

**SUBMITTAL TO THE BOARD OF DIRECTORS OF THE
REDEVELOPMENT AGENCY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Redevelopment Agency

SUBMITTAL DATE:
June 17, 2010

SUBJECT: Disposition and Development Agreement with National Community Renaissance of California for the Development of the Desert Meadow Apartments

RECOMMENDED MOTION: That the Board of Directors:

1. Conduct a joint Public Hearing with the Board of Supervisors per Health and Safety Code 33431 and 33433;
2. Find that although the Disposition and Development Agreement, Deed of Trust and Promissory ("Agreement") could have a significant effect on the environment, nothing further is required because all potentially significant effects have been adequately analyzed in an earlier Mitigated Negative Declaration ("MND") and have been avoided or mitigated pursuant to that earlier MND; and

(Continued)

Robert Field
Executive Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 7,900,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2009/2010

COMPANION ITEM ON BOARD OF SUPERVISORS AGENDA: Yes

SOURCE OF FUNDS: Redevelopment Low-and Moderate-Income Housing Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY

On motion of Supervisor Benoit, seconded by Supervisor Stone and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Tavaglione, Stone and Benoit
Nays: None
Absent: Ashley
Date: June 29, 2010
xc: RDA, EDA, CIP

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

(Comp. Item 9.11)

Prev. Agn. Ref.: 4.1-1/5/2010; 4.2-2/16/2008; 5.1-5/8/07; 4.5-5/24/07

District: 4

Agenda Number:

4.1

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

Reviewed by: CIP TEAM
 Christopher Hans
 Departmental Concurrence
 DATE: 6/15/10
 MICHELLE CLACK
 FORM APPROVED COUNTY COUNSEL
 BY:

Dept's Recomm.: Consent
 Per Exec. Ofc.: Consent
 Policy
 Policy

Disposition and Development Agreement with National Community Renaissance of California for the development of the Desert Meadow Apartments

June 17, 2010

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RECOMMENDED MOTION: (Continued):

3. Approve the attached Disposition and Development/Affordable Housing Agreement ("Agreement"), Deed of Trust ("Deed"), and Promissory Note ("Note") by and between the Redevelopment Agency and National Community Renaissance of California; and
4. Authorize the Chairman of the Board to execute the attached Agreement, Deed and Note; and
5. Authorize the Executive Director or designee to take all necessary steps to implement the attached Agreement, Deed, Note, including but not limited to, signing subsequent, necessary and relevant documents.

BACKGROUND: The Redevelopment Agency for the County of Riverside ("Agency") owns approximately 4.2 acre parcel with Assessor's Parcel Number 608-340-031, located at the southwest corner of Fred Waring Drive and Clinton Street in the unincorporated area of Riverside County ("Site"). When the Site was purchased by the Agency, it consisted of a dilapidated and blighted 57 unit mobile home park commonly known as the Date Palm Mobile Home Park. Subsequently, on April 24, 2007, the Board of Directors adopted a Replacement and Relocation Plan and the Agency has since successfully permanently relocated all the residents living in the park. Upon relocating all the residents the Agency removed all the structures found on the Site for health and safety reasons.

The Agency issued a Request for Qualifications and Proposals on November 11, 2007, for the development of an Affordable Housing Project on the Site and National Community Renaissance of California ("Developer") was selected as the most responsive and qualified developer for the Site. The Developer is proposing to build an 80 unit multifamily affordable housing complex for low-income households (the "Project"). On December 16, 2008, the Board of Directors approved Memorandum of Understanding Including Right to Negotiate ("MOU") with the Developer. The MOU included a loan to the Developer in the amount of \$408,000 ("Pre-development Loan") for expenses incurred in the entitlement process. Subsequently, on January 5, 2010, the Board approved loaning the Developer an additional \$589,400 for additional costs incurred in entitling the Project.

The Agency wishes to enter into a Disposition and Development/Affordable Housing Agreement ("Agreement") by and between the Agency and National Community Renaissance of California, a California Nonprofit Public Benefit Corporation ("Developer") that will include the purchase of the Site by the Developer from the Agency and the development of an eighty (80) unit affordable housing complex. Of the 80 units, 52 will be two-bedrooms at approximately 845 square feet and 28 will be three-bedroom at approximately 1,060 square feet. 68 of the units will be restricted to serve households that do not exceed 30% to 50% percent of the area median income for the County adjusted by family size at the time of occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105. A three-bedroom unit will be set aside for an on-site manager. There will be four residential buildings and a 5,000 square foot community building on the Site. Other amenities will include a swimming pool and spa, tot lot, exercise room, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 172 parking spaces, with 83 spaces being covered parking.

Additionally, the Agency will provide a loan of \$7,900,000 for the construction of the Project ("Agency Loan"). In accordance with the MOU upon execution of a Disposition and Development Agreement the amount of the then outstanding balance of the Pre-development Loan shall be credited against any amount which the Agency is required to lend Developer pursuant to the Agency Loan.

(Continued)

BACKGROUND: (Continued)

The total Project budget is \$22,355,656. The sources of funds utilized will be a loan from State of California Department of Housing and Community Development in the amount of \$6,112,655 under the Multifamily Housing, a loan from the Federal Home Loan Bank Affordable Housing Program for \$1,000,001, a permanent loan for \$236,000, solar credits in the amount of \$150,000, a deferred developer Fee of \$160,000, and a Limited Partner Tax Credit Equity contribution of \$6,797,000.

Notice was given pursuant to Section 33431 and 33433 of the California Health and Safety Code of the Agency's intent to sell the Site and the consideration of the Agreement. Additionally, staff prepared an Initial Study and determined that although the Agreement, Deed of Trust, and Promissory Note could have a significant effect on the environment, nothing further is required because all potentially significant effects were adequately analyzed in Environmental Assessment No. EA42092 and a Mitigated Negative Declaration was adopted by the Riverside County Board of Supervisors January 12, 2010.

The attached Notice of Intent to Adopt a Finding that Nothing Further is Required was posted on May 27, 2010.

The Redevelopment Agency for the County of Riverside recommends that the Board of Director of the Redevelopment Agency approve the DDA.

Agency Counsel has reviewed the Agreement and approved it as to form.

NOTICE OF DETERMINATION

To: _____ Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

From: Economic Development Agency
 Redevelopment Agency for the
County of Riverside
3403 Tenth Street, Suite 500
Riverside, CA 92501
(951) 955-8916

To: X Office of the County Clerk & Recorder
County of Riverside
2724 Gateway Drive
P.O. Box 751
Riverside, CA 92502-0751

SUBJECT: *Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code and the California Environmental Quality Act.*

Project Title: Development and Disposition Agreement for the Desert Meadows Family Apartments

State Clearing House Number [if applicable]: N/A
Contact Person [if applicable]: Juan Garcia
Area Code / Telephone / Extension [if applicable]: 951-955-3418

Original Negative Declaration/Notice of
Determination was routed to County
Clerks for posting on.

Project Location: 44071 Clinton Street, Indio, California 92201, APN 608-340-031

7/2/10
Date

FD
Initial

Project Description: The Redevelopment Agency for the County of Riverside ("Agency") is proposing to convey land owned by the Agency and provide financing for the development of an 80 unit affordable housing apartment complex to Community Renaissance of California.

The development is new construction of a two and three story multi-family apartment complex with a total of 80 units. Of the 80 units, 52 will be two-bedrooms at approximately 845 square feet and 28 will be three-bedroom at approximately 1,060 square feet. A three-bedroom unit will be set aside for an on-site manager. There will be four residential buildings and a 5,000 square foot community building on the Site. Other amenities will include a swimming pool and spa, tot lot, exercise room, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 172 parking spaces, with 83 spaces being covered parking.

This is to advise that **the Redevelopment Agency for the County of Riverside Board of Directors** approved the above described project on, under Agenda Item No., and has made the following determinations regarding the above described project:

1. The project [will / will not] have a significant effect on the environment.
2. An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA [Yes / No].
A Negative Declaration was prepared for this project pursuant to the provisions of CEQA [Yes / No].
3. Mitigation Measures [were / were not] made a condition of the approval of the project.
4. A statement of Overriding Considerations [was / was not] adopted for this project.
5. Findings [were / were not] made pursuant to CEQA.
6. Nothing further is required because all potentially significant effects were adequately analyzed in Environmental Assessment No. EA42092 and a Mitigated Negative Declaration was adopted by the Riverside County Board of Supervisors on January 1, 2010.

This is to certify that the [Final EIR / Negative Declaration / EA No. RDA/CEQA 2010-04 and EA42092] with comments and responses and record of project approval is available to the general public at: The Riverside County Economic Development Agency, 3403 Tenth Street, Suite 500, Riverside, CA 92501.

Date received for filing and posting at OPR [if applicable]: N/A

JUN 29 2010

4.1

Date received for posting at the Office of the County Clerk and Recorder:

Signature [Public Agency]:  **Date:** 6/16/10
Juan Garcia, Development Specialist
Riverside County Economic Development Agency

**Initial Study and Environmental Checklist
No. RDA/CEQA 2010-04 For The
Proposed Multifamily Housing Project
(California Code of Regulations, Title 14, Division 6, Chapter 3,
Sections 15000 – 15387 and Appendices A – K)**

1. **Project Title:**
Disposition and Development Agreement for the Desert Meadow Family Apartments (Initial Study:RDA/CEQA 2010-04)

2. **Lead Agency Name and Address:**
Redevelopment Agency for the County of Riverside, 3403 Tenth Street, Ste. 500, Riverside, CA 92501.

3. **Contact Person and Phone Number:**
Juan Garcia, Development Specialist, 951.955.3418, Fax 951.955.3426.

4. **Project Location:**
APN# 608-340-031
Address: 44071 Clinton Street
Indio, CA 92201
County of Riverside

5. **Project Sponsor's Name and Address:**
Redevelopment Agency for the County of Riverside, 3403 Tenth Street, Ste. 500, Riverside, CA 92501.

6. **General Plan Designation:**
Community Development: Very High Density Residential (CD-VHDR) (14-20 du/ac)

7. **Zoning:**
Multiple-Family Dwellings (R-2)

8. **Description of project: (Describe the whole action involved, including but not limited to later phases of the project, and any secondary, support, or off-site features necessary for its implementation. Attach additional sheets if necessary.)**

The Disposition and Development Agreement ("Agreement" or "Project") by and between the Redevelopment Agency for the County of Riverside ("Agency") and National Community Renaissance of California ("Developer") proposes to convey land owned by the Agency to the Developer and provide financing for the development of an 80 unit affordable housing apartment complex ("Development"). The property is a 4.2 acre lot located in an unincorporated area completely surrounded by the City of Indio, with an address of 44071 Clinton Street, Indio, California 92201, APN 608-340-031 ("the Site"). The Agency acquired the Site, primarily for the purpose of carrying out its obligation to eliminate blight and provide safe and decent affordable housing to its residents. The action which implements the proposed Project include: (1) disposition of the Site by the Agency to the Developer.

The Development is new construction of a two and three story multi-family apartment complex with a total of 80 units. Of the 80 units, 52 will be two-bedrooms at approximately 845 square feet and 28 will be three-bedroom at approximately 1,060 square feet. A three-bedroom unit will be set aside for an on-site manager. There will be four residential buildings and a 5,000 square foot community building on the Site. The total square footage of all project structures will be approximately 80,725 square feet. Other amenities will include a swimming pool and spa, tot lot, exercise room, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 172 parking spaces, with 83 spaces being covered parking.

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
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9. Surrounding Land Uses and Setting: Briefly Describe the Project's Surroundings:

The Site is located within a mix of residential and commercial area of Indio, California. The property to the south consists of the Las Colinas gated residential community. Single family residences and the Lyndon B. Johnson Elementary School are located further to the south. Located to the west is a partially constructed gated residential community. Across Fred Waring Drive to the north are single family residences and a Circle K gas station. To the east, the Sun Tree Ranch and Arabian Gardens Mobile Home Parks are located across Clinton Street.

10. Other Public Agencies Whose Approval is Required (e.g., permits, financing approval, or participation agreement.)

The Project will require approval by the Board of Directors of the Redevelopment Agency and the County Board of Supervisors. Grading and building permits will be required by the County prior to construction of the Development. Various County departments such as Facilities Management, Environmental Health, the Fire Department and Transportation will review the plans to ensure all laws and regulations are met. Also, the plans will be reviewed by the local water and sewer district.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" or "Less than Significant with Mitigation Incorporated" as indicated by the checklist on the following pages.

- | | | |
|--|---|---|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Geology /Soils |
| <input type="checkbox"/> Hazards & Hazardous Materials | <input type="checkbox"/> Hydrology / Water Quality | <input type="checkbox"/> Land Use / Planning |
| <input type="checkbox"/> Mineral Resources | <input type="checkbox"/> Noise | <input type="checkbox"/> Population / Housing |
| <input type="checkbox"/> Public Services | <input type="checkbox"/> Recreation | <input type="checkbox"/> Transportation/Traffic |
| <input type="checkbox"/> Utilities / Service Systems | <input type="checkbox"/> Mandatory Findings of Significance | |

DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation:

- I find that the Proposed Project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, Nothing Further is Required because all potentially significant effect(s) (a) have been adequately analyzed in an earlier EIR or Mitigated Negative Declaration pursuant to applicable legal standards and (b) have been avoided or mitigated pursuant to that earlier EIR or Mitigated Negative Declaration, including revisions or mitigation measures that are imposed upon the proposed project.
- I find that the Proposed Project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the Proposed Project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the Proposed Project could have a significant effect on the environment,

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
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because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the Proposed Project, nothing further is required.



Signature



Date

Juan Garica
Printed Name

Redevelopment Agency for the County of Riverside
For

EVALUATION OF ENVIRONMENTAL IMPACTS:

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, "Earlier Analyses," may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures, which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

document should, where appropriate, include a reference to the page or pages where the statement is substantiated.

- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
 - a) the significance criteria or threshold, if any, used to evaluate each question; and
 - b) the mitigation measure identified, if any, to reduce the impact to less than significance

I. AESTHETICS -- Would the project:

a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially degrade the existing visual character or quality of the site and its surroundings?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare, which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003). Figure C-9 "Scenic Highways".

II. AGRICULTURE RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. Would the project:

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
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- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Conflict with existing zoning for agricultural use, or a Williamson Act contract? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Involve other changes in the existing environment, which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10. County of Riverside General Plan (October 2003): Figure OS-2 "Agricultural Resources"; Riverside County GIS Database: <http://www3.tlma.co.riverside.ca.us/pa/rc/lis>.

III. **AIR QUALITY:** Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Conflict with or obstruct implementation of the applicable air quality plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Expose sensitive receptors to substantial pollutant | | | | |

ISSUES

**Potentially
Significant
Impact**

**Less Than
Significant
with
Mitigation
Incorporation**

**Less Than
Significant
Impact**

**No
Impact**

concentrations?

e) Create objectionable odors affecting a substantial number of people?

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
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Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10. County of Riverside General Plan (October 2003): Air Quality Element, Chapter 9; SCAQMD CEQA Air Quality Handbook Table 6-2.

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

IV. BIOLOGICAL RESOURCES -- Would the project:

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Game or US Fish and Wildlife Service? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003); Multi-Purpose Open Space Element, Chapter 5, Coachella Valley Multiple Species Habitat Conservation Plan; Riverside County GIS Database: <http://www3.tlma.co.riverside.ca.us/pa/rclis>.

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

V. CULTURAL RESOURCES -- Would the project:

- a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?
- b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?
- c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?
- d) Disturb any human remains, including those interred outside of formal cemeteries?

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10. County of Riverside General Plan (October 2003): Multi-Purpose Open Space Element, Chapter 5; Riverside County GIS Database: <http://www3.tlma.co.riverside.ca.us/pa/rclis>.

VI. GEOLOGY AND SOILS -- Would the project:

- a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:
 - i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.
 - ii) Strong seismic ground shaking?
 - iii) Seismic-related ground failure, including liquefaction?

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

- iv) Landslides?
- b) Result in substantial soil erosion or the loss of topsoil?
- c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?
- d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial risks to life or property?
- e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003); Figure S-2 "Earthquake Fault Study Zones", Riverside County GIS Database: <http://www3.tlma.co.riverside.ca.us/pa/rcdis>.

VII. HAZARDS AND HAZARDOUS MATERIALS--

Would the project:

- a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?
- b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?
- c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

- within one-quarter mile of an existing or proposed school?
- d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?
- e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?
- f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?
- g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?
- h) Expose people or structures to a significant risk of loss, injury or death involving wild land fires, including where wild lands are adjacent to urbanized areas or where residences are intermixed with wild lands?

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10; Riverside County GIS Database: <http://www3.tlma.co.riverside.ca.us/pa/rcrlis>.

VIII. HYDROLOGY AND WATER QUALITY --

Would the project:

- a) Violate any water quality standards or waste discharge requirements?
- b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

<p>volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner, which would result in substantial erosion or siltation on- or off-site?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner, which would result in flooding on- or off-site?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>e) Create or contribute runoff water, which would exceed the capacity of existing or planned storm water drainage systems or provide substantial additional sources of polluted runoff?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>f) Otherwise substantially degrade water quality?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>h) Place within 100-year flood hazard area structures, which would impede or redirect flood flows?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>j) Inundation by seiche, tsunami, or mudflow?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

ISSUES

Potentially Significant Impact
 Less Than Significant with Mitigation Incorporation
 Less Than Significant Impact
 No Impact

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Riverside County GIS Database, <http://www3.tlma.co.riverside.ca.us/pa/rclis>; County of Riverside General Plan (October 2003): Chapter 6 Safety Element.

IX. LAND USE AND PLANNING -- Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Physically divide an established community? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Conflict with any applicable habitat conservation plan or natural community conservation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003); Riverside County GIS Database, <http://www3.tlma.co.riverside.ca.us/pa/rclis>.

X. MINERAL RESOURCES -- Would the project:

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
---	--	---	----------------------

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003): OS-5 "Mineral Resources Area".

XI. NOISE. -- Would the project result in:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Exposure of persons to or generation of excessive ground borne vibration or ground borne noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

ISSUES

Potentially Significant Impact
 Less Than Significant with Mitigation Incorporation
 Less Than Significant Impact
 No Impact

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10; Riverside County Ordinance 457.98 and Riverside County Ordinance 847; County of Riverside General Plan (October 2003): Noise Element, Chapter 7.

XII. POPULATION AND HOUSING -- Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Displace substantial numbers of people, necessitating the construction of replacement housing elsewhere? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10. County of Riverside General Plan (October 2003): Housing Element, Chapter 8.

XIII. PUBLIC SERVICES

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003): Safety Element, Chapter 6.

XIV. RECREATION

a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities, which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10. County of Riverside General Plan (October 2003): Environmental Impact Report, Ord. No. 460, Section 10.35 (Regulating the Division of Land – Park and Recreation Fees and Dedications), Ord. No. 659 (Establishing Development Impact Fees).

XV. TRANSPORTATION/TRAFFIC -- Would the project:

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Cause an increase in traffic, which is substantial in relation to the existing traffic load and capacity of the street system (i.e., result in a substantial increase in either the number of vehicle trips, the volume to capacity ratio on roads, or congestion at intersections)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Exceed, either individually or cumulatively, a level of service standard established by the county congestion management agency for designated roads or highways? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Result in inadequate emergency access? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Result in inadequate parking capacity? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Conflict with adopted policies, plans, or programs supporting alternative transportation (e.g., bus turnouts, bicycle racks)? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

ISSUES

Potentially Significant Impact **Less Than Significant with Mitigation Incorporation** **Less Than Significant Impact** **No Impact**

Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.
Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003): Circulation Element, Chapter 4.

XVI. UTILITIES AND SERVICE SYSTEMS --

Would the project:

- | | | | | |
|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) Result in a determination by the wastewater treatment provider, which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| g) Comply with federal, state, and local statutes and regulations related to solid waste? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
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Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10. County of Riverside General Plan (October 2003): Environmental Impact Report.

XVII. MANDATORY FINDINGS OF SIGNIFICANCE

- | | | | | |
|---|--------------------------|--------------------------|--------------------------|-------------------------------------|
| <p>a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <p>b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| <p>c) Does the project have environmental effects, which will cause substantial adverse effects on human beings, either directly or indirectly?</p> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

ISSUES

Potentially Significant Impact	Less Than Significant with Mitigation Incorporation	Less Than Significant Impact	No Impact
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Findings of Fact: The potential environmental effects of the Project were fully studied in Environmental Assessment: Initial Study EA42092, which is incorporated herein by reference. Based thereon, the Riverside County Board of Supervisors adopted a Mitigated Negative Declaration and a Mitigation Monitoring and Reporting Program on January 12, 2010. The Project will not result in any new significant environmental effects not identified in Environmental Assessment: Initial Study EA42092, nor will it substantially increase the severity of the environmental effects identified in Environmental Assessment: Initial Study EA42092. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Accordingly, the California Environmental Quality Act has been fully complied with and no further environmental documentation is required for the Project.

Mitigation: None.

Monitoring: None.

Source(s): Staff Site Visit 4/26/10; County of Riverside General Plan (October 2003); Riverside County GIS Database, <http://www3.tlma.co.riverside.ca.us/pa/rclis>.

XVIII. EARLIER ANALYSES

Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, one or more effects have been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case a discussion should identify the following on attached sheets:

- a) Earlier analyses used. Identify earlier analyses and state where they are available for review.
- b) Impacts adequately addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.

THE PRESS-ENTERPRISE

3450 Fourteenth Street
Riverside CA 92501-3878
951-684-1200
951-368-9018 FAX

**PROOF OF PUBLICATION
(2010, 2015.5 C.C.P.)**

Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: NOI Desert Meadow Family Apts

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper of general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673 and under date of August 25, 1995, Case Number 267864; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

05-27-10
06-03-10

I Certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: Jun. 3, 2010
At: Riverside, California

EDAWDC COUNTY OF RIVERSIDE

1325 SPRUCE ST STE 400
RIVERSIDE CA 92507-0506

Ad #: 10276646

PO #:

Agency #: _____

Ad Copy:

NOTICE OF PUBLIC HEARING AND NOTICE OF INTENT TO ADOPT A FINDING THAT NOTHING FURTHER IS REQUIRED

Notice is hereby given pursuant to Section 33431 and 33433 of the California Health and Safety Code that the Board of Directors of the Redevelopment Agency for the County of Riverside intends to sell real property identified as assessor parcel number 608-340-031 and it will consider a Development and Disposition Agreement by and between the Redevelopment Agency for the County of Riverside and National Community Renaissance of California on June 22, 2010 at 9:00 a.m., or as soon thereafter as the agenda of the Board permits, at 4080 Lemon Street, 1st Floor, Riverside, CA.

In accordance with the California Environmental Quality Act (CEQA), the Redevelopment Agency for the County of Riverside ("Agency") has found although the proposed project listed below could have a significant effect on the environment, nothing further is required because all potentially significant effects have been adequately analyzed in an earlier Mitigated Negative Declaration pursuant to applicable legal standards and have been avoided or mitigated pursuant to that earlier Mitigated Negative Declaration.

All potentially significant effects were adequately analyzed in Environmental Assessment No. EA42092 and a Mitigated Negative Declaration was adopted on January 12, 2010. Environmental Assessment No. RDA/CEQA 2010-04, the Mitigated Negative Declaration and accompanying Environmental Assessment No. EA42092 may be examined at the Redevelopment Agency for the County of Riverside, 3403 Tenth Street, Suite 500, Riverside, CA 92501. Comments regarding the determination may be directed to the Redevelopment Agency for the County of Riverside, Attention: Juan Garcia, no later than 5 pm, on before June 16, 2010.

The Finding will be considered by the appropriate public official or body that has the authority to approve or deny the project. Any comments received will be forwarded to the appropriate official or body and will be considered before final action is taken on the Finding and project. The official or body may take action on the project any time on or after (June 22, 2010). The final decision will be mailed to anyone requesting such notification.

Project Description and Location

An Initial Study has been prepared for the project titled "Development and Disposition Agreement for the Desert Meadow Apartments".

The Disposition and Development Agreement (the "Agreement") proposes to convey land owned by the Agency to National Community Renaissance of California and provide financing for the development of an 80 unit affordable housing apartment complex. The development is new construction of a two and three-story multi-family apartment complex with a total of 80 units. Of the 80 units, 52 will be two-bedrooms at approximately 845 square feet and 28 will be three-bedroom at approximately 1,060 square feet. A three-bedroom unit will be set aside for an on-site manager. There will be four residential buildings and a 5,000 square foot community building on the Site. Other amenities will include a swimming pool and spa, tot lot, exercise room, laundry facility, leasing office, and maintenance building. The parking lot will wrap around the complex and will consist of 172 parking spaces, with 83 spaces being covered parking.

The project will be located in an unincorporated area completely surrounded by the City of Indio, with an address of 44071 Clinton Street, Indio, California 92201, APN 608-340-031.

Please direct all questions regarding this notice to Juan Garcia, 951-955-3418. 5/27, 6/3

WHEN DOCUMENT IS FULLY EXECUTED RETURN
CLERK'S COPY
to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

DISPOSITION AND DEVELOPMENT AGREEMENT

by and between

**REDEVELOPMENT AGENCY FOR THE COUNTY OF
RIVERSIDE**

and

**National Community Renaissance of California
a California nonprofit public benefit corporation**

JD10-07-102086 JUN 29 2010 4.1

DISPOSITION AND DEVELOPMENT AGREEMENT

THIS DISPOSITION AND DEVELOPMENT (the "DDA"), dated as of _____, 2010 ("Effective Date"), is entered into by and between the **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Agency"), and **NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA**, a California nonprofit public benefit corporation ("Developer").

RECITALS

A. Agency is a California redevelopment agency acting under the California Community Redevelopment Law, Part 1 of Division 24 of the Health and Safety Code (the "Redevelopment Law").

B. The Agency owns and has possession of certain parcel of real property **located at 44071 Clinton Street, Indio in the unincorporated Riverside County**, Assessor Parcel Number 608-340-031, totaling approximately 4.2 acres, more or less and more particularly described in the "Site Map," which is attached hereto as Attachment No. 1 (the "Site"). The purposes of the Agency in entering into this DDA include encouraging the development of affordable multifamily housing available to persons and families of low and moderate income, constituting qualifying "Extremely Low Income Households" and "Very Low Income Households," as defined herein. The Agency adopted Resolution RDA 2005-35 on December 20, 2005 with a finding that the use of Low- and Moderate-Income Set Aside Funds outside the Redevelopment Project Area will improve and preserve the community's supply of Low- and Moderate-Income housing resulting in a benefit to the Project Area. The Riverside County Board of Supervisors adopted Resolution 2005-374 on December 20, 2005, with a similar finding; and

C. Developer proposes developing and constructing an 80 unit multifamily rental housing complex (the "Housing Project") on the Site for rent to qualifying Extremely Low to Very Low Income Households. Developer wishes to acquire the Site from the Agency to implement such purpose.

D. In order to facilitate the development and operations of the Housing Project by Developer, and subject to and conditioned upon satisfaction of the terms of this DDA, the parties desire for the Agency to convey the Site to Developer on the terms and conditions as set forth in this DDA. Additionally, the parties desire for the Agency to make a loan to Developer (the "Agency Loan") from the Agency's Low and Very Low Income Housing Fund (the "LMIHF"), which has been established by the Agency pursuant to Health and Safety Code Sections 33334.2 and 33334.3 for the purpose of increasing, improving and preserving the community's supply of housing for low and moderate income persons at affordable rent. The Agency Loan will be used by Developer to assist with the cost of developing the Housing Project.

E. It is the intent of the parties to maximize the leverage of LMIHF funds by making every effort to secure sources of non-local financing for the Housing Project. Accordingly, the anticipated method of financing for development of the Site includes funds from the following sources: (1) a residual receipts loan from the California Department of Housing and Community

Development Multi-Family Housing Program; (2) the issuance of a mortgage revenue Bond or Bonds providing construction and permanent financing; (3) a residual receipts loan of LMIHF Funds made by the Agency to the Developer; (4) Developer equity in the form of deferred developer fees and Tax Credit syndication proceeds; and (5) a grant or loan to the Developer by the Federal Home Loan Bank under the Federal Home Loan Bank Affordable Housing Program.

F. The Developer's acquisition of the Site and development and operation of the Housing Project pursuant to the provisions of this DDA, and the fulfillment generally of the provisions of this DDA, are in the vital and best interests of the Agency and of the health, safety and welfare of the residents of the County of Riverside (the "County") and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements which govern the Agency. The income and rent restrictions provided for hereunder are intended to satisfy the requirements of Health and Safety Code Sections 50079.5 and 50105.

G. Agency previously entered into an Memorandum of Understanding Including Right to Negotiate ("MOU") with National Community Renaissance of California, regarding the potential development of Agency property located at 44071 Clinton Street, Indio, California 92201, Assessor Parcel Number 608-340-031, which MOU expired pursuant to its terms.

H. Developer, as part of the consideration to induce Agency to enter into this DDA, wishes to release and forever discharge Agency and the County of Riverside and their agents (the "Release Parties") from any and all claims, actions, causes of action, in law or in equity, of any nature whatsoever, known or unknown, fixed or contingent, which Developer now has or may hereafter have against the Release Parties, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date of signing of this DDA, including, without limiting the generality of the foregoing, any claims related to any prior agreements with Agency. Developer makes this release on behalf of itself, its predecessors, successors, assigns, employees, companies, officers, directors, agents, attorneys, subsidiaries, divisions, and/or affiliated corporations or organizations.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants, and conditions herein contained, the parties hereto agree as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Defined Terms. As used in this DDA (and in all other Project Documents, unless otherwise defined), the following capitalized terms shall have the following meanings:

"Affiliate" means (i) any party directly or indirectly controlling, controlled by or under common control with another party, (ii) any party owning or controlling 10% or more of the outstanding voting securities of such other party, (iii) any officer, director or partner of such party, or (iv) if such other party is an officer, director or partner, any company for which such party acts in any such capacity.

"Affordable Rent" means rent (including a reasonable utility allowance) (i) for a Extremely Low Income Household which does not exceed the product of 30% times 30% of the area median income for Riverside County, adjusted for household size appropriate for the unit, and (ii) for a Very Low Income Household which does not exceed the product of 30% times 40% of the area median income for Riverside County, adjusted for household size appropriate for the unit. The manner Affordable Rent is to be determined is further set forth in the Method of Calculation.

“Assisted Units” sixty eight (68) of the total units will be restricted to serve households that do not exceed fifty (40%) percent of the area median income for the County adjusted by family size at the time of occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105.

“Agency” means the Redevelopment Agency for the County of Riverside, a public body, corporate and politic, exercising governmental functions and powers and organized under the Redevelopment law, and any assignee of or successor to its rights, powers and responsibilities.

“Agency Conditions Precedent” is set forth in Section 3.1.

“Agency Deed” means a deed in the form of Attachment No. 6 to this DDA.

“Agency Deed of Trust” means Attachment No. 13 to this DDA.

“Agency Escrow” is described in Section 2.2.

“Agency Loan” means the loan from the Agency to the Developer, in the amount and made pursuant to the terms and conditions described in this DDA.

“Agency Loan Documents” means this DDA, the Agency Promissory Note, the Agency Deed of Trust, the Regulatory Agreement, the Agency Notice of Affordability and any other document or instrument required to satisfy the executory provisions of this DDA.

“Agency Note” means Attachment No. 12 to this DDA.

“Agency Regulatory Agreement” means the Regulatory Agreement to be executed by Developer in favor of Agency, attached hereto as Attachment No. 5.

“Agency’s Title Policy” means the ALTA lender’s policy of title insurance to be issued to the Agency by the Title Company pursuant to Section 2.4 hereof.

“DDA” Disposition and Development Agreement by and between the Agency and the Developer

“AHP Loan” means a grant or loan awarded to Developer for the Housing Project by the Federal Home Loan Bank under the Federal Home Loan Bank Affordable Housing Program.

“AHP Deed of Trust” means the deed of trust securing the AHP Loan.

“AHP Lender” means the financial institution providing the funding for the AHP Loan.

“Applicable Interest Rate” means zero percent (0%) simple interest per annum or the highest non-usurious rate that may be charged by a redevelopment agency in accordance with all applicable laws.

“Approved Construction and/or Permanent Lender” means one or more of Bank of America, Citibank, Wells Fargo Bank, Rabobank or another mutually acceptable institutional lender.

“**Area**” means the Riverside-San Bernardino Primary Metropolitan Statistical Area, as periodically defined by HUD.

“**Audited Financial Statement**” means an audited financial statement, including without limitation a profit and loss statement, generated by a third party certified public accountant acceptable to the Agency in its reasonable discretion, showing, for the previous Year, on a monthly basis and in an easily readable format, Gross Revenues, Operating Expenses, Debt Service, Operating Reserve, Capital Replacement Reserve and Residual Receipts.

“**Basic Concept Drawings**” is defined in Section 4.2.1 hereof.

“**Building Permit**” means the building permit(s) issued by the County and required for the Improvements.

“**Capital Replacement Reserve**” is defined in Section 5.13 of this DDA.

“**Certificate of Completion**” means Attachment No. 10 to this DDA.

“**Certificate of Continuing Program Compliance**” means the Certificate to be filed by the Developer or its property manager on behalf of the Developer with the Agency, which Certificate shall be substantially in the form attached hereto as Attachment No. 4.

“**Closing Date**” means the date the Agency Deed is recorded.

“**Completion**” means the date that construction of the Housing Project is completed and evidenced by a certificate of occupancy issued by the Riverside County Transportation Land Management Agency.

“**Condition of Title**” is defined in Section 2.3 hereof.

“**Construction Lender**” means an institutional lender acceptable to the Agency which loans Developer a Construction Loan to finance a portion of the Development Costs incurred by Developer to construct the Housing Project.

“**Construction Loan**” means the construction loan to be made by the Construction Lender.

“**Conversion Date**” means the date that construction of the Improvements has been completed and all of the other conditions precedent in order for the Permanent Lender to fund the Permanent Loan have been satisfied.

“**Conveyance**” means the conveyance of the Site by recordation of the Agency Deed.

“**County**” means the County of Riverside, a political subdivision of the State of California.

“**Date of DDA**” the date first written above.

“**Debt Service**” means required debt service payments for the Primary Construction Loan and/or the Primary Permanent Loan including the funding obligations in respect of all reserves or escrows required thereunder.

“**Default**” is defined in Section 7.1 hereof.

“**Description of Predevelopment Expenses**” means Attachment No. 16 to this DDA.

“**Developer**” means the **National Community Renaissance of California**, a California nonprofit public benefit corporation, or any permitted assignee or nominee as hereafter approved in writing by the Agency.

“**Developer’s Policy**” is defined in Section 2.4.

“**Development**” means the development of an eighty (80) unit multifamily apartment complex, including a manager unit and associated improvements as required by this DDA to be: (i) developed by the Developer upon the Site, with related offsite improvements, as more particularly described in the Scope of Development, and (ii) operated in conformity with the Agency Deed and the Agency Regulatory Agreement.

“**Development Costs**” means all costs which are actually incurred by Developer for the acquisition of the Site and the financing, development and construction of the Improvements.

“**Effective Date**” means the date the parties execute this DDA.

“**Entitlements**” means any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act (including and subject to all mitigation measures), tentative and final tract maps, variances, site plans, 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 agency in order to commence and complete the construction of the Improvements and occupancy and operation of the Housing Project.

“**Escrow Holder**” means the holder of the Escrow for the conveyance of the Site by the Agency to the Developer and the recordation of the Agency Regulatory Agreement, which shall be Fidelity National Title Company or another escrow holder mutually acceptable to the Agency and the Developer.

“**Event of Default**” has the meaning set forth in Section 7.1.

“**Executive Director**” means the Executive Director of the Agency or designee or delegate.

“**Extremely Low Income Household**” means a household whose annual household income does not exceed thirty percent (30%) of the area median income for Riverside County, adjusted for applicable household size, computed in accordance with Health & Safety Code Section 50093, or any successor statute, and the regulations promulgated pursuant thereto.

“**Hazardous Materials**” As used in this Agreement, the term “Hazardous Materials” means any substance, material or waste which is (1) defined as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” or “restricted hazardous waste” under any provision of California law; (2) petroleum; (3) asbestos; (4) polychlorinated biphenyls; (5) radioactive materials; (6) designated as a “hazardous substance” pursuant to Section 311 of

the Clean Water Act, 33 U.S.C. Section 1251 et seq. (33 U.S.C. Section 1321) or listed pursuant to Section 307 of the Clean Water Act (33 U.S.C. Section 1317); (7) defined as a “hazardous substance” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (42 U.S.C. Section 6903) or its implementing regulations; (8) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (42 U.S.C. Section 9601); or (9) determined by a California, federal or local governmental authority to be capable of posing a risk of injury to health, safety or property.

“**Housing Project**” means the financing, planning and construction of the Improvements and the use and operation of the Site thereafter, as provided in this DDA.

“**Improvements**” means all of the improvements described in the Scope of Development.

“**Income Verification**” means Attachment No. 11 to this DDA.

“**Inspection Deadline**” means the ninetieth (90th) day following the Date of DDA.

“**Investor Limited Partner**” means the entity that will purchase the Tax Credit.

“**Legal Description of the Site**” means Attachment No. 2 to this DDA.

“**MHP Loan**” means a grant or loan awarded to Developer for the Housing Project by the State of California Department of Housing and Community Development in the amount of Six Million One Hundred Forty Four Thousand Eight Hundred Thirteen Dollars (\$6,144,813) under the Multifamily Housing Program (the “MHP Loan”).

“**MHP Deed of Trust**” means the deed of trust securing the MHP Loan.

“**MHP Lender**” means the financial institution providing the funding for the MHP Loan.

“**Median Income**” means Median Income for the Area (namely, Riverside County), as set forth by regulation of the California Department of Housing and Community Development pursuant to Health and Safety Code Sections 50079.5 and 50105.

“**Method of Calculation**” means Attachment No. 7 to this DDA.

“**Notice**” means a notice in the form prescribed by Section 8.2 hereof.

“**Notice of Restriction**” means Attachment No. 14 to this DDA.

“**Operating Reserve**” is defined in Section 5.14 of this DDA.

“**Permanent Lender**” means the institutional lender approved by the Agency who, at the completion of the Housing Project loans the Developer a Permanent Loan for the Housing Project.

“**Permanent Loan**” means the loan made by the Permanent Lender at the Conversion Date.

“Permitted Senior Lien” means collectively, the deeds of trust securing the Primary Construction Loan, the Primary Permanent Loan, and the MHP Loan.

“Permitted Transfer” means any Transfer that is approved by the Agency or expressly permitted by the terms of this DDA.

“Pre-Development Loan” means the \$408,000 loan awarded to the Developer by the Agency on December 16, 2008 which was subsequently increased to \$997,400 on January 5, 2010 for expenses incurred in the entitlement process of the Housing Project.

“Primary Construction Loan” means the mortgage loans obtained by the Developer from a bank, savings and loan association, or other similar financial institution for financing the development (but not the operation) of the Housing Project pursuant to this DDA.

“Primary Permanent Loan” means the mortgage loan obtained by the Developer from a bank, savings and loan association, or other similar financial institution in an amount limited to satisfaction of the outstanding balance of the Primary Construction Loan or in an amount in excess of such outstanding balance.

“Principals” means Richard J. Whittingham, Chief Financial Officer.

“Project Documents” means, collectively, this DDA, the Agency Regulatory Agreement, the Agency Deed, all other Attachments to this DDA, and any other agreement, document, or instrument that Agency requires in connection with the execution of this DDA or from time to time to effectuate the purposes of this DDA.

“Purchase Price” means the sum of One Dollar (\$1.00).

“Qualified Household” means a qualified low income household, as defined by California Health and Safety Code Section 50079.5 and 50105.

“Recordable Documents” means the following: (i) the Agency Regulatory Agreement and (ii) such other instruments as shall be approved by Agency (upon consultation with Agency’s legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof).

“Redevelopment Plan” is defined in Section 1.5 hereof.

“Related Entity” means a Principal or an entity in which any interest is held by the Developer or one or more of the Principals.

“Request for Notice of Default” means Attachment No. 8.

“Required Assisted Units” means sixty eight (68) of the units required to be developed on the Site under this DDA or such greater number to the extent provided by Section 5.2.1 hereof.

“Required Covenant Period” means a period of fifty-five (55) years, commencing as of the issuance of a final certificate of occupancy for all of the Units, and continuing until the fifty-fifth (55th) anniversary thereof.

“Residual Receipts Report” means a report to be provided annually by the Developer to the Agency as more particularly provided in the Agency Note.

“Schedule of Performance” means Attachment No. 3 to this DDA. The Schedule of Performance sets forth the dates by which Agency and Developer are to perform certain obligations under this DDA.

“Scope of Development” means Attachment No. 9 to this DDA.

“Household” shall mean a household which intends to occupy a Unit as its principal residence and qualifies as a Very Low Income Household.

“Site” means that real property depicted on the Site Map and described with greater particularity by the Legal Description of the Site.

“Site Map” means Attachment No. 1 to this DDA.

“Title Company” shall be Fidelity National Title Insurance or another title insurer mutually acceptable to the Agency and the Developer.

“Transfer” means:

(i) the sale, agreement to sell, transfer or conveyance of the Site, the Housing Project, or any portion thereof or interest therein, whether voluntary, involuntary, by operation of law or otherwise, the execution of any installment sale contract or similar instrument affecting all or a portion of the Site or Housing Project, or the lease of all or substantially all of the Site or Housing Project, except as provided in subparagraph (iii) (E), below.

(ii) “Transfer” shall also include the transfer, assignment, hypothecation or conveyance of legal or beneficial ownership of any interest in Developer, or any conversion of Developer to an entity form other than that of Developer at the time of execution of this DDA, except that a cumulative change in ownership interest of the managing general partner of the Developer of forty nine percent (49%) or less and any transfer by the administrative general partner of the Developer shall not be deemed a “Transfer” for purposes of this DDA.

(iii) notwithstanding paragraphs (i) and (ii) above, “Transfer” shall not include any of the following Permitted Transfers:

(A) a conveyance of title to the Site to the beneficiary of a senior deed of trust, if any, and/or the Agency Deed of Trust in connection with a foreclosure, a deed in lieu of foreclosure or similar conversion of such loan.

(B) (1) Subject to subparagraph (B)(2), below, a conveyance of the Site or Housing Project to a limited partnership in which the managing member is Developer, Developer’s general partner, or a permitted assignee of Developer (a “Tax Credit Limited Partnership”) or a sale back from such partnership to Developer or such general partner, or the substitution of such general partner as directed by the Investor Limited Partner in accordance with the terms of the Limited Partnership Agreement.

(2) Notwithstanding any provision to the contrary contained herein, any event described in subparagraph (B)(1) shall not be deemed to be a Permitted Transfer unless the Agency Executive Director or designee reasonably determines, which determination shall not be unreasonably withheld, that Developer's general partner remains, or another entity reasonably acceptable to the Agency Executive Director (which shall not be unreasonably withheld) becomes, the controlling and managing member of the Developer.

(C) The leasing for occupancy of all or any part of the Site or Housing Project in accordance with this DDA.

(D) The inclusion of equity participation by Developer by transfer or addition of limited partners to the Developer, the Tax Credit Limited Partnership, or similar mechanism.

(E) The pledge by the general partner of the Tax Credit Limited Partnership to the Investor Limited Partner of the general partner's interest in the Developer, as security for the performance of all of such general partner's obligations under the Limited Partnership Agreement.

(F) The sale, transfer, syndication or pledge of any limited partnership interest in the Developer or of any limited partnership interest in the Tax Credit Limited Partnership.

(G) The appointment by the Investor Limited Partner, in accordance with the Limited Partnership Agreement, of an additional or substitute general partner that is an Affiliate of the Investor Limited Partner or, if not an Affiliate of the Investor Limited Partner, is reasonably acceptable to the Agency.

(H) Any dilution of the general partner's interest in the Developer in accordance with the Limited Partnership Agreement.

“Unit” means each of the eighty (80) rental dwelling units required to be developed by the Developer under this DDA.

“Very Low Income Households” means households earning not greater than forty percent (40%) of Median Income for the Area pursuant to Health and Safety Code Section 50105.

“Year” means the period commencing as of the Closing Date and ending as of December 31 of that calendar year, then each succeeding calendar year thereafter during the Required Covenant Period.

1.2 Singular and Plural Terms. Any defined term used in the plural in this DDA or any Project Document shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3 References and Other Terms. Any reference to this DDA or any Project Document shall include such document both as originally executed and as it may from time to time be modified. References herein to Articles, Sections and Exhibits shall be construed as references to this DDA unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term “document” is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written

material of every kind. The terms “including” and “include” mean “including (include) without limitation.”

1.4 Exhibits Incorporated. All attachments and exhibits to this DDA, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

1.5 The Redevelopment Plan. The Redevelopment Plan for the Desert Communities Project Area (the “Redevelopment Project”) was first approved by Ordinance No. 638 adopted by the Board of Supervisors of the County on December 23, 1986, and has been subsequently amended. The project area of the Redevelopment Project is referred to herein as the “Project Area”.

The use of the Site for affordable housing purposes under this DDA is of benefit to the Project Area. This DDA is made pursuant to the Redevelopment Plan. The Developer has reviewed the Redevelopment Plan and agrees to perform under this DDA in conformity with the Redevelopment Plan and this DDA.

1.6 Representations and Warranties.

1.6.1 Agency Representations. Agency represents and warrants to Developer as follows:

(a) Authority. Agency is a public body, corporate and politic, existing pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000), which has been authorized to transact business pursuant to action of the County. Agency has full right, power and lawful authority to convey the Site as provided herein and the execution, performance, and delivery of this DDA by Agency has been fully authorized by all requisite actions on the part of Agency. The parties who have executed this DDA on behalf of Agency are authorized to bind Agency by their signatures hereto.

(b) Litigation. To the best of Agency’s knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Site or any portion thereof, at law or in equity before any court or governmental agency, domestic or foreign.

(c) No Conflict. To the best of Agency’s knowledge, Agency’s execution, delivery, and performance of its obligations under this DDA will not constitute a default or a breach under any contract, agreement or order to which Agency is a party or by which it is bound.

(d) No Agency Bankruptcy. Agency is not the subject of a bankruptcy proceeding.

Until the Closing Date, Agency shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.6.1 not to be true as of the Closing Date, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Agency hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove if such exception would have an effect on the value and/or operation of the Site. If Developer elects to accept the conveyance of the Site and possession of the Site following disclosure of such information, Agency’s representations and

warranties contained herein shall be deemed to have been made as of the Closing Date, subject to such exception(s). If, following the disclosure of such information, Developer elects to not accept the conveyance of the Site and possession of the Site, then this DDA shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.6.1 shall survive the Closing Date.

1.6.2 Developer Representations. In addition to the general representations and warranties provided in Section 6, Developer represents and warrants to Agency as follows:

(a) Authority. Developer is a duly organized nonprofit public benefit corporation within and in good standing under the laws of the State of California. Developer has full right, power and lawful authority to lease and accept title to and possession of the Site and undertake all obligations as provided herein and the execution, performance and delivery of this DDA by Developer has been fully authorized by all requisite actions on the part of the Developer. The parties who have executed this DDA on behalf of Developer are authorized to bind Developer by their signatures hereto.

(b) Litigation. To the best of Developer's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Developer, at law or in equity before any court or governmental agency, domestic or foreign.

(c) No Conflict. To the best of Developer's knowledge, Developer's execution, delivery, and performance of its obligations under this DDA will not constitute a default or a breach under any contract, agreement or order to which Developer is a party or by which it is bound.

(d) No Developer Bankruptcy. Developer is not the subject of a bankruptcy proceeding.

(e) Developer Experience; Sophisticated Party. Developer and its affiliated entities are sophisticated parties, with substantial experience in the acquisition, rehabilitation, development, financing, obtaining financing for, marketing, and operation of affordable housing projects and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. The Developer is familiar with and has reviewed all laws and regulations pertaining to the development and operation of the Development and has obtained advice from any advisers of its own choosing in connection with this DDA.

(f) Due Authorization and Execution. Developer has duly authorized the execution of this DDA, the Agency Regulatory Agreement, the Agency Note, the Agency Deed of Trust. Developer is ready, willing and able to execute the Agency Regulatory Agreement, the Agency Note, the Agency Deed of Trust, and all documents necessary to effectuate the Conveyance of the Site. Concurrently with the execution of this DDA by Agency or within three (3) calendar days thereafter, Developer shall execute and deposit with the Agency (to be held pending satisfaction of the Agency Conditions Precedent as set forth in Section 3.1 hereunder) the Agency Regulatory Agreement, the Agency Note, the Agency Deed of Trust, and all documents necessary to effectuate the Agency Regulatory Agreement hereunder.

Until the Closing Date, Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 1.6.2 not to be true as of the Closing

Date, immediately give written notice of such fact or condition to Agency. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Agency shall have a right to approve or disapprove if such exception would have an effect on the development and/or operation of the Site. If Agency elects to proceed with the conveyance of the Site following disclosure of such information, Developer's representations and warranties contained herein shall be deemed to have been made as of the Closing Date, subject to such exception(s). If, following the disclosure of such information, Agency elects to not close Escrow, then this DDA and the Escrow shall automatically terminate, and neither party shall have any further rights, obligations or liabilities hereunder. The representations and warranties set forth in this Section 1.6.2 shall survive the Conveyance of the Site.

2. DISPOSITION OF THE SITE

2.1 Conveyance of the Site. Subject to the satisfaction of those conditions set forth in Sections 3.1 and 3.2 hereof, the Agency is prepared to convey the Site to the Developer in consideration of payment by Developer of the Purchase Price and the performance by Developer under all terms and conditions of this DDA.

The Developer warrants and represents that it has undertaken and completed at its expense an investigation of the Site, including without limitation condition of title, surface and subsurface conditions, and the suitability of the Site for the Improvements required pursuant to this DDA. The Developer has selected the Site and has determined that it is suitable for all development and uses as provided for pursuant to this DDA. Prior to the Date of DDA, the Agency has provided to the Developer a preliminary title report by the Title Company. Developer has reviewed the condition of title to the Site and the condition of the Site (as more fully set forth in Section 2.3 of this DDA), and all such matters are satisfactory to the Developer.

In consideration of the Agency entering into this DDA and conveying the Site, the Developer shall develop the Improvements and comply with and cause the use of the Site to conform to the Agency Regulatory Agreement.

2.2 Escrow. The parties shall open an escrow (the "Agency Escrow") with the Escrow Holder, by the time established therefore in the Schedule of Performance for the Conveyance, and the recordation and delivery of documents described in Section 2.1. The Agency and the Developer agree to execute such escrow instructions as may be reasonably required to implement this Section 2.2. The obligation of the Agency to deliver the Agency Deed, as well as the Agency Note, the Agency Deed of Trust, the Agency Regulatory Agreement, to escrow or to proceed with the Conveyance is contingent upon the satisfaction of the "Conditions," as set forth in Section 3.1 of this DDA.

2.2.1 Costs of Escrow. The Agency and the Developer shall pay their respective portions of the premium for the Title Policy as set forth in Section 2.4 hereof, the Agency shall pay for the documentary transfer taxes, if any, due with respect to the conveyance of the Site by the Agency to the Developer, and the Developer and Agency each agree to pay one-half of the escrow charges and each shall pay its customary share of all other usual fees, charges, and costs which arise from Escrow.

2.2.2 Escrow Instructions. This DDA constitutes the joint escrow instructions of the Developer and the Agency, and the Escrow Holder to whom these instructions are delivered is

hereby empowered to act under this DDA. The parties hereto agree to do all acts reasonably necessary to close this Escrow in the shortest possible time. Insurance policies for fire or casualty are not to be transferred, and the Agency will cancel its own policies after the Conveyance of the Site. All funds received in the Escrow shall be deposited with other escrow funds in a general escrow account(s) and may be transferred to any other such escrow trust account in any State or National Bank doing business in the State of California. All disbursements shall be made by check from such account.

If in the opinion of either party it is necessary or convenient in order to accomplish the Conveyance, such party may require that the parties sign supplemental escrow instructions; provided that if there is any inconsistency between this DDA and the supplemental escrow instructions, then the provisions of this DDA shall control. The parties agree to execute such other and further documents as may be reasonably necessary, helpful or appropriate to effectuate the provisions of this DDA. The Conveyance shall take place when the Agency Conditions Precedent have been satisfied. Escrow Holder is instructed to release Agency's escrow closing and Developer's escrow closing statements to the respective parties.

2.2.3 Authority of Escrow Holder. Escrow Holder is authorized to, and shall:

(a) Pay and charge the Developer and Agency for their respective shares of the premium of the Developer's Policy as set forth in Section 2.4 and any amount necessary to place title in the condition necessary to satisfy Section 2.3 of this DDA.

(b) Pay and charge the Developer and Agency for their respective shares of any escrow fees, charges, and costs payable under Section 2.2.1 of this DDA.

(c) Pay and charge the Developer for any endorsements to the Developer's Policy which are requested by the Developer.

(d) Disburse funds, record and deliver the Recordable Documents in the order set forth in Section 2.2.6 below.

(e) Do such other actions as necessary to fulfill its obligations under this DDA.

(f) Prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms are provided for or required by law.

2.2.4 Closing. The Conveyance of the Site and delivery of documents related shall close ("Closing") within thirty (30) days of the parties' satisfaction of all of Conditions Precedent, but in no event later than the last day established therefore in the Schedule of Performance. The "Closing" means the time and day that each of the Agency Note is executed and held by Escrow Holder for delivery to Agency and all of the Agency Deed, the Agency Regulatory Agreement, and the Agency Deed of Trust have been recorded by the Riverside County Recorder. The "Closing Date" means the day on which the Closing occurs.

2.2.5 Termination. If Escrow is not in condition to close by the time established therefore in the Schedule of Performance, then either party which has fully performed under this DDA may, in writing, demand the return of money or property and terminate this DDA. If either party makes a written demand for return of documents or properties, this DDA shall not terminate until five (5) days after Escrow Holder shall have delivered copies of such demand to all other parties at the respective addresses shown in this DDA. If any objections are raised within said five (5) day period, Escrow Holder is authorized to hold all papers and documents until instructed by a court of competent jurisdiction or by mutual written instructions of the parties. The Developer, however, shall have the sole option to withdraw any money deposited by it with respect to the Closing less the Developer's share of costs of Escrow. Termination of this DDA shall be without prejudice as to whatever legal rights either party may have against the other arising from this DDA. If no demands are made, the Escrow Holder shall proceed with the Closing as soon as possible. At the election of the Agency, default by the Developer under this DDA shall constitute a default under this DDA.

2.2.6 Closing Procedure. Escrow Holder shall close Escrow for the Conveyance of the Site as follows:

Record the following documents in this order: (i) a deed of trust in favor of the construction lender; (ii) the Agency Deed of Trust; (iii) the Agency Regulatory Agreement; (iv) the Notice of Affordability Restrictions on Transfer of Property; and (v) such other instruments, if any, as shall be approved by Agency (upon consultation with Agency's legal counsel) as necessary or convenient to effectuate and implement the initial financing of the Improvements (and the permanent financing thereof), with instructions for the Recorder of Riverside County, California to deliver to the Agency the Agency Regulatory Agreement, the Agency Deed of Trust, and a certified copy of each to the Developer; the Agency Deed shall be delivered to the Developer with a certified copy thereof to be delivered to the Agency. The order of recordation shall be subject to revision upon approval of the Agency. The Escrow Holder shall also deliver the Agency Note to Agency;

(a) Instruct the Title Company to deliver the Developer's Policy to the Developer, with a copy to the Agency;

(b) File any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

(c) Deliver the FIRPTA Certificate, if any, to the Developer;

(d) Deliver documents as set forth in Section 2.2.3 hereof; and

(e) Forward to both the Developer and the Agency a separate accounting of all funds received and disbursed for each party and copies of all executed and recorded or filed documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

2.3 Review of Title. The Agency has caused the Title Company to deliver to the Developer a standard preliminary title report (the "Report") with respect to the Site, and the Agency will endeavor to cause the Title Company to provide to Developer legible copies of the documents underlying the exceptions ("Exceptions") set forth in the Report, within fifteen (15) days from the date of this DDA. The Developer shall have the right to reasonably approve or disapprove the

Exceptions; provided, however, that the Developer shall approve the following Exceptions as of the Closing Date:

- (a) The Redevelopment Plan.
- (b) The lien of any non-delinquent property taxes and assessments (to be prorated at close of Escrow).
- (c) The provisions of the Agency Regulatory Agreement, the Agency Deed, the Notice of Restriction and the Agency Deed of Trust.
- (d) Any incidental easements or other matters affecting title which do not materially impact the Developer's use of the Site as described in the Scope of Development.

The Developer shall have thirty (30) days from the date of its receipt of the Report to give written notice to Agency and Escrow Holder of the Developer's approval or disapproval of any of such Exceptions. The Developer's failure to give written disapproval of the Report within such time limit shall be deemed approval of the Report. If the Developer notifies Agency of its disapproval of any Exceptions in the Report, the Agency shall have ten (10) days from the receipt of written notice of disapproval by the Developer to give written notice to Developer whether or not it will undertake the removal of any disapproved Exceptions by the Closing Date. If the Agency elects to remove such Exceptions, it shall diligently proceed to effect the removal of such Exceptions no later than the Closing Date. If Agency fails to or does not elect to remove any of the disapproved Exceptions within that period, the Developer shall have ten (10) days after the expiration of such ten (10) day period to either give the Agency written notice that the Developer elects to proceed with the purchase of the Site subject to the disapproved Exceptions or to give the Agency written notice that the Developer elects to terminate this DDA. The Exceptions to title approved by the Developer as provided herein shall hereinafter be referred to as the "Condition of Title." The Developer shall have the right to approve or disapprove any additional and previously unreported Exceptions reported by the Title Company after the Developer has approved the Condition of Title for the Site (which are not created by the Developer).

2.4 Title Insurance. Concurrently with recordation of the Agency Deed there shall be issued to the Developer one CLTA owner's policy of title insurance (the "Developer's Policy"), in the liability amount of the fair market value of the Site, together with such endorsements as are reasonably requested by the Developer, issued by the Title Company insuring that the title to the Site is vested in the Developer in the condition required by Section 2.3 of this DDA. The Title Company shall provide the Agency with a copy of the Developer's Policy. The Agency shall pay that portion of the premium for the Developer's Policy equal to the cost of a CLTA standard coverage owner's title policy which the amount of coverage based upon the fair market value of the Site. Any additional costs, including the cost of an ALTA policy or any endorsements requested by the Developer, shall be borne by the Developer.

Concurrently with the recordation of the Agency Deed and the Agency Deed of Trust there shall be issued to the Agency one ALTA lender's policy of title insurance (the "Agency Policy") in the liability amount of the Agency Note, together with such endorsements as are reasonably requested by the Agency, issued by the Title Company insuring the Agency Deed of Trust in the priority required by Section 2.2.6 of this DDA, subject also to a lien securing the Construction Loan

for the Housing Project. Upon request therefore, the Title Company shall provide the Developer with a copy of the Agency Policy. All costs for the Agency Policy shall be borne by the Agency.

2.5 Inspections, Approvals and Studies. Commencing upon the date of this DDA and continuing until the Inspection Deadline, Developer shall have the right to enter, physically survey, inspect and map the Site; conduct soils and physical engineering, percolation, geological and other tests; perform economic, market feasibility, land use studies; and determine that the Housing Project is economically feasible (collectively referred to as the "Inspections"). Following the Inspection Deadline and continuing to the Closing Date, the Developer shall continue to have access to the Site. Developer shall have the right to approve or disapprove the Inspections by written notice given at any time prior to the Closing. If Developer disapproves the Inspections, the Developer shall have the right to terminate this DDA in accordance with Section 7.3 hereof. Developer shall have the right to pursue all necessary or proper Entitlements, including, but not limited to, zone changes, land use approvals, site plan approvals and Plan approvals for the Housing Project during the time that Escrow is opened, consistent with the provisions of this DDA.

2.6 Physical and Environmental Condition of the Site.

2.6.1 Land Condition; Exceptions. Except as set forth herein, the Site shall be conveyed to the Developer "AS IS", with no warranty, express or implied, by the Agency as to the condition of any existing improvements, the soil, its geology, the presence of known or unknown faults or Hazardous Materials or toxic substances, and it shall be the sole responsibility of the Developer at its expense to remove all improvements found on the Site and investigate and determine the physical and environmental conditions. If as of the Inspection Deadline the physical or environmental condition is not in all respects entirely suitable for the use or uses to which the Site will be put, the Developer may terminate this DDA pursuant to Section 7.3 hereof unless the Agency and the Developer otherwise agree in writing.

2.6.2 Physical and Environmental Investigation and Testing of Site. The Developer shall have the right, at its sole cost and expense, subject to the requirements of the Purchase Agreement, to engage its own consultants to make such investigations of the Site as the Developer deems necessary, soils, geotechnical and other testing of the Site, and the Agency shall promptly be provided a copy of all reports and test results provided to the Developer. The Developer shall reasonably approve or disapprove of the physical condition of the Site on or before the Inspection Deadline. The Developer's failure to deliver written Notice of its approval within such time limit shall be deemed approval of the physical and environmental condition of the Site.

2.6.3 Developer Precautions After Closing. Upon the Closing, the Developer shall take all necessary but reasonable precautions to prevent the release into the environment of any Hazardous Materials in, on or under the Site, except as may be provided otherwise by applicable Governmental Requirements. Such precautions shall include compliance with all Governmental Requirements with respect to Hazardous Materials introduced by the Developer or after the Closing Date. In addition, the Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards as respects the disclosure, storage, use, removal and disposal of Hazardous Materials introduced by the Developer or after the Closing Date. In the event the Developer receives notice concerning the presence of Hazardous Materials at the Site, Developer shall promptly deliver a copy of such notice to the Agency.

2.6.4 Condition of Site. The Agency has provided the Developer with all information of which it has actual knowledge concerning the physical condition of the Site, including, without limitation, information about any Hazardous Materials. The Developer acknowledges and agrees that any portion of the Site that it acquires from the Agency pursuant to this DDA shall be purchased "AS IS" "WHERE IS" "WITH ALL FAULTS," in its current physical condition, with no warranties of any kind or nature, express or implied, except those warranties set forth in Section 2.6, as to the physical condition thereof, the presence or absence of any latent or patent condition thereon or therein, including, without limitation, any Hazardous Materials thereon or therein, and any other matters affecting the Site.

3. CONDITION TO CLOSING

3.1 Agency Conditions Precedent. The Agency shall not execute the Agency Deed or proceed with the Closing as provided pursuant to this DDA, unless all of the following conditions precedent (the "Agency Conditions Precedent") have been fully satisfied, as determined in good faith by the Agency (which condition, if it requires action by Developer, shall also be a covenant of Developer):

(a) Payment of Purchase Price. The Developer shall have deposited the Purchase Price in escrow or shall have deposited the executed Agency Note with the Escrow Holder to deliver to Agency following the Closing with instructions to the Escrow Holder to deliver the Purchase Price to the Agency concurrent with the recordation of the Agency Deed.

(b) Recording of Certain Documents. Each of the Agency Regulatory Agreement, the Agency Deed and the Agency Deed of Trust has been executed by the Developer (where such documents so provide) and is ready to be recorded.

(c) Evidence of Financing. Developer shall have provided written proof acceptable to Agency that the Developer has sufficient internal funds and/or has obtained a loan or financing, subject to customary conditions and Agency has approved such evidence of financing, in accordance with Sections 4.15 and 4.15.1.1 hereof; such financing sources shall be ready to close and proceeds shall be available to Developer upon the Closing ("Financing Plan"). Developer shall have obtained approval by the Agency of a Financing Plan. In the event Developer obtains a loan or financing for the construction of the Development, such Construction Loan or financing for the Development shall be ready to close, and shall close and shall be immediately available for use in constructing the Improvements. It is contemplated that AHP and MHP funding will be obligated to defray, in part, the cost of the Development but that approval and funding thereof will occur concurrently with funding and closing of the Permanent Loan.

(d) Construction Contract. Developer shall have provided to the Agency a signed copy of a fixed-price contract between the Developer and the general contractor for the construction of the Development, certified by the Developer to be a true and correct copy thereof, and Agency shall have approved such contractor or contractors, and the construction contract or contracts, pursuant to Section 4.15 hereof. The parties acknowledge that the general contractor is or may be a Related Party with respect to the Developer. However, nothing contained in this subsection (c) shall be deemed to create any responsibility or liability on or to the Agency for selection of the contractor(s) or for construction of the Improvements, the Developer being solely responsible for such activities.

(e) Title Insurance. The Title Company shall have committed to issue the Title Policies to the Developer, in accordance with Section 2.4 hereof (subject to payment of the premiums therefore).

(f) Entitlements. The Developer shall have received all Entitlements and land use approvals required in order to construct the Improvements.

(g) Housing Project Budget. The Housing Project Budget shall have been finalized by the Developer and the Agency.

(h) Insurance. The Developer shall have provided proof of insurance as required by Section 4.5 hereof.

(i) Readiness. The Developer submits evidence that the final working drawings and Plans have been approved by the Riverside County Planning Department so that the Housing Project is “permit ready;” that is, that the only other condition to the issuance of building permits for the construction of Improvements is the payment of fees;

(j) Representations and Warranties. The representations and warranties of Developer contained in this DDA shall be correct as of the Closing as though made on and as of that date, and Agency shall have received a certificate to that effect signed by an officer of Developer.

(k) No Default. No Event of Default by Developer shall have occurred under this DDA, no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by Developer under this DDA, and Agency shall have received a certificate to that effect signed by an officer of Developer.

All conditions set forth in Section 3.1, or to Agency’s obligations hereunder, are for Agency’s benefit only and Agency may waive all or any part of such rights by written notice to Developer and Escrow Holder. If Agency shall, within the applicable periods set forth herein, disapprove of any of the items which are subject to Agency’s approval, or if any of the conditions set forth in this DDA are not met within the times called for, Agency may thereafter terminate this DDA without any further liability on the part of Agency by giving written notice of termination to the Escrow Holder, with a copy to Developer. Escrow Holder shall thereupon, without further consent from Developer, return to each party the documents and funds deposited by them.

3.2 Developer Conditions Precedent. The Developer shall not be obligated to proceed with the Closing as provided pursuant to this DDA, unless all of the following conditions precedent (the “Developer Conditions Precedent”) has been fully satisfied, as determined in good faith by the Agency (which condition, if it requires action by Developer, shall also be a covenant of Developer):

(a) Recording of Certain Documents. Each of the Agency Regulatory Agreement, the Agency Deed and the Agency Deed of Trust has been executed by the Agency (where such documents so provide) and is ready to be recorded.

(b) Title Insurance. The Title Company shall have committed to issue the Title Policies to the Developer, in accordance with Section 2.4 hereof.

(c) Housing Project Budget. The Housing Project Budget shall have been finalized by the Developer and the Agency.

Notwithstanding the foregoing, the Developer, in its discretion, may waive any of the foregoing Developer Conditions Precedent. A waiver of any of the foregoing conditions shall not operate in any way as a waiver of, or estoppel with respect to, any subsequent or other failure to comply with such condition, or to any other condition contained in this DDA.

4. SCOPE OF DEVELOPMENT; INSURANCE AND INDEMNITY, FINANCING

4.1 Scope of Development. The Developer shall develop the Improvements in accordance with the Scope of Development, and the approved plans, drawings and documents for the Improvements. In the event of any inconsistency between the Scope of Development and the plans for the Improvements which have been approved by the Agency and County, the approved Development plans shall control. The Housing Project is intended to serve Households who are Extremely Low to Very Low Income Households. The Housing Project shall consist of development of a two and three story multi-family apartment complex with a total of eighty (80) units. Of the eighty (80) units, fifty two (52) will be two-bedroom apartment units and twenty seven (27) will be three-bedroom apartment units. One (1) additional 3-bedroom unit will be set-aside for an onsite manager's unit.

4.2 Design Review.

4.2.1 Developer Submissions. Prior to the Date of DDA, in connection with its application for land use approvals by the County, the Developer has submitted "Basic Concept Drawings" for the Improvements. Before commencement of construction of the Improvements or other works of improvement upon the Site, the Developer shall submit to the County any plans and drawings (collectively, the "Design Development Drawings") which may be required by the County with respect to any permits and Entitlements which are required to be obtained to develop the Improvements.. Developer, on or prior to the date set forth in the Schedule of Performance, shall submit to the County such plans for the Improvements as required by the County in order for Developer to obtain building permits for the Improvements. Within thirty (30) days after the County's disapproval or conditional approval of such plans, Developer shall revise the portions of such plans identified by the County as requiring revisions and resubmit the revised plans to the County.

4.2.2 County Review and Approval. The County shall have all rights to review and approve or disapprove all Design Development Drawings and other required submittals in accordance with the County Ordinances, and nothing set forth in this DDA shall be construed to constitute the County's approval of any or all of the Design Development Drawings or to limit or affect the County's review and right to approve, approve subject to conditions, or disapprove Design Development Drawings, plans, drawings, applications, or submittals.

4.2.3 Revisions. Any and all change orders or revisions required by the County and its inspectors under the County Ordinances and all other applicable Uniform Codes (e.g. Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Developer in its Design Development Drawings and other required submittals and shall be completed during the construction of the Improvements.

4.2.4 Defects in Plans. The Agency and the County shall not be responsible either to the Developer or to third parties in any way for any defects in the Design Development Drawings, nor for any structural or other defects in any work done according to the approved Design Development Drawings, nor for any delays reasonably caused by the review and approval processes established by this Section 4.2.4.

4.3 Time of Performance; Progress Reports. The Developer shall submit all Design Development Drawings, commence and complete all construction of the Improvements, and satisfy all other obligations and conditions of this DDA within the times established herein this DDA. Construction of the Improvements shall be commenced on or before the time established herein the Schedule of Performance. Once construction is commenced, it shall continuously and diligently be pursued to completion and shall not be abandoned for more than fifteen (15) days except when due to circumstances described in Section 7.9 hereof. During the course of construction and prior to issuance of the Certificate of Completion, Developer shall provide timely reports of the progress of construction when requested by the Agency. Developer shall complete construction of all of the Improvements on the Site within eighteen (18) months after the first to occur of (i) commencement of construction or (ii) the time established by this DDA for commencement of construction.

4.4 Cost of Construction. The cost of planning, designing, developing, and constructing the Improvements shall be borne solely by the Developer. Prior to Closing, Developer shall have submitted and obtained approval by the Agency of a comprehensive plan of finance for the Housing Project ("Plan of Finance" or Financing Plan") which identifies all sources and uses which sources shall have committed to provide funding in the amounts and at the times identified by Developer.

4.5 Insurance Requirements. Without limiting or diminishing the DEVELOPER'S obligation to indemnify or hold the Agency 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 DDA:

(a) **Workers Compensation Insurance.** If the Developer has employees as defined by the State of California, the 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 Agency, 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 Agency, the County of Riverside and its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, 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 DDA 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 DDA, 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 DDA or be no less than two (2) times the occurrence limit. Policy shall name the Agency, the County of Riverside and its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured.

(d) Procure and maintain course of construction coverage on the Housing Project in an amount not less than ninety percent (90%) of the replacement value of the Housing Project.

(e) 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 the AGENCY Risk Manager. If the AGENCY's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

2) The 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 the Agency's Risk Manager before the commencement of operations under this DDA. Upon notification of self insured retention unacceptable to the Agency, and at the election of the Agency's Risk Manager, Developer's carriers shall either; (a) reduce or eliminate such self-insured retention as respects this DDA with the Agency, 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 AGENCY with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the Agency Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the Agency prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this DDA shall terminate forthwith, unless the Agency receives, prior to such Effective Date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Developer shall not commence operations until the Agency has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

4) It is understood and agreed to by the parties hereto that the Developer's insurance shall be construed as primary insurance, and the Agency'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 DDA 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.); or, the term of this DDA, including any extensions thereof, exceeds five (5) years the Agency reserves the right to adjust the types of insurance required under this DDA and the monetary limits of liability for the insurance coverage's currently required herein, if, in the Agency Risk Manager's reasonable judgment, the amount or type of insurance carried by the Developer has become inadequate.

6) Developer shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this DDA.

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

8) Developer agrees to notify Agency of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this DDA. All certificates, documents, and other written materials establishing compliance with the above enumerated conditions precedent are to be filed with Agency at the expense of Developer. It is understood and agreed to by the parties hereto, and the insurance company(s), Certificate of Insurance and policies shall so covenant and shall be construed as primary and Agency's insurance and/or deductibles and/or self-insured retention or self-insured programs shall not be construed as contributory. The Agency reserves the right to adjust the monetary limits of insurance coverage during the term of this DDA, or any extension thereof if in Agency Risk Manager's reasonable judgment, the amount or type of insurance typically carried by the Developer or its contractors is inadequate.

4.5.1 Waiver of Subrogation. Developer hereby waives all rights to recover against Agency (or any officer, employee, agent or representative of Agency) for any loss incurred by Developer from any cause insured against or required by any Project Document to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

4.6 Obligation to Repair and Restore Damage Due to Casualty. If during the period of construction the Improvements shall be totally or partially destroyed or rendered wholly or partly uninhabitable by fire or other casualty required to be insured against by Developer, Developer shall promptly proceed to obtain insurance proceeds and take all steps necessary to begin reconstruction and, immediately upon receipt of insurance proceeds, to promptly and diligently commence the repair or replacement of the Improvements to substantially the same condition as the Improvements are required to be constructed pursuant to this DDA, whether or not the insurance proceeds are sufficient to cover the actual cost of repair, replacement, or restoration, and Developer shall complete the same as soon as possible thereafter so that the Improvements can be occupied as an affordable housing project in accordance with this DDA. In no event shall the repair, replacement, or restoration period exceed fourteen (14) months from the date Developer obtains insurance proceeds

unless the Agency, in the Agency's sole and absolute discretion, approves a longer period of time. Agency shall cooperate with Developer, at no expense to Agency, in obtaining any governmental permits required for the repair, replacement, or restoration. If, however, the then-existing laws of any other governmental agencies with jurisdiction over the Site do not permit the repair, replacement, or restoration, Developer may elect not to repair, replace, or restore the Improvements by giving notice to Agency (in which event Developer will be entitled to all insurance proceeds but Developer shall be required to remove all debris from the Site) or Developer may reconstruct such other improvements on the Site as are consistent with applicable land use regulations and approved by the County, Agency, and the other governmental agency or agencies with jurisdiction, and the Agency may pursue remedies of its choosing under this DDA, including without limitation termination.

4.7 Indemnity. The Developer shall indemnify and hold harmless the Agency, the County of Riverside its Agencies, Districts, Special Districts and Departments and their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives ("Indemnified Parties") 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 DDA, 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, agents, employees, subcontractors, agents or representatives of its obligations under this DDA. 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 Indemnified Parties 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 AGENCY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Developer's indemnification to Agency as set forth herein.

Developer's obligation hereunder shall be satisfied when Developer has provided to Agency the appropriate form of dismissal or other resolution of the applicable dispute or action relieving the Indemnified Parties from any liability for the action or claim involved.

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

4.8 Rights of Access. Prior to the issuance of the Certificate of Completion, for purposes of assuring compliance with this DDA, representatives of Agency shall have the right of access to the Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this DDA, including but not limited to, the inspection of the work being performed in constructing the Improvements so long as Agency representatives comply with all safety rules. Agency representatives shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 4.8.

4.9 Compliance With Laws. Developer shall carry out the design, construction and operation of the Improvements in conformity with all applicable laws, including all applicable state labor standards (including without limitation provisions for payment of prevailing wages in

connection with all construction of the Improvements), the County zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the County Ordinances, and the Fair Housing Act, 42 U.S.C. Section 3601 *et seq.* (and 24 C.F.R. Part 100), the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and the California Building Standards Code, Health and Safety Code Section 18900, *et seq.*

Labor Code Section 1720(b)(3) treats work performed under contract with certain public entities as a “public work” where the work is paid for in whole or in part with public funds, which payment may be accomplished by a transfer of an asset of value for less than a fair market value price. The Developer agrees to pay prevailing wages in connection with the construction of the Improvements.

Further, the Developer agree that all public works (as defined in California Labor Code Section 1720) performed pursuant to this DDA (the “work”), if any and as applicable (as determined by Developer and its legal counsel or as determined, opined, or ordered by the State Department of Industrial Relations (DIR),) shall comply with the requirements of California Labor Code Sections 1770, *et seq.* In all bid specifications, contracts and subcontracts for the work, Developer (or its general contractor) shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification or type of worker needed to perform the work, and shall include such rates in the bid specifications, contract or subcontract. Such bid specifications, contract or subcontract must contain the following provision:

It shall be mandatory for the contractor to pay not less than the said prevailing rate of wages to all workers employed by the contractor in the execution of this contract. The contractor expressly agrees to comply with the penalty provisions of California Labor Code Section 1775 and the payroll record keeping requirements of California Labor Code Section 1771.

The Developer does hereby and shall indemnify and hold each of Agency and County harmless from and against any and all claims, demands, causes of action, obligations, damages, liabilities, costs and expenses, including reasonable attorneys’ fees, that may be asserted against or incurred by Agency and/or County with respect to or in any way arising from Developer’s and Developer’s compliance with or failure to comply with applicable laws, including all applicable federal and state labor standards including without limitation the requirements of Labor Code Section 1720.

4.10 Nondiscrimination in Employment. Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, sexual orientation, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability.

4.11 Taxes and Assessments. Subject to Developer’s right to claim the “welfare exemption” under California Revenue and Taxation Code Section 214(g), Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Site. Developer shall remove or have removed any levy or attachment made on any of the Site or any part thereof which is owned or leased by Developer, or assure the satisfaction thereof within a reasonable time, but in no event to exceed sixty (60) days. The Developer shall additionally defend, indemnify, and hold harmless the

Agency and the County from and against any taxes, assessments, mechanic's liens, claims of materialmen and suppliers, or other claims by private parties in connection with (a) activities undertaken by the Developer or (b) the Site arising from or related to any period following the Closing Date.

4.12 Liens and Stop Notices. Developer shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Improvements the Developer shall within thirty (30) days of such recording or service or within five (5) days of Agency's demand whichever last occurs:

- (a) pay and discharge the same; or
- (b) affect the release thereof by recording and delivering to Agency a surety bond in sufficient form and amount, or otherwise; or
- (c) provide Agency with indemnification from the Title Company against such lien or other assurance which Agency deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of Agency from the effect of such lien or bonded stop notice.

4.13 Certificate of Completion. Promptly after completion of the Improvements in conformity with this DDA, Agency shall furnish the Developer with a "Certificate of Completion," substantially in the form attached hereto. Agency shall not unreasonably withhold such Certificate of Completion. The Certificate of Completion shall be a conclusive determination of satisfactory completion of the Improvements and the Certificate of Completion shall so state. If Agency refuses or fails to furnish a Certificate of Completion after written request from Developer, Agency shall, within fifteen (15) days of receipt of written request therefore, provide Developer with a written statement of the reasons Agency refused or failed to furnish the Certificate of Completion. The statement shall also contain Agency's opinion of the actions Developer must take to obtain the Certificate of Completion. The Certificate of Completion is not a notice of completion as referred to in Section 3093 of the California Civil Code.

4.14 Further Assurances. Developer shall execute and acknowledge (or cause to be executed and acknowledged) and deliver to Agency all documents, and take all actions, reasonably required by Agency from time to time to confirm the rights created or now or hereafter intended to be created under the Project Documents or otherwise to carry out the purposes of the Project Documents.

4.15 Financing of the Improvements.

4.15.1 Approval of Financing. As required herein and as an Agency Condition Precedent, Developer shall submit to Agency evidence that Developer has obtained sufficient equity capital or has arranged for and obtained a binding commitment for construction financing necessary to undertake the development of the Site and the construction of the Improvements in accordance with this DDA ("Proof of Financing Commitments").

The Agency shall reasonably approve or disapprove such evidence of financing within twenty (20) days of receipt of each of the respective submittals, provided that such submittal is complete. Approval shall not be unreasonably withheld so long as the terms and conditions of the

financing are consistent with this DDA, including without limitation acknowledgment and consent by such lender to each of the Agency Regulatory Agreement, and are otherwise reasonable and customary. The failure or refusal by the Agency to approve financing that does not satisfy the foregoing criteria shall conclusively be deemed to be reasonable. If Agency shall disapprove any such evidence of financing, Agency shall do so by Notice to Developer stating the reasons for such disapproval and Developer shall endeavor to promptly obtain and submit to Agency new evidence of financing. Agency shall approve or disapprove such new evidence of financing in the same manner and within the same times established in this Section 4.15.1 for the approval or disapproval of the evidence of financing as initially submitted to Agency. Developer shall close the approved financing concurrently with the Closing.

The Proof of Financing Commitment shall include a copy of a legally binding, firm and enforceable loan commitment(s) obtained by Developer from one or more financial institutions for the Construction Loan.

4.15.2 Conditions for Disposition of Funds. Agency's Board of Directors shall determine the final disposition and distribution of all funds. Agency shall: (1) make payments of the Agency funds to Developer as designated in Attachment No. 15, and (2) monitor the Housing Project to ensure compliance with applicable state regulations and the terms of this DDA. There will be no disbursement of funds until the following events first occur:

- a. Developer executes the Agency Loan Documents.
- b. Developer provides at its expense an ALTA lenders policy insuring the recordation of the Agency Deed of Trust.
- c. Developer provides satisfactory evidence that it has secured any and all land use Entitlements, permits and approvals which may be required for construction of the Housing Project pursuant to the applicable rules and regulations of, the County, and any other governmental agency affected by such construction of work. Developer shall, without limitation, secure all Entitlements, change of zone, lot line adjustment, any and all necessary studies required including but not limited to archaeological, cultural, environmental, traffic and lead based paint, and pay all costs, charges and fees associated therewith.
- d. Developer is to submit updated Preliminary Title Report.
- e. Developer provides satisfactory evidence that it has satisfied all conditions precedent to the close of escrow for the land acquisitions.
- f. Agency will retain five percent (5%) of the total Agency Loan. Agency shall release final draw down of Agency Loan following the date on which a Notice of Completion has been recorded and filed; the Housing Project has been completed in material compliance with the Plans and Specifications and other requirements in this DDA to the reasonable satisfaction of the Agency; Certificate of Completion has been recorded; and submission of Project completion report including unconditional final lien releases, all lien waivers and releases, final sources and uses of funds, and final Certified Public Accountant's construction cost certification.
- f. If at any time the Agency (in the exercise of its sole discretion) will deem the remaining DDA proceeds together with all other funds

available to Developer for such purpose to be insufficient to complete the Housing Project, Developer will, within ten (10) business days of written demand by Agency provide satisfactory evidence that Developer will be able to provide the additional funds to complete the Housing Project. It is understood that Agency will not provide additional funding for the Housing Project in the case of a cost overrun.

- g. Developer provides satisfactory evidence that it has satisfied all conditions precedent to the issuance of all permits necessary for the construction of the development and all such permits are available for issuance, other than payment of fees.
- h. There are no outstanding mechanics of liens or stop notices to the Property, and Developer has furnished to Agency full waivers or releases of lien claims if required by Agency.
- i. Developer shall submit the following documents for review and, where appropriate, approval by the Agency:
 - i) Final development budget
 - ii) Final construction cost estimate
 - iii) Construction agreement with the general contractor for the approved construction work.

4.15.3 Distribution of Funds. Agency shall pay Developer the sum specified in Section 4.17 below on a “cost-as-incurred” basis for all eligible approved costs. Disbursement of funds shall occur upon the satisfaction receipts of copies of paid invoices and conditional (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of the Agency Loan. Disbursement of funds shall be in accordance with the construction schedule which shall be certified and documented by the project architect. Agency shall retain five (5%) percent of the total Agency Loan until the Housing Project receives Certificate of Completion.

4.15.4 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust on the Site authorized by this DDA shall not be obligated by the provisions of this DDA to construct, complete, or operate the Improvements or any portion thereof, or to guarantee such construction, completion or operation; nor shall any covenant or any other provision in this DDA be construed so to obligate such holder. Nothing in this DDA shall be deemed to permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this DDA.

4.15.5 Notice of Default to Mortgagee or Deed of Trust Holders; Right to Cure. With respect to any mortgage or deed of trust granted by Developer as to the Site as provided herein, whenever the Agency may deliver any notice or demand to Developer with respect to any breach or default by the Developer under this DDA, the Agency shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this DDA a copy of such notice or demand; provided that the failure to notify any holder of record shall not vitiate or affect the effectiveness of notice to the Developer. Each such holder shall (insofar as the rights granted by the Agency are concerned) have the right, at its option, within sixty (60) days after the receipt of the notice, to cure or remedy or commence to cure or remedy and thereafter to pursue with due diligence the cure or remedy of any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage or deed of trust. Nothing contained in this DDA shall be deemed to permit or authorize

such holder to undertake or continue the construction or completion of the Improvements, or any portion thereof (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Developer's obligations to the Agency by written agreement reasonably satisfactory to the Agency. The holder, in that event, must agree to complete, in the manner provided in this DDA, the improvements to which the lien or title of such holder relates, but on a schedule which takes into account the time reasonably required for the holder to obtain title to and possession of the Site, analyze and negotiate amendments to plans, specifications, construction contracts and operating contracts or to negotiate new construction contracts and operating contracts. Any such holder properly completing such improvement shall be entitled, upon compliance with the requirements of Section 4.13 of this DDA, to a Certificate of Completion. It is understood that a holder shall be deemed to have satisfied the sixty (60) day time limit set forth above for commencing to cure or remedy a Developer default which requires title and/or possession of the Site (or portion thereof) if and to the extent any such holder has within such sixty (60) day period commenced proceedings to obtain title and/or possession and thereafter the holder diligently pursues such proceedings to completion and cures or remedies the default.

4.15.6 Failure of Holder to Complete Improvements. In any case where, sixty (60) days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives a notice from Agency of a default by the Developer in completion of construction of any of the Improvements under this DDA, and such holder is not vested with ownership of the Site and has not exercised the option to construct as set forth in Section 4.15, or if it has exercised the option but has defaulted hereunder and failed to timely cure such default, the Agency may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder, the Agency, if it so desires, shall be entitled to a conveyance from the holder to the Agency upon payment to the holder of an amount equal to the sum of the following:

- (a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of income received during foreclosure proceedings);
- (b) All expenses with respect to foreclosure including reasonable attorneys' fees;
- (c) The net expense, if any, incurred by the holder as a direct result of the subsequent management of the Site or part thereof;
- (d) The costs of any improvements made by such holder;
- (e) An amount equivalent to the interest that would have accrued at the rate(s) specified in the holder's loan documents on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the Agency; and
- (f) Any customary prepayment charges imposed by the lender pursuant to its loan documents and agreed to by the Developer.

The foregoing rights shall be in addition to those measures set forth in an intercreditor agreement, and in addition shall supplement and not limit the Agency's rights as landlord under the Agency Deed or by operation of law.

4.15.7 Right of the Agency to Cure Mortgage or Deed of Trust Default. In the event of a mortgage or deed of trust default or breach by the Developer whether prior to or after the completion of the construction of any of the Improvements or any part thereof (continuing until the expiration of the term of the Agency Deed), Developer shall immediately deliver to Agency a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the Agency shall have the right but no obligation to cure the default. In such event, the Agency shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Agency in curing such default.

4.15.8 Limited Subordination. It is contemplated that financing for the Development will be provided from funds of the Developer and proceeds of a conventional construction loan, a conventional Permanent Loan, the MHP Loan, and the AHP Loan. In connection with the provision of the Primary Construction Loan, the Primary Permanent Loan, and the MHP Loan, the Agency Deed of Trust will be subordinate to the deed(s) of trust recorded securing repayment of such loans; such subordination shall be for the benefit of third party lenders making the Primary Construction Loan and/or the Primary Permanent Loan and/or the MHP Loan and not for the benefit of the Developer or any Related Entity. It is contemplated that the Agency Regulatory Agreement will be subordinated to the Primary Construction Loan, and the Primary Permanent Loan.

4.15.7 Prevailing wage monitoring. In the event the Housing Project requires prevailing wages, the Developer is required to hire a qualified consultant, approved by the Agency, to monitor prevailing wages and maintain compliance with State Laws and requirements relating to prevailing wages

4.16 Permanent Financing. Upon satisfaction of the conditions precedent thereto (the "Permanent Financing Event"), permanent financing for the Housing Project will fund. The Permanent Financing Event is conditioned upon the occurrence of each of the following to the satisfaction of the Agency:

(a) The Title Company is prepared to issue the title insurance policies required by such lenders and by the provisions of this DDA;

(b) Developer duly executes and delivers to the Agency or into the escrow referred to above all of the applicable Agency Loan Documents to be executed by Developer; and

(c) Agency determines that Developer is not in default of its obligations to the Agency under the provisions of this DDA.

Notwithstanding the foregoing, the Agency, in its discretion, may waive any of the foregoing conditions precedent to the Permanent Financing Event. A waiver of any of the foregoing conditions shall not operate in any way as a waiver of, or estoppel with respect to, any subsequent or other failure to comply with such condition, or to any other condition contained in this DDA or in the Agency Loan Documents.

4.17 Agency Loan. In accordance with and subject to the terms and conditions of this DDA and the Agency Note attached as attachment 12, the Agency agrees to provide a loan to Developer and Developer agrees to borrow such funds for the purpose of payment of the purchase price of the Site, and construction costs associated with the development of the Housing Project not to exceed Seven Million Nine Hundred Thousand Dollars (\$7,900,000). Upon execution of the Agency Loan Documents the amount of the outstanding balance of the Predevelopment Loan shall be credited against the Agency Loan that the Agency has agreed to lend Developer pursuant to this DDA (together constituting the "Agency Loan"). The Agency Loan shall be evidenced by the Agency Note Prior to the Closing Date. The Agency Note shall bear simple interest at the rate of one percent (1%) per annum from and after the date of disbursement of each portion of the principal balance thereof, and any remaining principal balance, together with all accrued and unpaid interest, shall be due and payable fifty five (55) years from the date of the issuance of a Certificate of Occupancy for the Housing Project. The Note shall be due and payable in full on the date of any Sale or Transfer that occurs after the date of execution of this Promissory Note. The Agency Note shall be nonrecourse to the Developer immediately and automatically following Completion and thereafter, subject to the limitations expressed therein. At such time as the Agency Loan becomes nonrecourse, no deficiency judgment may be obtained against the Developer or any permitted successor or assignee except for fraud, material misrepresentation, intentional bad faith waste of or on the Housing Project and such other matters as are referred to in the Agency Note. The Agency Note shall be secured by the Agency Deed of Trust. The parties contemplate that the Agency Deed of Trust shall be subordinated to the deed of trust securing the Construction Loan (and later, to the deed of trust securing the Permanent Loan, if an additional or different deed of trust is used for such purpose), and to the deed of trust securing the MHP Loan. Agency shall pay Developer on a "cost-as-incurred" basis for all eligible approved costs. Disbursement of funds shall occur upon the satisfaction receipts of copies of paid invoices and conditional (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of the Agency Loan. Disbursement of funds shall be in accordance with the construction schedule which shall be certified and documented by the project architect. Agency shall retain five (5%) percent of the total Agency Loan until the Housing Project receives Certificate of Completion.

4.18 AHP Loan. Developer shall use its best efforts to secure an AHP Loan in the largest amount available and cause the same to be funded at the time of the Permanent Financing Event. In the event that Developer is not able to secure an AHP Loan or if the AHP Loan is in a smaller amount than has been anticipated, the Developer shall increase its equity contribution.

4.19 MHP Loan. Developer shall use its best efforts to secure a loan from the State of California Department of Housing and Community Development in the amount of Six Million One Hundred Twelve Thousand Six Hundred Fifty Five Dollars (\$6,112,655) under the Multifamily Housing Program (the "MHP Loan").

4.20 Tax Credits. The Developer shall obtain a preliminary reservation of tax credits from the California Tax Credit Allocation Committee ("TCAC") in the amount of approximately Six Million Seven Hundred Ninety Seven Thousand Dollars (\$6,797,000) over ten (10) years. Developer's qualification for and participation in the Tax Credit Program in accordance with the terms set forth in this DDA is a condition to the performance of this DDA by Agency, including without limitation the provision of the Agency Financial Assistance. Agency shall have no responsibilities with respect to Developer's performance of its obligations under the Tax Credit Program, nor shall Agency do anything or fail to do anything it is required by law or this Agreement

to do which will adversely affect Developer's performance of its Tax Credit Program obligations. In order to assist Agency in performing its obligations and enforcing its rights under this DDA (with respect to reviewing Developer's Evidence of Financing, insuring the continued affordability and maintenance of the Units, and obtaining payments due under the Agency Note), Developer agrees to promptly submit to Agency all of the following documents at such time as the same are submitted by Developer to the TCAC or other applicable body or when such documents are received by Developer, as applicable (any documents submitted prior to the Effective Date of this Agreement shall also have been submitted by Developer to Agency and reviewed by Agency prior to the Effective Date of this Agreement):

i) Complete copies of Developer's applications to the TCAC for the preliminary reservation, final reservation, carryover allocation (if applicable), and placed-in-service credit award, and any amendments or modifications thereto (4 California Administrative Code §§ 10325(b)-(e) and 10345).

ii) Complete copies of any correspondence or transmittals by the TCAC to Developer notifying Developer regarding the action(s) taken with respect to any of the applications referred to in clause (i).

iii) A complete copy of the regulatory agreement between the TCAC and Developer (4 California Administrative Code § 10340(c)).

iv) Complete copies of all progress reports submitted by Developer to the TCAC prior to the issuance of tax credit allocations (4 California Administrative Code § 10340(d)) and the annual certifications and Project Status Reports submitted by Developer to the TCAC subsequent to the issuance of tax credit allocations (4 California Administrative Code § 10340(e)).

v) Complete copies of all correspondence or transmittals from the TCAC or other jurisdiction (such as the Internal Revenue Service) containing any notification regarding the Project's noncompliance with applicable provisions of the Low-Income Housing Tax Credit Program.

The obligation of Agency to provide Agency Loan shall expire upon the earlier of: (1) the third TCAC Tax Credit Application cycle following Effective Date of this DDA; (2) expiration or termination of this DDA.

4.21 Housing Project Budget Revisions. Housing Project Budget, representing Developer's estimate of Development Costs of the Housing Project, has been attached to this DDA as Attachment No. 15. Agency and Developer acknowledge that during construction changes to the final, approved Housing Project Budget may be required. Money expended in one line item of the Housing Project Budget at the completion of the work delineated therein may be transferred to the account and line item for contingencies or, with the consent of the Agency, transferred directly to another account for another line item in the Housing Project Budget. The Agency Executive Director or designee is hereby authorized to act on behalf of the Agency to approve any revisions to the

budget plan for the Housing Project excepting for any increases in the amount of moneys to be made available by the Agency for the Housing Project.

Because of the specialized nature of the funding for this Housing Project, unanticipated material increases could constitute a challenge to Housing Project completion and may cause costs to the Housing Project unanticipated in the Housing Project Budget. Should Developer become aware of any such material fact or circumstance which will result in a material increase in the proposed Development Costs for the Housing Project said amount shall be absorbed out of the contingency funds and/or Developer Fee

4.22 Gap Assistance: The parties acknowledge that Agency 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 plus Developer’s equity, but in any event not to exceed the respective dollar amounts set forth in the Financing Plan. The proceeds of Agency Loan shall be used exclusively to pay a portion of the Development Costs as identified in the Housing Project Budget (Attachment No. 15), with the exception of Developer Fees.

4.23 Special Conditions:

1. The Agency Loan shall be reduced should the Developer secure more financing than required to construct the Housing Project by the excess amount of additional funding over the final actual total development costs or if Housing Project is constructed under budget after reduction of any deferred developer fees.

5. COVENANTS AND RESTRICTIONS

5.1 Use Covenants. Developer covenants and agrees for itself, its successors, assigns, and every successor in interest to the Site or any part thereof, that the Developer shall devote the Site to the uses specified in and shall operate in conformity with: (i) this DDA; (ii) the Agency Regulatory Agreement and (iii) the Agency Deed, whichever is the more restrictive in each case unless expressly provided to contrary effect herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this DDA, shall conform to the Redevelopment Plan and all applicable provisions of the County Ordinances.

5.2 Affordable Housing Requirements.

5.2.1 Number of Assisted Units and Other Units. Developer agrees to make available, restrict occupancy to, and rent all of the Units at Affordable Rent to Extremely Low to Very Low Income Households. The methodology for calculation of permitted rents is more particularly set forth in the Method of Calculation. The Housing Project will consist of an eighty (80) unit multi family affordable housing complex. Sixty Eight (68) of the units will be restricted to serve households that do not exceed thirty (30%) to forty (40%) percent of the area median income for the County adjusted by family size at the time of occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105 (“Assisted Units”).

5.2.2 Duration of Affordability Requirements. The Required Assisted Units shall be maintained as dwelling units available and rented to Extremely Low to Very Low Income Households throughout the Required Covenant Period, as more particularly set forth in the Agency Regulatory.

5.2.3 Selection of Renters. Developer agrees to reserve one hundred percent (100%) of the total Assisted Units, for Extremely Low to Very Low Income Households. Assisted Units shall be limited to Extremely Low to Very Low-Income households whose incomes do not exceed thirty percent (30%) to forty percent (40%) area median income for the County, adjusted by family size at the time of occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105.

5.2.4 Income of Tenants. Each renter renting an Assisted Unit shall be a Qualified Household which meets the eligibility requirements established for the corresponding unit, and Developer shall obtain a certification from each prospective renter which substantiates such fact. Developer shall verify the income certification of each renter as set forth in Section 5.3 hereof.

5.2.5 Determination of Affordable Rent for Assisted Units. Each required Assisted Unit shall be rented or leased at an "Affordable Rent" to be established as provided herein:

(a) The maximum monthly rent for the Required Assisted Units to be rented to Extremely Low Income Households shall be established at one-twelfth (1/12) of thirty percent (30%) of thirty percent (30%) of Median Income for the Area for a household of a size appropriate to the housing unit.

(b) The maximum monthly rent for the Required Assisted Units to be rented to Very Low Income Households shall be established at one-twelfth (1/12) of thirty percent (30%) of forty percent (40%) of Median Income for the Area for a household of a size appropriate to the housing unit.

"Household size appropriate to the unit," for the purpose of the calculation of rents herein (and without regard to actual occupancy), means an amount equal to the number of bedrooms in the unit plus one (i.e., for a two-bedroom unit, 3 people; for a three-bedroom unit, four people); provided that the maximum monthly housing cost of the Required Assisted Units shall be adjusted annually by the formula set forth above upon the promulgation of revised figures concerning Median Income for the Area by regulation of the California Department of Housing and Community Development ("HCD").

Notwithstanding anything contained in this Agreement to the contrary, if and when the Housing Project is subject to the requirements of the Tax Credit Program and there is a conflict between the requirements of the Tax Credit Program and the provisions set forth in this DDA, then the provisions of the Tax Credit Program shall prevail. That notwithstanding, the fact that this DDA and the Tax Credit Program provide for greater, lesser or different obligations or requirements shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

5.3 Verifications.

5.3.1 Income Verification. Developer shall verify the income of each proposed and existing renter of the Required Assisted Units.

5.3.2 Annual Reports. Following the issuance of the Certificate of Completion, and on or before March 15 of each Year, Developer, at its expense, shall submit to Agency or its designee the reports required pursuant to Health and Safety Code Section 33418, as the same may be

amended from time to time, with each such report to be in the form prescribed by Agency. Each annual report shall include the annual audit of the Developer and the budget for the coming year.

Throughout the Required Covenant Period, Developer shall maintain on file rental/lease agreements, comply with all applicable recordkeeping and monitoring requirements set forth in Health and Safety Code Section 33418. Representatives of the Agency shall be entitled to enter the Housing Project, upon at least seventy-two (72) hours prior written notice, to monitor compliance with this DDA, to inspect the records of the Housing Project, and to conduct an independent audit or inspection of such records. The Developer agrees to cooperate with the Agency in making the Housing Project available for such inspection or audit. Developer agrees to maintain records in businesslike manner, and to maintain such records for the term of this DDA.

As part of its annual budget, the Developer shall include a statement of amounts payable by Developer under this DDA (including the Agency Note) supported by an Audited Financial Statement (prepared by an independent accounting firm reasonable acceptable to the Agency) which sets forth information in detail sufficient for adequate review by the Agency for the purposes of confirming those amounts payable by the Developer to the Agency as well as showing the general financial performance of the Affordable Housing Project ("Annual Financial Report"). Each Annual Financial Report shall include a profit and loss statement showing gross revenues, operating expenses, debt service, operating reserve, cash receipts, and such other information as may be requested by the Agency reasonably related to the Housing Project and its economic performance, all certified by the Audited Financial Statement. In the event the amounts reported or paid deviate by five percent (5%) or more from that amount determined to be owing upon review of the Developer's submittal, Developer shall reimburse Agency for its cost to review (which may require engagement of auditors) and collect the amounts owing; such amounts shall, until paid, be added to the amount payable by Developer to Agency under Section 2.5 hereof.

5.4 Maintenance of Site. Developer agrees for itself and its successors in interest to the Site, to maintain the improvements on the Site in conformity with the County Ordinances and the conditions set forth in the Agency Regulatory and, if applicable, the Tax Credit Regulatory Agreement and, shall keep the Site free from any accumulation of debris or waste materials. During such period, the Developer shall also maintain the landscaping planted on the Site in a healthy condition.

5.5 Nondiscrimination Covenants. Developer covenants by and for itself and any successors in interest 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. __

Developer shall refrain from restricting the rental, sale or lease of the Site on the basis of race, color, religion, sex, marital status, disability, source of income, sexual orientation, familial status, ancestry or national origin of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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 basis 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.”

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.”

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 premises which are the subject of this DDA, 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.”

5.6 Effect of Violation of the Terms and Provisions of this DDA After Completion of Construction. Agency is deemed the beneficiary of the terms and provisions of this DDA and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this DDA and the covenants running with the land have been provided, without regard to whether Agency has been, remains or is an owner of any land or interest therein in the Site or in the Project Area of the Redevelopment Plan. Following issuance of the Certificate of Completion, the provisions of this DDA pertaining to development of the Improvements will be deemed satisfied, but the Agency shall have rights to enforce the provisions of the Agency Regulatory Agreement, the Tax Credit Regulatory Agreement and the Agency Deed, as provided thereunder.

5.7 Rights of Access - Public Improvements and Facilities. The Agency, for itself and for the County and other public agencies, at their sole risk and expense, reserves the right to enter the

Housing Project or any part thereof at all reasonable times and causing as little interference as possible, for the purposes of construction, reconstruction, maintenance, repair or service of any public improvements or public facilities located on the Site and, as necessary, to monitor the Housing Project's compliance with the provisions of this DDA and the Agency Regulatory Agreement. Except in the case of emergency, any such entry shall be made only after reasonable notice to Developer, and the Agency shall indemnify and hold Developer harmless from any claims or liabilities pertaining to such entry. Any damage or injury to the Housing Project resulting from such entry shall be promptly repaired at the sole expense of the public agency responsible for the entry.

5.8 Management Plan. Not less than three months prior to the anticipated date of completion of the Housing Project, Developer shall submit to the Agency a management plan reasonably acceptable to the Agency, describing the proposed plans for managing and operating the Housing Project (the "Management Plan"). Approval of the Management Plan by the Agency shall be a condition precedent to the Permanent Financing Event. Developer shall manage and operate the Housing Project, or shall cause the Housing Project to be managed and operated by a manager experienced in operating projects like the Housing Project and reasonably acceptable to the Agency, in accordance with the approved Management Plan, including such amendments as may be approved in writing thereto from time to time by the Developer and the Agency.

5.9 Annual Operating Budget. Developer shall submit on or before the first day of each fiscal year during the time that the Regulatory Agreement is in effect an estimated annual budget for management of the Housing Project, in accordance with the approved Management Plan (the "Annual Operating Budget"). The Annual Operating Budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, and all operating expenses, and shall show the expected revenues to pay such expenses.

5.10 Social Services. At all times during the Required Covenant Period, Developer shall provide, or cause to be provided, activities and programs appropriate to the needs of the residents of the Housing Project, with the selection of such activities and programs to be determined by Developer in collaboration with the residents of the Housing Project.

5.11 Prohibited Uses. None of the Housing Units in the Housing Project shall at any time be utilized nor shall the Housing Project or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home.

5.12 Inclusionary Housing Requirements. The income and rent restrictions provided for hereunder are intended and shall be maintained in a manner sufficient to satisfy the requirements of Health and Safety Code Section 33413(b).

6. DEVELOPER'S GENERAL REPRESENTATIONS AND WARRANTIES.

As a material inducement to Agency to enter into this DDA, Developer represents and warrants to Agency that:

6.1 Formation, Qualification and Compliance. Developer (a) is a California nonprofit public benefit corporation validly existing and in good standing under the laws of the State of California; (b) has all requisite and the authority to conduct its business and own, purchase, improve

and sell its properties. Developer is in compliance in all material respects with all laws applicable to its business and has obtained all approvals, licenses, exemptions and other authorizations from, and has accomplished all filings, registrations and qualifications with any governmental agency that are necessary for the transaction of its business; (c) Developer has and will in the future duly authorize, execute and deliver this DDA and any and all other agreements and documents required to be executed and delivered by the Developer in order to carry out, give effect to, and consummate the transactions contemplated by this DDA; (d) Developer does not have any material contingent obligations or any material contractual agreements which could materially adversely affect the ability of the Developer to carry out its obligations hereunder; (e) there are no material pending or, so far as is known to the Developer, threatened, legal proceedings to which the Developer is or may be made a party or to which any of its property is or may become subject, which have not been fully disclosed by the Developer to the Agency in this DDA which could materially adversely affect the ability of the Developer to carry out its obligations hereunder; and (f) there is no action or proceeding pending or, to the Developer's best knowledge, threatened, looking toward the dissolution or liquidation of the Developer and there is no action or proceeding pending or, to the Developer's best knowledge, threatened by or against the Developer which could affect the validity and enforceability of the terms of this DDA, or materially and adversely affect the ability of the Developer to carry out its obligations hereunder.

Each of the foregoing items (a) to (f), inclusive, shall be deemed to be an ongoing representation and warranty. The Developer shall advise the Agency in writing if there is any change pertaining to any matters set forth or referenced in the foregoing items (a) to (f), inclusive.

6.2 Execution and Performance of Project Documents. Developer has all requisite authority to execute and perform its obligations under the Project Documents. The execution and delivery by Developer of, and the performance by Developer of its obligations under, each Project Document has been authorized by all necessary action and do not and will not violate any provision of, or require any consent or approval not heretofore obtained under, any articles of incorporation, by-laws or other governing document applicable to Developer.

6.3 Covenant Not to Transfer Except in Conformity. Prior to the issuance of the Certificate of Completion, except as may be permitted by the express provisions hereof, the Developer shall not sell, lease, or otherwise transfer or convey all or any part of the Site, or any interest therein, unless the Developer has first obtained the prior written consent of the Agency, which consent may be granted or refused in the Agency's sole and absolute discretion. In addition, Developer's limited partner and any successor thereto, may, without the prior consent of the Agency and except as set forth in the senior permitted liens, sell, transfer, assign, pledge, hypothecate, and encumber some or all of its partnership interests in the Developer and the same shall not be a violation of this DDA. Moreover, Developer's limited partner and any successor thereto, shall have the right, without the prior consent of the Agency and except as set for in the senior permitted liens, to remove any or all of Developer's general partners for cause as permitted under Developer's limited partnership agreement and replace any or all removed general partners with a person or entity determined in the limited partner's sole discretion. Any sale, lease, transfer or conveyance without such consent, except as otherwise allowed under this section shall, at Agency's option, be void. A change in ownership of the Developer resulting in the individuals executing this DDA on behalf of Developer retaining less than fifty-one percent (51%) ownership of all outstanding shares of Developer shall be deemed to violate this Section 6.3.

7. DEFAULTS, REMEDIES, AND TERMINATION.

7.1 Default Remedies. Subject to the extensions of time set forth in Section 7.10 of this DDA, failure by either party to perform any action or covenant required by this DDA within the time periods provided herein following notice and failure to cure as described hereafter, constitutes a "Default" under this DDA. A party claiming a Default shall give written notice of Default to the other party specifying the Default.

(a) 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.

(b) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured party shall give the party in default notice of such default. If the default is reasonably capable of being cured within 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. If Developer fails to take corrective action or cure the default within a reasonable time, the Agency shall give Developer and, as provided in paragraph (e) below, the entity that will purchase the Tax Credit ("Investor Limited Partner"), notice thereof, whereupon the Investor Limited Partner may remove and replace the general partner of the Tax Credit Limited Partnership with a substitute general partner, who shall effect a cure within a reasonable time thereafter in accordance with the foregoing provisions. The Agency agrees to accept cures tendered by the Investor Limited Partner within the cure periods provided in this DDA or within the time periods provided in Civil Code Section 2924c, whichever is longer. Additionally, in the event the Investor Limited Partner is precluded from curing a non monetary default due to an inability to remove the general partner as a result of a bankruptcy, injunction, or similar proceeding by or against Developer or such general partner, the Agency agrees to forbear from completing a foreclosure (judicial or nonjudicial) during the period during which the Investor Limited Partner is so precluded from acting, not to exceed ninety (90) days, provided such Investor Limited Partner is otherwise in compliance with the foregoing provisions. 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.

(c) After Developer gives written notice to Agency that the Investor Limited Partner has been admitted to the Developer, Agency shall send to the Investor Limited Partner a copy of all notices of default and all other notices that Agency sends to Developer, at the address for the Investor Limited Partner as provided by written notice to Agency by Developer.

7.2 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this DDA, any party may institute an action at law or equity to seek specific performance of the terms of this DDA, or 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 DDA. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California, in an appropriate court in that county.

7.3 Termination by the Developer. In the event that: (i) the Developer is not in default under this DDA and Agency does not execute the Agency Deed and attempt to convey the Site to the Developer in the manner and condition and by the date provided in this DDA; (ii) the Developer is not in default of this DDA and the Developer disapproves the Inspections on or before the Inspection Deadline; or (iii) in the event of any default of Agency prior to the Conveyance which is not cured within the time set forth in Section 7.1 hereof, and any such failure is not cured within the applicable time period after written demand by the Developer, then this DDA may, at the option of the Developer, be terminated by Notice thereof to Agency; provided that the Developer shall have delivered to the Agency the documents required to be delivered to the Agency pursuant to Section 4.15.8 of this DDA. From the date of the Notice of termination of this DDA by the Developer to Agency and thereafter, this DDA shall be deemed terminated and there shall be no further rights or obligations among the parties.

7.4 Termination by Agency. Agency may terminate this DDA by notice to Developer if prior to the time established in the Schedule of Performance for the satisfaction of the Agency Conditions Precedent any of the following occur:

7.4.1 Developer (or any successor in interest) assigns this DDA or any rights therein or in the Site in violation of this DDA; or

7.4.2 Developer does not fulfill the Agency Conditions Precedent and such failure is not caused by Agency; or

7.4.3 Developer fails to execute (as covenantor or maker) the Agency Regulatory Agreement, the Agency Deed or the Agency Note; or

7.4.4 The Developer fails to perform as outlined within the time specified in the Schedule of Performance, or any mutually agreeable extension thereof; or

7.4.5 Developer fails to provide satisfactory evidence of financing to the Agency within the time specified in the Schedule of Performance for the satisfaction of the Agency Conditions Precedent; or

7.4.6 Developer does not fulfill one or more of the Conditions Precedent to Closing which is capable of being satisfied by Developer on or before the time set forth in the Schedule of Performance, and such Condition Precedent is not satisfied after notice and an opportunity to cure as provided in Section 7.4.7 below; or

7.4.7 Developer is otherwise in default of this DDA and fails to cure such default within the time set forth in Section 7.1 hereof, then this DDA and any rights of the Developer or any assignee or transferee with respect to or arising out of the DDA or the Site, shall, at the option of Agency, be terminated by Agency by Notice thereof to the Developer. From the date of the Notice of termination of this DDA by Agency to the Developer and thereafter this DDA shall be deemed terminated and there shall be no further rights or obligations among the parties, except that Agency may pursue any remedies it has hereunder; or

7.4.8 Developer is not able to secure a Tax Credit Allocation within the time permit under this DDA.

7.5 Acceptance of Service of Process. In the event that any legal action is commenced against the Agency, service of process on the Agency shall be made by personal service upon the Executive Director or in such other manner as may be provided by law. In the event that any legal action is commenced against the Developer, service of process on the Developer shall be made in such manner as may be provided by law and shall be effective whether served inside or outside of California.

7.6 Rights and Remedies Are Cumulative. Except as otherwise expressly stated in this DDA, the rights and remedies of the parties are cumulative, and the exercise by a 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 another party.

7.7 Inaction Not a Waiver of Default. 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, or deprive either such 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.

7.8 Applicable Law. The laws of the State of California shall govern the interpretation and enforcement of this DDA.

7.9 Enforced Delay; Extension of Times of Performance. In addition to specific provisions of this DDA, performance by any party hereunder shall not be deemed to be in Default, and all performance and other dates specified in this DDA shall be extended, where delays or Defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another party, or acts or failures to act of the County or any other public or governmental agency or entity (excepting that acts or failures to act of Agency or County shall not excuse performance by Agency or County). Notwithstanding anything to the contrary in this DDA, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of the commencement of the cause. Times of performance under this DDA may also be extended in writing by the mutual agreement of Agency and Developer. The Agency Executive Director shall have the authority to approve extensions on behalf of Agency to approve extensions of time not to exceed a cumulative total of one hundred eighty (180) days. The failure of the Developer to obtain financing for the development of the Housing Project shall not constitute grounds for enforced delay hereunder.

7.10 Transfers of Interest in DDA or of Site. Section 7.10, and all subsections of this Section 7.10, shall apply to all Transfers. Additionally, any Transfers occurring or proposed after the Conveyance of the Site are subject to the provisions therefore of the Agency Regulatory Agreement and, if applicable, and the Tax Credit Regulatory Agreement.

7.10.1 Prohibition. The qualifications and identity of the Developer are of particular concern to Agency. It is because of those qualifications and identity that Agency has entered into this DDA with the Developer. Until the completion of the Improvements, no voluntary or involuntary successor in interest of the Developer shall acquire any rights or powers under this DDA, nor shall the Developer make any total or partial sale, transfer, conveyance, assignment, subdivision, refinancing or lease of the whole or any part of the Site or the Development thereon

(excepting the rental of Units in conformity with this DDA) without prior written approval of Agency, except as otherwise allowed under Section 6.3.

7.10.2 Permitted Transfers. Notwithstanding any other provision of this DDA to the contrary, the Agency shall not unreasonably withhold its approval of an assignment of this DDA or conveyance of the Site, or any part thereof, in connection with any of the following:

(a) Any Transfers to an entity or entities in which the Developer retains a minimum of fifty-one percent (51%) of the ownership or beneficial interest and retains management and control of the transferee entity or entities.

(b) The conveyance or dedication of any portion of the Site to the County or other appropriate governmental agency, or the granting of easements or permits to facilitate construction of the Development.

In the event of a proposed assignment by Developer under subparagraph 7.11.2, Developer agrees that at least thirty (30) days prior to such assignment it shall give written notice to Agency including a request for approval of such assignment and satisfactory evidence that the assignee has assumed jointly with Developer the Obligations of this DDA. In addition, no consent of the Agency shall be required in connection with the transfer of the Site that occurs by foreclosure or deed in lieu of foreclosure of any Permitted Senior Lien to respective holder thereof or to their nominees or assignees exclusive of the Developer.

7.10.3 [Intentionally Omitted]

7.10.4 Successors and Assigns. All of the terms, covenants and conditions of this DDA shall be binding upon the Developer and its permitted successors and assigns. Whenever the term "Developer" is used in this DDA, such term shall include any other permitted successors and assigns as herein provided.

7.10.5 Assignment by Agency. Agency may assign or transfer any of its rights or obligations under this DDA with the approval of the Developer, which approval shall not be unreasonably withheld; provided, however, that Agency may assign or transfer any of its interests hereunder to the County at any time without the consent of the Developer.

7.11 Right of Reverter.

Agency shall have the right, at its option, to reenter and take possession of the Site or any portion thereof with all improvements thereon and to terminate and re-vest in Agency the estate conveyed to Developer, if Developer (or his successors in interest) shall:

7.11.1 Fail to commence construction of the Improvements as required by this DDA, if such failure is in violation of the Schedule of Performance (Attachment No. 3) for a period of sixty (60) calendar days, provided that Developer shall not have obtained an extension of postponement to which Developer may be entitled pursuant to this DDA; or

7.11.2 Abandon or substantially suspend construction of the Improvements for a period of thirty (30) calendar days after written notice of such abandonment or suspension from Agency, provided that Developer shall not have obtained an extension of time to which Developer may be entitled pursuant to this DDA; or

7.11.3 Assign of attempt to assign this DDA, or any rights herein, or transfer, or suffer any involuntary transfer of site, or any part hereof, in violation of this DDA, and such violation shall not be cured within thirty (30) calendar days after the date of sending of written notice thereof by Agency to Developer; or

7.11.4 Fail to cure a default relating to the maintenance or operating of the Site for a period of thirty (30) calendar days after written notice of such abandonment or suspension from Agency. Said operation includes, but is not limited to, the obligation to ensure the continued occupancy by qualified Households pursuant to the Prescribed Rent Levels. The right to re-enter, repossess, terminate, and re-vest shall be subject to, and be limited by, and shall not defeat, render invalid, or limit:

1. Any mortgage, deed of trust, or other security interest permitted by this DDA; or

2. Any rights or interest provided in this DDA for the protection of the holders of such mortgages, deeds of trust, or other security interest. Upon the re-vesting in Agency possession of any portion of the Site, or any part thereof, as provided in this section, Agency, shall pursuant to its responsibilities under state law, use its best efforts to release, or resell the Site, or any part thereof, as soon and in such manner as Agency shall find feasible, to a qualified and responsible party or parties (as determined by Agency), who will assume the obligation of making or completing the Improvements or maintaining or occupying the applicable portion of the Site, as applicable, as shall be satisfactory to Agency and in accordance with the terms of this DDA.

7.12 Non-Liability of Officials and Employees of Agency. No member, official, officer or employee of Agency or the County shall be personally liable to the Developer, or any successor in interest, in the event of any Default or breach by Agency (or the County) or for any amount which may become due to the Developer or its successors, or on any obligations under the terms of this DDA.

7.13 Relationship Between Agency and Developer. It is hereby acknowledged that the relationship among the Agency and Developer is not that of a partnership or joint venture and that Agency and Developer shall not be deemed or construed for any purpose to be the agent of the other. Accordingly, except as expressly provided in this DDA, including the Attachments hereto, neither the Agency nor the County shall have no rights, powers, duties or obligations with respect to the development, operation, maintenance or management of the Development.

7.14 Agency Approvals and Actions. Whenever a reference is made herein to an action or approval to be undertaken by the Agency, the Executive Director is authorized to act on behalf of the Agency except to increase the Agency Loan amount or unless specifically provided otherwise or the law otherwise requires.

7.15 Real Estate Brokers. Agency and Developer each represent and warrant to each other that no broker or finder is entitled to any commission or finder's fee in connection with this transaction and each agrees to defend and hold harmless the other from any claim to any such commission or fee resulting from any action on its part.

7.16 Attorneys' Fees. In any action among the parties to interpret, enforce, reform, modify, rescind, or otherwise in connection with any of the terms or provisions of this DDA, the prevailing party in the action shall be entitled, in addition to any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs and reasonable attorneys' fees.

8. MISCELLANEOUS

8.1 Obligations Unconditional and Independent. Notwithstanding the existence at any time of any obligation or liability of Agency to Developer, or any other claim by Developer against Agency, in connection with the Site or otherwise, Developer hereby waives any right it might otherwise have (a) to offset any such obligation, liability or claim against Developer's obligations under this DDA (including without limitation the attachments hereto), or (b) to claim that the existence of any such outstanding obligation, liability or claim excuses the nonperformance by Developer of any of its obligations under the Project Documents.

8.2 Notices. All notices, demands, approvals and other communications provided for in the Project Documents shall be in writing and be delivered to the appropriate party at its address as follows:

If to Developer: National Community Renaissance of California
9065 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Attention: Richard J. Whittingham, Chief Executive Officer

If to Agency: Redevelopment Agency for the County of Riverside
3403 Tenth Street, Suite 500
Riverside, CA 92501
Attn: Emilio Ramirez, Director of Housing

Addresses for notice may be changed from time to time by written notice to all other parties. All communications shall be effective when actually received; provided, however, that nonreceipt of any communication as the result of a change of address of which the sending party was not notified or as the result of a refusal to accept delivery shall be deemed receipt of such communication. Notice may be given by legal counsel for a party with the same effect as if the notice had been given by the party.

8.3 Survival of Representations and Warranties. All representations and warranties in the Project Documents shall survive the Closing and the sale of the Required Assisted Units and have been or will be relied on by Agency notwithstanding any investigation made by Agency.

8.4 No Third Parties Benefited Except for County; AB 987. This DDA is made for the purpose of setting forth rights and obligations of Developer and Agency, and no other person (except for the County) shall have any rights hereunder or by reason hereof. Except for the County, which shall be deemed to be a third party beneficiary of this DDA (including without limitation the Attachments hereto), there shall be no third party beneficiaries of this DDA. Developer acknowledges that pursuant to AB 987 and the amendments to Health and Safety Code Section 33334.3 made effective as of January 1, 2008 by that bill, violations of the covenants, conditions and

restrictions relating to affordable housing contained in the Agency Regulatory Agreement may now be enforceable not only by the Agency and the County, but also by each of the persons and/or entities listed in Section 33334.3(f)(7) of the Health and Safety Code, specifically (1) residents of affordable units subject to covenants recorded pursuant to Health and Safety Code Section 33334.3(f)(1) (each, a "Covenanted Unit"), (2) the most recent former residents of such a Covenanted Unit, (3) applicants that are Qualified Households that are denied occupancy of such a Covenanted Unit, and (4) persons that are Qualified Households and who are on a waiting list for occupancy of such a Covenanted Unit. Nothing in this Section 8.4 or this DDA (including the Attachments hereto) is intended to provide an enforcement right to any person or entity not specifically made an intended third party beneficiary of this DDA; any such third party shall be limited in their right to enforce affordability restrictions to the extent provided by Health and Safety Code Section 33334.3(f).

8.5 Inspection of Books and Records. The Developer shall maintain at a location in or near Riverside County complete, accurate, and current records pertaining to the Site and the Housing Project for a period of five (5) years after the creation of such records (and continuing until the fifth anniversary of the last day of the Required Covenant Period), and shall permit any duly authorized representative of the Agency or the County to inspect and copy records, during regular business hours. Records must be kept accurate and current.

8.6 Approvals. Approvals required of the Agency or the Developer shall not be unreasonably withheld or delayed.

8.7 Binding Effect; Assignment of Obligations. This DDA shall bind, and shall inure to the benefit of, Developer and Agency and their respective successors and assigns. Developer shall not assign any of its rights or obligations under any Project Document without the prior written consent of the Agency, which consent may be withheld in the Agency's sole and absolute discretion. Any such assignment without such consent shall, at Agency's option, be void. In connection with the foregoing consent requirement, Developer acknowledges that Agency relied upon Developer's particular expertise in entering this DDA and continues to rely on such expertise to ensure the satisfactory completion of the Improvements and the use of the Required Assisted Units in conformity with this DDA.

8.8 Counterparts. Any Project Document may be executed in counterparts, all of which, taken together, shall be deemed to be one and the same document.

8.9 Prior Agreements; Amendments; Consents. This DDA (together with the other Project Documents) contains the entire agreement between Agency and Developer with respect to the Site, and all prior negotiations, understandings and agreements with respect to such matters are superseded by this DDA and such other Project Documents. Notwithstanding the foregoing, however, (i) all monies disbursed by the Agency in connection with the Pre-Development loan under the MOU shall be deemed to be disbursements under the Agency Note and shall be credited toward Agency's responsibility to disburse funds thereunder, and (ii) if this DDA is not carried out but through no fault of Developer, the provisions of the MOU regarding Developer's obligation to repay the Pre-Development loan shall remain in full force and effect. No modification of any Project Document (including waivers of rights and conditions) shall be effective unless in writing and signed by the party against whom enforcement of such modification is sought, and then only in the specific instance and for the specific purpose given. This DDA is executed in three (3) duplicate originals, each of which is deemed to be an original but all of which together shall constitute one and the same instrument.

This DDA integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof.

All waivers of the provisions of this DDA must be in writing by the appropriate authorities of the Agency and the Developer, and all amendments hereto must be in writing by the appropriate authorities of the Agency and the Developer.

8.10 Governing Law. All of the Project Documents shall be governed by, and construed and enforced in accordance with, the laws of the State of California. Developer irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside or the United States District Court of the Central District of California, as Agency may deem appropriate, in connection with any legal action or proceeding arising out of or relating to this DDA or the other Project Documents. Assuming proper service of process, Developer also waives any objection regarding personal or in rem jurisdiction or venue.

8.11 Severability of Provisions. No provision of any Project Document that is held to be unenforceable or invalid shall affect the remaining provisions, and to this end all provisions of the Project Documents are hereby declared to be severable.

8.12 Headings. Article and section headings are included in the Project Documents for convenience of reference only and shall not be used in construing the Project Documents.

8.13 Conflicts. In the event of any conflict between the provisions of this DDA and those of any other Project Document, this DDA shall prevail; provided however that, with respect to any matter addressed in both such documents, the fact that one document provides for greater, lesser or different rights or obligations than the other shall not be deemed a conflict unless the applicable provisions are inconsistent and could not be simultaneously enforced or performed.

8.14 Time of the Essence. Time is of the essence of all of the Project Documents.

8.15 Conflict of Interest. No member, official or employee of Agency shall have any direct or indirect interest in this DDA, nor participate in any decision relating to the DDA which is prohibited by law.

8.16 Warranty Against Payment of Consideration. Developer warrants that it has not paid or given, and will not pay or give, any third person any money or other consideration for obtaining this DDA.

END OF AGREEMENT

(SIGNATURES ON FOLLOWING PAGE)

IN WITNESS WHEREOF, the Agency and the Developer have executed this DDA as of the date first above written.

AGENCY
Redevelopment Agency for the
County of Riverside

DEVELOPER
National Community Renaissance of California
a California nonprofit public benefit corporation

By:  By: 
MARION ASHLEY Richard J. Whittingham, Chief Financial Officer
Chairman, Board of Directors

APPROVED AS TO FORM:
PAMELA J. WALLS
AGENCY Counsel

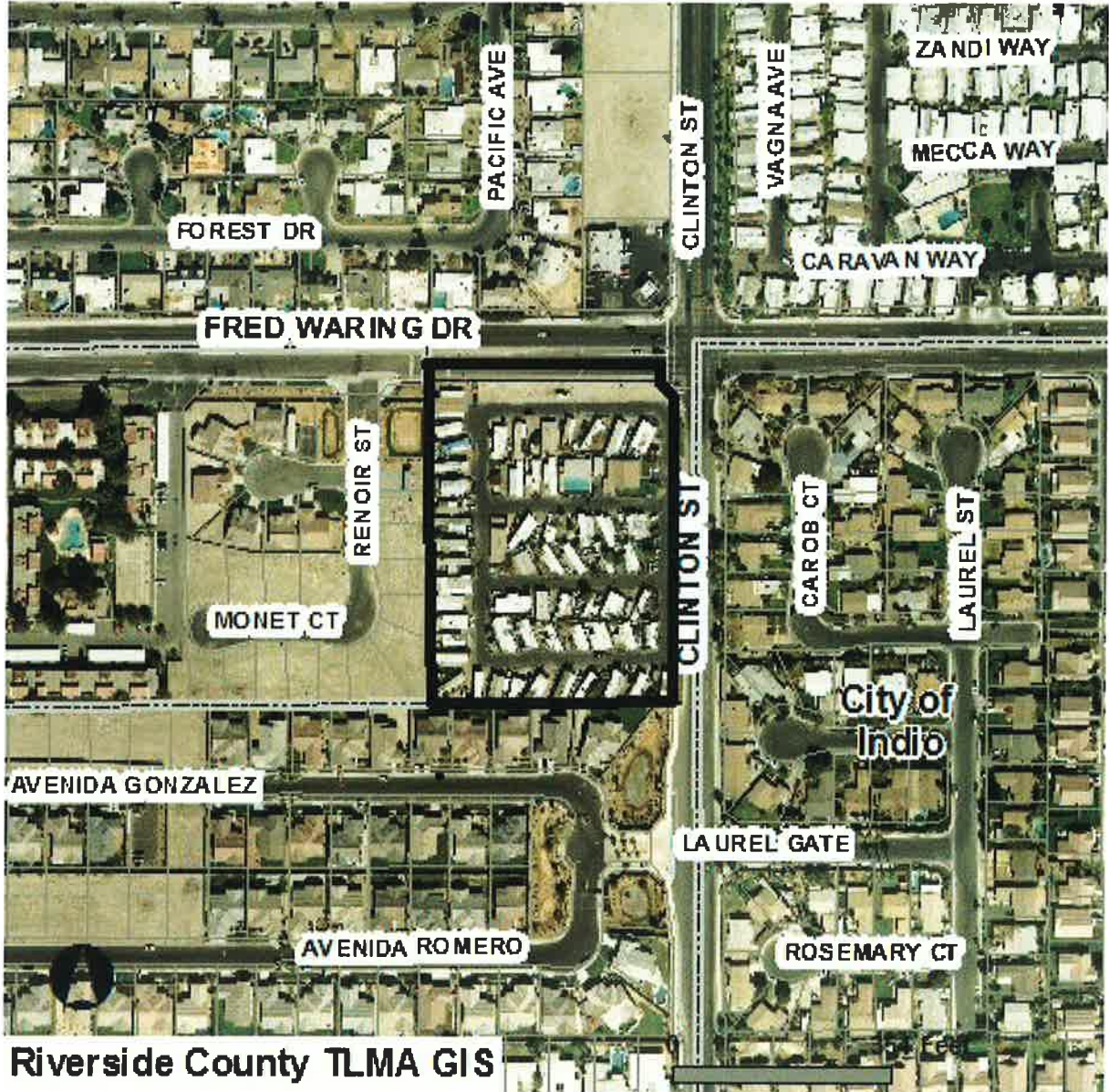
By:  6/10/10
Deputy, Michelle Clack

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: 
Deputy

ATTACHMENT NO. 1

SITE MAP



ATTACHMENT NO. 2

LEGAL DESCRIPTION OF THE SITE

APN: 608-340-031

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

That portion of the Northeast quarter of the Northwest quarter of Section 22, Township 5 South, Range 7 East, San Bernardino Meridian, in the County of Riverside, State of California, as shown by United States Government Survey approved May 14, 1914, described as follows:

Beginning 20.00 feet South of a point 15.00 feet West of the Northeast corner of said Northwest quarter;

Thence Westerly, parallel with the Northerly line of said Northwest quarter 412.50 feet;

Thence Southerly, parallel with the Easterly line of said Northwest quarter, 528.00 feet;

Thence Easterly parallel with the Northerly line of said Northwest quarter 412.50 feet, to a point 15.00 feet West of the East line thereof;

Thence Northerly, parallel with said Easterly line, 528.00 feet, to the point of beginning;

Except that portion included in the Easterly 30.00 feet of the Northwest quarter of said Section 22, described by deed to the County of Riverside, recorded February 29, 1956 as Instrument No. 14670 of Official Records of Riverside County, California.

Also except that portion lying within 44th Avenue.

ATTACHMENT NO. 3

SCHEDULE OF PERFORMANCE

The Agency may extend by not more than sixty (60) days the time under this Schedule of Performance by which any obligation of Developer shall be performed.

General Provisions

1. Award of Tax Credits and Tax-exempt Bond Allocation. Developer shall apply for and obtain a TCAC allocation of Tax Credits and a CDLAC Tax-exempt Bond Allocation for the Housing Project.
Developer shall apply for Tax Credits and Tax Exempt Bonds allocations in the next applicable CDLAC and TCAC bi-monthly schedule as soon as a commitment of award of MHP funds is obtained Developer shall submit to Agency evidence of any approval to Agency within fifteen (15) calendar days of its notification thereof.
2. Submission of a Plan for Resident Marketing Selection. Developer shall submit a plan for resident marketing and selection that incorporates, among other things, a plan to prohibit preferential treatment for a family members or employees of Developers.
Not later than thirty (30) calendar days prior to Close of Escrow.

Financing Commitments

1. Affordable Housing Program Funding. Developer may apply for Affordable Housing Program Funding.
Not later than the deadline imposed by the Affordable Housing Grant Program ("AHP") for the Spring 2011 round application cycle. If Developer is not successful in the Spring 2011 round, Developer may re-apply not later than the deadlines imposed by the AHP for the Fall 2011 round application cycle.
2. Multifamily Housing Program. Developer shall secure a loan from the State of California Department of Housing and Community Development
Not later than the deadline imposed by the State of California Department of Housing and Community Development Multifamily Housing Program ("MHP") for the Spring 2010 round application cycle.
3. Financing Plan. Developer shall submit to Agency current evidence of all financing proposed to fund all Development Costs including, but not limited to, commitments for the Construction Loan, including
Not later than thirty (30) calendar days after the award and Developer's receipt of Low Income Housing Tax Credits.

Construction Loan Documents, commitments for the permanent loan, evidence of Developers Equity, and evidence and commitments of all other funding sources set forth in Attachment No. 15 of the Housing Project Budget, and including commitments to fund any funding deficit or increase to any line item of the Development Costs.

4. Financing Plan. Agency shall approve or disapprove Developer's evidence of financing. Not later than thirty (30) calendar days after Agency receives complete submission of evidence of financing.

Closing and Construction

1. Submission to Planning Department. Submit construction drawings to County Planning Department. On or before September 30, 2010.
2. Building Permits Obtained. Developer shall apply to County Planning for all permits required to develop the Site and construct the Improvements including, but not limited to, building and grading permits, and then submit to Agency On or before June 30, 2011.
3. Satisfaction of Agency Conditions Precedent. Developer shall satisfy the Agency Conditions Precedent. Not later than July31, 2011.
4. Conveyance of Title and Close of Escrow. Provided all conditions precedent to Close Escrow have been satisfied, Agency shall convey title to the Site to Developer, and escrow for the conveyance of the Site to Developer shall be closed. The Conveyance is affected by the Agency Deed, to be evidenced and made of public record by the recording of the Agency Deed. Within thirty (30) days after the satisfaction of the Agency Conditions Precedent.
5. Commencement of Construction. The Developer shall have commenced construction of the Improvements (which shall include demotion and site Not later than September 1, 2012.

preparation).

6. Completion of Construction. Developer shall complete construction of the Improvements on the Site (as shown on the Final Construction Drawings upon which Developer's building permit is based).

No later than eighteen (18) months after the commencement of construction of the Improvements.

7. Units Offered for Rent. Developer causes the Units to be offered for rent.

Within one hundred (100) days after the earlier of (i) completion of construction or (ii) the time established for completion of construction in this Schedule of Performance.

ATTACHMENT NO. 4

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

TO: Redevelopment Agency for the County of Riverside
3403 Tenth Street, Suite 500
Riverside, California 92501
Attention: Assistant Director of Housing

The undersigned, _____, being duly authorized to execute this Certificate of Continuing Program Compliance (this "Certificate") on behalf of NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA, a California nonprofit public benefit corporation (the "Developer"), hereby represents and warrants that:

1. He has read and is thoroughly familiar with the provisions of the Disposition and Development Agreement (the "DDA") by and between the Agency and the Developer dated as of _____, 2010, including without limitation the Agency Regulatory Agreement and other attachments thereto. Capitalized terms used herein shall have the same meaning as that set forth in the DDA; and

2. As of the date of this Certificate, the following number of completed residential units at the Site: (i) Units that are currently occupied by Extremely Low to Very Low Income Households at Affordable Rent (based upon Health and Safety Code sections 50052.5 and 50053); or (ii) Units that are currently vacant and being held available for occupancy by a Extremely Low or Very Low Income Household and have been so held continuously since the date a Extremely Low or Very Low Income Household vacated such unit (while the DDA does not specifically provide for occupancy by households having incomes above Very Low Income, all Units are to be reported on):

Units Occupied at an Affordable Rent by:

- i. Extremely Low Income Households (30%) _____ # of Units, Nos.:
- ii. Very Low Income Households (40%) _____ # of Units, Nos.:

Units Vacant:

a. Held for occupancy by:

- i. Extremely Low Income Households (30%) _____ # of Units, Nos.:
- ii. Very Low Income Households (40%) _____ # of Units, Nos.:

b. Last occupied by:

- i. Extremely Low Income Households (30%) _____ # of Units, Nos.:
- ii. Very Low Income Households (40%) _____ # of Units, Nos.:

3. At no time since the date of filing of the last Certification of Continuing Program Compliance: (i) have less than one hundred percent (100%) of the Units been occupied by, or been last occupied, or have been available for occupancy by Extremely Low to Very Low Income Households at an Affordable Rent, and (ii) have less than one hundred percent (100%) of the Additional Units been occupied by, or have been available for occupancy by Very Low Income Households (40%).

4. The Developer is not in default under the terms of the DDA, including without limitation the attachments thereto (such as the Agency Regulatory Agreement).

NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA, a California nonprofit public benefit Corporation

By: _____
Name: Richard J. Whittingham, CFO
Title: Chief Financial Officer

(DEVELOPER)

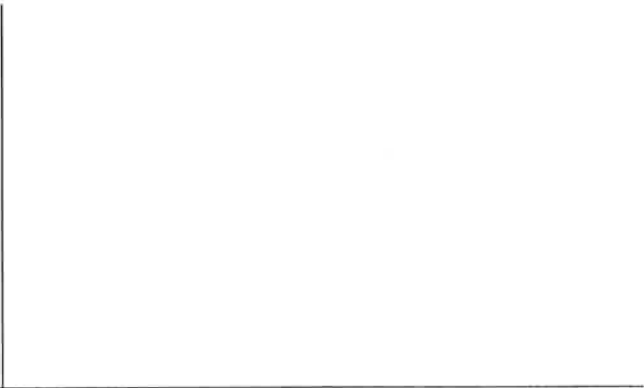
ATTACHMENT NO. 5

AGENCY REGULATORY AGREEMENT

NO FEE RECORDING PURSUANT TO
GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Redevelopment Agency for
the County of Riverside
3403 Tenth, Suite 500
Riverside, California 92501
Attn: Executive Director



(Space above for Recorder's Use.)

REGULATORY AGREEMENT

These Covenants, Conditions and Restrictions, herein sometimes referred to as these "CC&Rs" or "Declaration" or "Regulatory Agreement" are made by the signatories hereto.

RECITALS

WHEREAS, each of the **REDEVELOPMENT AGENCY OF THE COUNTY OF RIVERSIDE**, a public body, corporate and politic ("Agency"), the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("County"), and **NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA**, a California nonprofit public benefit corporation ("Developer") is a party to this Declaration. The Agency and the Developer are sometimes collectively referred to herein as the "Declarants."

WHEREAS, the Agency and the Developer have entered into that certain Disposition and Development Agreement dated as of _____, 2010 (the "DDA") for the improvement and development of certain real property described in Exhibit "A" (to which these CC&Rs are an encumbrance) as the "Site", which DDA provides for the recordation of this Regulatory Agreement. The DDA is incorporated herein by this reference and any capitalized term not defined herein shall have the meaning established therefore in the DDA. The County is a third party beneficiary of the DDA.

WHEREAS, this Regulatory Agreement establishes a plan for the improvement, development and maintenance of the Site, for the benefit of the Project Area, as well as the rest of the County.

WHEREAS, it is contemplated under the DDA that, as of the recordation of this Regulatory Agreement, the Agency will convey to the Developer under a form of deed provided for in the DDA (and therein defined as the "Agency Deed") the "Site", which is that certain property described in the legal description attached hereto as "Exhibit A" and incorporated herein by this reference.

WHEREAS, the DDA sets forth certain restrictive covenants applicable to the Site, particularly the use of the Site for the provision of rental housing units available to Extremely Low to Very Low Income Households at Affordable Rents as those terms are defined therein.

WHEREAS, Agency, County, and Developer wish to adopt this Regulatory Agreement to further govern the use of the Site in conjunction and along with the DDA and to ensure that the Agency achieves credit for production of affordable housing units pursuant to Section 33413 of the California Health and Safety Code.

NOW, THEREFORE, each of the Agency and the Developer (as owner of real property interests described hereinabove) declare that the Site shall be held, transferred, encumbered, used, sold, conveyed, leased and occupied subject to the Covenants, Conditions and Restrictions hereinafter set forth expressly and exclusively for the use and benefit of said property, and the Agency. Each and all of the restrictions, limitations, conditions, covenants, liens, reservations and charges herein contained shall run with the land and be recorded on the property title and shall be binding on Declarant, its grantees, successors, heirs, executors, administrators, devisees or assigns, and all subsequent owners of all or any part of the Site.

ARTICLE I **DEFINITIONS**

The definitions provided herein shall be applicable to this Declaration and also to any amendment or supplemental Declaration (unless the context implicitly or explicitly shall prohibit), recorded against the Site pursuant to the provision of this Declaration.

Section 1. “Affordable Housing Project” means an affordable housing project operated in conformity with this Regulatory Agreement throughout the Required Covenant Period.

Section 2. “Affordable Rent” has the meaning set forth in Health and Safety Code Section 50053. For a Extremely Low Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of thirty percent (30%) of the Median Income for the Area for a household size appropriate to the unit. For a Very Low Income Household, Affordable Rent means a monthly rent which does not exceed one twelfth (1/12th) of thirty percent (30%) of forty percent (40%) of the Median Income for the Area for a household size appropriate to the unit. “Household size appropriate to the unit,” as used herein, means two persons for each one-bedroom unit (if any), and four persons for each two bedroom unit. The maximum monthly rental amount of the units shall be adjusted annually by the formula set forth above upon the promulgation of revised Riverside-San Bernardino Primary Metropolitan Statistical Area median income figures by regulation of the California Department of Housing and Community Development. Actual rent charged may be less than such maximum rent.

Section 3. “Agency” means the Redevelopment Agency for the County of Riverside and its successors in interest.

Section 4. “Approved Housing Project” means all improvements as provided to be developed by Developer under the DDA. The Approved Housing Project must be completed in strict conformity with all specifications contained in or referred to in the DDA.

Section 5. “Area” means the Riverside-San Bernardino Primary Metropolitan Statistical Area, as periodically defined by HUD.

Section 6. “Calculation of Affordable Rents” means the worksheet substantially in the form of Attachment No. 7 to the DDA.

Section 7. “Certificate” or “Certification” is defined in Section 3(a).

Section 8. “County” means and refers to the County of Riverside, a political subdivision of the State of California.

Section 9. “County Ordinances” means and refers to the County of Riverside County Ordinances as revised from time to time.

Section 10. “Common Areas” means all areas on the Site that are open or accessible to all tenants of the Site (such as grounds, but excluding buildings).

Section 11. “Extremely Low Income Households” means Extremely Low Income Households whose Adjusted Income does not exceed thirty percent (30%) of Median Income for the Area as determined by the United States Department of Housing and Urban Development from time to time and as set forth in Health and Safety Code Section 50105.

Section 12. “Gross Income” means all payments from all sources received by a person (together with the gross income of all persons of the age of 18 years or older who intend to reside with such person in one residential unit) whether in cash or in kind as calculated pursuant to the Department of Housing and Urban Development (“HUD”) Regulations (24 C.F.R. § 813) in effect as of the Date of Agreement.

Section 13. “Housing Project” means the eighty (80) unit multi-family apartment complex to be constructed on the Site under the DDA.

Section 14. “Median Income for the Area” means the median income for the Area as most recently determined by the Secretary of Housing and Urban Development under Section 8 of the United States Housing Act of 1937, as amended, or, if programs under Section 8 are terminated, Median Income for the Area determined under the method used by the Secretary prior to such termination.

Section 15. “Prescribed Rent Levels” means rent that is Affordable Rent as follows: (a) for Extremely Low to Very Low Income Households for the following units, as indicated by number of bedrooms: (i) sixty eight (68) of the eighty (80) total units shall be restricted for Extremely Low to Very Low Income Households. A three bedroom unit shall be designated as a managers unit. Rent is not required to be Affordable Rent as to one manager’s unit.

Section 16. “Regulatory Agreement” means this Regulatory Agreement and any amendments, modifications or supplements which may also be referred to herein as these “CC&Rs” or this “Declaration”.

Section 17. “Required Assisted Unit” means a dwelling unit in the Housing Project, as constructed under the DDA, and available to, occupied by, or held vacant for occupancy only by

tenants qualifying as Extremely Low to Very Low Income Households and rented at Affordable Rent conforming to the Prescribed Rent Levels.

Section 18. “Required Covenant Period” means a period of fifty-five (55) years commencing as of the issuance of a final certificate of occupancy for all of the Units and continuing until the fifty-sixth (56th) anniversary thereof.

Section 19. “Qualified Household” means a qualified low income household, as defined by California Health and Safety Code Section 50079.5 and 50105.

Section 20. “Site” means all of the real property and appurtenances as described above, including all structures and other improvements thereon, and those hereafter constructed.

Section 21. “Tax Credit Regulatory Agreement” means a reasonable agreement to be prepared or approved by counsel designated by Agency, in the event Tax Credits are made available for the Housing Project, setting forth certain covenants as to the Site.

Section 22. “Unit” means a dwelling unit on the Housing Project.

Section 23. “Very Low Income Households” means Very Low Income Households whose Adjusted Income does not exceed forty percent (40%) of Median Income for the Area as determined by the United States Department of Housing and Urban Development from time to time and as set forth in Health and Safety Code Section 50105.

Section 24. “Year” means a calendar year.

ARTICLE II

LAND USE RESTRICTIONS; IMPROVEMENTS

Section 1. Uses. The Developer shall develop the approved Housing Project on the Site in conformity with the DDA. Thereafter, the Site shall be operated as an Affordable Housing Project and devoted only to the uses specified in the DDA, the Tax Credit Regulatory Agreement and this Regulatory Agreement for the periods of time specified herein. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to the DDA, shall conform to all applicable provisions of the County Ordinances and the County Approvals.

The Site shall be used, maintained and operated in accordance with the DDA. None of the units in the Housing Project shall at any time be utilized on a transient basis nor shall the Housing Project or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer court or park. No part of the Site, from the date the Developer acquired its interest in the Site, has been or will at any time be owned or used as a cooperative housing corporation or a community apartment project or a stock cooperative.

Developer agrees to reserve sixty eight (68) of the total rental units, for Extremely Low to Very Low Income households. Such units (“Assisted Units”) shall be limited to Extremely Low to Very Low-Income households that do not exceed thirty percent (30%) to forty percent (40%) area median income for the County, adjusted by family size at the time occupancy, as defined by California Health and Safety Code Sections 50079.5 and 50105.

Section 2. Affordable Housing.

Number of Units. Throughout the Required Covenant Period, not less than sixty eight (68) housing units shall be rented to and occupied by Extremely Low to Very Low Income Households. Required Assisted Units shall be continuously occupied by or held available for occupancy by Extremely Low to Very Low Income Households at Affordable Rent. All Assisted Units shall be rented at Affordable Rent. For this purpose, a tenant who qualifies as a Extremely Low or Very Low Income Household at the time he or she first occupies an Assisted Unit shall be deemed to continue to be so qualified until such time as a recertification of such individual's or family's income in accordance with Section 3 below demonstrates that such individual or family no longer qualifies as a Qualified Household. Moreover, a unit previously occupied by an Extremely Low to Very Low Income Household, and then vacated shall be considered occupied by such Qualified Household until reoccupied, other than for a temporary period, at which time the character of the unit shall be redetermined. In no event shall such temporary period exceed thirty-one (31) days.

At such time as a tenant ceases to qualify as a Qualified Household, the unit occupied by such tenant shall cease to be a Qualified Household. The Developer shall replace each such Required Assisted Unit by designating the next available unit and any necessary units thereafter as a Extremely Low to Very Low Income Unit. For purposes of this DDA, such designated unit will be considered a Required Assisted Unit if it is held vacant and available for occupancy by a Extremely Lo to Very Low Income Household, and, upon occupancy, the income eligibility of the tenant as a Extremely Low or Very Low Income Household is verified and the unit is rented at Affordable Rent. One three bedroom unit shall be designated as a managers unit.

In the event a household's income initially complies with the corresponding income restriction for a Required Assisted Unit but the income of such household increases, such increase shall not be deemed to result in a violation of the restrictions of this Regulatory Agreement concerning limitations upon income of occupants, provided that the occupancy by such household is for a reasonable time of not to exceed one year (measured from the time the income of the household ceases to qualify at the designated affordability level). The Developer shall include in its rental agreements provisions which implement this requirement and limitation, and the Developer shall expressly inform prospective renters as to this limitation prior to the commencement of a tenancy. So long as the Housing Project is subject to the Tax Credit Regulatory Agreement, the provisions thereof shall govern the disposition of such over income household.

Duration of Affordability Requirements. The Required Assisted Units shall be available to and occupied by Extremely Low to Very Low Income Households at Affordable Rent throughout the Required Covenant Period. All tenants residing in the Assisted Units during the last two (2) years of the Required Covenant Period shall be given notice by the Developer at least once every six (6) months prior to the expiration date of this requirement, that the rent payable on the Assisted Unit may be raised to a market rate rent at the end of the Required Covenant Period.

Selection of Tenants. As specified herein below, Developer shall demonstrate to the Agency that the proposed tenants of each of the Required Assisted Units constitutes a Extremely Low to Very Low Income Household.

Prior to the rental or lease of an Required Assisted Unit to a tenant, and as set forth in this Section 2 of Article II of this Declaration, the Developer shall require the tenant to execute a

written lease and to complete an Income Verification certifying that the tenant(s) occupying the Required Assisted Unit is/are a Extremely Low to Very Low Income and meet(s) the eligibility requirements established for the Required Assisted Unit. The Developer shall verify the income of the tenant(s).

The Developer shall accept as tenants on the same basis as all other prospective tenants, persons who are recipients of federal certificates for rent subsidies pursuant to the existing program under Section 8 of the United States Housing Act of 1937, or its successor. The Developer shall not apply selection criteria to Section 8 certificate holders which are more burdensome than criteria applied to any other prospective tenants.

Determination of Affordable Rent for the Assisted Units. The Assisted Units shall be rented or leased at Affordable Rent. As of the approval of the DDA, Affordable Rent is calculated in accordance with the Calculation of Affordable Rent. The maximum monthly rental for the Assisted Unit shall be adjusted annually as permitted pursuant to the Calculation of Affordable Rent.

THE DEVELOPER UNDERSTANDS AND KNOWINGLY AGREES THAT THE MAXIMUM RENTAL FOR THE ASSISTED UNITS ESTABLISHED BY THE DDA, AND THIS REGULATORY AGREEMENT IS SUBSTANTIALLY BELOW THE FAIR MARKET RENT FOR THE ASSISTED UNITS.

Section 3. Developer Verification and Program Compliance.

Income Verification and Certification. The Developer will obtain and maintain on file an Income Verification from each tenant, dated immediately prior to the initial occupancy of such tenant in the Housing Project and should obtain a recertification of income on the anniversary date thereof for each year the tenant remains in occupancy of the Housing Project.

On March 31st commencing the year in which the Certificate of Completion is issued and annually thereafter each March during the Required Covenant Period, the Developer shall file with the Agency or its designee a Certificate, containing all information required pursuant to Health and Safety Code Section 33418, in a form prescribed by the Agency. Each Certificate shall cover the immediately preceding fiscal year.

Reporting Amounts. Agency is required by Section 33418 of the California Health and Safety Code to require Developer to monitor the Assisted Units and submit the annual reports required by Section 3 of Article II of this Declaration. The Agency relies upon the information contained in such reports to satisfy its own reporting requirements pursuant to Sections 33080 and 33080.1 of the California Health and Safety Code. In the event the Developer fails to submit to the Agency or its designee the Certification as required by this Section 3, the Developer shall be in noncompliance with this Regulatory Agreement. In the event the Developer remains in noncompliance for thirty (30) days following receipt of written notice from the Agency of such noncompliance under Sections 3(a) and 3(b) of Article II hereinabove, then the Developer shall, without further notice or opportunity to cure, pay to the Agency Two Hundred Fifty Dollars (\$250.00) per Required Assisted Unit for each year Developer fails to submit a Certificate covering each and every housing unit on the Site.

Section 4. Nondiscrimination. The Developer shall refrain from restricting the rental, sale or lease of the Site, or any portion thereof, on the basis of race, color, creed, religion, sex,

marital status, national origin or ancestry of any person. All such deeds, leases or contracts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

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

(3) In contracts: "There shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises which are the subject of this DDA, 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."

The covenants established in this Declaration and the deeds of conveyance for the Site shall, without regard to technical classification and designation, be binding for the benefit and in favor of the Agency, its successors and assigns, the County and any successor in interest to the Site, together with any property acquired by the Developer pursuant to this DDA, or any part thereof. The covenants against discrimination as set forth in this Section 1 of Article II shall remain in effect in perpetuity.

Section 5. Parking of Vehicles. The Developer shall not permit the parking, storing or keeping of any vehicle except wholly within the parking areas designated for the Required Assisted Units. Except for Developer's vehicles used in connection with the operation of the Housing Project

or the provision of social services to residents of the Housing Project, the Developer shall not permit the parking, storing or keeping of any large commercial type vehicle (dump truck, cement mixer truck, oil or gas truck, etc.), or any recreational vehicle over twenty (20) feet in length (camper unit, motor home, trailer, mobile home or other similar vehicle), boats over twenty (20) feet in length, or any vehicle other than a private passenger vehicle, upon any portion of the Common Areas, including parking spaces. For purposes of this section, a pickup truck with a pickup bed mounted camper shall be considered a private passenger vehicle; provided however, that no such vehicle shall be used for residential purposes while parked on the premises.

The Developer shall not permit major repairs or major restorations of any motor vehicle, boat, trailer, aircraft or other vehicle to be conducted upon any portion of the Common Area, including the parking areas, except for emergency repairs thereto and then only to the extent necessary to enable movement of the vehicle to a proper repair facility. No inoperable vehicle shall be stored or kept in the Common Area. The Developer shall give the vehicle owner not less than four (4) days, nor more than seven (7) days notice and an opportunity to remove any vehicle parked, stored or kept in violation of the provisions of this Declaration. Notice shall consist minimally of a reasonably diligent attempt to personally notify the vehicle owner or alternatively leaving written notice on the subject vehicle. After due notice and opportunity have been given to the vehicle owner, the Developer shall have the right to remove, at the vehicle owner's expense, any vehicle parked, stored or kept in violation of the provisions of this Declaration.

Section 6. Maximum Occupancies. No persons shall be permitted to occupy any unit within the Housing Project in excess of applicable limit of maximum occupancy set by County Ordinances and the laws of the State of California.

Section 7. Signs Required. "Illegally parked vehicles will be towed" signs in compliance with California Vehicle Code requirements will be posted and enforced by the Developer.

Section 8. Structural Change. Nothing shall be done on the Site in, on or to any building which would structurally change the exterior or the interior bearing walls of any such building or structure, except as otherwise provided herein. Nothing herein shall affect the rights of the Developer to repair, alter or construct improvements on the buildings on the Site unless such repair, alteration or improvement would impair the structural integrity and/or exterior appearance of said buildings. Nothing herein shall be deemed to prohibit work ordered to be performed by the County building official.

Section 9. Social Services. At all times any Units are occupied, continuing throughout the Required Covenant Period, Developer shall provide, or cause to be provided, activities and programs appropriate to the needs of the residents of the Housing Project, with the selection of such activities and programs to be determined by Developer, to be consistent with the description of the services outlined in the TCAC application, and shall take into consideration the needs of residents of the Housing Project. The specific types of social services to be provided shall be submitted to and approved by the Agency, and may be revised with the prior approval of the Agency, which approval shall not be unreasonably withheld.

Section 10. Compliance with Laws. The Developer shall comply with all applicable laws in connection with the development and use of the Site, including without limitation the California Community Redevelopment Law (Health and Safety Code section 33000, *et seq.*) and Fair Housing

Act (42 U.S.C. § 3601, *et seq.*, and 24 C.F.R. § 100.300, *et seq.*). The Developer is a sophisticated party, with substantial experience in the acquisition, development, financing, obtaining financing for, marketing, and operation of affordable housing projects, and with the negotiation, review, and preparation of agreements and other documents in connection with such activities. The Developer is familiar with and has reviewed all laws and regulations pertaining to the acquisition, development and operation of the Housing Project and has obtained advice from any advisers of its own choosing in connection with this DDA.

ARTICLE III
DUTIES OF DEVELOPER: SPECIFIC MAINTENANCE RESPONSIBILITIES

Section 1. Maintenance; General. The Developer shall maintain the Housing Project or cause it to be maintained in a decent, safe and sanitary manner, and in accordance with the standard of maintenance of first class apartment units within the County. If at any time Developer fails to maintain the Housing Project in accordance with this Regulatory Agreement and such condition is not corrected within five (5) days after written notice from the Agency with respect to graffiti, debris, and waste material, or thirty days after written notice from the Agency with respect to general maintenance, landscaping and building improvements, then the Agency, in addition to whatever remedy it may have at law or at equity, shall have the right to enter upon the applicable portion of the Housing Project and perform all acts and work necessary to protect, maintain, and preserve the Housing Project, and to attach a lien upon the Housing Project, or to assess the Housing Project, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the Agency and/or costs of such cure, including a reasonable administrative charge, which amount shall be promptly paid by Developer to the Agency upon demand.

Section 2 Exterior Building Maintenance. All exterior, painted surfaces shall be maintained at all times in a clean and presentable manner, free from chipping, cracking and defacing marks. Any such defacing marks shall be cleaned or removed within a reasonable period of time as set forth herein.

Section 3. Front and Side Exteriors. The Developer shall at all times maintain the front exterior and yard in a clean, safe and presentable manner, free from defacing marks or any disrepair and any visible side exteriors. The Developer shall hire maintenance personnel to maintain and/or repair any front exterior or yard or visible side yard and exterior of any lot or building.

Section 4. Graffiti Removal. All graffiti, and defacement of any type, including marks, words and pictures must be removed and any necessary painting or repair completed by the later to occur of (i) one hundred twenty (120) hours of their creation or (ii) one hundred twenty (120) hours after notice to Developer.

Section 5. Driveways. All driveways must be paved and maintained with impervious material in accordance with the County Ordinances. In addition, all water must be made to drain freely to the drainage facilities approved for the Housing Project without any pooling.

Section 6. Exterior Illumination. The Developer shall at all times maintain adequate lighting in all entrance ways, garages and parking areas. Adequate lighting means outdoor, night lighting designed and installed, which provides no less than one (1.0) foot candles in the parking areas and no less than one and one-half (1-1/2) foot candles in the walking areas or Common Areas and no less than 0.2 foot candles at the point of least illumination.

Section 7. Trash Bins. All trash shall be collected and placed at all times in an enclosable bin to be placed in a designated refuse/trash bin area. The designated area shall be located so that the bin will, to the extent possible, be readily accessible from the paved driving surfaces.

Section 8. Prohibited Signs. No sign of any kind shall be displayed to the public view on or from any portion of the Site without the approval of the County and appropriate County departments if any as required by the County Ordinances.

ARTICLE IV **OBLIGATION TO MAINTAIN, REPAIR AND REBUILD**

Section 1. Maintenance by Developer. The Developer shall, at its sole cost and expense, maintain and repair the Site and the improvements thereon keeping the same in a decent, safe and sanitary manner, in accordance with the United States Department of Housing and Urban Development ("HUD") Housing Quality Standards ("HQS"), and in good condition and making all repairs as they may be required by these CC&Rs and by all applicable County Ordinances and Uniform Code provisions. The Developer shall also maintain the landscaping required to be planted in a healthy condition. If, at any time, Developer fails to maintain the Housing Project or any portion thereof, and said condition is not corrected after the expiration of forty-five (45) days from the date of written notice from the Agency, either the Agency or the County may perform the necessary maintenance and Developer shall pay such costs as are reasonably incurred for such maintenance. Payment shall be due within fifteen (15) days of receipt of an invoice from the Agency or the County.

Section 2. Damage and Destruction Affecting Project - Developer's Duty to Rebuild. If all or any portion of the Site and the improvements thereon is damaged or destroyed by fire or other casualty for which insurance proceeds are available to or for Developer as a result of such casualty, it shall be the duty of the Developer to rebuild, repair or reconstruct said portion of the Site and/or the improvements in a timely manner which will restore it to Code compliance condition.

In furtherance of the requirements of this Section 2, Developer shall keep the construction on the Site insured by carriers at all times satisfactory to Agency against loss by fire and such other hazards, casualties, liabilities and contingencies as included within an all risk extended coverage hazard insurance policy, in an amount of the full replacement cost of the constructions. In the event of loss, Developer shall give prompt notice to the insurance carrier and to the Agency.

If the Site is abandoned by the Developer, or if Developer fails to respond to Agency within thirty (30) days from the date notice is mailed by Agency to Developer that the insurance carrier offers to settle a claim for insurance benefits, subject to any claims thereto by a senior lienholder, the Agency is authorized to collect and apply the insurance proceeds at Agency's option either to restoration or repair of the Site.

Section 3. Variance in Exterior Appearance and Design. In the event the Housing Project sustains substantial physical damage due to a casualty event, the Developer may apply to the County of Riverside for approval to reconstruct, rebuild or repair in a manner which will provide different exterior appearance and lot design from that which existed prior to the date of the casualty.

Section 4. Time Limitation. Upon damage to the Site or the Housing Project or other improvements which Developer is obligated to repair pursuant to Section 2 above, the Developer

shall be obligated to proceed with all due diligence hereunder and commence reconstruction within two (2) months after the damage occurs and complete reconstruction within six (6) months after damage occurs or demolition and vacate within two (2) months, unless prevented by causes beyond their reasonable control, in which event reconstruction shall be commenced at the earliest feasible time.

ARTICLE V **ENFORCEMENT**

Section 1. Remedies. Breach of the covenants contained in the Declaration may be enjoined, abated or remedied by appropriate legal proceeding by the Agency or County.

This Declaration does not in any way infringe on the right or duties of the County of Riverside to enforce any of the provisions of the County Ordinances including, but not limited to, the abatement of dangerous buildings.

Section 2. Nuisance. The result of every act or omission whereby any of the covenants contained in this Declaration are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowable at law or equity, against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any owner or its successors in interest, without derogation of the County's rights under law.

Section 3. Right of Entry. In addition to the above general rights of enforcement, the County shall have the right through its agents and employees, to enter upon any part of the project area for the purpose of enforcing the California Vehicle Code, and the ordinances and other regulations of the County, and for maintenance and/or repair of any or all publicly owned utilities. In addition, the County has the right of entry at reasonable hours and upon and after reasonable attempts to contact Developer, on the Site to effect emergency repairs or maintenance which the Developer was obligated to but has failed to perform. Subsequent to sixty (60) days written notice to the Developer specifically outlining the Developer's noncompliance, the County shall have the right of entry on the Site at reasonable hours to enforce compliance with this Declaration which the Developer has failed to perform, subject to the nonrecourse provisions of the Agency Note and Article VI, Section 4 below.

Section 4. Costs of Repair. The costs borne by the County or Agency of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which Developer shall be responsible.

Section 5. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 6. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 7. Enforcement and Nonliability. The County or Agency may from time to time make such efforts, if any, as it shall deem appropriate enforce and/or assist in enforcing this Declaration. However, neither the Agency nor the County will be subject to any liability for failure to affirmatively enforce any provision of this Declaration.

ARTICLE VI
GENERAL PROVISIONS

Section 1. Covenant Against Partition. By acceptance of its interest in the Site, the Developer shall be deemed to covenant for itself and for its heirs, representatives, successors and assigns, that it will not institute legal proceedings or otherwise seek to effect partition of its right and interest in the interest being conveyed to the Developer, or the burdens running with the land as a result of this Regulatory Agreement.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 3. Term. This Declaration shall run with and bind the interest of the Developer in the Site, and shall inure to the owner(s) of any property subject to this Declaration, his legal representatives, heirs, successors and assigns, and as provided in Article II, Sections 1 and 2, be enforceable by the County, for a term equal to the Required Covenant Period as defined in the DDA, provided; however, that the covenants regarding nondiscrimination set forth in Section 4 of Article II of this Declaration shall remain in effect for perpetuity.

Section 4. Nonrecourse. Liabilities of the Developer to make payments hereunder shall be nonrecourse.

Section 5. Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of rental housing available at Affordable Rent for Extremely Low to Very Low Income Households. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

The Developer shall be obligated by this Declaration to comply with the provisions hereof, as well as the provisions of the Agency Deed, and the Tax Credit Regulatory Agreement. In the event of conflict, the Developer shall comply with the most stringent requirements, in each case.

Section 6. Enforced Delay; Extension of Times of Performance. Performance hereunder shall not be deemed to be in default, and all performance and other dates specified in this Regulatory Agreement shall be extended, where delays or defaults are due to: war; insurrection; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; acts or omissions of another party, or acts or failures to act of the County or any other public or governmental agency or entity. Notwithstanding anything to the contrary in this Regulatory Agreement, an extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other parties, the Agency and the County, within thirty (30) days of the commencement of the cause. Times of performance under this Regulatory Agreement may also be extended in writing by the mutual agreement of the Agency, the County and the Developer to be given or withheld at the sole discretion of each respective party. The failure of the Developer to obtain financing for development or repairs shall not constitute grounds for enforced delay hereunder.

Section 7. Amendments. This Declaration may be amended only by the written agreement of the Developer, the Agency and the County.

Section 8 Encroachments. None of the rights and obligations of the Developer created herein shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of Developer if said encroachment occurs due to the willful conduct of said Developer.

Section 9. Notices. Any notice permitted or required to be delivered as provided herein to Developer shall be in writing and may be delivered either personally or by certified mail. Notice to the Agency shall be made by certified mail to the Executive Director or his designee at 3403 Tenth Street, Suite 500, Riverside, California 92501, and shall be effective upon receipt. Notice to Developer shall be made by certified mail to National Community Renaissance of California., a California nonprofit public corporation, 9065 Haven Avenue, Suite 100, Rancho Cucamonga, California 91730, Attention: Chief Financial Officer, and shall be effective upon receipt. Such address may be changed from time to time by notice in writing.


END OF AGREEMENT

(SIGNATURES ON NEXT PAGE)


IN WITNESS WHEREOF, the Agency and the Developer have executed this Regulatory Agreement as of the date first above written.

AGENCY
Redevelopment Agency for the
County of Riverside

DEVELOPER
National Community Renaissance of California,
a California nonprofit public benefit corporation

By:  By: _____
MARION ASHLEY Richard J. Whittingham, Chief Financial Officer
Chairman, Board of Directors

APPROVED AS TO FORM:
PAMELA J. WALLS
AGENCY Counsel

By:  6/10/10
Deputy, Michelle Clack

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board


By: 
Deputy

IN WITNESS WHEREOF, the Agency and the Developer have executed this Regulatory Agreement as of the date first above written.

AGENCY
Redevelopment Agency for the
County of Riverside

DEVELOPER
National Community Renaissance of California,
a California nonprofit public benefit corporation

By: _____
MARION ASHLEY
Chairman, Board of Directors

By:  _____
Richard J. Whittingham, Chief Financial Officer

APPROVED AS TO FORM:
PAMELA J. WALLS
AGENCY Counsel

By: _____
Deputy, Michelle Clack

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____
Deputy

EXHIBIT "A" TO ATTACHMENT NO. 5

LEGAL DESCRIPTION

APN: 608-340-031

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

That portion of the Northeast quarter of the Northwest quarter of Section 22, Township 5 South, Range 7 East, San Bernardino Meridian, in the County of Riverside, State of California, as shown by United States Government Survey approved May 14, 1914, described as follows:

Beginning 20.00 feet South of a point 15.00 feet West of the Northeast corner of said Northwest quarter;

Thence Westerly, parallel with the Northerly line of said Northwest quarter 412.50 feet;

Thence Southerly, parallel with the Easterly line of said Northwest quarter, 528.00 feet;

Thence Easterly parallel with the Northerly line of said Northwest quarter 412.50 feet, to a point 15.00 feet West of the East line thereof;

Thence Northerly, parallel with said Easterly line, 528.00 feet, to the point of beginning;

Except that portion included in the Easterly 30.00 feet of the Northwest quarter of said Section 22, described by deed to the County of Riverside, recorded February 29, 1956 as Instrument No. 14670 of Official Records of Riverside County, California.

Also except that portion lying within 44th Avenue.

ATTACHMENT NO. 6

AGENCY DEED

NO FEE FOR RECORDING PURSUANT)
TO GOVERNMENT CODE SECTION 6103)
))
RECORDING REQUESTED BY AND)
WHEN RECORDED MAIL TO:)
))
Redevelopment Agency for)
the County of Riverside)
3403 Tenth Street, Suite 500)
Riverside, California 92501)
Attention: Executive Director)
))

Documentary Transfer Tax: \$ _____
Based on Full Value of Real Property Conveyed

This document is exempt from payment of a recording fee pursuant to government Code Section 27383.

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

The **REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE**, a public body, corporate and politic (the "Agency"), effective as of _____, 2010, hereby grants to **NATIONAL COMMUNITY RENAISSANCE OF CALIFORNIA**, a California nonprofit public benefit corporation ("Developer"), the real property described in Exhibit A attached hereto and incorporated herein (the "Property"), subject to existing easements, restrictions and covenants of record, the provisions set forth in Sections 1 and 2 hereof and the requirements of the Disposition and Development Agreement (the "DDA") between the parties, dated as of _____, 2010. All capitalized terms not defined herein shall have the respective meanings established therefore in the DDA.

1. Agency Right of Reentry. The Agency has the right, at its election, to reenter and take possession of the Site, with all improvements thereon, and terminate and revest in the Agency the estate conveyed to the Developer if after the Closing and before the issuance of the Certificate of Completion, the Developer (or its successors in interest) shall:

(a) fail to start the construction of the Improvements as required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or

(b) abandon or substantially suspend construction of the Improvements required by the DDA for a period of ninety (90) days after written notice thereof from the Agency; or

(c) contrary to the provisions of Section 6.3 of the DDA transfer or suffer any involuntary Transfer in violation of the DDA, and such Transfer has not been approved by the Agency or rescinded within thirty (30) days of notice thereof from Agency to Developer.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit:

1. Any mortgage or deed of trust permitted by the DDA; or
2. Any rights or interests provided in the DDA for the protection of the holders of such mortgages or deeds of trust.

Upon the revesting in the Agency of title to the Site as provided in this Section 1, the Agency shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the Agency shall find feasible and consistent with the objectives of such law and of the Redevelopment Plan, as it exists or may be amended, to a qualified and responsible party or parties (as determined by the Agency) who will assume the obligation of making or completing the Improvements, or such improvements in their stead as shall be satisfactory to the Agency and in accordance with the uses specified for such Site or part thereof in the Redevelopment Plan. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by this DDA, shall be applied:

i. First, to reimburse the Agency, on its own behalf or on behalf of the County, all costs and expenses incurred by the Agency, excluding County and Agency staff costs, but specifically, including, without limitation, any expenditures by the Agency or the County in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Agency from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which the Developer has not paid (or, in the event that Site is exempt from taxation or assessment of such charges during the period of ownership thereof by the Agency, an amount, if paid, equal to such taxes, assessments, or charges as would have been payable if the Site were not so exempt); any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time of revesting of title thereto in the Agency, or 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 improvements or any part thereof on the Site, or part thereof; and any amounts otherwise owing the Agency, and in the event additional proceeds are thereafter available, then

ii. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site and for the improvements existing on the Site at the time of the reentry and possession, less (b) any gains or income withdrawn or made by the Developer from the Site or the improvements thereon.

Any balance remaining after such reimbursements shall be retained by the Agency as its property. The rights established in this Section 1 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the


Agency will have conveyed the Site to the Developer for redevelopment purposes, particularly for development of an affordable multi family housing project, and not for speculation in undeveloped land.

3. Upon issuance by the Agency of the Certificate of Completion, Sections 1 and 2 hereof shall cease to be of further force and effect.

IN WITNESS WHEREOF, the Agency and the Developer have executed this Grant Deed as of the date first above written.

AGENCY
Redevelopment Agency for the
County of Riverside

DEVELOPER
National Community Renaissance of California,
a California nonprofit public benefit corporation

By: 
MARION ASHLEY
Chairman, Board of Directors

By: _____
Richard J. Whittingham, Chief Financial Officer

APPROVED AS TO FORM:
PAMELA J. WALLS
AGENCY Counsel

By: _____
Deputy, Michelle Clack

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

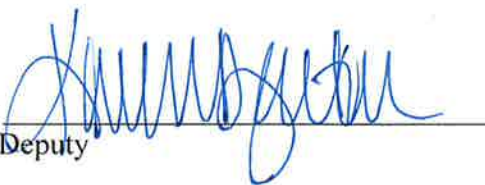
By: 
Deputy

EXHIBIT "A" TO ATTACHMENT NO. 6

LEGAL DESCRIPTION OF PROPERTY

That real property located in the State of California, County of Riverside, and described as follows:

APN: 608-340-031

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

That portion of the Northeast quarter of the Northwest quarter of Section 22, Township 5 South, Range 7 East, San Bernardino Meridian, in the County of Riverside, State of California, as shown by United States Government Survey approved May 14, 1914, described as follows:

Beginning 20.00 feet South of a point 15.00 feet West of the Northeast corner of said Northwest quarter;

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Thence Southerly, parallel with the Easterly line of said Northwest quarter, 528.00 feet;

Thence Easterly parallel with the Northerly line of said Northwest quarter 412.50 feet, to a point 15.00 feet West of the East line thereof;

Thence Northerly, parallel with said Easterly line, 528.00 feet, to the point of beginning;

Except that portion included in the Easterly 30.00 feet of the Northwest quarter of said Section 22, described by deed to the County of Riverside, recorded February 29, 1956 as Instrument No. 14670 of Official Records of Riverside County, California.

Also except that portion lying within 44th Avenue.