income Household" for purposes of the First Mortgage Loan shall have the meaning given by the USDA, and for purposes of the Authority Loan shall have the meaning set forth in Health and Safety Code Section 50079.5. If the California Department of Housing and Community Development discontinues publishing the Low Income limits, the term "Low Income" shall mean a household income that does not exceed 80% of the area median income for the County of Riverside, adjusted by family size.

"Method of Financing" shall mean the document attached to this Agreement as **Attachment No. 2**, which is incorporated herein by this reference.

"Mutual Self Help Housing Loan Program" means the Section 502 Mutual Self-Help Housing Loan program used primarily to help very low- and low-income households construct their own homes. Families participating in a mutual self-help project perform a substantial amount of the construction labor on their own and each other's homes under qualified supervision. Developer, a non-profit corporation, is the sponsor of the mutual self-help housing Project which is the subject of this Agreement and acts as technical assistance provider to the qualified Purchasers utilizing the Self Help Method.

"Mortgagee" shall mean any maker of a Permitted Mortgage Loan to a qualified Purchaser.

"Notice of Affordability Restrictions" means the Notice of Affordability Restrictions in form as attached hereto as **Attachment No. D-3**.

"Official Records" means the Official Records of the Office of the County Recorder for the County of Riverside, California.

"Performance Guaranty" means the form of Performance Guaranty attached hereto as **Attachment No. D-8** and incorporated herein by this reference wherein Developer guarantees the development and construction of the Project, including, but not limited to the development and construction of each Restricted Unit pursuant to this Agreement, including all attachments hereto, and any other plans and/or specifications approved by Governmental Authorities in connection with the Project.

"Permitted Exceptions" means those encumbrances, liens, taxes, assessments, easements, rights of way, leases, covenants, agreements or other exceptions affecting title to the Property as of the date of recordation of the Grant Deed which are approved in Section 2.5 below or otherwise in writing by the Developer as set forth in that certain Developer approved Preliminary Title Report for the Property issued by Chicago Title Insurance Company dated July 1, 2015 and attached hereto as **Attachment No. 8**. Although the Preliminary Title Report was issued by Chicago Title Insurance Company, the parties will use the Lawyer's Title Company to close this transaction, and the Permitted Exceptions to the Preliminary Title Report to be issued by the Title Company shall be the same as set forth in Section 2.5 and the Preliminary Title Report issued by Chicago Title Insurance Company which is attached.

"Permitted Mortgage" shall mean and include: (i) any conveyance of a security interest in the Property to one or more Mortgagees to secure any loan to finance the Project as required or permitted by this Agreement; and (iii) the conveyance of title to the Mortgagee or its assignee in connection with a foreclosure or a deed in lieu of foreclosure of such loan.

"Permitted Mortgagee" shall mean the maker of any Permitted Mortgage Loan.

"Permitted Mortgage Loan" shall mean the obligations secured by a Permitted Mortgage.

"Permitted Transfer" means assignment of all or any part of this Agreement or any right therein, or the sale, agreement to sell, transfer, conveyance or assignment of the Property or any portion thereof or interest therein to any of the following:

(1) A partnership or limited liability company in which Developer, or an entity controlled by Developer, is the managing general partner or managing member and is in control thereof;
(2) The admission of additional new general or limited partners or members, or the substitution or deletion of partners or members to any such partnership or limited liability company set forth in clause a. above, so long as Developer or an entity controlled by Developer continues in control;
(3) A corporation that is wholly owned and that is controlled by Developer or an entity controlled by Developer;
(4) The granting of easements, licenses or permits to facilitate the development of the Property;
(5) The transfer or conveyance of all or any portion of the Property by foreclosure or deed of trust or by transfer in-lieu-of foreclosure to a Lender; and
(6) A Purchaser in connection with the sale for occupancy of any Purchaser Parcel or Restricted Unit in conformance with this Agreement.

Any transfer described in clauses (1) through (5) shall be subject to the reasonable approval of documentation by the Authority Executive Director or designee. Any sale for occupancy of a

Restricted Unit, as described in clause (6), shall be subject to the approval of the Authority Executive Director in accordance with this Agreement.

"Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

"Plans" means any architectural and construction plans and drawings prepared on behalf of Developer for the Project in accordance with this Agreement.

"Project" means the acquisition of the Property by Developer and the subsequent conveyance by Developer of each Purchaser Parcel located on the Property to qualified Purchasers for an Affordable Sales Price and the development and construction thereon of the Improvements by the qualified Purchasers with the assistance of Developer under the Self Help Method, pursuant to this Agreement, including, but not limited to the Scope of Development attached hereto as **Attachment No. 5**.

"Project Budget" means the schedule of sources and uses of funds to pay Development Costs attached to this Agreement as **Attachment No. 6**, incorporated herein by this reference.

"Property" means that certain real property consisting of approximately 9.308 acres of land located at Avenue 53 and Calle Leandro, in the City of Coachella identified as Assessor Parcel Numbers 768-361-010 through -012, and 768-362-001 through -016, and 768-371-001 through -019, and 768-372-015, as further described in the Legal Description attached hereto as **Attachment No. 1** and incorporated herein by this reference.

"Purchaser" means any qualified Low Income person or household who is also a qualified First Time Homebuyer and the initial purchaser of a Restricted Unit from Developer. Each subsequent purchaser of a Restricted Unit from the initial Purchaser shall be a qualified Low Income Household but is not required to be a First Time Homebuyer.

"Purchaser Parcel" means one of the existing thirty-nine (39) subdivided parcels located on the Property which shall be sold to and occupied exclusively by Low Income Purchasers who are First Time Homebuyers. A Restricted Unit shall be developed and constructed on a Purchaser Parcel as required herein.

"Release of Construction Covenants" means the certificate to be issued by the Authority upon Completion and recorded in the Office of the County Recorder of the County of Riverside, in accordance with Section 3.22 of this Agreement.

"Restricted Units" means each of the 39 newly constructed single-family homes to be located on a Purchaser Parcel within the Project, which shall be sold exclusively to and occupied exclusively by Low Income Purchasers who are First Time Homebuyers.

"Right of Entry Agreement" means that agreement substantially in form attached hereto as **Attachment No. D-7** and incorporated herein by this reference.

"Sales Price" means the total purchase price paid by a Purchaser to Developer for the Purchaser Parcel (using the "as improved value"), consisting of the First Mortgage Loan, the CalHome Loan, the Authority Loan, the Serna Loan, the AHP Loan and the Purchaser's Sweat Equity.

"Serna Deed of Trust" means the subordinate deed of trust to be recorded against title to a Purchaser Parcel, including the Restricted Unit, which secures a Serna Loan.

"Serna Loan" means a purchase money loan of Joe Serna Jr. Farmworker Housing Grant Program funds which may be made by HCD to each Purchaser of a Purchaser Parcel. Each Serna Loan shall be in original principal amount based on financial need and shall be evidenced by a promissory note and secured by, among other things, Serna Deed of Trust that shall be subordinate to the First Mortgage Deed of Trust, the CalHome Deed of Trust and the Authority Deed of Trust.

"Self Help Method" shall mean the finance and construction method offered by the USDA Mutual Self Help Housing Program wherein qualified Purchasers contribute labor to the construction of a Restricted Unit, which labor is calculated as Sweat Equity.

"Senior Loan" means the source of financing in the form of a Construction Loan, a permanent loan or any other loan, credit enhancement or construction period guaranty facility secured by a deed of trust or other instrument against the Property.

"Schedule of Performance" means the schedule attached hereto as **Attachment No. 3** and incorporated herein by this reference.

"Scope of Development" means the Scope of Development attached hereto as **Attachment No. 5** and incorporated herein by this reference.

"Sweat Equity" means no fewer than 500 hours of labor contributed by the qualified Purchaser, individually or in a group, during the construction phase in order to provide a decent, safe and sanitary homeownership unit for themselves, their families and others authorized to occupy the homes. This labor contribution has a monetary value and is considered a sweat-equity down payment by the USDA under the Mutual Self Help Housing Program contributing to the value of the First Mortgage Loan.

"Term" means the term of this Agreement, which shall be the period of forty-five (45) years from the date of recordation of the Release of Construction Covenants in the Official Records.

"Title Company" means Lawyers Title Insurance Corporation, or another title insurance company mutually agreed upon by the Authority Executive Director and Developer.

"Transfer" means the assignment of all or any part of this Agreement or any right herein, or the sale, agreement to sell, transfer, conveyance, or assignment of the Property or any portion thereof or interest therein, other than a Permitted Transfer.

"USDA" means the United States Department of Agriculture.

Section 1.2 Purpose of Agreement

The Authority owns the Property. The purpose of this Agreement is to effectuate the Redevelopment Plan for the City of Coachella Redevelopment Project Area 3 by conveying the Property to Developer and Developer's subsequent sale of each Purchaser Parcel located on the Property for an Affordable Sales Price to qualified Purchasers, and the construction and development thereon of thirty-nine (39) Restricted Units, consisting of 33 4-bedroom units and 6 3-bedroom units with related amenities and parking pursuant to the Self-Help Method, as more specifically described in this Agreement. It is anticipated that the Project will be sold to qualified Purchasers and developed in three phases, with 13 Restricted Units to be constructed in the first phase, 13 Restricted Units to be constructed in the second phase, and 13 Restricted Units to be constructed in the third phase. The development, sale and use of the Property pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the County of Riverside and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state, and local laws.

Section 1.3 The Authority

(a) The Authority is a public entity, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authorities Law of the State of California (California Health and Safety Code § 34200 et seq.). The Authority is also the "housing successor" to the former Redevelopment Agency of the County of Riverside pursuant to California Health and Safety Code Section 34176. The principal office of the Authority is located at 5555 Arlington Avenue, Riverside, California 92504.

(b) "Authority" as used in this Agreement includes the Housing Authority of the County of Riverside, California and any assignee of or successor to its rights, powers and responsibilities.

Section 1.4 Developer

Developer is The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation. The principal address of Developer for purposes of this Agreement is 45-701 Monroe Street, Suite G, Indio, California 92201. Whenever the term "Developer" is used herein, it shall mean and include the Developer as of the date of this Agreement, and any assignee of or successor to the rights, powers and responsibilities of Developer permitted by this Agreement.

Section 1.5 Assignments and Transfers

(a) Developer represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping the Property and providing affordable for sale housing for Low Income Households, and not for speculation in land holding. Developer further recognizes that the qualifications and identity of Developer are of particular concern to the Authority, in light of the following: (1) the importance of the development of the Property to the general welfare of

the community; (2) the public assistance that has been made available by law and by the government for the purpose of making such redevelopment possible; and (3) the fact that a change in ownership or control of Developer or any other act or transaction involving or resulting in a significant change in ownership or control of Developer, is for practical purposes a transfer or disposition of the property then owned by Developer. Developer further recognizes that it is because of such qualifications and identity that the Authority is entering into the Agreement with Developer. Therefore, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement except as expressly permitted herein.

(b) Prior to Completion, Developer shall not assign all or any part of this Agreement, or any interest herein, without the prior written approval of the Authority. Subject to review of documentation effectuating any such proposed assignment or transfer, the Authority agrees to reasonably give such approval if the assignment is a Permitted Transfer.

(c) For the reasons cited above, Developer represents and agrees for itself and any successor in interest that prior to Completion, without the prior written approval of the Authority, there shall be no significant change in the ownership of Developer or in the relative proportions thereof, or with respect to the identity of the parties in control of Developer or the degree thereof, by any method or means, except Permitted Transfers.

(d) Any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer, other than certain Permitted Transfers, shall require the written approval of the Authority, which shall not be unreasonably withheld. To the extent Authority approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, Authority shall base its decision upon the relevant experience, financial capability and reputation of the proposed assignee or transferee and the effect, if any, of such proposed transfer on the public purposes of this Agreement. In addition, Authority shall not approve any assignment or transfer of this Agreement or any interest herein or significant change in ownership of Developer that results in payment of consideration to any Person prior to the issuance of the Release of Construction Covenants for the Property and that is not conditioned upon the issuance of the Release of Construction Covenants.

(e) Developer shall promptly notify the Authority of any and all changes whatsoever in the identity of the parties in control of Developer or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information. Except for Permitted Transfers, this Agreement may be terminated by the Authority if there is any significant change (voluntary or involuntary) in membership, management or control, of Developer (other than such changes occasioned by the death or incapacity of any individual) prior to Completion. In the event, prior to Completion, of the death or incapacity of any individual who controls Developer or the managing member of Developer, any resulting change in the management of the Improvements or the control of the day-to-day operations of the Property and the Improvements shall be subject to the approval of the Executive Director or designee, which approval shall not be unreasonably withheld, conditioned or delayed.

(f) Permitted Transfers and any other assignments or transfers approved by the Authority shall be evidenced by the Developer's, assignee's, and Authority's execution of an assignment and assumption agreement substantially approved as to form and substance by the

Authority and Authority's general counsel.

(g) The restrictions of this Section 1.5 shall terminate upon Completion.

ARTICLE 2 DISPOSITION OF THE PROPERTY

Section 2.1 Conveyance of the Property; Purchase Price

At such time as all conditions precedent to the conveyance of the Property have been satisfied, as set forth herein and in the Method of Financing (**Attachment No. 2**), Authority shall convey the Property to Developer in consideration for a purchase price of One Dollar ($1.00) and on such other terms and conditions as are contained herein.

Section 2.1.1 Conditions Precedent to Conveyance of Property

Subject to the notice and cure provisions of Section 5.1 and to the enforced delay provisions of Section 6.4 of this Agreement, the Authority at its option may terminate this Agreement pursuant to Section 5.8 if any of the conditions precedent set forth herein and in the Method of Financing (**Attachment No. 2**) are not satisfied by the Developer or waived in writing by the Authority within the time limits set forth in the Schedule of Performance (**Attachment No. 3**).

Section 2.2 Escrow

The Developer agrees to open an escrow for the conveyance of the Property with the Title Company or with any other licensed escrow company first approved by the Authority and Developer ("Escrow Agent"), no later than the date established therefor in the Schedule of Performance. No later than the time provided in the Schedule of Performance, the Authority shall cause to be prepared and shall deliver the Escrow Instructions to the Escrow Agent. The Authority's Executive Director and the Developer shall provide such additional or amended escrow instructions as may be necessary to close the escrow with respect to the conveyance of the Property, and consistent with this Agreement.

Section 2.3 Possession of Property Upon Close of Escrow

(a) Conveyance of the Property shall occur on or before the date set forth in the Schedule of Performance (**Attachment No. 3**), or such later date as mutually agreed to in writing by the Authority and Developer and communicated in writing to the Escrow Agent pursuant to Section 2.2 herein; provided, however, it is the mutual intention and desire of the Authority and Developer to close Escrow expeditiously but in all events before September 1, 2015. The Authority and Developer agree to perform all acts necessary to convey title in sufficient time for escrow to be closed in accordance with the foregoing provisions.

(b) Possession of the Property shall be delivered to Developer concurrently with the Close of Escrow, except that access and entry may be granted before the Close of Escrow as permitted pursuant to Section 2.12 of this Agreement.

Section 2.4 Form of Deed

The Authority shall convey title to the Property to Developer in the condition provided in Section 2.5 of this Agreement, by Grant Deed substantially conforming in form and substance to the form of Grant Deed attached hereto as **Attachment No. 4** and incorporated herein by this reference.

Section 2.5 Condition of Title

The Authority shall convey to the Developer the Property free and clear of all liens, encumbrances, covenants, restrictions, easements, leases, taxes and other defects; except those which are set forth in this Agreement and included in the Grant Deed and Agreement Containing Covenants, and those which are otherwise consistent with this Agreement and which are acceptable to the Developer. Developer hereby approves of Exception Nos. 3, 4, 5, 6, 8 and 10 for the Property set forth in that certain Chicago Title Insurance Company Preliminary Title Report dated July 1, 2015 and attached hereto as **Attachment No. 8** and incorporated herein by this reference.

Section 2.6 Closing Date

Subject to any mutually agreed-upon extension of time, the parties shall use their best efforts to satisfy all conditions precedent to the Closing prior to the date specified therefor in the Schedule of Performance. The Authority shall not be obligated to convey the Property to Developer unless all the conditions set forth herein and in the Method of Financing as conditions precedent to Closing have been satisfied, and such conditions precedent shall be satisfied on or before the date established for the conveyance of the Property to Developer in the Schedule of Performance.

Section 2.7 Title Insurance

(a) Concurrently with the recordation of the Grant Deed, Title Company shall provide and deliver to Developer an Owner's Title Insurance Policy, issued by the Title Company insuring that the fee interest to be conveyed is vested in Developer in the condition required by Section 2.5 of this Agreement ("Owner's Title Policy"). The Title Company shall provide Authority with a copy of the Owner's Title Policy. The Owner's Title Policy shall be in the amount specified by Developer.

(b) If Developer elects to secure an A.L.T.A. owner's policy or to secure an A.L.T.A. lender's policy for the benefit of any lender for which a mortgage will or is intended to be granted covering the Property as permitted by the terms of this Agreement, Authority shall cooperate with Developer, at no cost to Authority, to obtain such policies by providing surveys and engineering studies in its possession which relate to or affect a condition of title or a geological condition. In providing such surveys and engineering studies, Authority does not warrant the accuracy or sufficiency of such material. The responsibility of Authority assumed by this paragraph is limited to cooperating in good faith with Developer. Authority shall have no obligation to incur any cost or to take any action necessary to obtain an A.L.T.A. policy.

(c) Developer shall pay for all premiums for all title insurance policies and coverage and special endorsements with respect to the Property. The Authority shall not be responsible for paying any title insurance costs or premiums.

(d) Concurrently with the sale of each Purchaser Parcel by Developer to a qualified Purchaser and as a condition precedent to each Construction Financing Event, Title Company shall also provide and deliver to Authority an ALTA Lender's Title Insurance Policy, issued by the Title Company insuring that the Authority Deed of Trust on such Purchaser Parcel is in a second or third priority lien position on such parcel, subordinate only to the First Mortgage Loan Deed of Trust (and, if applicable, to the CalHome Deed of Trust) encumbering each Purchaser Parcel ("Lender's Title Policy"). Each Lender's Title Policy shall be in the amount of the Authority Loan made to such Purchaser, but in no event shall the cumulative amount of each such policy be less than $1,189,800.

Section 2.8 <u>Taxes and Assessments</u>

Ad valorem taxes imposed on the Property as to any period prior to the Closing shall be borne by the Authority. All ad valorem taxes imposed on the Property as to any period after the Closing shall be the sole responsibility of and paid by Developer.

Developer acknowledges and agrees that Authority is relieved of any responsibility for payment of any and all assessments (but not ad valorem taxes) levied against the Property, including, but not limited to assessments levied by the City of Coachella Landscape and Maintenance District and/or the Coachella Valley Water District, ("Assessments") which became due and payable prior to the close of escrow conveying the Property to Developer and/or became due and payable after the close of escrow conveying the Property to Developer. Developer further acknowledges and agrees that Developer shall pay any and all past due or current Assessments due and owing in connection with the Property whether or not Developer owned fee title to the Property when such Assessment was levied, accrued and/or became due. Subject to prior review and approval by Authority, County Counsel and/or Bond Counsel selected by Authority, in their sole discretion, and subject to a legal determination by County Counsel and/or Bond Counsel selected by Authority that the Authority Loan funds may legally be used to pay for such Assessments without negatively impacting Authority, no more than a cumulative total of $300,000 in Authority Loan funds may be used to pay all such Assessments, if any.

Section 2.9 <u>Occupants of the Property</u>

The Authority warrants and agrees that title to the Property shall be conveyed free of any possession and any right of possession except that of Developer, except as expressly waived in writing by Developer in writing, and the Permitted Exceptions.

Section 2.10 <u>Condition of the Property</u>

Section 2.10.1 <u>Hazardous Substances</u>

(a) "Hazardous Substance," as used in this Agreement means 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.

(b) Developer hereby represents and warrants that the development, construction and uses of the Property permitted under this Agreement (i) will comply with all applicable environmental laws; and (ii) do not require the presence of any Hazardous Substance on the Property.

(c) Within seven (7) business days of request by Developer, Authority shall deliver to Developer, if not previously delivered, all documents relevant to the condition of the Property within the Authority's possession or control, including, without limitation, a preliminary title report with underlying exceptions, environmental reports, studies, surveys, and all other relevant documents within the Authority's possession or control (collectively referenced as "Documents"). Authority does not warrant the accuracy of these Documents or that these Documents constitute all documents that may exist regarding the conditions of the Property, and that Developer has been cautioned to conduct its own inquiry to determine if more information is available.

Section 2.11 <u>Suitability of the Property</u>

(a) Subject to the Right of Entry Agreement (**Attachment No. D-7**), prior to Closing, Developer shall have the right to engage, at its sole cost and expense, its own environmental consultant ("Developer's Environmental Consultant"), to make such investigations as Developer deems necessary, including without limitation any "Phase 1" and/or "Phase 2" investigations of the Property or any portion thereof, and to perform or cause any other consultants to perform any other desired due diligence investigations, and the Authority shall promptly be provided a copy of all reports and test results provided by Developer's Environmental Consultant (the "Environmental Reports").

(b) The Property shall be delivered from Authority to Developer in an "as is" physical condition, with no warranty, express or implied by Authority 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 Property is not in all respects entirely suitable for the use or uses to which such Property will be put, then it is the sole responsibility and obligation of Developer to place the Property in all respects in a condition entirely suitable for the development thereof, solely at Developer's expense.

(c) Effective upon Closing, Developer agrees to indemnify, defend and hold harmless the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives, in accordance with the Environmental Indemnity (**Attachment No. D-1**).

(d) On and after the Effective Date of this Agreement, Developer hereby waives, releases and discharges the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives, 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 Authority's or Developer's use, maintenance, ownership or operation of the Property, any Hazardous Substances on the Property, or the existence of Hazardous Substances contamination in any state on the Property, however the Hazardous Substances came to be placed there, except that arising out of the gross negligence or willful misconduct of the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives. Developer 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 2.11, Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

Section 2.12 <u>Property Access Prior to Close of Escrow</u>

Beginning on the Effective Date of this Agreement and ending at the Closing, Developer and representatives of Developer shall have the right of access to and entry upon the Property at all reasonable times, in accordance with the terms and conditions of the Right of Entry Agreement, which is attached hereto and incorporated herein by this reference as **Attachment No. D-7**, for the purpose of obtaining data and making surveys and tests necessary to carry out this Agreement.

Section 2.13 Method of Financing

The Project shall be financed with a combination of sources of financing, including, but not limited to the First Mortgage Loan, CalHome Loan, Authority Loan, Serna Loan, AHP Loan, and Sweat Equity, as provided in the Method of Financing, attached hereto as **Attachment No. 2** and incorporated herein by this reference. Developer is responsible for all costs to complete and/or cause the completion of the construction and development of the Improvements on the Project pursuant to this Agreement and the Scope of Development.

Section 2.13 A Performance Guaranty

As a condition precedent to the Close of Escrow, Developer shall execute in favor of the Authority a Performance Guaranty, substantially conforming in form and substance to the Performance Guaranty attached hereto as **Attachment No. D-8** and incorporated herein by this reference, guaranteeing the timely completion of the development and construction of the Project by Developer as required in this Agreement. The Performance Guaranty shall automatically terminate and be of no further force or effect upon the Completion of the Project.

Section 2.14 Authority Loan

(a) In accordance with and subject to the terms and conditions of this Agreement, including the Method of Financing (**Attachment No. 3**), the Authority agrees to provide financial assistance to each qualified Purchaser to be used to pay a portion of the sales price for a Purchaser Parcel provided the cumulative total amount of financial assistance provided by the Authority hereunder does not exceed ONE MILLION ONE HUNDRED EIGHTY NINE THOUSAND AND EIGHT HUNDRED DOLLARS ($1,189,800) which is the amount of the Authority Loan. Each purchase money loan to a qualified Purchaser derived from the Authority Loan funds shall be evidenced by an Authority Promissory Note with a forty-five (45) year term (**Attachment No. P-1**), and repayment shall be secured by the Authority Deed of Trust (**Attachment No. P-2**) and Resale Restrictions (**Attachment No. P-4**). The Authority Loan proceeds shall be disbursed to qualified Purchasers upon the satisfaction of the conditions precedent set forth in Section 2.20 of this Agreement.

(b) The parties acknowledge and agree that the Authority Loan is intended to be gap assistance, not to exceed the amount needed to bridge the gap between the total Development Cost (as defined herein and in the Method of Financing) and the maximum loans obtainable by Developer. In furtherance of this acknowledgement, Developer agrees to the following conditions ("Conditions"):

i. The maximum amount of the Authority Loan shall not exceed ONE MILLION ONE HUNDRED EIGHTY NINE THOUSAND AND EIGHT HUNDRED DOLLARS ($1,189,800). If there are any increases in Project's funding gap due to development cost increases, the additional gap shall be funded by Developer through other non-Authority sources.

ii. The proceeds of the Authority Loan shall be used exclusively to provide purchase money loans to qualified Purchaser's in such amount to be determined by the Authority Executive Director.

iii. The proceeds of the Authority Loan shall be disbursed to the qualified purchase's as follows:

a. After all other funding sources for the Project as identified in the Method of Finance and herein have been fully disbursed for a particular phase, except for any retention required by USDA in connection with the First Mortgage Loan, and as required by AHP in connection with the AHP Loan, if any, Authority will disburse a portion of the Authority Loan in the amount of One Hundred and Sixty Six Thousand Dollars ($166,000.00) per phase (with the intent that the Project will be developed in three phases).

b. The balance of the Authority Loan funds will be disbursed in three equal installments, with one installment being made at the time that all the Restricted Units in each phase have received a certificate of occupancy from the City of Coachella.

(c) Each Authority Promissory Note shall have the following recapture provisions in the event of the sale of a Restricted Unit:

a. Year 1 to 15 of the Authority Promissory Note term: as a condition to the sale, the Authority shall recapture a share of the "Owner's Equity" upon the sale of each Restricted Unit pursuant to the formula set forth in the Authority Promissory Note, Addendum to Grant Deed and the Resale Restrictions.

b. Year 16 to 45 of the Authority Promissory Note term: as a condition to the sale, the Authority shall recover, at a minimum, the entire original principal amount of the Authority Promissory Note provided to such qualified Purchaser.

Section 2.15 <u>Representations and Warranties</u>

(a) As an inducement to the Authority to enter into this Agreement and consummate the transactions described herein, Developer hereby represents and warrants to the Authority, which representations and warranties are true and correct as of the date of this Agreement and which shall survive the Close of Escrow:

(1) The Developer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to satisfy all obligations of the Developer in this Agreement or in any instrument or document referred to herein (referred to collectively as the "Developer's Obligations");

(2) This Agreement and all documents required hereby to be executed by Developer are, and shall be, valid, legally binding obligations of and enforceable against Developer in accordance with their terms, subject only to applicable bankruptcy, insolvency,

reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the rights of contracting parties generally;

(3) There is no charter, bylaw, or capital stock provision of Developer, and no provision of any indenture, instrument, or agreement, written or oral, to which Developer is a party or which governs the actions of Developer or which is otherwise binding upon Developer or Developer's property, nor is there any statute, rule or regulation, or any judgment, decree, or order of any court or agency binding on Developer or Developer's property which would be contravened by the execution, delivery or performance of any of Developer's Obligations;

(4) There is no action, suit, or proceeding at law or in equity or by or before any governmental instrumentality or other agency now pending, or, to the knowledge of Developer, threatened against or affecting Developer, or any properties or rights of Developer, which, if adversely determined, would materially impair the right of Developer to execute or perform any of the Developer's Obligations, or would materially adversely affect the financial condition of Developer;

(5) Neither the execution and delivery of this Agreement, including any attachments hereto or documents related to this Agreement, nor the incurrence of the Developer's Obligations, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreements or instruments to which Developer is a party;

(6) No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings are pending or threatened against Developer, nor are any of such proceedings contemplated by Developer;

(7) All reports, documents, instruments, information and forms of evidence delivered to the Authority concerning or required by this Agreement are accurate, correct and sufficiently complete to give the Authority true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission; and

(8) No representation, warranty or statement of Developer in this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

Developer's representations and warranties made in this Section 2.15 shall be continuing and shall be true and correct as of the date of the Close of Escrow with the same force and effect as if remade in a separate certificate at that time. The truth and accuracy of the Developer's representations and warranties made herein shall constitute a condition for the benefit of the Authority to the performance of the Authority's obligations hereunder.

Section 2.16 <u>Conditions Precedent to the Close of Escrow for the Sale of the Property</u>

The Close of Escrow is conditioned upon the occurrence of each of the following conditions on or prior to the scheduled Closing Date as set forth in the Schedule of Performance (**Attachment No. 3**), unless otherwise waived in writing by the Authority:

1. Developer shall have duly performed each and every obligation to be performed by Developer hereunder prior to the Close of Escrow and Developer's representations,

warranties and covenants set forth in this Agreement shall be true and correct as of the date of the Close of Escrow;

2. Developer shall have delivered to Authority a copy of all loan commitments (or, with respect to the First Mortgage Loan, other evidence reasonably satisfactory to the Authority) relating to the First Mortgage Loan, CalHome Loan, Serna Loan, and AHP Loan, including a final project budget approved by each of the respective Lenders, certified by Developer to be a true and correct copy or copies thereof;

3. Developer shall not be in default under this Agreement;

4. All tax default liens on the Property as identified in the Preliminary Title Report issued by Chicago Title Insurance Company attached hereto as **Attachment No. 8**, have been removed as liens from title to the Property, at no cost to Developer, and the Title Company is prepared to issue an Owner's title policy absent such liens as an exception.

5. Developer shall have submitted and Authority shall have approved construction drawings;

6. Developer shall have delivered to the Authority final revisions to the Project Budget (**Attachment No. 6**), which have been approved by the Authority Executive Director, demonstrating to the satisfaction of the Authority the availability of sufficient funds to pay all Development Costs ("Final Project Budget");

7. The Title Company shall be committed to issue the Owner's Title Policy to the Developer;

8. Developer shall have submitted to the Authority evidence of the insurance policies required by this Agreement;

9. Developer shall have delivered documentation relating to the corporate, partnership, limited liability or other similar status of Developer 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 this Agreement 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;

10. Escrow Agent shall have approved such supplemental recording instructions as may have been prepared on behalf of the Authority; and

11. Authority, Developer and/or other parties, as appropriate, shall have executed and delivered to the Authority, and be in a position to file or record, as appropriate, the following documents:

a. Agreement Containing Covenants (**Attachment No. D-4**, to be signed and acknowledged by Developer and Authority);

b. Assignment of Agreements, Plans, Specifications and Entitlements (**Attachment No. D-2**, to be signed by Developer and project architect);

c. Environmental Indemnity (**Attachment No. D-1**, to be signed by Developer);

d. Escrow Agreement (**Attachment No. D-6**, to be signed by Authority and Developer);

e. Notice of Affordability Restrictions (**Attachment No. D-3**, to be signed and acknowledged by Authority);

f. Performance Guaranty (**Attachment No. D-8**, to be signed by Developer); and

g. Any other document reasonably required by the Authority Executive Director or designee.

When all conditions precedent have been satisfied to the satisfaction of the Authority Executive Director, the Authority Executive Director shall execute and submit to the Escrow Agent a written statement or other form of written authorization stating that all conditions precedent to recording of the documents have been satisfied or waived, if such be the case.

Section 2.17 <u>Failure of Conditions to Close of Escrow</u>

In the event any of the conditions precedent to the Close of Escrow for the Sale of the Property by Authority to Developer are not timely satisfied and/or waived by the party for whose benefit the condition was made for any reason other than a default by the party for whose benefit the condition was made:

(a) The party for whose benefit the condition was made shall have the right to terminate this Agreement, the Escrow and the rights and obligations of Authority and Developer hereunder, except as otherwise provided herein; and

(b) In the event of termination, Escrow Agent is hereby instructed to promptly return to Developer and Authority all funds, if any, and documents deposited by them, respectively, into Escrow which are held by Escrow Agent on the date of said termination (less, in the case of the party otherwise entitled to such funds, however, the amount of any cancellation charges required to be paid by such party hereunder); and

(c) Neither party shall have any further rights nor obligations hereunder except as otherwise provided herein.

In the event this Escrow terminates because of the non-satisfaction of any condition or the default of Authority or Developer under this Agreement, the cancellation charges, if any, required

to be paid by and to Escrow Agent and the Title Company shall be borne by party incurring the same, or in the event of termination due to default, the party in default.

Section 2.18 Post-Closing Conditions and Obligations

As an inducement to the Authority to convey the Property to Developer prior to the Construction Financing Event, the Developer covenants and agrees as follows.

(a) The Property is being conveyed to Developer upon the condition that the conveyance of each Purchaser Parcel to a Purchaser must occur within the time period set forth in the Schedule of Performance, as such time period may be extended at the discretion of the Authority Executive Director pursuant to Section 3.7 below. Upon the failure of this condition with respect to any Purchaser Parcel, title to each and every Purchaser Parcel which has not been timely conveyed, with all improvements thereon, shall immediately revert to the Authority, in its as-is condition, and Developer shall forfeit its title thereto and immediately surrender possession of the Property or such portion thereof ("Reverted Property") to the Authority. This condition subsequent shall be deemed incorporated into the Grant Deed and shall constitute an independent reverter, separate and apart from the Authority's right of reentry set forth in Section 5 of the Grant Deed and Section 5.10 of this Agreement. To effectuate this reverter, Developer covenants and agrees that, at the request of the Authority, it will promptly deliver to the Authority a quitclaim deed, executed in recordable form as conforming in form and substance and approved by the Authority Executive Director, conveying to the Authority all of Developer's right, title and interest in and to the Reverted Property. The Authority Executive Director shall have the right to execute the Certificate of Acceptance on behalf of the Authority accepting fee title to the Reverted Property, including any improvements thereon. The provisions of this Section 2.18(a) shall not affect any Purchaser Parcels which have been transferred to a Purchaser or, except as otherwise necessary to effectuate the rights of the Authority pursuant to Section 5.9 herein, which are not yet required to be transferred based on the Schedule of Performance.

(b) If Developer commences grading, demolition, construction or other work on the Property, or any portion thereof, prior to the occurrence of a Construction Financing Event for the Property, or the subject portion thereof, Developer shall carry out all such work at its own risk and the Authority shall have no liability for any losses or damages suffered by Developer in the event that the Construction Financing Event does not occur within the time period set forth in the Schedule of Performance, as such time period may be extended at the discretion of the Authority's Executive Director. Developer, for itself, and for its successors and assigns, does hereby forever release and discharge the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives, from any and all claims, demands, actions, causes of action, obligations, costs, expenses, attorneys' fees, expert and consultant fees, damages, losses and liabilities of whatsoever nature, character or kind, whether known or unknown, accrued or unaccrued, suspected or unsuspected, which concern, arise out of, or are in any way connected with such work or activities of Developer. Developer shall defend, indemnify and hold the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives harmless

from any claims brought by Developer's contractors, subcontractors and their suppliers of any tier that concern, arise out of, or are in any way connected with such work or activities, for non-payment of labor, equipment or materials furnished to the Project.

(c) Upon the reverter of title to the Authority pursuant to Paragraph (a) above of this Section 2.18, Developer shall do the following with respect to the Reverted Property:

(1) If requested by the Authority, fill in and restore any excavation to a level condition;

(2) Clean the Reverted Property and remove all trash, debris or material waste caused by the performance of the work or by the activities of Developer, its subcontractors, representative or agents;

(3) Remove all equipment and stored materials and supplies , except as otherwise agreed by the Authority in its sole discretion; and,

(4) Take reasonable steps determined in consultation with the Authority, which may include but not be limited to the erection of perimeter fencing, to secure the Reverted Property from damage or loss due to vandalism and to prevent the unauthorized entry of persons or vehicles onto the Reverted Property.

(d) If the filling, leveling, clean-up, removal, securing and delivery required in Paragraph (c) is not promptly undertaken, then the Authority may after notice to Developer immediately take such actions and charge Developer for the costs thereof. Developer shall promptly remit payment of such costs to the Authority.

(e) Upon the reverter of title to the Reverted Property to the Authority and the Authority's taking possession of the Reverted Property, this Agreement shall terminate as to the Reverted Property, except as otherwise provided in Section 5.9 herein. Within ten (10) business days of such termination, Developer shall deliver all work product prepared with regard to the Reverted Property, including (but not limited to), all plans, construction documents, soils tests and similar reports, permits and other entitlements to the Authority. Notwithstanding anything to the contrary contained in the Assignment of Agreements between the Parties (**Attachment No. D-2**) and except as necessary to effectuate the Authority's rights set forth in Section 5.9, upon termination of this Agreement pursuant to this Section 2.18, Developer shall promptly deliver all Plans and specifications and all architectural agreements to the Authority and, subject to any limitations in the Assignment of Agreements, and only as applicable to the Reverted Property, the Authority may enforce the rights of Developer under the architect agreements and of its rights to the Plans and specifications and may initiate or participate in any legal proceedings respecting the enforcement of said rights. Except as otherwise provided in Section 5.9 herein, any termination of this Agreement with respect to the Reverted Property shall not affect any Purchaser Parcels which have been transferred to a Purchaser or which are not yet required to be transferred based on the Schedule of Performance.

(f) Developer shall reimburse the Authority immediately upon written demand by the Authority for all costs reasonably incurred by the Authority (including the reasonable fees and expenses of attorneys and other consultants) in connection with the enforcement of this Section 2.18, including without limitation (i) costs incurred to cure a default by Developer under the Construction Loan, (ii) costs incurred pursuant to paragraph (d) of this Section and (iii) costs

incurred to effectuate the reverter to the Authority of title to the Reverted Property. Such reimbursement obligations shall survive the termination of this Agreement.

Section 2.19 Evidence of Financing

(a) No later than seven (7) business days prior to the scheduled Construction Financing Event for a phase, Developer shall deliver to Authority, written correspondence from each applicable Lender providing, at a minimum, the Purchaser's name, and the amount and terms of said loan.

(b) As soon as available, which shall not be later than three (3) business days prior to each scheduled Construction Financing Event and in no event later than the date provided in the Schedule of Performance, Developer shall submit to the Authority evidence satisfactory to the Authority that each qualified Purchaser scheduled to close escrow during the applicable Construction Financing Event has obtained the financing necessary for the acquisition and development of its respective Purchaser Parcel located on the Property in accordance with this Agreement. Such evidence of financing shall include the following:

1. A copy of all loan documents by each applicable Lender to make the First Mortgage Loan, CalHome Loan, Serna Loan, and AHP Loan, including a final project budget approved by each of the respective Lenders, certified by Developer to be a true and correct copy or copies thereof;
2. A copy of the contract between Developer and the subcontractors for the construction of the Improvements, certified by Developer to be a true and correct copy thereof.

The Authority shall approve or disapprove such evidence of financing within the time established in the Schedule of Performance (**Attachment No. 3**). Such approval shall not be unreasonably withheld. If the Authority shall disapprove any such evidence of financing, the Authority shall do so by written notice to Developer stating the reasons for such disapproval.

Section 2.20 Conditions Precedent to the Close of Escrow for the Authority Loans

The close of escrow for the Authority Loan shall occur upon the satisfaction or waiver by the Authority, in the Authority Executive Director's reasonable discretion, of the following conditions precedent:

(a) All of the conditions precedent to the sale of the Property set forth in Section 2.16 remain satisfied;

(b) Developer shall have obtained the Authority's approval of all financing described in Section 2.19 of this Agreement and the Method of Financing, and the Executive Director shall have approved evidence relating to the First Mortgage Loan, CalHome Loan, Serna Loan, and AHP Loan, and all documents required to be executed in connection with such financing shall have been duly executed, acknowledged and delivered;

(c) Developer shall have delivered to Authority, for Authority's review and approval, all source documentation evidencing income qualifications for each qualified Purchaser as

required by this Agreement, and Authority shall have approved each such qualified Purchaser and, in the Authority's sole discretion, the proportion of the Authority Loan funds being loaned to each qualified Purchaser;

(d) Developer shall have satisfied and/or caused all qualified Purchasers to satisfy all conditions precedent to the Construction Financing Event;

(e) Developer shall have delivered to the Authority a list of all permits required for the construction of the Improvements in the applicable phase, 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 respect to such phase (with the exception of payment of fees, which payment is provided for in the approved Project Budget). If only an excavation/ grading/ foundation permit is to be issued at Closing, Developer shall have delivered to the Authority a "will issue" letter from the City evidencing City's commitment to issue building permits for that phase of the Project;

(f) Developer shall have satisfied all conditions precedent to Developer's ability to transfer the Purchaser Parcels in a particular phase to Purchasers as set forth in Article 3 below;

(g) The Title Company shall be committed to issue a standard ALTA form Lender's Title Insurance Policy to the Authority or such other title insurance as the parties may request, but Authority shall not delay the close of escrow so long as the Title Company is prepared to issue a Standard lender's Title Insurance Policy for each Authority Loan issued to a qualified Purchaser;

(h) All of the Developer obligations set forth in Section 4.1 (d) and (h) of this Agreement have been satisfied;

(i) Escrow Agent shall have approved such recording instructions as may have been prepared on behalf of the Authority in connection with the Authority Loan documents for each qualified Purchaser; and

(j) Authority, Developer and/or each qualified Purchaser, as appropriate, shall have executed, and filed or recorded in the Official Records as appropriate, the following documents:

1. Authority Promissory Note (**Attachment No. P-1**, to be signed by each qualified Purchaser);

2. Authority Loan Deed of Trust (**Attachment No. P-2**, to be signed and acknowledged by each qualified Purchaser);

3. Addendum to Grant Deed (**Attachment No. P-3**, to be signed and acknowledged by Authority and each qualified Purchaser);

4. Resale Restrictions (**Attachment No. P-4**, to be signed and acknowledged by Authority and each qualified Purchaser) ;

5. Statutory Request for Notice of Default per California Civil Code section 2924b (**Attachment No. D-5,** to be signed and acknowledged by Authority); and

6. Any other document reasonably required by the Authority Executive Director or designee.

The Developer agrees to open an escrow for the conveyance of each Purchaser Parcel with the Title Company or with any other Escrow Agent, no later than the date established therefor in the Schedule of Performance. No later than the time provided in the Schedule of Performance, the Authority shall cause to be prepared and shall deliver the escrow instructions to the Escrow Agent. The Authority's Executive Director and the Developer shall provide such additional or amended escrow instructions as may be necessary to close the escrow with respect to the loan of the Authority Loan funds to qualified Purchasers, and consistent with this Agreement.

When all conditions precedent have been satisfied to the satisfaction of the Authority Executive Director, the Authority Executive Director or designee shall submit to the Escrow Agent written verification stating that all conditions precedent to recording of the Authority Loan documents for a particular Purchaser Parcel have been satisfied or waived, if such be the case.

ARTICLE 3 DEVELOPMENT OF THE PROPERTY

Section 3.1 Land Use Approvals

It is the responsibility of Developer, without cost to Authority, to ensure that zoning of the Property and all applicable County and City land use requirements will permit development and construction of the Improvements and the use, operation and maintenance of such Improvements in accordance with the provisions of this Agreement. The following shall be conditions precedent to the Developer's ability to transfer the Purchaser Parcels in a particular phase to Purchasers and shall be accomplished by the date set forth in the Schedule of Performance: (A) Developer shall submit and Executive Director or designee shall review and approve/disapprove complete Final Construction Drawings for such phase; (B) Developer shall obtain all entitlements, approvals, variances and permits necessary for the construction of the Improvements in that phase, and (C) Developer shall satisfy all other conditions precedent to the transfer of Purchaser Parcels as set forth herein and in the Method of Financing. Nothing contained herein shall be deemed to entitle Developer to any City or County permit or other City or County approval necessary for the development of the Property, or waive any applicable City or County requirements relating thereto. This Agreement does not (a) grant any land use entitlement to Developer, (b) supersede, nullify or amend any condition which may be imposed by the City or the County in connection with approval of the development described herein, (c) guarantee to Developer 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.

Section 3.1.1 Construction Contracts

As a condition precedent to Developer's ability to transfer the Purchaser Parcels in a particular phase to Purchasers, Developer shall have delivered to the Authority subcontracts between the Developer and subcontractors covering all construction required by this Agreement for such phase 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 particular phase, demonstrating that construction of the phase will be completed within the time provided in the Schedule of Performance (**Attachment No.** 3).

Section 3.2 Scope of Development

The Property shall be developed in accordance with and within the limitations established in the "Scope of Development" (which is attached to this Agreement as **Attachment No. 5** and incorporated herein by reference) and subsequent Plans and specifications approved by the Authority pursuant to this Agreement and permits issued by the City of Coachella and other Governmental Authorities.

Section 3.2 A Developer Technical Assistance

Without limiting Developer's obligation to construct and/or cause the construction of the Project, including, but not limited to all Improvements, as required pursuant to this Agreement, until Completion of the Project, Developer shall supervise all qualified Purchasers and their families as they construct their respective Restricted Units and provide technical assistance overseeing the development and construction of the Project.

Section 3.3 Basic Concept, Schematic Drawings and Related Documents

(a) Developer has prepared and the Authority and the City have approved schematic drawings and related documents for the development of the Property, and Developer shall submit construction plans for the development of the Property (collectively called "Plans") to the Authority and City for review (including, but not limited to, architectural review) and written approval within the time established in the Schedule of Performance. Final drawings, plans, and specifications are hereby defined as those in sufficient detail to obtain a building permit.

(b) The Property shall be developed as established in the basic concept and schematic drawings and related documents except for substantive changes as may be mutually agreed upon between Developer and the Executive Director or designee. Substantive changes shall include, but not be limited to, changes to the square footage of Unit, the number of bedrooms in a Unit or the exterior appearance of a Unit. The Developer may make non-substantive changes without the Authority's consent. However, all such changes shall be within the limitations of the Scope of Development, and Authority shall receive written notice of all such changes whether subject to Authority approval or otherwise.

(c) Approval of progressively more detailed Plans will be promptly granted by the Authority 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. In the event of the disapproval by the Authority of any plans submitted by Developer, Authority shall promptly communicate in writing to Developer all reasons for such disapproval and all requirements for subsequent approval of revised plans.

(d) During the preparation of all Plans, the Authority staff and Developer shall hold regular progress meetings to coordinate the preparation of, submission to, and review of Plans and

related documents by Authority. Authority staff and Developer shall communicate and consult informally as frequently as is necessary to insure that the formal submittal of any documents to the Authority can receive prompt and speedy consideration.

(e) If any revisions or corrections of Plans approved by the Authority shall be required by a governmental official, agency, department or bureau having jurisdiction over the development of the Property, Developer and the Authority Executive Director or designee shall cooperate in efforts to obtain waivers of such requirements or to develop a mutually acceptable alternative. Neither the Authority Executive Director or designee or Developer shall unreasonably withhold approval of a mutually acceptable alternative.

Section 3.4 Landscaping and Grading Plans

(a) Developer shall prepare and submit to the Authority 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 (**Attachment No. 3**).

(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 Developer's architect. Within the times established in the Schedule of Performance, Developer shall submit to the Authority for approval the name and qualifications of its architect, landscape architect and civil engineer.

Section 3.5 Authority Approval of Plans

(a) Subject to the terms of this Agreement, the Authority 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 Authority. Upon receipt of any disapproval, Developer shall revise the Plans, and shall resubmit to the Authority Executive Director or designee as soon as possible after receipt of the notice of disapproval. 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 (**Attachment No. 5**) and any items previously approved hereunder. Developer, upon receipt of a disapproval based upon powers reserved by the Authority 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 Developer desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Authority Executive Director or designee for approval.

Section 3.6 Cost of Construction

The cost of developing and constructing the Improvements on the Property, including any offsite or onsite improvements required by any Governmental Authority in connection therewith, shall be the responsibility of Developer, without any cost to Authority. Developer shall be

responsible for paying all Development Costs, as provided in the Method of Financing or as otherwise approved by the Authority Executive Director. The Development Costs are set forth in the Project Budget (**Attachment No. 6**), which shall be subject to change from time-to-time as provided in the Method of Financing. The Parties anticipate that no payment or performance bonds will be required by Construction Lender. However, if Construction Lender does in fact require such bonds, Developer shall take commercially reasonable steps to cause the Authority to be named as an additional obligee on any such bonds.

Section 3.7 <u>Project Phasing and Schedule of Performance</u>

(a) It is anticipated that the Project will be developed in three phases, with the first phase comprising 13 Restricted Units, the second phase comprising 13 Restricted Units, and the third phase comprising 13 Restricted Units. Developer and Authority shall perform all acts respectively required of such party in this Agreement within the times provided in the Schedule of Performance for each phase of the Project.

(b) After the Construction Financing Event for each phase of the Project, Developer shall promptly begin and thereafter diligently prosecute to completion and/or cause the completion of construction of the Improvements as provided in the Scope of Development. Developer shall begin and complete and/or cause completion of all construction and development within the times specified in the Schedule of Performance (**Attachment No. 3**), with such reasonable extensions of said times as may be granted by the Authority as provided herein.

(b) Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided in the Schedule of Performance (**Attachment No. 3**), 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 Authority and Developer. The Authority Executive Director or designee, on behalf of Authority, and without referring such matter to the Authority's Board of Commissioners may extend all pending deadlines in the Schedule of Performance up to four (4) occasions, and any additional extensions shall be subject to review and approval by the Authority's Board of Commissioners.

(c) After the Closing, Developer shall promptly begin and thereafter diligently prosecute to completion or cause diligent completion of the construction of the Improvements as provided herein and in the Scope of Development.

(d) During periods of construction, Developer shall submit to the Authority a written report of the progress of construction when and as requested by the Authority. The report shall be in such form and detail as may be reasonably required by the Authority and shall include a reasonable number of construction photographs (if requested) taken since the last report by Developer.

Section 3.8 <u>Local, State, and Federal Laws</u>

(a) The Developer shall carry out development and construction (as defined by applicable law) or cause the 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). Developer hereby agrees that Developer 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. Developer hereby agrees that Developer 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. Developer shall indemnify, protect, defend and hold harmless the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives with counsel reasonably acceptable to Authority and County, from and against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs" (including labor costs, penalties, reasonable attorney's 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 Developer 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 Developer 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 Developer 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. Developer hereby expressly acknowledges and agrees that neither the Authority nor the County has ever previously affirmatively represented to the Developer 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, Developer 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 Agreement and shall continue after Completion and the recordation of the Release of Construction Covenants.

(b) Developer shall require that any contractor, if applicable, or subcontractor engaged in work on the Project shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12990, et seq.) and the applicable regulations promulgated thereunder (Title 2, California Code of Regulations, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990 (a-f) and Title 2, California Code of Regulations, Section 8103 are incorporated into this Agreement by reference and made a part hereof as if set forth in full.

(c) Developer shall be responsible for obtaining all Permits and land use approvals required by the City for the construction of the Improvements, ensuring that the use of the Property for the purposes described in this Agreement complies with the zoning and other City land use regulations (including any applicable exemptions and/or exceptions) applicable to the Property at the time of Closing.

(d) Before commencement of demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Developer 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 Authority affected by such construction, development or work.

Section 3.9 <u>Notice of Non-Responsibility</u>

Authority shall, at any and all times during the term of this Agreement, 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, that Developer shall, on behalf of the Authority, 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.

Section 3.10 <u>Nondiscrimination During Construction</u>

Developer, for itself and its successors and assigns, agrees that during the construction of the Improvements provided for in the Agreement, Developer will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

Section 3.11 <u>Indemnification and Insurance</u>

Developer shall indemnify and hold harmless the Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of Developer, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, 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 Developer, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. Developer 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.

With respect to any action or claim subject to indemnification herein by Developer, Developer 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 Authority; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Developer's indemnification to Indemnitees as set forth herein.

Developer's obligation hereunder shall be satisfied when Developer has provided to Authority the appropriate form of dismissal relieving Authority and the other Indemnitees from any liability for the action or claim involved.

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Developer's obligations to indemnify and hold harmless 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 Developer from indemnifying Authority to the fullest extent allowed by law.

The foregoing indemnity shall continue to remain in effect after the Completion.

Without limiting or diminishing Developer's obligation to indemnify or hold Authority harmless, Developer 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 Agreement.

a) **Worker's Compensation Insurance**. If Developer has employees as defined by the State of California, Developer 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 Authority, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

b) **Commercial General Liability Insurance**. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Developer's performance of its obligations hereunder. Policy shall name the Authority, County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Commissioners, employees, elected or appointed officials, agents or representatives 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 agreement or

be no less than two (2) times the occurrence limit.

c) **Vehicle Liability Insurance.** If vehicles or mobile equipment are used in the performance of the obligations under this Covenant, then Developer 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 agreement or be no less than two (2) times the occurrence limit. Policy shall name the Authority, County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Commissioners, employees, elected or appointed officials, agents or representatives as Additional Insured or provide similar evidence of coverage approved by County's Risk Manager ("Risk Manager").

d) **Property (Physical Damage).** Developer shall provide a policy of all-risk property insurance coverage for the full replacement value of all Developer's equipment, improvements/alterations, temporary structures, and systems, including without limitation, items owned by others in the Developer's care, custody or control, used on the Property or other Authority-owned property, or used in any way connected with the performance of the work required pursuant to this Agreement.

e) **Builder's All Risk (Course of Construction) Insurance.** Developer shall provide a policy of Builder's All Risk (Course of Construction) insurance coverage including (if the work is located in an earthquake or flood zone or if required on financed or bond financing arrangements) coverage for earthquake and flood, covering the Authority, Developer and every subcontractor, of every tier, for the entire Project, including property to be used in the construction of the work while such property is at off-site storage locations or while in transit or temporary off-site storage. Such policy shall include, but not be limited to, coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire department service charges, valuable papers and records, trees, grass, shrubbery and plants. If scaffolding, falsework and temporary buildings are insured separately by the Developer or others, evidence of such separate coverage shall be provided to Authority prior to the start of the work. Such policy shall be written on a completed value form. Such policy shall also provide coverage for temporary structures (on-site offices, etc.), fixtures, machinery and equipment being installed as part of the work. Developer shall be responsible for any and all deductibles under such policy. Upon request by Authority, Developer shall declare all terms, conditions, coverages and limits of such policy. If the Authority so provides, in its sole discretion, the All Risk (Course of Construction) insurance for the Project, then Developer shall assume the cost of any and all applicable policy deductibles (currently, $50,000 per occurrence) and shall insure its own machinery, equipment, tools, etc. from any loss of any nature whatsoever.

f) **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 Risk Manager. If 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. Developer's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed $500,000 per occurrence such retentions shall have the prior written consent of Risk Manager. Upon notification of self-insured retention unacceptable to Authority, and at the election of Risk Manager, Developer's carriers shall either: (a) reduce or eliminate such self-insured retention, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3. Developer shall cause Developer's insurance carrier(s) to furnish the Authority with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by Risk Manager, provide 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 Authority prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. Developer shall not continue operations until Authority has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required herein. 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 Developer's insurance shall be construed as primary insurance, and Authority '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 Agreement 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 which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then Authority reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverage's currently required herein, if; in Risk Manager's reasonable judgment, the amount or type of insurance carried by Developer has become inadequate.

6. Developer shall pass down the insurance obligations contained herein to all tiers of subcontractors.

7. Developer agrees to notify Authority of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of the Agreement.

Section 3.12 Disclaimer of Responsibility by the Authority

The Authority neither undertakes nor assumes nor will have any responsibility or duty to Developer or to any third party to review, inspect, supervise, pass judgment upon or inform Developer 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. Developer 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

Developer or to any third party by the Authority in connection with such matter is for the public purpose of redeveloping the Property, and neither Developer (except for the purposes set forth in this Agreement) nor any third party is entitled to rely thereon. The Authority shall not be responsible for any of the work of construction, improvement or development of the Property.

Section 3.13 Rights of Access

Commencing upon the Closing, representatives of the Authority and the County shall have the reasonable right of access to the Property, upon 24 hours' written notice to Developer (except in the case of an emergency, in which case Authority 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 Agreement, including, but not limited to, the inspection of the work being performed in constructing the Improvements. Such representatives of the Authority or County shall be those who are so identified in writing by the Executive Director of the Authority.

Section 3.14 Taxes, Assessments, Encumbrances and Liens

Commencing upon the Closing, Developer shall pay when due all real estate taxes and assessments assessed and levied on or against the Property or any portion thereof. Developer's obligation to pay taxes and assessments shall terminate as to each Restricted Unit upon the sale and conveyance of title of that Restricted Unit to a Purchaser. Developer 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 Agreement. Developer shall remove, or shall have removed, any levy or attachment made on 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. Nothing herein contained shall be deemed to prohibit Developer from contesting the validity or amount of any tax, assessment, encumbrance or lien, or to limit the remedies available to Developer in respect thereto. The covenants of Developer set forth in this Section 3.14 relating to the placement of any unauthorized mortgage, trust deed, encumbrance or lien, shall remain in effect until issuance of the Release of Construction Covenants.

Section 3.15 Prohibition Against Transfer

(a) Prior to Completion, Developer shall not, except as permitted by this Agreement, including without limitation Sections 1.1 (definition of "Permitted Transfer") and 1.5, assign or attempt to assign this Agreement or any right herein, nor make any total or partial sale, transfer, conveyance or assignment of the whole or any part of the Developer's interest in the Property or the Improvements thereon, without prior written approval of the Authority. 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 Developer does assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the Developer's interest in the Property (or any portion thereof) prior to Completion without the written approval of the Authority, subject to the notice and cure provisions of Section 5.1, the Authority shall have the right to terminate this Agreement.

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

Section 3.16 No Encumbrances Except Senior Loans

(a) Notwithstanding Section 3.15 (Prohibition Against Transfer), upon and after the Closing, Developer shall have the right to encumber the Property with one or more Senior Loan deeds of trust, but only for the purpose of securing loans of funds to be used for financing the Development Costs and other expenditures necessary and appropriate to develop the Property under this Agreement, consistent with the amounts to be financed by Developer per the Method of Financing ("Permitted Financing Purposes"). Prior to Completion: (1) Developer shall not have any authority to encumber the Property for any purpose other than Permitted Financing Purposes; (2) Developer shall notify the Authority, in writing, in advance of any proposed financing other than Permitted Financing; and (3) Developer shall not enter into any agreements for non-Permitted Financing Purposes requiring a conveyance of security interests in the Property without the prior written approval of the Authority. The maker of any loan approved by the Authority pursuant to this Section 3.16 shall not be bound by any amendment, implementation agreement or modification to this Agreement subsequent to its approval without such lender giving its prior written consent.

(b) In any event, Developer shall promptly notify the Authority of any security interest created or attached to the Property whether by voluntary act of Developer or otherwise.

(c) 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.

(d) The Authority Executive Director or designee shall have the authority to make reasonable modifications to Sections 3.17 through 3.19 that may be requested by a Senior Lender, provided such modification does not adversely affect the receipt of any material benefit by Authority hereunder, including without limitation subordination of the affordability covenants in the Agreement Containing Covenants (**Attachment No. D-4**). Upon the reasonable request of a Senior Lender, the Authority Executive Director or designee shall execute from time-to-time such reasonable interpretations and estoppel certificates to the extent they are consistent with the terms of this Agreement.

(e) The requirements of this Section 3.16 shall not apply following Completion.

Section 3.17 Lender Not Obligated to Construct Improvements

No lender shall be obligated by the provisions of this Agreement to construct or complete the Improvements or to guarantee such construction or completion. Nothing in this Agreement 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 Agreement.

Section 3.18 <u>Notice of Default to lenders; Right of lender to Cure Defaults</u>

Whenever the Authority shall deliver any notice or demand to Developer with respect to any breach or default by Developer in completion of construction of the Improvements, the Authority 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 Authority are concerned) have the right at its option within ninety (90) 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 ninety (90) 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 ninety- (90) 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 Developer. Any Senior Lender who forecloses on its Senior Loan, or is assigned or otherwise succeeds to Developer's rights under this Agreement, shall have the right to undertake or continue the construction or completion of the Improvements upon execution of a written agreement with the Authority by which such Senior Lender expressly assumes Developer's rights and obligations under this Agreement, approval of which agreement shall not be unreasonably withheld by Authority. Any such Senior Lender properly completing such improvements shall be entitled, upon written request made to the Authority, to a Release of Construction Covenants from the Authority.

Section 3.19 <u>Failure of Lender to Complete Improvements</u>

In any case where, one hundred and twenty (120) months after default by Developer, the holder of any mortgage, deed of trust or other security interest creating a lien or encumbrance upon any Purchaser Parcel has not elected to complete construction of the Improvements on such Purchaser Parcel, or, if it has elected to complete the Improvements, it has not proceeded diligently with construction, the Authority has 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 and other charges secured by the mortgage instrument approved in writing by the Authority.

Section 3.20 <u>Right of Authority to Cure Defaults</u>

In the event of a default or breach by Developer of a Senior Loan encumbering a Purchaser Parcel prior to Completion of the Improvements on such Purchaser Parcel and prior to completion of a foreclosure by a Senior Lender, and the Senior Lender has not commenced to complete such Improvements, the Authority 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 Authority shall be entitled to reimbursement from Developer of all costs and expenses incurred by the Authority in curing the default. The Authority shall also be entitled to a lien upon the Property to

the extent of such costs and disbursements. Any such lien shall be subordinate and subject to the Senior Loans.

Section 3.21 Right of Authority to Satisfy Other Liens on the Property

Prior to Completion and after Developer has had a reasonable time to challenge, cure or satisfy any liens or encumbrances on its interest in the Property, the Authority shall have the right, but not the obligation, to satisfy any such liens or encumbrances; provided, however, that nothing in this Agreement shall require Developer to pay or make provisions for the payment of any tax, assessment, lien or charge so long as Developer 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 Authority shall be entitled to reimbursement from Developer of all costs and expenses incurred by the Authority in satisfying any such liens or encumbrances. Any such lien shall be subordinate and subject to any Senior Loan.

Section 3.22 Release of Construction Covenants

(a) Promptly after Completion of all the Improvements as required by this Agreement, Authority shall deliver to Developer a Release of Construction Covenants, substantially conforming in form and substance to **Attachment No.** 7 attached hereto and incorporated herein by this reference, upon written request therefor by Developer. Authority shall not unreasonably withhold any such Release of Construction Covenants. Such Release of Construction Covenants shall be, and shall so state, conclusive determination of satisfactory completion of the construction required by this Agreement.

(b) The Release of Construction Covenants shall be in such form as to permit it to be recorded in the Office of the Recorder of the County of Riverside.

(c) If Authority fails to deliver the Release of Construction Covenants within fifteen (15) days after written request from Developer, Authority shall provide Developer with a written statement of its reasons ("Statement of Reasons") within that fifteen (15)-day period. The statement shall also set forth the steps Developer must take to obtain the Release of Construction Covenants. If the reasons are confined to the immediate unavailability of specific items or materials for landscaping, or to so-called "punch list" items identified by Authority, Authority will issue the Release of Construction Covenants upon the posting of a bond by Developer with Authority in an amount representing Authority's estimate of the cost to complete the work.

(d) Such Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of Developer to any Senior Lender, or any insurer of a mortgage securing money loaned to finance the Improvements, nor any part thereof. Such Release of Construction Covenants is not a Notice of Completion as referred to in Section 3093 of the California Civil Code.

ARTICLE 4 USE OF THE PROPERTY

Section 4.1 Uses

(a) Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, such successors and such assignees shall use the Property only for the uses specified in the Redevelopment Plan, this Agreement including without limitation the Scope of Development (**Attachment No. 5**) and the Agreement Containing Covenants (**Attachment No. D-4**). No change in the use of the Property shall be permitted without the prior written approval of Authority.

(b) Notwithstanding the generality of the first paragraph in this Section 4.1, Developer, its successors and assigns, shall use the Property only for the uses permitted in this Agreement, specifically including the following: residential for-sale uses, consisting of 39 Restricted Units comprised of 33 4-bedroom units and 6 3-bedroom units.

(c) Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that during the Affordability Period, Developer, its successors and assigns shall use the Property as follows:

(i) Developer, its successors and assigns shall develop and construct on the Property, or cause the development and construction, of no less than 39 Units of for-sale affordable housing Units pursuant to the Scope of Development, this Agreement and applicable Plans;

(ii) Each Purchaser Parcel must be sold to, developed and occupied by qualified Purchasers for an Affordable Sales Price.

(d) Developer acknowledges and agrees that concurrently with the sale of each Purchaser Parcel to a qualified Purchaser, the Authority shall record against each subject Purchaser Parcel the following instruments and Developer shall cause the full execution of such documents by each qualified Purchaser and the recordation of the same in the Official Records:

(i) an Authority Promissory Note evidencing the portion of the Authority's Mortgage Loan amount used to finance a portion of the sales price for such Purchaser Parcel, substantially conforming in form and substance to the Authority Promissory Note attached hereto as **Attachment No.** P-1 (which shall not be recorded in the Official Records),

(ii) an Authority Deed of Trust securing the Authority Promissory Note substantially conforming in form and substance to the Authority Deed of Trust attached hereto as **Attachment No.** P-2,

(iii) an Addendum to Grant Deed substantially conforming in form and substance to the Addendum to Grant Deed attached hereto as **Attachment No.** P-3,

(iv) Resale Restrictions conforming in form and substance to the Resale restrictions attached hereto as **Attachment No.** P-4; and

(v) any other instruments required by the Authority in connection with the Authority Mortgage Loan and/or this Agreement (collectively, "Authority Borrower Loan Documents"). Failure to cause the execution and recordation of the aforementioned documents shall constitute a default herein;

(e) Authority shall prepare and submit to the title company administering the sale of the Purchaser Parcels to qualified Purchasers by Developer, escrow instructions in connection with the Authority Borrower Loan Documents for each sale;

(f) Developer shall complete the development and construction of or shall cause each qualified Purchaser to complete the development and construction of a Restricted Unit on a Purchaser Parcel within the time period set forth in the attached Schedule of Performance. After notice and opportunity to cure, failure to complete such construction within the time period set forth in the Schedule of Performance shall constitute a default under this Agreement and the Authority Borrower Loan Documents;

(g) Upon the issuance of a certificate of occupancy for a Restricted Unit constructed on a Purchaser Parcel, Developer shall cause each such qualified Purchaser to execute and record in the Official Records any additional instruments necessary to ensure that each Authority Borrower Loan Document is adequately secured against the Restricted Unit, in addition to the Purchaser Parcel, to the satisfaction of the Authority in its discretion;

(h) Developer shall be responsible for obtaining all source documentation evidencing income qualifications as required by this Agreement. Developer shall comply with applicable Fair Housing Act ("**FHA**") requirements in consultation with the Authority and subject to FHA and other applicable legal requirements provide priority in the selection of Purchasers of the Purchaser Parcels to persons and families displaced as a result of the acquisition of property by the Authority or by other redevelopment activities in the County of Riverside. Developer shall cooperate with the Authority prior to the initial sale of any Purchaser Parcels to effectuate this provision. Developer must accept any Authority displacee or County of Riverside Resident who meets Developer's selection criteria. The Developer agrees that prior to the initial sale of any Purchaser Parcel, Developer shall consult with and obtain the written approval of the Authority in developing a fair marketing plan ("**Marketing Plan**") for selling the Purchaser Parcels that is consistent with the terms and provisions of this Agreement. Developer agrees to provide notice to the Authority, in writing, prior to beginning to market any of the Purchaser Parcels;

(i) The Property is currently subject to a Declaration of Covenants, Conditions &Restrictions ("**CC&Rs**") which were recorded in the Official Records on November 27, 2006 as Document No. 2006-0866866, and which have been approved by the Authority and the Developer; and

(j) No officer, employee, agent, official or consultant of Developer may purchase or occupy any of the Purchaser Parcels including the Restricted Units.

Section 4.2 Maintenance of the Property

In addition to the property maintenance requirements set forth in the Agreement Containing Covenants, Developer covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that prior to the construction of the Improvements, Developer shall maintain and secure the Property in accordance with reasonable vacant property management practices, and upon and after construction, Developer, its successors and assigns, shall maintain the Property and any improvements thereon and the landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with this Agreement, and applicable provisions of the City of Coachella Municipal Code and the County of Riverside Municipal Code (the "Codes"), as follows:

(a) Exterior Maintenance. All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean and presentable manner. Any defacing marks shall be cleaned or removed within a reasonable time.

(b) Front and Side Exteriors. Developer shall, at all times, maintain the front exterior and any visible side exteriors and yards, if any, in a clean, safe and presentable manner.

(c) Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures, must be removed from the Property and any necessary painting or repair completed within a reasonable time, but in no event more than one (1) week after notice to a Purchaser from Authority.

(d) Landscaping. All landscaping surrounding the Property shall be maintained in a manner consistent with the Codes and any rules, regulations and standards adopted pursuant to the Code. In addition, for example, the yard areas shall not contain the following: (i) lawns with grasses in excess of nine (9) inches in height; (ii) trees, shrubbery, lawns or other plant life which are dying from a lack of water or other necessary maintenance; (iii) trees and shrubbery grown uncontrolled without proper pruning; (iv) vegetation so overgrown as to be likely to harbor rats or vermin; (v) dead, decayed or diseased trees, weeds and other vegetation; and (vi) inoperative irrigation systems.

(e) Maintenance by Developer. Developer shall, at his, her or their sole cost and expense, maintain and repair the Property and the improvements thereon, keeping the same in good condition and making all repairs as may be required by this Agreement and the Code.

(f) Damage and Destruction Affecting Property -- Duty to Rebuild. If all or any portion of the Property and the improvements thereon is damaged or destroyed by fire or other casualty, it shall be the duty of Developer to rebuild, repair or reconstruct the Property in a timely manner to restore it to Code compliance condition or the condition required by the City.

(g) Variance in Exterior Appearance and Design. If the Property is damaged or destroyed by casualty, Developer may not, without the prior written consent of the Authority, reconstruct, rebuild or repair the Property in a manner which will provide substantially different exterior appearance and Purchaser Parcel design from that which existed prior to the date of the casualty.

(h) Time Limitation. In the event of damage or destruction due to casualty, Developer shall be obligated to proceed with all due diligence to commence reconstruction within two (2) months after the damage occurs and to complete reconstruction within a reasonable time after damage occurs, unless prevented by causes beyond the reasonable control of Developer as reasonably determined by Authority.

(i) Inspection. In the event the Authority, in the sole discretion of the Authority Executive Director, determines that the Developer has failed to maintain the Property, the Authority, or its designee, on two (2) weeks' prior written notice of any noted code violations and maintenance deficiencies (collectively, the "Deficiencies"), shall have the right, but not the obligation, to enter the Property, correct any Deficiency, and hold the Developer responsible for the cost thereof. Any cost incurred by the Developer to cure any such Deficiency, until paid, shall constitute a lien on the Property pursuant to Civil Code Section 2881.

Upon sale of Purchaser Parcels in each phase of the Project, Developer shall assign its responsibilities and obligations pursuant to this Section 4.2 to the Purchasers of the Purchaser Parcels. It is the intention of the parties to this Agreement that Developer's obligations pursuant to this Section shall be transferred to each Purchaser of a Purchaser Parcel as to the respective Purchaser Parcels.

Section 4.3 Obligation to Refrain from Discrimination

Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Developer, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

a. 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."

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

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."

c. 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 Developer set forth herein, Developer shall, upon notice from Authority, promptly pay to Authority all fees and costs, including administrative and attorneys' fees, incurred by 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 this Agreement, Agreement Containing Covenants, Resale Restrictions and/or the Addendum to Grant Deed (each attached hereto).

Section 4.4 Effect and Duration of Covenants

The covenants established in this Agreement shall, without regard to technical classification and designation, be binding on Developer and any successor in interest to the Property or any part thereof for the benefit and in favor of the Authority, its successors and assigns. The covenants shall remain in effect for the period of forty-five (45) years from the recordation of the Release of Construction Covenants in the Official Records ("Term").

Section 4.5 Effect of Violation of the Terms and Provisions of this Agreement

The Authority is deemed beneficiary of the terms and provisions of this Agreement and the covenants herein, both for and in their own right and for the purposes of protecting the interests of the community and other parties, public or private, for whose benefit this Agreement and the covenants running with the land have been provided. The Authority shall have the right if the covenants contained in this Agreement are breached, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants are entitled.

Section 4.6 Hazardous Substances

At the Closing, Developer shall execute and deliver to the Authority an Environmental Indemnity, substantially in the form attached hereto as **Attachment No. D-1**.

ARTICLE 5 DEFAULTS, REMEDIES AND TERMINATION

Section 5.1 Defaults - General

(a) Subject to the Force Majeure Delay, as provided in Section 6.4, failure or delay by either party to perform any term or provision of this Agreement constitutes a default under this Agreement. The party who fails or delays must immediately 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, 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 Agreement, 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) 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 seven (7) days after such notice is given 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 written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, 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 thirty (30) days, and the party in default (i) initiates corrective action within said period, and (ii) 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 no event no more than ninety (90) days from the date of the notice of default. In no event shall the injured party be precluded from exercising remedies if its security becomes or is 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.

Section 5.2 Institution of Legal Actions

Subject to the notice and cure provisions of Section 5.1, in addition to any other rights or remedies (and except as otherwise provided in this Agreement), 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 Agreement. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California.

Section 5.3 Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

Section 5.4 Acceptance of Service of Process

(a) In the event that any legal action is commenced by the Developer against the Authority, service of process on the Authority shall be made by personal service upon the County of Riverside Clerk of the Board.

(b) In the event that any legal action is commenced by the Authority against the Developer, service of process on the Developer shall be made by personal service upon the Developer (or upon an officer of the Developer) and shall be valid whether made within or outside the State of California, or in such manner as may be provided by law.

Section 5.5 Rights and Remedies Are Cumulative

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, 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.

Section 5.6 Damages

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 5.1, the defaulting party shall be liable to the non-defaulting party for any damages caused by such default, and the non-defaulting party may, after such notice and opportunity to cure (but not before) commence an action for damages against the defaulting party with respect to such default.

Section 5.7 Specific Performance

If either party defaults with regard to any of the provisions of this Agreement, subject to the notice and cure provisions of Section 5.1, the non-defaulting party, at its option, may, after such notice and opportunity to cure (but not before) commence an action for specific performance of the terms of this Agreement pertaining to such default.

Section 5.8 Termination

Prior to the Close of Escrow, either party shall have the right to terminate this Agreement in the event the other party is in default of any material term or provision of this Agreement, and, following notice, fails to cure such default within the time provided in Section 5.1.

Section 5.9 Termination By Authority After Closing

(a) Upon the failure of the Construction Financing Event for a phase to occur within the time period set forth in the Schedule of Performance, or any extension of such time period approved by the Authority's Executive Director, due to a default by Developer hereunder which is not cured within the applicable cure period, the Authority shall have the right to terminate this Agreement.

(b) After the Construction Financing Event for a phase, but before Completion of the Improvements in accordance with this Agreement, the Authority shall have the additional right to terminate this Agreement in the event any of the following defaults shall occur:

(1) Developer fails to cause the maintenance of the Property, or fails to cause the commencement of construction of the Improvements as required by this Agreement, for a period of sixty (60) days after written notice from the Authority, provided that the Developer shall not have obtained an extension or postponement to which the Developer may be entitled pursuant to Section 6.4 hereof; or

(2) Subject to Force Majeure, Developer abandons the Property or, after the Construction Financing Event, substantially suspends construction of the improvements for a period of thirty (30) days after written notice has been given by the Authority to the Developer, provided the Developer has not obtained an extension or postponement to which the Developer may be entitled to pursuant to Section 6.4 hereof; or

(3) Developer assigns or attempts to assign this Agreement, or any rights herein, or, transfer, or suffer any involuntary transfer of the Property, or any part thereof, in violation of this Agreement, and such breach is not cured within thirty (30) days after the date of written notice thereof; or

(4) Developer otherwise materially breaches this Agreement, and such breach is not cured within the respective times provided in Section 5.1 of this Agreement.

(c) The cure periods established in paragraphs a. and b. shall run concurrently with one another and with any other rights to cure set forth in this Agreement or any other instrument.

(d) The rights established in paragraph b. shall not apply after the Authority has issued a Release of Construction Covenants.

(e) In the event the Authority terminates this Agreement pursuant to paragraph a. or b. of this Section 5.9, the Authority shall have the right to exercise all remedies available to the Authority under law, and shall retain its rights under Section 5.10, notwithstanding the termination of this Agreement.

Section 5.10 Right of Reentry

Subject to the notice and cure provisions of Section 5.1, in the event the Construction Financing Event for a phase does not occur due to a default by Developer hereunder which is not cured within the applicable cure period, and/or in the event of an uncured default described in Section 5.9, the Authority shall have the additional right, at its option, to reenter and take possession of that portion of the Property that has not yet been conveyed to a qualified Purchaser with all improvements thereon, and to terminate and revest in the Authority title to that portion of the estate theretofore conveyed to the Developer and Developer shall thereupon forfeit its title to that portion the Property and any improvements thereon.

(a) The Grant Deed shall contain appropriate reference and provision to give effect to the Authority's right, as set forth in this Section 5.10 under specified circumstances prior to the occurrence of the Construction Financing Event for a phase, to reenter and take possession of the Property or portion thereof, with all improvements thereon, and to terminate and revest in the Authority all of such portion of the estate conveyed to the Developer.

(b) Upon the revesting in the Authority of title to the Property, or portion thereof, as provided in this Section 5.10 and Section 2.18, the Authority shall use its diligent and good faith efforts to resell the Property as soon and in such manner as the Authority shall find feasible in its sole discretion, to a qualified and responsible party or parties (as determined by the Authority in its sole discretion), who will assume the obligation of making or completing the Improvements, or such other improvements in their stead as shall be satisfactory to the Authority in its sole discretion and consistent with the CRL. Upon such resale of the Property or portion thereof, the proceeds thereof shall be applied to:

(1) Reimburse the Authority on its own behalf of all costs and expenses incurred by the Authority, including salaries of personnel engaged in such action, in connection with the recapture, management and resale of the Property, or any part thereof (but less any income derived by the Authority from the sale of the Property, or any part thereof, or from the management of such Property); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of Developer's

ownership, then such taxes, assessments or charges as would have been payable if the Property, 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 Developer, 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 Property, or any part thereof; and any amounts otherwise owing to the Authority by the Developer and its successor or transferee; and

(2) Reimburse the Developer, its successor or transferee, for Developer equity up to the amount equal to: (i) the costs incurred for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less (ii) the sum of gains or income withdrawn or realized by Developer, its successors or assigns from the Property or from the improvements on the Property; and any balance remaining after such reimbursements shall be retained by the Authority as its property.

(c) To the extent that the right established in this Section 5.10 involves a forfeiture, it must be strictly interpreted against the Authority, the party for whose benefit it is created. The rights established in this Section 5.10 are expressly authorized by Health and Safety Code section 33438 and are to be interpreted in light of the fact that the Authority will convey the Property to the Developer for development and not for speculation.

ARTICLE 6 GENERAL PROVISIONS

Section 6.1 Notices, Demands and Communications between the Parties

(a) Formal notices, demands and communications between the Authority and the Developer shall be sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, to the principal offices of the Authority and the Developer, as designated in Sections 1.3 and 1.4 hereof. Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail as provided in this Section 6.1. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

Section 6.2 Conflicts of Interest

(a) No member, official or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of

any corporation, partnership or association in which he is, directly or indirectly, interested.

(b) The Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

Section 6.3 Nonliability of Authority Officials and Employees

No member, official, employee or consultant of the Authority shall be personally liable to the Developer, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to the Developer or to its successor, or on any obligations under the terms of this Agreement.

Section 6.4 Force Majeure

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

Section 6.5 Inspection of Books and Records

The Developer shall maintain complete, accurate, and current records, accounts, documentation and other material pertaining to the Property and the Project and its financing for a period of five (5) years after the Sale of each Restricted Unit, and shall permit any duly authorized representative, designee or invitee of the Authority, upon reasonable advance notice, to inspect and copy records, including records pertaining to income and household size of purchasers of the Restricted Units, during regular business hours. Records must be kept accurate and current.

Section 6.6 Approvals; Non-Substantive Amendments

(a) Except as otherwise expressly provided in this Agreement, approvals required of Authority or Developer in this Agreement, 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 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 Agreement, approvals required of the Authority shall be deemed granted by the written approval of the Authority Executive Director or designee. Notwithstanding the foregoing, the Authority Executive Director may, in his or her sole discretion, refer to the governing body of the Authority any item requiring Authority approval; otherwise, "Authority approval" means and refers to approval by the Authority Executive Director or designee.

(c) The Authority Executive Director or designee shall have the right to make non-substantive changes to the attachments to this Agreement in order to ensure that all such attachments are consistent with the terms and provisions of this Agreement.

Section 6.7 Real Estate Commissions

Neither the Authority nor the Developer shall be liable for any real estate commissions, brokerage fees or finder's fees which may arise from the sale of the Property to the Developer. The Authority and the Developer each represent to the other that it has employed no broker, agent, or finder in connection with this transaction.

Section 6.8 Further Assurances

The Developer shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the Authority may from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

Section 6.9 Construction and Interpretation of Agreement

(a) The language in all parts of this Agreement shall in all cases be construed simply, as a whole and in accordance with its fair meaning and not strictly for or against any party. The parties hereto acknowledge and agree that this Agreement has been prepared jointly by the parties and has been the subject of arm's length and careful negotiation over a considerable period of time, that each party has been given the opportunity to independently review this Agreement with legal counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

(b) If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

(c) The captions of the articles, sections, and subsections herein are inserted solely for convenience and under no circumstances are they or any of them to be treated or construed as part of this instrument.

(d) References in this instrument to this "DDA" or this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly

incorporated by reference in this instrument.

(e) As used in this Agreement, and as the context may require, the singular includes the plural and vice versa, and the masculine gender includes the feminine and vice versa.

Section 6.10 Time of Essence

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement.

Section 6.11 No Partnership

Nothing contained in this Agreement shall be deemed or construed to create a lending partnership, other partnership, joint venture, or any other relationship between the parties hereto other than purchaser and seller and lender and borrower according to the provisions contained herein, or cause Authority to be responsible in any way for the debts or obligations of Developer, or any other party.

Section 6.12 Compliance with Law

Developer 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 Property, and the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Developer or any lessee or permittee in any action or proceeding against them, or any of them, whether Authority be a party thereto or not, that Developer, lessee or permittee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Authority and Developer.

Section 6.13 Binding Effect

This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

Section 6.14 No Third Party Beneficiaries

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of Authority and Developer, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

Section 6.15 Authority to Sign

Developer hereby represents that the persons executing this Agreement on behalf of Developer have full authority to do so and to bind Developer to perform pursuant to the terms and conditions of this Agreement.

Section 6.16 Incorporation by Reference

Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

Section 6.17 Counterparts

This Agreement and any attachment to be executed by the parties may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

ARTICLE 7 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

(a) This Agreement shall be executed in three duplicate originals each of which is deemed to be an original. This Agreement, including all attachments hereto and exhibits appended to such attachments shall constitute the entire understanding and agreement of the parties.

(b) This Agreement 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 Property.

(c) All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Authority or the Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of the Authority and the Developer. This Agreement and any provisions hereof may be amended by mutual written agreement by the Developer and the Authority.

ARTICLE 8 EFFECTIVE DATE OF AGREEMENT

This Agreement shall be dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until approved by the Board of Commissioners ("Board") and executed by the Chairman of the Board and the Developer.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date written below.

AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency

By:______________________________
Marion Ashley, Chairman
Board of Commissioners

Date:__________________

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

By:______________________________
Deputy

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By: [signature]
Jhaila R. Brown, Deputy County Counsel

DEVELOPER:

THE COACHELLA VALLEY HOUSING COALITION, a California non-profit public benefit corporation

By: [signature]
John F. Mealey, Executive Director

Date: 7/20/2015

(AUTHORITY and DEVELOPER signatures need to be notarized)

ACKNOWLEDGMENT

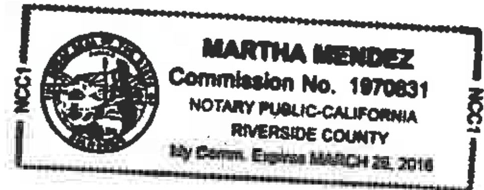
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside)

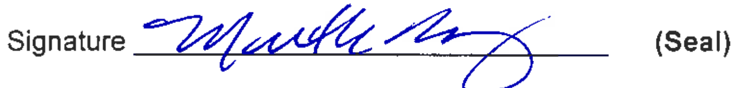
On July 20, 2015 before me, Martha Mendez, Notary Public
(insert name and title of the officer)

personally appeared John F. Mealey ----,
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)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF ________)

On ____________________________________ before me, _________________, a Notary Public, 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)

ATTACHMENT NO. 1

LEGAL DESCRIPTION

[Behind this page]

ATTACHMENT NO. 1

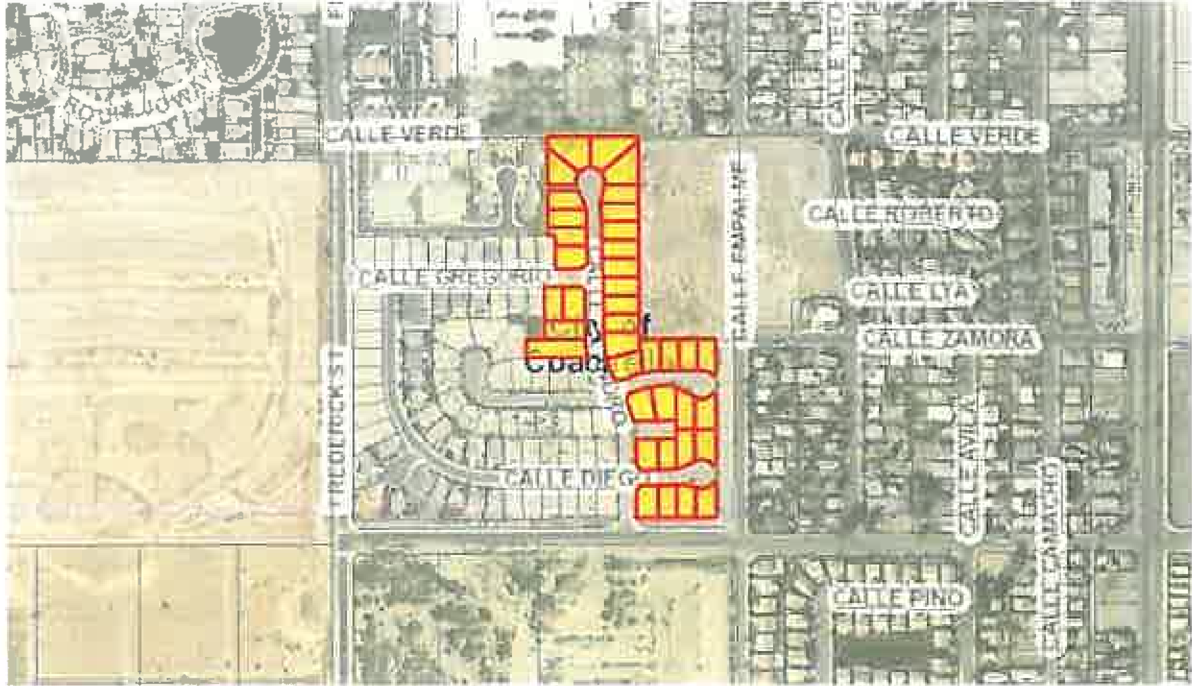
LEGAL DESCRIPTION

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

LOTS 24 THROUGH 31, 55 THROUGH 58 AND 78 THROUGH 104, INCLUSIVE OF TRACT NO. 31158, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 397, PAGES 1 TO 5 INCLUSIVE OF MAPS, IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER.

ASSESSOR PARCEL NUMBERS 768-361-010 THROUGH -012, AND 768-362-001 THROUGH -016, AND 768-371-001 THROUGH -019, AND 768-372-015.

Property
Tierra Bonita 39 lots in tract 31158
Avenue 53 and Calle Leandro, Coachella
Acres: 9.308



ATTACHMENT NO. 2

METHOD OF FINANCING

[Behind this page]

ATTACHMENT NO. 2

METHOD OF FINANCING

This is the Method of Financing attached to the Disposition and Development Agreement ("DDA") between the Housing Authority of the County of Riverside ("Authority") and Coachella Valley Housing Coalition, ("Developer"), pertaining to the conveyance of certain real property located in the City of Coachella ("Property") by the Authority to Developer and the subsequent sale of subdivided parcels located on the Property by Developer to qualified low income first time homebuyers for an Affordable Sales Price and the development and construction thereon of thirty-nine (39) single family homes (the "Units") consisting of 6 3-Bedroom homes and 33 4-bedroom homes, all of which are Restricted Units, as described in the DDA ("Project"). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the DDA.

The development and construction of the Project shall occur as set forth in the DDA and pursuant to the United Stated Department of Agriculture's ("USDA") Mutual Self Help Housing Loan Program. The Project will be financed by a combination of USDA Section 502 Loan ("Section 502") funds , Authority 2006 Series A Taxable Housing Bond funds, HCD CalHOME ("CalHome") funds, Joe Serna Jr. Farmworker Housing Grant Program ("Joe Serna") funds and Federal Home Loan Bank of San Francisco Affordable Housing Program ("AHP") funds ("collectively, "Sources of Financing"). The Sources of Financing shall be used to pay all Development Costs. In addition to the Sources of Financing, Developer has applied for and shall receive a USDA Mutual Self Help Housing Technical Assistance Grant to assist Developer in carrying out the self-help housing construction Project.

1. **Developer's Purchase Price**. The Property will be conveyed by the Authority to the Developer for a purchase price of $1 subject to the satisfaction of certain conditions precedent set forth in the DDA. Developer will thereafter convey the existing subdivided parcels on the Property referred to in the DDA as the Purchaser Parcels to qualified Purchasers. The Authority acquired the Property from the former Coachella Redevelopment Agency ("former RDA") subsequent to the dissolution of redevelopment agencies pursuant to the Dissolution Act and the Housing Asset Transfer List approved by the California Department of Finance on March 5, 2015. The former RDA utilized funds from Low and Moderate Income Housing Tax Exempt Bond Proceeds to acquire the Property, as such the sale and use of the Property is subject to the CRL, among other laws.

2. **Total Development Cost**. The parties estimate that the cost of the acquisition and development of the Property by Developer and the qualified Purchasers ("Development Costs") will be approximately Seven Million, Nine Hundred Sixty Thousand Dollars ($7,960,000). The foregoing estimate shall be subject to changes to the Project Budget as provided in Section 4, below.

3. **Sources of Financing**. The parties anticipate that the Development Costs shall be financed with a combination of the following sources of financing, as set forth in the following

chart and described below. These estimated numbers will be finalized based on actual loan amounts provided to homebuyers:

Source of Funds	Construction	Permanent
USDA-RD 502 OwnerBuilder Construction/Mortgage Loans	4,928,300	4,928,300
HACR	1,189,800	1,189,800
HCD CalHOME Program Loan	595,400	595,400
HCD Joe Serna Loan	360,000	360,000
Homebuyer Sweat Equity	886,500	886,500
	Total	**$ 7,960,000**

3.1 Construction Period Financing

a. A construction loan issued by the USDA to be provided to each qualified Purchaser through the USDA Mutual Self Help Housing Program ("Section 502 Loan"). The use of the Section 502 Loan funds during the construction phase of each Restricted Unit will be supervised by Developer for construction purposes and provided/disbursed by the Lender, in a cumulative total amount estimated to be $4,928,300, to be secured by individual first deeds of trust on each Purchaser Parcel within the Property and the Project (such loan referred to as the "Construction Loan"). Upon completion of construction the Section 502 Loan will convert from a construction loan to a permanent mortgage loan. The Section 502 Loan shall be in a first priority lien position against a Purchaser Parcel.

b. A loan from the Authority ("Authority Loan") derived from the Authority's 2006 Series A Taxable Housing Bond funds in the not to exceed total amount of $1,189,800 to be to be used as a purchase money loan for a qualified Purchaser to pay a portion of the purchase price for a Purchaser Parcel, subject to the following:

   i. The Authority Loan shall be evidenced by a promissory note executed by a qualified Purchaser in favor of the Authority and secured by a deed of trust for. The Authority Loan deed of trust, plus all other instruments securing the Authority Loan, shall be in a second priority lien position against a Purchaser Parcel subordinate only to the lien of the deed of trust securing the Section 502 Loan. The Authority Loan shall also be secured by Re-Sale Restrictions (**Attachment No. P-4** to the DDA).
   ii. The sum of all Authority Loans shall not exceed $50,000 per qualified Purchaser and shall be no less $5,000 per qualified Purchaser.
   iii. The term of each Authority Loan issued to a qualified Purchaser shall be no less than 45 years.

iv. Subject to the satisfaction of the conditions set forth in the Authority Loan documents, the Authority Loan payments are deferred and forgiven at the end of the affordability period.
v. The Authority Loan term shall commence upon the close of escrow conveying the Purchaser Parcel from Developer to a qualified Purchaser, subject to the conditions precedent set forth in Section 2.20 of the DDA.
vi. The outstanding balance of the Authority Loan shall bear simple interest at the rate of zero percent (0%) per annum.
vii. At the qualified Purchaser's Closing, the obligation to re-pay the Authority Loan shall be evidenced by the Authority Loan promissory note (**Attachment No.** P-1 to the DDA)
viii. Notwithstanding any other provisions of this Method of Financing or the DDA, the parties acknowledge that the Authority Loan is intended to be gap assistance, not to exceed the amount needed to bridge the gap between the total Development Costs and the maximum loans obtainable by Developer and the qualified Purchasers, but in any event not to exceed the respective dollar amounts set forth in the Method of Financing. The Authority Loan may be subject to reduction at the qualified Purchaser close of escrow.

    1. In the event that Development Costs in the Project Budget are less than the construction Sources of Financing determined at Closing ("Surplus"), then the amount of the Authority Loan shall be $1,189,800 minus the Surplus.

c. Financing from the California Housing Finance Agency CalHOME Program ("CalHOME Loan") for homebuyer affordability assistance in the amount of $595,400 secured by deeds of trust subordinate to the Authority Loan deed of trust and other Authority Loan documents.

d. Financing from the State of California Housing and Community Development Joe Serna Jr. Farmworker Housing Grant program ("Joe Serna Loan") for farmworker household homebuyer assistance in the amount of $360,000 secured by deeds of trust subordinate to the Authority Loan deed of trust and other Authority Loan documents.

e. Funds to be provided by United States Department of Agriculture Mutual Self Help Housing ("523 Technical Assistance Grant") in the amount of $1,064,700 and/or other funds to be provided by Developer to pay Development Costs, which funds shall not be secured ("Developer's Equity"). Developer shall be responsible to provide funds if and as needed to pay for cost overruns and contingencies not otherwise funded by Construction Financing.

f. Developer will use good faith efforts to Financing from the Federal Home Loan Bank of San Francisco Affordable Housing Program (AHP) made by Rabobank

("AHP Loan") for homebuyers assistance in an amount determined by Developer in the approximate amount of $600,000 secured by deeds of trust subordinate to the Authority Loan deed of trust and other Authority Loan documents.

g. Developer 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 Construction Financing described in this Section 3.

3.2 Permanent Sources of Financing

a. Each Section 502 Loan, as described in Section 3.1 (a) above, secured against a Purchaser Parcel will convert to a permanent mortgage home loan for each qualified Purchaser upon the completion of construction for such Purchaser Parcel.
b. Each Authority Loan, as described in Section 3.1 (b) above.
c. Each CalHOME Loan, as described in Section 3.1 (c) above.
d. Each Joe Serna Loan, as described in Section 3.1 (d) above.
e. To the extent obtained, each AHP Loan, as described in Section 3.1 (e) above.
f. The 523 Technical Assistance Grant, as described in Section 3.1 (f) above.

4. Project Budget

a. The parties anticipate that all Development Costs shall be as set forth in the Project Budget attached to the DDA as **Attachment No. 6** ("Project Budget") and incorporated herein by this reference. The Project Budget also sets forth the anticipated revenue from sales, estimated as of the date of this Agreement. The parties acknowledge that actual sales prices and revenues will depend on market conditions and will be subject to change from time-to-time, provided that, in no event shall the down payment, if applicable, plus First Mortgage of the Purchaser Parcel exceed an Affordable Sales Price.

b. The Development Costs in the Project Budget shall be subject to change from time-to-time, subject to the prior written approval of material changes by the Authority Executive Director or designee, upon which approval the Project Budget shall be replaced by an approved revised Project Budget. For purposes of this Section 4, a "material change" to the Project Budget is any change (increase or decrease) to the total Development costs, and any change (increase or decrease) of $100,000 individually or over $250,000 in the aggregate when taken together, over any length of time, of any individual line item, but only to the extent such change derives from a change to the Project plans and specifications and does not simply reflect that a particular line item costs more or less than anticipated. A "material change" also includes any change to the appliances, fixtures or finishes of a Restricted Unit, no matter the dollar amount of such change.

5. **No Subordination of Affordability Covenants.** Notwithstanding anything to the contrary herein or in the DDA, the affordability covenants in the Agreement Containing Covenants (**Attachment No. D-4** to the DDA) and the Resale Restrictions (**Attachment No. P-4** to the DDA) shall be senior to the security instruments for all loans secured against the Property and all qualified Purchaser loans including, but not limited to the First Mortgage Loan Deed of Trust.

6. **Evidence of Financing and Marketing Plan.**

a. Construction Financing. The sum of the Construction/Permanent Loans plus any Sweat Equity shall be sufficient at all times to pay all Development Costs as set forth in the Authority approved Project Budget. Developer shall submit for Authority review and approval documentation evidencing the Construction/Permanent Loans, including copies of all documents required by each lender to obtain such financing. Developer shall provide written certification to the Authority that such documents are correct copies of the actual documents to be executed by Developer or other parties on or before the disbursement of the Authority Loan as provided in the DDA. To the extent that the sum of the Construction/Permanent Loans plus Sweat Equity is insufficient to pay all Development Costs, Developer shall submit evidence acceptable to the Authority Executive Director that additional funds will be available as and when required to fully pay for all Development Costs.

b. Marketing Plan. On or before the Close of Escrow, Developer shall prepare and submit to the Authority for review a marketing plan containing the overall plan for sales and marketing of the Restricted Units, indicating the start and duration of the marketing period, methods of dissemination of information to the public, selection criteria, etc. The Authority shall not unreasonably withhold its approval of the Marketing Plan.

7. **Conditions Precedent to Close of Escrow for Sale of Property** The Close of Escrow for the Sale of the Property to Developer is conditioned upon the satisfaction of each condition precedent set forth in Sections 2.16 of the DDA prior to the time for the Sale of the Property set forth in the Schedule of Performance.

8. **Sale of Purchaser Parcels**

a. Within the time period set forth in the Schedule of Performance, Developer shall sell all thirty-nine (39) of the Purchaser Parcels to Low Income First Time Homebuyers, for an Affordable Sales Price pursuant to Community Redevelopment Law and as provided in the DDA, the payments on which must not exceed an Affordable Housing Cost to the buyer when added to all other components of Housing Cost, as defined in Section 6920 of title 25 of the California Administrative Code. The actual sales price for a Purchaser Parcel

shall be established by Developer prior to marketing and sale of the Purchaser Parcel, subject to the prior written approval of the Authority Executive Director or designee. The Authority Executive Director, or designee, shall, in his or her discretion, consider proposals by Developer to adjust pricing and sale strategies if the Purchaser Parcels are not absorbed at the anticipated sales prices.

b. The parties currently anticipate that the positive difference between the market value of the Purchaser Parcels and the Affordable Sales Price described in paragraph a. shall be represented by a second, third, fourth and possibly a fifth, mortgage (to the extent necessary) loan to the purchaser of each Purchaser Parcel. Except as to the Authority Loan assistance to qualified Purchasers, the exact amount and number of junior loans shall be determined by the Developer and is based upon eligibility and need for assistance of each individual homebuyer. All Authority Loan purchase money loan assistance to a qualified Purchaser shall be secured by, among other things, a deed of trust in favor of the Authority.

c. The grant deed conveying each Purchaser Parcel from Developer to a qualified Purchaser shall be subject to an Addendum to Grant Deed substantially conforming in the form and substance to the form of Addendum to Grant Deed attached to the DDA as **Attachment No. P-3**. Subject to the terms, conditions and limitations contained in the DDA, including the Addendum to Grant Deed, the Developer shall process applications from potential purchasers of the Purchaser Parcels. Developer shall provide to each qualified Purchaser an appropriate disclosure statement, subject to the prior review and approval by the Authority Executive Director, giving notice that the Purchaser Parcel is subject to resale and recapture restrictions in accordance with the terms of the Addendum to Grant Deed, Authority Loan Promissory Note, and Resale Restriction. A Resale Restrictions substantially conforming and form and substance to the Resale Restrictions attached to the DDA as Attachment No. 5 shall be executed by a qualified Purchaser memorializing the occupancy and resale restrictions for each Purchaser Parcel and shall also be recorded in a second priority lien position against a Purchaser Parcel.

d. Down Payment Assistance; Recapture Provisions; Close of Escrow For Sale of Purchaser Parcels Located on Property.

   i. Subject to the satisfaction of certain underwriting criteria established by the Authority and subject to the prior written approval of the Authority, a low income household which is also a First Time Homebuyer may be eligible to receive Authority Loan assistance to be used towards the purchase price of a Purchaser Parcel located on the Property. The principal amount of the Authority Loan assistance becomes due and must be repaid to the Authority upon the sale, transfer, lease, or any other disposition, including refinancing or incurring of additional debt secured by the

Purchaser Parcel, including any improvements thereon, located on the Property pursuant to the DDA, Authority Loan Promissory Note, Addendum to Grant Deed and Resale Restriction. The conditions precedent to the close of escrow for the Authority's Loan shall be as set forth in Section 2.20 of the DDA.

ii. **Repayment to Lender Upon Sale of Property Prior to Expiration of Term; Equity Share**. In the event of the Sale of the Property within the first fifteen (15) years of the Term, Borrower shall repay the outstanding principal balance of the Note from the proceeds of the sale, and Lender shall be required to recapture a share of the Borrower's "Equity" upon the sale of the Property as set forth below. If the Property is sold at any time after expiration of the fifteen (15) year period and prior to the expiration of the forty-five (45) year Term, Borrower shall repay the outstanding principal balance of the Note from the proceeds of the sale, but Lender shall not be entitled to any share of Borrower's Equity

. iii. As a condition precedent to the close of escrow for each Purchaser Parcel developed on the Property and sold to a qualified Purchaser, and provided the Authority approved a Authority Loan assistance to such qualified Purchaser, the instruments referenced in Sections 2.20 and 4 of the DDA shall be executed by such homebuyer and delivered into escrow.

e. Developer shall be responsible for obtaining all source documentation evidencing a Purchaser's income as required by the DDA. Developer shall cooperate with the Authority prior to the initial sale of any Purchaser Parcel to effectuate this provision.

f. The units and common area are subject to Covenants, Conditions and Restrictions ("CC&Rs") which have been recorded against the lots in Tract 31158 in the City of Coachella, County of Riverside, State of California. The CC&Rs affect the units and common area and run with the land. The units and common area shall be maintained in accordance with the recorded CC&Rs. .

g. No member, official, employee, agent, attorney or contractor of Authority and no officer, employee, agent, official, consultant or contractor of Developer, or any person holding a financial interest in Developer, or any family member of any person described in this paragraph, may purchase any Purchaser Parcel.

[Remainder of Page Intentionally Blank]

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

[Behind this page]

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

1.	Marketing/ Income qualification Developer has prequalified 117 applicants which have been accepted by the USDA RD for mortgage loan consideration in accordance with the Mutual Self Help Housing Program as administered by the Developer, a technical assistance provider for that program.	December 2014
2.	Escrow - Disposition of the Property from Authority to Developer. Developer and Authority shall open escrow, Developer shall satisfy all conditions precedent to the Close of Escrow as set forth in Section 2.16 of the DDA, and Authority shall sell the Property to Developer.	Following Authority approval and execution of the DDA, On or before September 1, 2015.
3.	Conditions Precedent to the Close of Escrow for the Sale of the Property to Developer. Developer shall satisfy all conditions precedent to the Close of Escrow as set forth in Section 2.16 of the DDA.	On or before September 15, 2015.
4.	Closing Date –conveyance of property by Authority to Developer provided all conditions precedent in Section 2.16 of DDA remain satisfied	On or before September15, 2015
5.	Submission – Final Construction Drawings and Related Documents. Developer shall submit complete final schematic and construction drawings, including landscape and grading documents to the Authority pursuant to Section 3.3 of the DDA.	On or before December 20, 2015
6.	Evidence of Financing- Developer shall submit to the Authority evidence satisfactory to the Authority that each qualified Purchaser scheduled to close escrow during the applicable Construction Financing Event has obtained the financing necessary for the acquisition and development of its respective Purchaser Parcel. Evidence shall be provided by Phase.	Evidence shall be provided at least three (3) business days prior to scheduled Construction Financing Event associated with corresponding phase.

	Evidence of Financing • Phase 1 (Group 74) – 13 restricted units.	At least three days before December 31, 2015
	• Phase 2 (Group 75) – 13 restricted units.	At least three days before February 29, 2016
	• Phase 3 (Group 76) – 13 restricted units.	At least three days before April 30, 2015
7.	Construction Financing Event means the close of escrow in connection with the sale of Purchaser Parcels to qualified Purchasers by the Developer	
	• Phase 1 (Group 74) – 13 restricted units.	On or before December 31, 2015
	• Phase 2 (Group 75) – 13 restricted units.	On or before February 29, 2016
	• Phase 3 (Group 76) – 13 restricted units.	On or before April 30, 2015
8.	Construction Commencement. Developer shall commence construction of each Phase.	Within sixty (60) days after Construction Financing Event associated to corresponding phase.
	• Phase 1 (Group 74) – 13 restricted units.	On or before February 29, 2016
	• Phase 2 (Group 75) – 13 restricted units.	On or before April 29, 2016
	• Phase 3 (Group 76) – 13 restricted units.	On or before June 29, 2016
9.	Construction Completion Each phase has 16 months to complete construction, from the date each phase obtains building permits.	Within 16 months from the start of construction, associated to corresponding phase.
	• Phase 1 (Group 74) – 13 restricted units.	On or before June 29, 2017
	• Phase 2 (Group 75) – 13 restricted units.	On or before August 29, 2017
	• Phase 3 (Group 76) – 13 restricted units.	On or before October 29, 2017
10.	Project Completion –Developer shall complete construction of the entire project pursuant to the DDA "Completion" shall occur as that term is defined in the DDA.	On or before December 31, 2017

ATTACHMENT NO. 4

GRANT DEED

[Behind this page]

OFFICIAL BUSINESS.

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

Housing Authority of the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn: ________________

SPACE ABOVE THIS LINE FOR RECORDER'S USE

APN:_________________________

OFFICIAL BUSINESS
Document entitled to free
recording per Government
Code Section 27383

GRANT DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic in the State of California, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside, herein called "Grantor," hereby grants to THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation, herein called "Grantee," the real property, hereinafter referred to as the "Property," described in the document attached hereto, labeled Exhibit "A" and incorporated herein by this reference.

1. Said Property is conveyed in accordance with and subject to (i) that certain Disposition and Development Agreement ("DDA") entered into by and between Grantor and Grantee, dated as of ____________________, 2015, which document is a public record on file in the offices of the Clerk of the Board of Commissioners, and is by reference hereto incorporated herein as though fully set forth herein, and (ii) that certain Agreement Containing Covenants entered into by and between Grantor and Grantee, dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office of the County of Riverside ("Official Records"). Any capitalized term not defined herein shall have the meaning ascribed to such term in the DDA.

2. This Grant Deed may be executed in counterparts.

3. Title to the Property is conveyed hereto subject to all recorded liens, encumbrances, covenants, encroachments, assessments, easements, leases and taxes.

4. The Property is conveyed to Grantee at a purchase price ("Purchase Price") determined in accordance with the uses permitted by the DDA. Therefore, Grantee hereby covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property that the Grantee, such successors and assigns, shall develop, maintain, and use the Property only as follows:

(a) Develop and construct and/or cause the development and construction on the Property of thirty-nine (39) single family homes, with infrastructure and related parking in accordance with the DDA, Scope of Development (Attachment No. 6 to the DDA), and all plans and specifications approved by the Authority and other Governmental Authority, within the time frame set forth in the Schedule of Performance (Attachment No. 3 to the DDA).

(b) Grantee covenants and agrees for itself, its successors, assigns and any successor in interest to the Property, or any portion thereof, as follows: (1) to sell thirty-nine (39) unimproved parcels ("Restricted Purchaser Parcels") located on the Property exclusively to "lower income households" (as that term is defined in Health and Safety Code Section 50079.5) who are "First Time Homebuyers" (as that term is defined in the DDA) for the initial purchase only, for an Affordable Sale Price (including a Down Payment) such that their total Housing Cost is as follows, for lower income households whose gross incomes exceed the maximum income for very low income households and do not exceed 70% of the area median income adjusted for family size, the product of 30% times 70% of the area median income adjusted for family size appropriate for the unit. In addition, for any lower income household that has a gross income that equals or exceeds 70% of the area median income adjusted for family size, the housing cost shall not exceed 30% of the gross income of the household. As used herein, the term, "area median income" means the median income of the Riverside-San Bernardino-Ontario Standard Metropolitan Statistical Area, adjusted for family size by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act of 1937, as determined by HUD and published from time to time by the California Department of Housing and Community Development, and the phrase "adjusted for household size appropriate to the unit" means a household size equal to the number of bedrooms in the unit plus one. Developer shall also develop and construct and/or cause such lower income qualified purchaser to develop and construct a single family home ("Restricted Unit") pursuant to the DDA and Scope of Development on the Restricted Purchaser Parcel within the time frame set forth in the Schedule of Performance. The Restricted Purchaser Parcel and the Restricted Unit are collectively referred to herein as the "Restricted Unit" or "Restricted Units."

Concurrently with the close of escrow for the initial sale of each Restricted Unit from Grantee to a qualified lower income First Time Homebuyer, Grantee shall cause such qualified lower income First Time Homebuyer to execute and record in the Official Records (i) an Addendum to Grant Deed substantially conforming in form and substance to Attachment "B" containing, among things, resale and occupancy restrictions pursuant to the DDA and the income restrictions set forth in this paragraph 3 (b), and (ii) Affordable Housing Re-Sale restrictions Option to Designate Eligible Purchaser with Alternative Option to Purchase andn Option to Purchase Upon Default (Attachment No. 12 to the DDA). Notwithstanding the termination language in Section 13 below, Grantee, its successors, assigns and any successor in interest to the Restricted Unit, including, but not limited to the initial purchaser and all subsequent purchasers in the chain of title, shall be subject to the income, occupancy and resale restrictions set forth in

the Addendum to Grant Deed for a period of fifteen (15) years commencing on the date the Grant Deed for the initial sale of the Restricted Unit is recorded in the Official Records.

(c) Grantee, 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 immediate 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 of the Grantee's or any successor's failure to comply with this Section, the Grantor, on two (2) weeks' prior written notice, may cause such compliance and upon the completion thereof, its cost shall be borne by the Grantee or its successor (as the case may be) and until paid, shall be a lien against the Property. Grantee shall have the right to assign its responsibilities pursuant to this paragraph (c) to the purchasers of the residential units through inclusion of those obligations in the Grant Deed conveying a Restricted Unit from Grantee to a qualified lower income First Time Homebuyer or otherwise.

5. Grantee hereby covenants for itself, its successors, its assigns and every successor in interest to the Property that, prior to recordation of a Release of Construction Covenants in the Official Records in accordance with the DDA:

(a) The Grantee shall have no power to make any sale, transfer, conveyance, encumbrance, lease or assignment of the Property, or any part thereof, or any buildings or improvements thereon, without the prior written consent of the Grantor, except to a mortgagee or trustee under a mortgage or deed of trust or other conveyance permitted by Section 4(b), below, or by a purchaser in foreclosure or to municipal corporations or public utilities or others as grantee for easements or permits to facilitate development of the Property. In the event that the Grantee does sell, transfer, convey or assign any part of the Property or buildings or structures thereon, prior to the recordation of a Release of Construction Covenants, in violation of this Grant Deed, the Grantor shall be entitled to increase the Purchase Price paid by the Grantee by the amount that the consideration payable for such sale, transfer, conveyance or assignment is in excess of the Purchase Price paid by the Grantee, plus the cost of improvements and development, including carrying charges and costs related thereto. The consideration payable for such sale, transfer, conveyance or assignment to the extent it is in excess of the amount so authorized shall belong and be paid to the Grantor and until paid the Grantor shall have a lien on the Property and any part involved for such amount. 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 granting any security interests permitted by paragraph (4)(b) of this Grant Deed

for financing the construction and development of the Property. The lien created hereby shall be subordinate and subject to any such security interests. Notwithstanding anything to the contrary herein, prior to the recording of the Release of Construction Covenants as to the Property, Grantee shall have the right to enter into purchase and sale agreements with qualified Purchasers for the purchase and sale of individual units provided: (i) any such transfer is not an indirect transfer of substantially all of Grantee's interests in the Property prior to the recording of the Release of Construction Covenants; (ii) Grantee remains obligated to complete construction and obtain the Release of Construction Covenants from the Grantor as to the Property; (iii) Grantee is not released from any liability as to the Property but remains fully liable to Grantor pursuant to the terms of the DDA until the recording of the Release of Construction Covenants relating to the Property; and (iv) such purchase and sale only involves the bona fide, arm's length conveyance of an individual unit pursuant to a public report issued by the California Department of Real Estate.

(b) The Grantee shall not place or suffer to be placed on the Property any lien or encumbrance other than mortgages, deeds of trust, or other methods of financing the Improvements and developing the Property that is permitted by the DDA. Prior to Completion (1) Grantee shall not have any authority to encumber the Property for any purpose other than Permitted Financing Purposes (as defined in Section 3.16 of the DDA); (2) Grantee shall notify Grantor in advance of any proposed financing; and (3) Grantee shall not enter into any agreements for non-Permitted Financing Purposes requiring a conveyance of security interests in the Property without the prior written approval of the Grantor.

6. Right of Reverter.

(a) Prior to recordation of the Release of Construction Covenants as to all or a portion of the Property pursuant to the DDA, the Grantor shall have the additional right, at its option, to re-enter and take possession of any portion of the Property herein conveyed which has not been conveyed to a lower income First Time Homebuyer, with all Improvements thereon, and to terminate and revest in the Grantor the Property hereby conveyed to the Grantee and Grantee shall thereupon forfeit its title to the Property and the Improvements, in the event that any of the following defaults shall occur and shall remain uncured after the expiration of any applicable notice and cure period:

(i) Grantee fails to maintain the Property, or fails to commence construction of the Improvements as required by the DDA, for a period of sixty (60) days after written notice from Grantor, provided that Grantee shall not have obtained an extension or postponement to which Grantee may be entitled pursuant to Section 6.4 of the DDA; or

(ii) Subject to Force Majeure, Grantee abandons the Property or, after the Construction Financing Event, substantially suspends construction of the improvements for a period of thirty (30) days after written notice has been given by Grantor to Grantee, provided the Grantee has not obtained an extension or postponement to which the Grantee may be entitled to pursuant to Section 6.4 of the DDA; or

(iii) Grantee assigns or attempts to assign the DDA, or any rights therein , or, transfer (except for sales of Units to purchasers which shall not close until a Release of Construction Covenants is issued), or suffer any involuntary transfer of the Property, or any part thereof, in violation of the DDA, and such breach is not cured within thirty (30) days after

the date of written notice thereof; or

(iv) Grantee otherwise materially breaches the DDA, and such breach is not cured within the respective times provided in Section 5.1 of the DDA.

(b) The right to re-enter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid, or limit:

(i) Any mortgage, deed of trust or other financing instruments permitted by the DDA ("Permitted Mortgages"):

(ii) Any rights or interests provided in the DDA for the protection of the holders of such mortgages, deeds of trust or other financing instruments, including but not limited to the beneficiaries of the deeds of trust securing the Construction Loan as those terms are defined in the DDA (collectively, the "Permitted Mortgagees") or in any subordination agreements in favor of the Permitted Mortgagees.

(c) Upon the revesting in the Grantor of title to the Property, as provided in this Section 5 , the Grantor shall use its diligent and good faith efforts to resell the Property as soon and in such manner as the Grantor shall find feasible in its sole discretion, to a qualified and responsible party or parties (as determined by the Grantor in its sole discretion), who will assume the obligation of making or completing the Improvements, or such other improvements in their stead as shall be satisfactory to the Grantor in its sole discretion and consistent with CRL and Housing Authorities Law. Upon such resale of the Property, the proceeds thereof shall be applied to:

(i) First, repayment in full of the outstanding balance of the Construction Loan, if any;

(ii) next, to reimburse the Grantor on its own behalf of all costs and expenses incurred by the Grantor, including salaries of personnel engaged in such action, in connection with the recapture, management and resale of the Property, or any part thereof (but less any income derived by the Grantor from the sale of the Property, or any part thereof, or from the management of such Property); all taxes, assessments and water and sewer charges with respect to the Property or any part thereof (or, in the event the Property, or any part thereof, is exempt from taxation or assessment or such charges during the period of Grantee's ownership, then such taxes, assessments or charges as would have been payable if the Property, 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 Grantee, 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 Property, or any part thereof; and any amounts otherwise owing to the Grantor by the Grantee and its successor or transferee;

(iii) next, to reimburse the Grantee, its successor or transferee, for Grantee equity up to the amount equal to: (i) the costs incurred for the development of the Property, or any part thereof, or for the construction of the agreed improvements thereon, less (ii) the sum of (A) the outstanding balance of the Construction Loan; plus (B) gains or income withdrawn or realized by Grantee, its successors or assigns from the Property or from the

improvements on the Property; and plus (C) amounts used to pay in full the outstanding balance of any mortgage or deed of trust other than those listed in clause (ii)(A) of this paragraph; and

(iv) any balance remaining after such reimbursements shall be retained by Grantor as its property.

(d) To the extent that the rights established in this Section 5 involve a forfeiture, it must be strictly interpreted against Grantor, the party for whose benefit it is created. The rights established in this Section 5 are expressly authorized by Health and Safety Code section 33438 and are to be interpreted in light of the fact that Grantor is conveying the Property to Grantee for development of affordable housing and not for speculation in undeveloped land.

(i) The cure periods established in paragraph (a) shall run concurrently with each other and with any other rights to cure set forth in the DDA, this Deed or any other instrument.

(ii) The right to reenter, repossess, terminate, and revert the Property or portion thereof, shall terminate and this Section 5 shall be of no further force or effect when the Release of Construction Covenants as to the entire Property has been issued by Grantor in accordance with the DDA or with respect to each Unit.

7. The Grantee covenants and agrees for itself and its successors, assigns and any successor in its interest to the Property, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, national origin, ancestry, age, physical handicap, medical condition, marital status, sex or sexual orientation in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of their Property, nor shall the Grantee itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, leases, subtenants, sublessees, or vendees in the Property. The foregoing covenants shall run with the land.

All deeds, leases or contracts made relative to the Property, the Improvements thereon, or any part thereof shall contain or be subject to substantially the following non-discrimination or non-segregation clauses:

(a) 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."

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

(c) 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."

8. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed or in the DDA shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other security instrument permitted by this Grant Deed and made in good faith and for value; provided, however, that any subsequent owner of the Property shall be bound by such remaining covenants, conditions, restrictions limitations and provisions, whether such owner's title was acquired by foreclosure, trustee's sale or otherwise, and shall be entitled to all the benefits granted to Grantee and its assigns hereunder.

9. Following Completion of construction of the Improvements and the Grantor's determination that the completed Improvements comply with the DDA and the covenants contained herein, Grantor shall issue and record in the Official Records a Release of Construction Covenants for the Project or applicable portion thereof, as provided in the DDA. Following the recording of said Release of Construction Covenants, the only on-going obligation of Grantee, and its successors and assigns shall be as provided in Section 3(b), Section 3(c), and Section 6 hereof.

10. All covenants without regard to technical classification or designation shall be binding for the benefit of the Grantor and the County of Riverside ("County"), and such covenants shall run in favor of the Grantor and County for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor or County is or remains an owner of any land or interest therein to which such covenants relate. The Grantor and/or the County, in the event of any breach of any such covenant, shall have the right to exercise all the rights and remedies, and to maintain any action at law or suits in equity or other proper proceedings to enforce the curing of such breach.

11. All covenants contained in this Grant Deed shall be construed as covenants running with the land and not as conditions which might result in forfeiture of title, except for the

right of reverter contained in Section 5 of this Grant Deed.

12. None of the terms, covenants, agreements, or conditions heretofore agreed upon in writing in other instruments between the parties to this Grant Deed with respect to obligations to be performed, kept or observed in respect to the Property after this conveyance of the Property, shall be deemed to be merged with this Grant Deed until such time as the Release of Construction Covenants is recorded pursuant to the DDA.

13. Both before and after recording of the Release of Construction Covenants, only the Grantor, its successors, and assigns, and Grantee and the successors and assigns of Grantee in and to all or any part of the fee title to the Property, or any part thereof, shall have the right to mutually consent and agree to changes in, or to eliminate in whole or in part, any of the covenants, easements, or other restrictions contained in this Grant Deed or to subject the Property to additional covenants, easements, or other restrictions without the consent of any tenant, lessee, easement holder or licensee.

14. Except as otherwise provided in this Grant Deed, every covenant and condition and restriction contained in this Grant Deed shall remain in effect for a period of fifteen (15) years after the recordation of a Release of Construction Covenants in the Official Records. The covenants set forth in Sections 3(a), 4 and 5 shall terminate upon the recording by the Grantor of the Release of Construction Covenants and recordation in the Official Records. The covenants against discrimination set forth in Section 6 shall remain in perpetuity.

In the event of any express conflict between this Grant Deed and the DDA, the provisions of this Grant Deed shall control.

[Remainder of Page Intentionally Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers hereunto duly authorized.

"GRANTOR"

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency

By:______________________

Robert Field,
Executive Director

Date:__________________

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

By:______________________________

Jhaila R. Brown, Deputy County Counsel

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) ss.
County of ______________________)

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

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

WITNESS my hand and official seal.

____
Signature of Notary Public

Place Notary seal above

[Signatures continue on following page.]

Grantee accepts and agrees to all of the terms and provisions of this Grant Deed.

"GRANTEE"

THE COACHELLA VALLEY HOUSING COALITION, a California non-profit public benefit corporation

By:______________________________

_______________, Executive Director

Date:__________________

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
) **ss.**
County of ______________________)

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

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

WITNESS my hand and official seal.

____
Signature of Notary Public

Place Notary seal above

EXHIBIT "A"

LEGAL DESCRIPTION

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

LOTS 24 THROUGH 31, 55 THROUGH 58 AND 78 THROUGH 104, INCLUSIVE OF TRACT NO. 31158, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 397, PAGES 1 TO 5 INCLUSIVE OF MAPS, IN THE OFFICE OF THE RIVERSIDE COUNTY RECORDER.

ASSESSOR PARCEL NUMBERS 768-361-010 THROUGH -012, AND 768-362-001 THROUGH -016, AND 768-371-001 THROUGH -019, AND 768-372-015.

ATTACHMENT NO. 5

SCOPE OF DEVELOPMENT

[Behind this page]

ATTACHMENT NO. 5

SCOPE OF DEVELOPMENT

Pursuant to the Disposition and Development Agreement (DDA) executed by and between the Housing Authority of the County of Riverside ("Authority") and Coachella Valley Housing Coalition ("Developer"), Developer shall develop 39 new residential single family homes through the Self Help Method for qualified Low Income Households. The 39 homes range from 3 to 4 bedrooms each with a parking garage. It is anticipated that the Project will be sold to qualified Purchasers and developed in three phases, with 13 Restricted Units constructed in the first phase, 13 Restricted Units constructed in the second phase and 13 Restricted Units constructed in the third phase. Each Purchaser must qualify as a Low Income First Time Homebuyer with income at or below eighty percent (80%) of the Area Median Income (AMI), adjusted by family size at the time of occupancy, for the County of Riverside. The homes shall be affordable for fifteen (15) years following the issuance of a Certificate of Occupancy for each respective Restricted Unit. All capitalized terms not defined herein shall have the meaning ascribed to such terms in the DDA.

The project shall consist of 39 individual single story homes situated on individual single family lots. The homes will incorporate Energy Efficient standards and be equipped with solar panels to assist with affordability during the Restricted Period (as defined in the DDA). There will be approximately six (6) 3-bedroom/2 bath homes (approximately 1,400 square feet) and thirty-three (33) 4-bedroom/2 bath homes (approximately 1,600 square feet) as specified in the Plans and specifications approved by the City of Coachella. The design includes a California Spanish / Mediterranean style as well as street-facing porches to encourage neighborhood participation. All of the homes shall be situated in the Tierra Bonita Subdivision, near a community park and schools. A Landscape and Lighting District has been established to ensure maintenance of common areas.

The homes, designed to Energy Efficient standards, include energy saving features:

- Tankless Hot Water Heaters
- Energy Star rated HVAC units & appliances
- Evaporative Coolers
- Radiant Barrier roof decking
- Solar tubes in rooms without windows to eliminate the need for lights during the day
- R-15 insulation in the walls and R-30 insulation in the attic spaces

Green Features:
The Project shall achieve Energy Efficient rating and will include LED lighting, ceiling fans in each bedroom and living room, tankless hot water heaters, radiant barrier in the roofs, evaporative cooler, HVAC units and efficient appliances to reduce utility costs.

Amenities:
All 39 homes will have a front and back yard for families to enjoy. In addition, the development is approximately one mile away from a community park.

Parking:
Each home will have parking for two cars inside the garage as well as two cars in the driveway if necessary. The interior streets will have room for parking on both sides of the streets to accommodate visitor parking.

Unique to this Project are the supportive services for first time homebuyers. As a requirement of the Self Help program, participant families attend a series of classes to promote successful homeownership. These include pre and post purchase homeownership training classes that include budget planning; credit counselling and home maintenance & repair.

ATTACHMENT NO. 6

PROJECT BUDGET

[Behind this page]

ATTACHMENT NO. 6

PROJECT BUDGET

Project Permanent Sources and Uses of Fund:

Sources (estimated, final numbers will be based on actual loan amounts provided to homebuyers)

USDA-RD 502 OwnerBuilder Construction/Mortgage Loans	$	4,928,300
HACR	$	1,189,800
HCD-CalHOME	$	595,400
HCD-FWHG	$	360,000
FHLB-AHP (application pending)	$	0
Homebuyers Sweat Equity	$	886,500
Total Sources	$	7,960,000

Uses:

Land & Acquisition	$	1,579,500
Construction	$	3,881,790
Water/Sewer Connection Fees	$	301,080
School Fees	$	218,340
City Permits	$	928,990
Closing/Escrow Costs/Other Fees	$	163,800
Homebuyers Sweat Equity	$	886,500
Total Uses	$	7,960,000

ATTACHMENT NO. 7

RELEASE OF CONSTRUCTION COVENANTS

[Behind this page]

OFFICIAL BUSINESS
Document entitled to free recording
per Government Code Section 6103

Recording Requested By and
When Recorded Mail to:

Housing Authority of the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn:

Attention:

SPACE ABOVE THIS LINE FOR RECORDER'S USE

RELEASE OF CONSTRUCTION COVENANTS

WHEREAS, the Housing Authority of the County of Riverside, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency ("Authority") has entered into an Disposition and Development Agreement with The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("Developer") dated_____________, 2015 and recorded in the Official Records of the Recorder's Office of the County of Riverside on _____________ as Document No.___________ ("DDA") relating to the sale of certain real property in the City of Coachella, County of Riverside and State of California described as set forth in Exhibit "A" attached hereto and incorporated herein by this reference ("Property"), for the specific purpose of constructing and developing certain improvements on the Property (the "Project") in accordance with the terms and conditions contained in the DDA. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the DDA;

WHEREAS, pursuant to the DDA, upon the completion of the Improvements (as defined in the DDA) and the request of the Developer, the Authority is required to issue for recordation a Release of Construction Covenants ("Release") acknowledging the completion of the construction and development required by the DDA relating to the Improvements, releasing certain obligations and rights of the Developer and the Authority set forth in the DDA;

WHEREAS, the Developer has completed the construction and development required by the DDA relating to the Property as required by the DDA and has requested that the Authority issue the Release; and

WHEREAS, Authority has inspected and determined that the construction and development required by the DDA relating to the Property has been satisfactorily completed and now desires to issue the Release pursuant to the terms and conditions of the DDA.

NOW THEREFORE, it is hereby acknowledged and certified by the Authority that:

1. The construction and development of the Property is in substantial compliance with the plans, drawings and related documents referred to in the DDA.

2. The Developer is in full compliance with the terms of Section 3.22 of the DDA.

3. All Authority rights pursuant to Section 5.9 (a) of the DDA providing the Authority the right to terminate the DDA in the event of an uncured default prior to completion of the Improvements are no longer enforceable or binding against the Developer and/or its successors and assigns.

4. The issuance and recording of this Release shall cancel and release any rights, remedies or controls that the parties would otherwise have or be entitled to exercise under the DDA with respect to the Property as a result of a default in or breach of any provision thereof prior to completion of the construction and development of the Property, and the respective rights and obligations of the parties with reference to the Property (or any portion thereof) shall thereafter be limited to those provided by the terms of the DDA, Agreement Containing Covenants, Grant Deed, and any other documents and/or instruments executed by Developer and Authority that survive the issuance and recordation of this Release.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the Authority has executed this Release this ___ day of ______________, ______.

AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency

By:________________________________
Heidi Marshall, Deputy Executive Director

Date:____________________

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By:____________________________________
Jhaila R. Brown, Deputy County Counsel