

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

551



SUBMITTAL DATE:
July 5, 2012

FROM: Economic Development Agency

SUBJECT: Loan Agreement for the Use of HOME Funds for Pueblo Nuevo Apartments in the City of Coachella

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of an amount up to \$500,000 in HOME Funds between the County of Riverside and Coachella Valley Housing Coalition;
2. Approve the attached deed of trust and promissory note;
3. Authorize the Chairman of the Board to execute the attached Loan Agreement;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 500,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnership Act Grant 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 SUPERVISORS

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

Ayes: Buster, Tavaglione, Benoit and Ashley
Nays: None
Absent: Stone
Date: July 17, 2012
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: 3.25 of 6/05/12

District: 4/4

Agenda Number:

3.12

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: 7/3/12
 Samuel Wong
 Fiscal Auditor
 ANNIET T. SAHAR
 FORM APPROVED COUNTY COUNSEL
 BY: 6/28/12
 Annie T. Sahar
 County Counsel

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

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement with the U.S Department of Agriculture in connection with a Rural Development Section 514 loan in the amount up to \$140,000, subject to approval by County Counsel;
5. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement with the U.S Department of Agriculture in connection with a Rural Rental Housing loan in the amount up to \$200,000, subject to approval by County Counsel; and
6. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, Deed of Trust, and Subordination Agreements including, but not limited to, signing subsequent necessary and relevant documents subject to County Counsel's approval.

BACKGROUND:

Coachella Valley Housing Coalition, a California nonprofit public benefit corporation (the Borrower), a certified Community Housing Development Organization, is requesting \$500,000 in HOME funds for the rehabilitation of a 50-unit farmworker multi-family affordable housing complex located at 1492 Orchard Avenue, Coachella, CA 92236, Assessor Parcel Number 778-120-002, also known as the Pueblo Nuevo Apartments. The Owner built Pueblo Nuevo Apartments in 1986 as permanent farmworker housing with the assistance of the U.S Department of Agriculture. The project consists of 10 two-bedroom units, 20 three-bedroom units, and 20 four-bedroom units. 1 three bedroom unit will be set aside as a manager's unit. The two-bedroom units are approximately 876 square feet, the three-bedroom units are approximately 1,162 square feet, and the four-bedroom units are approximately 1,360 square feet. Project amenities include an 836 square foot community room, laundry facility, basketball court, four barbeque grills, shade structure, benches, playground area and a tot lot. The project is in need of major renovations and the Borrower is proposing to do major capital improvements that include installing new double-pane low-E windows, blinds, air conditioning and heating systems, water heaters, kitchen cabinets and counter tops, new paint, flooring, roofing, light fixtures, plumbing fixtures, and solar tubes. All the units will be equipped with energy star rated appliances to include refrigerators and stoves/ovens. Borrower is also proposing to repair existing asphalt and concrete and install new carports.

A total of eleven units will be designated as HOME-assisted units limited to farmworker households whose incomes do not exceed 30% of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME-assisted units will be restricted for a period of at least 55 years from the issuance of Certificate of Occupancy.

The total cost of the project is estimated to be \$5,852,263. Sources of funds will include a \$300,000 loan from the Affordable Housing Program, owner equity of \$1,868,971, \$43,412 in deferred developer fee, \$336,091 from the original financing provided by the U.S Department of Agriculture, and the balance of \$2,803,789 from tax credit proceeds.

The county's HOME Loan will be in the third position behind the two loans from the U.S Department of Agriculture. The U.S Department of Agriculture will require that the County of Riverside execute subordination agreements at a later date to signify their senior position to the HOME loan.

(Continued)

BACKGROUND: (Continued)

The project activity was included in the 2011/2012 One-Year Action Plan on June 5, 2012.

County Counsel has reviewed and approved the Agreement for Use of HOME Funds, Deed of Trust and Promissory Note as to form. Staff recommends that the Board approve the attached documents.

FINANCIAL DATA:

All the costs related to the development of the project will be fully funded with HOME funds. The County of Riverside has budgeted this expense in the FY 2011/2012 budget.

Attachments:

- Loan Agreement
- Deed of Trust
- Promissory Note

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103

3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Economic Development Agency
10 3403 Tenth Street, Suite 500
11 Riverside, CA 92501
12 Attn. Juan Garcia

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF
15 HOME FUNDS

16 This Loan Agreement for the use of HOME funds is made and entered into as of
17 the 17th day of July, 2012 by and between the COUNTY OF RIVERSIDE
18 ("COUNTY"), a political subdivision of the State of California, and Coachella Valley Housing
19 Coalition, a California nonprofit public benefit corporation ("BORROWER" or "CVHC") in
20 connection with the multi-family housing complex, identified as "Pueblo Nuevo" in the City of
21 Coachella (the "Project").

22 WITNESSETH:

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

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

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1 assistance activities pursuant to the Act; and

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

5 WHEREAS, BORROWER has proposed to make major capital improvements to
6 an existing affordable housing project owned and developed by the BORROWER in 1986 (the
7 "Project") for farmworker families and in exchange the BORROWER has agreed to set aside
8 certain units as HOME-assisted units as further described in **Exhibit "A"**, which is attached
9 hereto and by this reference incorporated herein; and

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

12 WHEREAS, the HOME-assisted activities described herein are consistent with
13 COUNTY's "Consolidated Plan."

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

15 1. PURPOSE. COUNTY has agreed to lend up to Five Hundred Thousand
16 Dollars (\$500,000.00) of HOME funds to BORROWER upon the terms and conditions set
17 forth herein (the "HOME Loan"). Subject to **Section 52** hereof, Project Financing
18 Contingency, BORROWER promises and agrees to undertake and assist with the HOME
19 activities by utilizing such HOME funds, as specifically identified in **Exhibit "A"**.

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

- 23 a. Develop the Project in accordance with the timeline set forth in
24 **Exhibit "A"**.
- 25 b. Obtain a tax credit allocation from the California Tax Credit
26 Allocation Committee ("CTCAC") in accordance with the
27 timeline set forth in **Exhibit "A"**.
- 28 c. Obtain financing from the U.S Department of Agriculture

1 (“USDA”) in accordance with the timeline set forth in **Exhibit A**.

2 d. In accordance with the Implementation Schedule set forth in
3 **Exhibit A**, submit to COUNTY for approval evidence that
4 BORROWER has obtained sufficient equity capital or has
5 obtained firm and binding commitments for construction and
6 permanent financing necessary to undertake the development and
7 completion of the Project.

8 e. Operate the Project in such a manner so that it will remain
9 affordable to qualified very low-income and low-income tenants
10 for the affordability period as defined in **Section 15** herein
11 without regard to (i) the term of the promissory note (the “HOME
12 Note”), or (ii) transfer of ownership.

13 f. Shall maintain the Project in compliance with applicable local,
14 state, federal laws, codes and regulations for the duration of the
15 Agreement.

16 g. Shall provide the COUNTY the Data Universal Number as
17 assigned by the Data Universal Number System (DUNS) assigned
18 to BORROWER as required by the Federal Funding
19 Accountability and Transparency Act of 2006.

20 3. COUNTY’S OBLIGATIONS. COUNTY hereby agrees to undertake and
21 complete the following activities, subject to its receipt of HOME funds from U.S. Department
22 of Housing and Urban Development (“HUD”):

23 a. Provide the HOME Loan in the amount identified in **Section 1** to
24 BORROWER for financing of HOME-eligible construction costs
25 of the Project.

26 b. Comply with all of its obligations as participating recipient under
27 the applicable regulations set forth in 24 CFR Part 92.

28 4. HOME Loan. BORROWER shall borrow the HOME funds from

1 COUNTY for financing of the Project under the following terms and conditions:

2 a. Term. The maturity of the HOME Loan shall be the first to occur
3 of (i) July 1, 2069 or (ii) fifty-five (55) years from and after the
4 issuance of a Certificate of Occupancy for the last unit for which
5 rehabilitation is completed within the Project.

6 b. Principal. The principal of the HOME Loan shall be the amount
7 identified in **Section 1** secured by a deed of trust (the "HOME
8 Deed of Trust") as shown in **Exhibit "B-1"** and evidenced by the
9 HOME Note, as specifically identified in **Exhibit "B-2"**, both of
10 which are attached hereto and by this reference incorporated
11 herein, executed by BORROWER in favor of COUNTY in a form
12 satisfactory to COUNTY.

13 c. Interest. The interest rate shall be three percent (3.00%) per
14 annum.

15 d. Repayment. The HOME Note shall provide the following:
16 1. That the HOME Loan will accrue simple interest at a rate of
17 three percent (3.00%) per annum, except in the case of default
18 as hereinafter provided, and shall be repaid on an annual basis
19 from the Project's Residual Receipts as defined herein;

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

21 i) Seventy five percent (75%) of the Project's
22 Residual Receipts shall be used towards the
23 payment of the Residual Receipts loans secured by
24 the Project, and the payment shall be prorated
25 based on the percentage of each relative loan
26 amount based upon the total amount of all such
27 loans, until the HOME Note is repaid in full; and

28 ii) The remaining twenty-five percent (25%) of the

1 Project's Residual Receipts will be paid to
2 BORROWER.

3 3. The HOME Loan shall be subordinated to two permanent
4 loans from USDA that will carry over from financing
5 provided to the Project when it was constructed in 1986.
6 Available Residual Receipts shall be determined based on a
7 review of financial statements for the project. Quarterly
8 financial statements shall be submitted within forty-five (45)
9 days of the close of each quarter of the project fiscal year. In
10 addition, annual audited financial statements shall be
11 submitted within 120 days of the close of the calendar year.
12 All outstanding principal along with accrued interest shall be
13 payable fifty five (55) years from the issuance of the first
14 Certificate of Occupancy for the Project. The first payment
15 shall be due on July 1, 2014, to the extent of available
16 Residual Receipts, as set forth above; and

17 4. Project Residual Receipts shall be determined based on an
18 annual review of certified financial statements for the Project.
19 Annual audited financial statements shall be submitted within
20 one hundred twenty (120) days following the close of the
21 project fiscal year. All outstanding principal along with
22 accrued interest shall be due upon fifty-five (55) years from
23 and after the issuance of a Certificate of Occupancy for the
24 last unit for which rehabilitation is completed within the
25 Project. The first payment shall be due on July 1st in the first
26 full calendar year following the date of the issuance of a
27 Certificate of Occupancy for the last unit for which
28 rehabilitation is completed within the Project, to the extent of

1 available Residual receipts, as set forth above. Subsequent
2 payments shall be made on July 1st thereafter to the extent of
3 available Residual receipts until sooner of full repayment of
4 the Loan or the Loan maturity date as set forth above; and

5 5. Project Residual Receipts are defined as gross receipts, not
6 including interest on required reserve accounts, less the
7 following:

- 8 i) auditing and accounting fees;
- 9 ii) a property management fee not to exceed \$58 per
10 unit per month, increased annually by an amount
11 equal to the increase in the Consumer Price Index
12 (“CPI”);
- 13 iii) operating expenses (any expense reasonably and
14 normally incurred in carrying out the Project’s
15 day-to-day activities, which shall include
16 administration, on-site management, utilities, on-
17 site staff payroll, payroll taxes, and maintenance);
- 18 iv) reserves;
- 19 v) deferred developer fee;
- 20 vi) a General Partner management fee, which shall be
21 in the initial amount of \$20,000 and increased
22 annually by the percentage equal to the percentage
23 increase in the CPI;
- 24 vii) a Limited Partnership asset management fee not to
25 exceed \$5,000 per year and increased annually by
26 the percentage equal to the percentage increase in
27 the CPI; and
- 28 viii) payments of principal and interest on amortized

1 loans and indebtedness senior to the HOME Loan,
2 which have been approved by COUNTY
3 (collectively, the "Senior Debt").

4 e. Security. COUNTY hereby agrees that the HOME Deed of Trust
5 and the terms of this Agreement shall be subordinated to: 1) two
6 deeds of trust in connection with permanent financing from the
7 U.S Department of Agriculture (collectively, the "Senior Loans").
8 In addition, COUNTY agrees to execute any and all documents
9 necessary to effectuate subordination of this Agreement and the
10 HOME Deed of Trust to the deeds of trust securing the Senior
11 Loans and any future refinancing upon BORROWER'S request.

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

16 5. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY'S
17 approval, through its Economic Development Agency ("EDA"), of all items requiring such
18 approvals as described in this Agreement.

19 6. TERM OF AGREEMENT. This Agreement shall become effective upon
20 execution and unless terminated earlier pursuant to the terms hereof, shall continue in full force
21 and effect for a period of fifty-five (55) years from and after the issuance of a Certificate of
22 Occupancy for the last unit for which rehabilitation is completed within the Project.

23 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
24 warrants to COUNTY as follows:

25 a. Authority. BORROWER is a duly organized nonprofit public
26 benefit corporation in good standing under the laws of the State of
27 California. The copies of the documents evidencing the
28 organization of BORROWER, which have been delivered to

1 COUNTY, are true and complete copies of the originals, amended
2 to the date of this Agreement. BORROWER has full right, power
3 and lawful authority to accept the conveyance of the Project Site,
4 as defined in **Exhibit "A"**, and undertake all obligations as
5 provided herein and the execution, performance and delivery of
6 this Agreement by BORROWER has been fully authorized by all
7 requisite actions on the part of BORROWER.

8 b. No Conflict. To the best of BORROWER's knowledge,
9 BORROWER's execution, delivery and performance of its
10 obligations under this Agreement will not constitute a default or a
11 breach under contract, agreement or order to which BORROWER
12 is a party or by which it is bound.

13 c. No BORROWER Bankruptcy. BORROWER is not the subject of
14 a bankruptcy proceeding.

15 d. Prior to Closing. BORROWER shall upon learning of any fact or
16 condition which would cause any of the warranties and
17 representations in this **Section 7** not to be true as of Closing,
18 immediately give written notice of such fact or condition to
19 COUNTY. Such exception(s) to a representation shall not be
20 deemed a breach by BORROWER hereunder, but shall constitute
21 an exception which COUNTY shall have the right to approve or
22 disapprove if such exception would have an effect on the value
23 and/or operation of the Project Site.

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

27 9. FORCE MAJEURE DELAYS. Delay due to Force Majeure that, in each
28 case, (i) materially adversely affects the performance by BORROWER of its obligations

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

15 10. EXTENSION OF TIME. COUNTY may grant an extension to the
16 completion schedule for the purpose of completing BORROWER's activities which cannot be
17 completed as outlined in **Exhibit "A"**. BORROWER shall request said extension in writing,
18 stating the reasons therefore, and may be granted only by receiving written approval from
19 COUNTY. Every term, condition, covenant, and requirement of this Agreement shall continue
20 in full force and effect during the period of any such extension.

21 11. LETTER TO PROCEED. BORROWER shall not initiate nor incur
22 expenses for the HOME funded activity covered under the terms of this Agreement prior to
23 receiving written authorization to proceed.

24 12. REALLOCATION OF FUNDS. If BORROWER fails to meet the
25 deadlines set forth in the Implementation Schedule, subject to the notice and cure periods set
26 forth in **Section 33** herein, the funds allocated, reserved, or placed in a HOME Investment
27 Trust Fund may be reallocated by COUNTY after at least thirty (30) days' prior written notice
28 is given to BORROWER; provided that COUNTY agrees not to reallocate the funds while an

1 application for funding from another source is pending. Upon such reallocation, this HOME
2 Loan Agreement shall be terminated and be of no further force and effect and BORROWER
3 shall be released and discharged from any obligations under this Agreement.

4 13. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY, through its
5 EDA, shall: (1) make payments of the HOME funds to BORROWER as designated in **Exhibit**
6 **“A”**, and (2) monitor the Project to ensure compliance with applicable federal regulations and
7 the terms of this HOME Loan Agreement. There will be no disbursement of funds until the
8 following events first occur:

- 9 a. BORROWER executes and records this HOME Loan Agreement.
- 10 b. BORROWER executes and delivers the HOME Note as shown in
11 **Exhibit “B-2”** to COUNTY.
- 12 c. BORROWER executes, records, and delivers the HOME Deed of
13 Trust as shown in **Exhibit “B-1”**.
- 14 d. BORROWER executes, records, and delivers the Request for
15 Notice as shown in **Exhibit “H”**.
- 16 e. BORROWER provides, at its expense, an ALTA lender’s policy
17 insuring the HOME Deed of Trust upon the close of escrow.
- 18 f. BORROWER provides documentation showing that matching
19 funds of not less than twenty-five percent (25%) of the total
20 HOME funds allocated under this Agreement have been provided.
- 21 g. BORROWER provides satisfactory evidence that it has all the
22 financing documents required to cause the proceeds of the
23 construction loan and the equity investment from the investor to
24 be committed and available, in an amount sufficient, when
25 combined with the HOME Loan, to pay for development costs.
- 26 h. BORROWER provides copies of receipts, paid invoices and
27 conditional lien releases (upon receipt of payment) for
28 construction costs.

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

14 j. BORROWER provides duly executed documents and instruments
15 showing the ownership of the property as specifically identified in
16 **Exhibit "A"**.

17 k. COUNTY will retain ten percent (10%) of the total HOME Loan
18 amount and release final draw down of HOME funds upon receipt
19 of all of the following:

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

1 Business Enterprise/Women Business Enterprise
2 (“MBE/WBE”) report, HUD form 2516;

- 3 6) submission of documentation that shows compliance with
4 the Uniform Relocation Assistance and Real Property
5 Acquisition Policies Act of 1970 and 24 CFR Part 42.
6 7) submission of a Project completion report including
7 Tenant Checklist as shown in **Exhibit “F”** which is
8 attached hereto and by this reference incorporated herein;
9 8) Affirmative Fair Housing Marketing Plan – Multifamily
10 Housing, HUD form 935.2A, as described in **Section**
11 **18(c)**;
12 9) Tenant Selection Policy;
13 10) Management Plan;
14 11) final development costs; and
15 12) final sources and uses of funds. A final Certified Public
16 Accountant’s construction cost certification must be
17 provided within 6 months of the Certificate of Occupancy
18 (but not as a condition to release HOME Loan retention).

- 19 1. If Davis Bacon and/or Prevailing Wages are required to be paid,
20 BORROWER hires a qualified professional firm to review and
21 monitor Davis Bacon prevailing wage compliance for all
22 submissions of contractors certified payrolls to COUNTY. In the
23 event that the PROJECT requires prevailing wages, BORROWER
24 shall comply with any applicable labor regulations and all other
25 State Laws in connection with the construction of the
26 improvements which compromise the PROJECT, including if
27 applicable, requirements relating to prevailing wages.
28 BORROWER agrees and acknowledges that it is the

1 responsibility of BORROWER to obtain legal a determination, at
2 BORROWER's sole cost and expenses as to whether prevailing
3 wages must be paid during the construction of the PROJECT. If
4 the PROJECT is subject to prevailing wage, then BORROWER
5 shall be solely responsible to pay its contractors and
6 subcontractors the required prevailing wage rates. BORROWER
7 agrees to indemnify, defend, and hold COUNTY harmless form
8 and against any and all liability arising out of and related to
9 BORROWER's failure to comply with any and all applicable
10 prevailing wage requirements.

11 m. BORROWER provides documentation of a Payment and
12 Performance Bond or letter of credit to secure performance under
13 the construction contract issued by a bonding company or
14 financial institution reasonably approved by COUNTY. Policy
15 shall name COUNTY as Co-Obligee.

16 n. BORROWER provides satisfactory evidence that it has satisfied
17 all conditions precedent to the issuance of all permits necessary
18 for the construction of the development and all such permits are
19 available for issuance, other than payment of fees.

20 o. BORROWER provides duly executed documents and instruments
21 showing the ownership of the Property as specifically identified in
22 **Exhibit "A"**.

23 p. BORROWER obtains and submits at BORROWER's sole cost
24 and expense the following documents for COUNTY's review and
25 acceptance of in its sole and absolute discretion:

- 26 1) Copies of Phase I Environmental audit prepared by
27 licensed entity in accordance with State of California
28 requirements.

- 1 2) Copies of soil reports.
2 3) Any findings identified in the soil, Phase I reports shall be
3 fully remediated by BORROWER at its sole cost and
4 expense.

5 q. Irrespective of events (a) through (e), BORROWER is allowed to
6 draw down up to a not-to-exceed amount of Five Thousand
7 (\$5,000) Dollars for eligible soft costs incurred for the Project.
8 Should the Project be cancelled, all funds drawn down are to be
9 paid back by BORROWER within thirty (30) calendar days after
10 receiving a request for payment from the COUNTY.

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

26 14. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
27 established in the United States Treasury is managed through HUD, Integrated Disbursement
28 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS

1 System is a computerized system which manages, disburses, collects, and reports information
2 on the use of HOME funds in the United States Treasury Account. Disbursement of HOME
3 funds shall occur upon the satisfactory receipt of **copies of checks**, invoices and conditional
4 (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of
5 the HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of
6 conditions set forth in **Section 13**. COUNTY shall pay BORROWER the sum specified in
7 **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized
8 schedule shown in **Exhibit "A"**:

- 9 a. Up to a not-to-exceed amount of Five Thousand Dollars
10 (\$5,000.00) may be reimbursed to the BORROWER for eligible
11 soft costs incurred in preparation of the CTCAC application.
- 12 b. The balance of up to thirty percent (30%) of the HOME Loan
13 upon thirty percent (30%) completion of the Project, as certified
14 and documented by the project architect.
- 15 c. Up to sixty percent (60%) of the HOME Loan upon sixty percent
16 (60%) completion of the Project, as certified and documented by
17 the project architect.
- 18 d. Up to ninety percent (90%) of the HOME Loan upon ninety
19 percent (90%) completion of the Project, as certified and
20 documented by the project architect.
- 21 e. COUNTY shall release final draw down of ten percent (10%) of
22 the HOME Loan following receipt of all of the items listed in
23 **Section 13**.

24 15. TERMS OF AFFORDABILITY. The period of affordability shall be
25 fifty-five (55) years from and after the issuance of a Certificate of Occupancy for the last unit
26 for which rehabilitation is completed within the Project.

27 16. INSURANCE. Without limiting or diminishing BORROWER'S obligation
28 to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain or cause to

1 be maintained, at its sole cost and expense, the following insurance coverage's during the term
2 of this HOME Loan Agreement.

3 a. Worker's Compensation Insurance.

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

13 b. Commercial General Liability Insurance.

14 Commercial General Liability insurance coverage, including but
15 not limited to, premises liability, contractual liability, products
16 and completed operations liability, personal and advertising
17 injury, and cross liability coverage, covering claims which may
18 arise from or out of BORROWER'S performance of its
19 obligations hereunder. Policy shall name the County of Riverside,
20 its Agencies, Districts, Special Districts, and Departments, their
21 respective directors, officers, Board of Supervisors, employees,
22 **elected or appointed officials**, agents or representatives as
23 Additional Insured. Policy's limit of liability shall not be less
24 than \$1,000,000 per occurrence combined single limit. If such
25 insurance contains a general aggregate limit, it shall apply
26 separately to this agreement or be no less than two (2) times the
27 occurrence limit.

28 c. Vehicle Liability Insurance.

1 If vehicles or mobile equipment are used in the performance of
2 the obligations under this HOME Loan Agreement, then
3 BORROWER shall maintain liability insurance for all owned,
4 non-owned or hired vehicles so used in an amount not less than
5 \$1,000,000 per occurrence combined single limit. If such
6 insurance contains a general aggregate limit, it shall apply
7 separately to this agreement or be no less than two (2) times the
8 occurrence limit. Policy shall name the County of Riverside, its
9 Agencies, Districts, Special Districts, and Departments, their
10 respective directors, officers, Board of Supervisors, employees,
11 elected or appointed officials, agents or representatives as
12 Additional Insured or provide similar evidence of coverage
13 approved by COUNTY's Risk Manager.

14 d. General Insurance Provisions – All Lines.

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

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

1 carriers shall either: (a) reduce or eliminate such self-insured
2 retention as respects this Agreement with COUNTY, or (b)
3 procure a bond which guarantees payment of losses and related
4 investigations, claims administration, and defense costs and
5 expenses.

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

1 by the insurance carrier to do so on its behalf shall sign the
2 original endorsements for each policy and the Certificate of
3 Insurance.

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

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

21 6) BORROWER shall pass down the insurance obligations
22 contained herein to all tiers of subcontractors working under this
23 HOME Loan Agreement.

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

27 8) BORROWER agrees to notify COUNTY of any claim
28 by a third party or any incident or event that may give rise to a

1 claim arising from the performance of this HOME Loan
2 Agreement.

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

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

- 25 a. The HOME Program and its implementing regulations set forth in
26 the Final Rule, as it now exists and may hereafter be amended.
27 b. Section 92.350 Other Federal requirements and non
28 discrimination. As set forth in 24 CFR part 5, sub part A,

1 BORROWER is required to include the following requirements:
2 non discrimination and equal opportunity under Section 282 of
3 the Act; disclosure; debarred, suspended, or ineligible contractors;
4 and drug-free workplace.

5 c. Section 92.351 Affirmative marketing and minority outreach
6 program. BORROWER must adopt affirmative marketing
7 procedures and requirements. These must include:

- 8 (1) Methods for informing the public, owners, and potential
9 tenants about Federal fair housing laws and the affirmative
10 marketing policy (e.g., the use of the Equal Housing
11 Opportunity logotype or slogan in press releases and
12 solicitations for owners, and written communication to fair
13 housing and other groups).
- 14 (2) Requirements and practices that BORROWER must
15 adhere to in order to carry out the affirmative marketing
16 procedures and requirements (e.g., use of commercial
17 media, use of community contacts, use of the Equal
18 Housing Opportunity logotype or slogan, and display of
19 fair housing poster).
- 20 (3) Procedures to be used by BORROWER to inform and
21 solicit applications from persons in the housing market
22 area who are not likely to apply without special outreach
23 (e.g., use of community organizations, employment
24 centers, fair housing groups, or housing counseling
25 agencies).
- 26 (4) Records that will be kept describing actions taken by
27 BORROWER to affirmatively market units and records to
28 assess the results of these actions.

1 (5) A description of how BORROWER will annually assess
2 the success of affirmative marketing actions and what
3 corrective actions will be taken where affirmative
4 **marketing requirements are not met.**

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

21 (i) Placing qualified small and minority businesses
22 and women's business enterprises on solicitation
23 lists.

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

27 (iii) Dividing total requirements, when economically
28 feasible, into smaller tasks or quantities to permit

1 maximum participation by small and minority
2 business, and women's business enterprises.

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

7 (v) Using the services and assistance of the Small
8 Business Administration, and the Minority
9 Business Development Agency of the Department
10 of Commerce.

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

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

20 e. Section 92.353 Displacement, relocation, and acquisition. The
21 relocation requirements of Title II and the acquisition
22 requirements of Title III of the Uniform Relocation Assistance
23 and Real Property Acquisition Policies Act of 1970, and the
24 implementing regulations at 24 CFR Part 42. BORROWER must
25 ensure that it has taken all reasonable steps to minimize the
26 displacement of persons as a result of this project assisted with
27 HOME Funds.

28 f. Section 92.354 Labor. Every contract for the construction of

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

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

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

22 i. Section 504 of the Rehabilitation Act of 1973; Housing
23 accessibility requirement at 24 CFR Part 8, implementing Section
24 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
25 design and construction of multi-family dwellings as defined at 24
26 CFR 100.201 must comply with the requirements set forth in 24
27 CFR 100.205 implementing the Fair Housing Act. For new
28 construction of multi-family projects, 5 percent (5%) of the units

1 (but not less than one unit) must be accessible to individuals with
2 mobility impairments, and an additional 2 percent (2%) of the
3 units (but not less than one unit) must be accessible to individuals
4 with sensory impairments. Dwelling units designed and
5 constructed in accordance with the Uniform Federal Accessibility
6 Standards (UFAS) will be deemed to comply with the Section 504
7 regulation.

8 j. Model Energy Code published by the Council of American
9 Building Officials.

10 k. Section 3 of the Housing and Urban Development Act of 1968.
11 To the greatest extent feasible, opportunities for training and
12 employment arising from HOME funds will be provided to low-
13 income persons residing in the program service area. To the
14 greatest extent feasible, contracts for work to be performed in
15 connection with HOME funds will be awarded to business
16 concerns that are located in or owned by persons residing in the
17 program service area as outlined in the Riverside County EDA
18 Section 3 Contract Requirements attached hereto as **Exhibit "C"**.
19 Contracts funded from Section 3 covered funding sources must
20 abide by the Section 3 Clause prescribed at 24 CFR 135.38. All
21 contracts subject to the requirements of Section 3 must include the
22 Section 3 Clause verbatim that is contained at 24 CFR 135.38
23 attached hereto as **Exhibit "D"**, which is attached hereto and by
24 this reference incorporated herein.

25 l. Section 92.358 Consultant Activities. No person providing
26 consultant services in an employer-employee type relationship
27 shall receive more than a reasonable rate of compensation for
28 personal services paid with HOME funds.

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

5 (1) BORROWER does not assume COUNTY'S
6 environmental responsibilities described at 24 CFR Part
7 92.352; and

8 (2) BORROWER does not assume COUNTY's responsibility
9 for initiating the review process under the provisions of 24
10 CFR Part 92.352

11 n. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
12 and 85 "Common Rule", OMB Circular Nos. A-87 (for
13 government entities), A-122 (for non-profit organizations), and
14 the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
15 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities),
16 and the following §§84.2, 84.5, 84.13 through 84.16, 84.21,
17 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
18 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and
19 84.73 (for non-profit organizations).

20 o. BORROWER shall include written agreements that include all
21 provisions of **Section 18** if BORROWER provides HOME funds
22 to for-profit owners or developers, non-profit owners or
23 developers, sub-recipients, homeowners, homebuyers, tenants
24 receiving tenant-based rental assistance, or contractors.

25 p. BORROWER shall comply with all applicable local, state and
26 federal laws in addition to the above mentioned laws.

27 19. INCOME TARGETING REQUIREMENTS. BORROWER will set aside
28 eleven (11) units of the Project to be designated as "Floating" Low HOME rent units, as

1 defined under 24 CFR 92.252(j) (the "HOME-Assisted Units"). The eleven (11) HOME-
2 Assisted Units (2 – 2 Bedroom, 4 – 3 Bedroom, and 5 – 4 Bedroom) shall be limited to
3 households whose incomes do not exceed fifty percent (50%) of the median family income for
4 the County of Riverside, adjusted by family size at the time of occupancy. A minimum of
5 Five (5) units shall be limited to households whose incomes do not exceed thirty percent (30%)
6 of the median family income for the County of Riverside, adjusted by family size at the time
7 of occupancy.

8 20. RENT LIMITATIONS. BORROWER shall comply with the rent
9 limitations set forth under 24 CFR 92.252. COUNTY shall review and approve proposed rents
10 to the extent required under this section. BORROWER shall ensure that the HOME-Assisted
11 Units are rented to qualified applicants at the Low HOME rent levels, adjusted by family size
12 at the time of occupancy, published by HUD from time to time. Repayment of HOME funds
13 would be required for any unit that is not rented to **eligible tenants** within eighteen (18) months
14 of BORROWER receiving the Certificate of Occupancy.

15 a. Additional Rent Limitations: The current HUD published Low
16 HOME rent effective February 2012 is: 1 bedroom at \$628, 2
17 bedroom at \$753, and 3 bedroom at \$871, and 4 bedroom at \$972.
18 In order to calculate net rent to be charged, an applicable utility
19 allowance must be subtracted from the gross rents listed.

20 b. Initial rent schedule and utility allowance: The maximum monthly
21 allowances for utilities and services (excluding telephone) will not
22 exceed the utility allowance set by the Housing Authority of the
23 County of Riverside. COUNTY shall review and approve rents
24 proposed by BORROWER for HOME-Assisted Units subject to
25 the maximum rent limitations to ensure that the rents do not
26 exceed the maximum rent minus the monthly allowances for
27 utilities and services.

28 21. TENANT PROTECTIONS. BORROWER shall provide protection to the

1 tenants of the HOME-Assisted Units in accordance to the requirements set forth at 24 CFR
2 92.253 and described as follows:

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

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

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

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

25 (3) Excusing BORROWER from responsibility. Agreement
26 by the tenant not to hold BORROWER or BORROWER's
27 agents legally responsible for any action or failure to act,
28 whether intentional or negligent.

1 (4) Waiver of notice. Agreement of the tenant that
2 BORROWER may institute a lawsuit without notice to the
3 tenant.

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

9 (6) Waiver of a jury trial. Agreement by the tenant to waive
10 any right to a trial by jury.

11 (7) Waiver of right to appeal court decision. Agreement by the
12 tenant to waive the tenant's right to appeal, or to otherwise
13 challenge in court, a court decision in connection with the
14 lease.

15 (8) Tenant chargeable with cost of legal actions regardless of
16 outcome. Agreement by the tenant to pay attorneys' fees
17 or other legal costs even if the tenant wins in a court
18 proceeding by BORROWER against the tenant. The
19 tenant, however, may be obligated to pay costs if the
20 tenant loses.

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

24 23. REPAYMENT INCOME. COUNTY must record the receipt and
25 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
26 92.503.

27 24. SALE OR TRANSFER OF THE PROJECT.

28 a) BORROWER hereby covenants and agrees not to sell, transfer or

1 otherwise dispose of the Project or any portion thereof, without obtaining the prior written
2 consent of COUNTY, which consent shall be conditioned solely upon receipt by COUNTY of
3 reasonable evidence satisfactory to COUNTY that transferee has assumed in writing and in
4 full, and is reasonably capable of performing and complying with BORROWER's duties and
5 obligations under this HOME Loan Agreement and where upon BORROWER shall be
6 released of all obligations hereunder which accrue from and after the date of such sale.

7 b) Upon prior written approval by COUNTY, BORROWER may transfer
8 the Project and/or accomplish any of the following: (i) the admission of limited partners to
9 BORROWER's limited partnership, or similar mechanism, and the purchase of any such
10 limited partnership interest or interests by BORROWER's general partner; (ii) the replacement
11 of BORROWER's general partner or similar mechanism, by an affiliate of the general partner;
12 (iii) the removal for cause of any general partner by a limited partner of BORROWER's
13 partnership, and the replacement thereof; (iv) the lease for occupancy of all or any of the Units;
14 (v) the granting of easements or permits to facilitate the development of the Property in
15 accordance with this HOME Loan Agreement; and (vi) the withdrawal, removal and/or
16 replacement of any limited partner of BORROWER.

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

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

28 26. NONDISCRIMINATION. BORROWER shall abide by 24 CFR 570.602

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

10 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 11 a. BORROWER and its assigns, employees, agents, consultants,
12 officers and elected and appointed officials shall become familiar
13 with and shall comply with the conflict of interest provisions in
14 OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR
15 92.356 and Policy Manual #A-11, attached hereto as **Exhibit "E"**
16 and by this reference incorporated herein.
- 17 b. BORROWER understands and agrees that no waiver or exception
18 can be granted to the prohibition against conflict of interest except
19 upon written approval of HUD pursuant to 24 CFR 92.356(d).
20 Any request by BORROWER for an exception shall first be
21 reviewed by COUNTY to determine whether such request is
22 appropriate for submission to HUD. In determining whether such
23 request is appropriate for submission to HUD, COUNTY will
24 consider the factors listed in 24 CFR 92.356(e).
- 25 c. Prior to any funding under this HOME Loan Agreement,
26 BORROWER shall provide COUNTY with a list of all
27 employees, agents, consultants, officers and elected and appointed
28 officials who are in a position to participate in a decision-making

1 process, exercise any functions or responsibilities, or gain inside
2 information with respect to the HOME activities funded under
3 this HOME Loan Agreement. BORROWER shall also promptly
4 disclose to COUNTY any potential conflict, including even the
5 appearance of conflict that may arise with respect to the HOME
6 activities funded under this HOME Loan Agreement.

7 d. Any violation of this section shall be deemed a material breach of
8 this HOME Loan Agreement, and the HOME Loan Agreement
9 shall be immediately terminated by COUNTY.

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

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

1 basis on or before March 31 and September 30. BORROWER shall maintain financial,
2 programmatic, statistical and other supporting records of its operations and financial activities
3 in accordance with the requirements of the HOME Program under 24 CFR 92.508, including
4 the submission of Tenant Checklist Form. Except as otherwise provided for in this HOME
5 Loan Agreement, BORROWER shall maintain and submit records to COUNTY within ten
6 business days of COUNTY's request which clearly documents BORROWER's performance
7 under each requirement of the HOME Program. A list of document submissions and timeline
8 are shown in **Exhibit "A"** and such list may be amended from time to time subject to HUD
9 and COUNTY reporting requirements.

10 30. MONITORING FEE. BORROWER shall be responsible for paying an
11 annual Compliance Monitoring fee to the COUNTY in the amount not to exceed \$5,000. The
12 first payment is due twenty-four (24) months from the issuance of the last Certificate of
13 Occupancy for the Project an annually thereafter. This amount is to be adjusted, not to exceed
14 the CPI, every year.

15 31. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right to
16 visit the Project site at all reasonable times, and upon completion of the Project upon
17 reasonable written notice to BORROWER, to review the operation of the Project in accordance
18 with this HOME Loan Agreement.

19 32. EVENTS OF DEFAULT. The occurrence of any of the following events
20 shall constitute an "Event of Default" under this HOME Loan Agreement:

- 21 a. Monetary Default. (1) BORROWER's failure to pay when due
22 any sums payable under the HOME Note or any advances made
23 by COUNTY under this HOME Loan Agreement; (2)
24 BORROWER's or any agent of BORROWER's use of HOME
25 funds for costs other than costs or for uses inconsistent with terms
26 and restrictions set forth in this HOME Loan Agreement; (3)
27 BORROWER's or any agent of BORROWER's failure to make
28 any other payment of any assessment or tax due under this HOME

1 Loan Agreement;

2 b. Non-Monetary Default - Operation. (1) Discrimination by
3 BORROWER or BORROWER's agent on the basis of
4 characteristics prohibited by this HOME Loan Agreement or
5 applicable law; (2) the imposition of any encumbrances or liens
6 on the Project without COUNTY's prior written approval that are
7 prohibited under this HOME Loan Agreement or that have the
8 effect of reducing the priority or invalidating the HOME Deed of
9 Trust; (3) BORROWER's failure to obtain and maintain the
10 insurance coverage required under this HOME Loan Agreement;
11 (4) any material default under this HOME Loan Agreement;

12 c. General Performance of Loan Obligations. Any substantial or
13 continuous or repeated breach by BORROWER or
14 BORROWER's agents of any material obligations on
15 BORROWER imposed in the HOME Loan Agreement;

16 d. General Performance of Other Obligations. Any substantial or
17 continuous or repeated breach by BORROWER or
18 BORROWER's agents of any material obligations on the Project
19 imposed by any other agreement with respect to the financing,
20 development, or operation of the Project; whether or not
21 COUNTY is a party to such agreement; but only following any
22 applicable notice and cure periods with respect to any such
23 obligation;

24 e. Representations and Warranties. A determination by COUNTY
25 that any of BORROWER's representations or warranties made in
26 this HOME Loan Agreement, any statements made to COUNTY
27 by BORROWER, or any certificates, documents, or schedules
28 supplied to COUNTY by BORROWER were untrue in any

1 material respect when made, or that BORROWER concealed or
2 failed to disclose a material fact from COUNTY.

3 f. Damage to Project. In the event that the Project is materially
4 damaged or destroyed by fire or other casualty, and BORROWER
5 receives an award or insurance proceeds sufficient for the repair
6 or reconstruction of the Project, and BORROWER does not use
7 such award or proceeds to repair or reconstruct the Project.

8 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or any
9 general partner of BORROWER's (1) filing for bankruptcy,
10 dissolution, or reorganization, or failure to obtain a full dismissal
11 of any such involuntary filing brought by another party before the
12 earlier of final relief or sixty (60) days after such filing; (2)
13 making a general assignment for the benefit of creditors; (3)
14 applying for the appointment of a receiver, trustee, custodian, or
15 liquidator, or failure to obtain a full dismissal of any such
16 involuntary application brought by another party before the earlier
17 of final relief or seventy-five (75) days after such filing; (4)
18 insolvency; or (5) failure, inability or admission in writing of its
19 inability to pay its debts as they become due.

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

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

- 7 a. Terminate this HOME Loan Agreement, in which event the entire
8 amount as well as any other monies advanced to BORROWER by
9 COUNTY under this HOME Loan Agreement including
10 administrative costs, shall immediately become due and payable
11 at the option of COUNTY.
- 12 b. Bring an action in equitable relief (1) seeking the specific
13 performance by BORROWER of the terms and conditions of this
14 HOME Loan Agreement, and/or (2) enjoining, abating, or
15 preventing any violation of said terms and conditions, and/or (3)
16 seeking declaratory relief.
- 17 c. Accelerate the HOME Loan, and demand immediate full payment
18 of the principal payment outstanding and all accrued interest under
19 the HOME Note, as well as any other monies advanced to
20 BORROWER by COUNTY under this HOME Loan Agreement.
- 21 d. Enter the Project and take any remedial actions necessary in its
22 judgment with respect to hazardous materials that COUNTY
23 deems necessary to comply with hazardous materials laws or to
24 render the Project suitable for occupancy.
- 25 e. Enter upon, take possession of, and manage the Project, either in
26 person, by agent, or by a receiver appointed by a court, and collect
27 rents and other amounts specified in the assignment of rents in the
28 Deed of Trust and apply them to operate the Project or to pay off

1 the HOME Loan or any advances made under this HOME Loan
2 Agreement, as provided for by the HOME Deed of Trust.

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

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

6 a. Demand payment from COUNTY of any sums due BORROWER;
7 and/or

8 b. Bring an action in equitable relief seeking the specific performance
9 by COUNTY of the terms and conditions of this HOME Loan
10 Agreement; and/or

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

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

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

25 a. No federally appropriated funds have been paid or will be paid, by
26 or on behalf of the undersigned, to any person for influencing or
27 attempting to influence an officer or employee of any agency, a
28 member of Congress, an officer or employee of Congress, or an

1 employee of a member of Congress in connection with the
2 awarding of any federal contract, the making of any federal grant,
3 the making of any federal loan, the entering into of any cooperative
4 agreement, and the extension, continuation, review, amendment, or
5 modification of any federal contract, grant, loan, or cooperative
6 agreement.

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

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

22 38. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
23 indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts
24 and Departments, their respective directors, officers, **Board of Supervisors**, elected and
25 appointed officials, employees, agents and representatives from any liability whatsoever, based
26 or asserted upon any services of BORROWER, its officers, employees, subcontractors, agents
27 or representatives arising out of their performance under this Agreement, including but not
28 limited to property damage, bodily injury, or death or any other element of any kind or nature

1 whatsoever arising from the performance of BORROWER, its officers, agents, employees,
2 subcontractors, agents or representatives under this Agreement. BORROWER shall defend, at
3 its sole expense, all costs and fees including, but not limited, to attorney fees, cost of
4 investigation, defense and settlements or awards, the County of Riverside, its Agencies,
5 Districts, Special Districts and Departments, their respective directors, officers, Board of
6 Supervisors, elected and appointed officials, employees, agents and representatives in any claim
7 or action based upon such alleged acts or omissions.

8 With respect to any action or claim subject to indemnification herein by BORROWER,
9 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
10 have the right to adjust, settle, or compromise any such action or claim without the prior consent
11 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no
12 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
13 forth herein.

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

17 The specified insurance limits required in this HOME Loan Agreement shall in no way
18 limit or circumscribe BORROWER's obligations to indemnify and hold harmless COUNTY
19 herein from third party claims.

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

23 39. TERMINATION.

- 24 a. BORROWER. BORROWER may terminate this HOME Loan
25 Agreement consistent with the Act, the regulations consistent
26 implementing the Act, and 24 CFR 85.44. In addition,
27 BORROWER may terminate this HOME Loan Agreement in
28 accordance with **Section 51, Section 52, and Section 53** of this

1 Agreement.

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

6 (1) In the event BORROWER fails to perform the covenants
7 herein contained at such times and in such manner as
8 provided in this HOME Loan Agreement after the
9 applicable notice and cure provision hereof; or

10 (2) In the event there is a conflict with any federal, state or
11 local law, ordinance, regulation or rule rendering any
12 material provision, in the judgment of COUNTY of this
13 HOME Loan Agreement invalid or untenable; or

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

16 c. This HOME Loan Agreement may be terminated or funding
17 suspended in whole or in part for cause in accordance with 24 CFR
18 85.43. Cause shall be based on the failure of BORROWER to
19 materially comply with either the terms or conditions of this
20 HOME Loan Agreement after the expiration of all applicable
21 notice and cure provisions hereof. Upon suspension of funding,
22 BORROWER agrees not to incur any costs related thereto, or
23 connected with, any area of conflict from which COUNTY has
24 determined that suspension of funds is necessary. The award may
25 be terminated for convenience in accordance with 24 CFR 85.44.

26 d. Upon expiration of this HOME Loan Agreement, BORROWER
27 shall transfer to COUNTY any unexpended HOME funds in its
28 possession at the time of expiration of the HOME Loan Agreement

1 as well as any accounts receivable held by BORROWER which are
2 attributable to the use of HOME funds awarded pursuant to this
3 HOME Loan Agreement.

4 40. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
5 hereby declare their express intent that the restrictions set forth in this HOME Loan Agreement
6 shall be affordable for a period of fifty-five (55) years from the issuance of a Certificate of
7 Occupancy for the last unit for which rehabilitation is completed within the Project, and shall
8 bind all successors in title to the Property until the expiration of this HOME Loan Agreement.
9 Each and every contract, deed or other instrument hereafter executed covering and conveying
10 the Property or any portion thereof shall be held conclusively to have been executed, delivered
11 and accepted subject to such restrictions, regardless whether such restrictions are set forth in
12 such contract, deed or other instrument.

13 41. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
14 lien is filed against the Project or a stop notice affecting the HOME Loan is served on
15 COUNTY, BORROWER must, within twenty (20) days of such filing or service, either pay
16 and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by
17 delivering to COUNTY a surety bond in sufficient form and amount, or provide COUNTY
18 with other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be
19 paid or discharged.

20 42. ENTIRE AGREEMENT. It is expressly agreed that this HOME Loan
21 Agreement embodies the entire agreement of the parties in relation to the subject matter hereof,
22 and that no other agreement or understanding, verbal or otherwise, relative to this subject
23 matter, exists between the parties at the time of execution.

24 43. AUTHORITY TO EXECUTE. The persons executing this HOME Loan
25 Agreement or exhibits attached hereto on behalf of the parties to this HOME Loan Agreement
26 hereby warrant and represent that they have the authority to execute this HOME Loan
27 Agreement and warrant and represent that they have the authority to bind the respective parties
28 to this HOME Loan Agreement to the performance of its obligations hereunder.

1 44. WAIVER. Failure by a party to insist upon the strict performance of any
2 of the provisions of this HOME Loan Agreement by the other party, or the failure by a party to
3 exercise its rights upon the default of the other party, shall not constitute a waiver of such
4 party's rights to insist and demand strict compliance by the other party with the terms of this
5 HOME Loan Agreement thereafter.

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

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

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

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

26 49. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
27 consider it in its best interest to change, modify or extend a term or condition of this HOME
28 Loan Agreement. Any such change, extension or modification, which is mutually agreed upon

1 by COUNTY and BORROWER shall be incorporated in written amendments to this HOME
2 Loan Agreement. Such amendments shall not invalidate this HOME Loan Agreement, nor
3 relieve or release COUNTY or BORROWER from any obligations under this HOME Loan
4 Agreement, except for those parts thereby amended. No amendment to this HOME Loan
5 Agreement shall be effective and binding upon the parties, unless it expressly makes reference
6 to this HOME Loan Agreement, is in writing and is signed and acknowledged by duly
7 authorized representatives of all parties.

8 50. ASSIGNMENT. Except as otherwise permitted hereunder, BORROWER
9 will not make any sale, assignment, conveyance, or lease of any trust or power, or transfer in
10 any other form with respect to this HOME Loan Agreement or the Project, without prior
11 written approval of COUNTY. Any proposed transferee shall have the qualifications and
12 financial responsibility, as reasonably determined by COUNTY necessary and adequate to
13 fulfill the obligations undertaken in this Agreement by BORROWER. Any proposed
14 transferee shall, by instrument in writing, for itself and its successor and assigns, and expressly
15 for the benefit of COUNTY, assume all of the obligations of BORROWER under this HOME
16 Loan Agreement and agree to be subject to all the conditions and restrictions to which
17 BORROWER is subject.

18 51. CONDITIONAL HOME COMMITMENT. As defined under 24 CFR
19 92.2, COUNTY can reasonably expect for BORROWER to start construction within twelve
20 (12) months of the execution of this HOME Loan Agreement. Notwithstanding
21 all other sections in this HOME Loan Agreement, BORROWER must provide
22 COUNTY with letter confirmation of the **federal/state tax credit award from**
23 **the CTCAC by July 31, 2013** (the "CTCAC Deadline"). COUNTY's HOME
24 commitment is expressly contingent upon the Project receiving federal/state tax credit on or
25 before the CTCAC Deadline. If BORROWER cannot provide COUNTY with letter
26 confirmation of the federal/state tax credit award from CTCAC by the CTCAC Deadline, then
27 COUNTY and BORROWER mutually agree that this HOME Loan Agreement will self-
28 terminate and any HOME Loan funds drawn to date shall be returned within thirty (30)



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



11 54. NONRECOURSE OBLIGATION. BORROWER and its partners,
12 officers, directors, employees, and agents shall not have any direct or indirect personal liability
13 for payment of the principal of, or interest on, the HOME Loan or the performance of
14 BORROWER's obligations under the HOME documents. The sole recourse of COUNTY with
15 respect to payment of the principal of, or interest on, the HOME Loan, shall be to the Project.
16 No money judgment (or execution on a money judgment) entered in any action (whether legal
17 or equitable) on the HOME documents shall be enforced personally against BORROWER or
18 its partners, officers, directors, employees, and agents, but shall be enforced only against the
19 Project and such other property as may from time to time be hypothecated in connection with
20 BORROWER's obligations under the HOME documents. This nonrecourse provision does not
21 limit or impair the enforcement against all such security for the HOME Loan of all the rights
22 and remedies of COUNTY, nor does it impair the right of COUNTY to assert the unpaid
23 principal amount of the HOME Loan as a demand for money within the meaning of California
24 Code of Civil Procedure Section 431.70 or any successor provision. In addition, this
25 nonrecourse provision does not relieve BORROWER of personal liability for damage to or loss
26 suffered by COUNTY as a result of any of the following: (i) fraud or willful misrepresentation;
27 (ii) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or
28 other charges that could create statutory liens on the Project and that are payable or applicable

1 calendar days. Upon such termination, this HOME Loan Agreement shall be null and void.
2 COUNTY and BORROWER shall be released and discharged respectively from its obligations
3 under this HOME Loan Agreement.

4 52. PROJECT FINANCING CONTINGENCY. This HOME Loan Agreement
5 is expressly conditioned upon BORROWER's receipt, on or prior to **September**
6 **30, 2013** of (i) such binding loan commitments for new loans as may be
7 required by BORROWER, on terms and conditions acceptable to
8 BORROWER, in its sole discretion, including, without limitation, (a) any conventional
9 construction and/or permanent financing, including without limitation, a construction and
10 permanent loan from an institutional construction lender (the "Senior Lien Holder"), and (c) a
11 binding reservation of federal low income housing tax credits pursuant to Section 42 of the
12 Internal Revenue Code of 1986, as amended (collectively, the "Project Financing") on or
13 before the CTCAC Deadline. Either COUNTY or BORROWER may elect to terminate this
14 HOME Loan Agreement with ten (10) days written notice to the other party if BORROWER
15 fails to acquire the project financing as required by this **Section 52**. Furthermore, this HOME
16 Loan Agreement shall be self-terminating if BORROWER does not receive the binding
17 reservation of federal low income housing tax credits by the CTCAC Deadline. Upon such
18 termination, this HOME Loan Agreement shall be null and void, and:



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

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

26 53. COMPLETION CONDITION. In conformance with the *Consolidated*
27 *and Further Continuing Appropriations Act of 2012* (P.L. 112-55) and CPD Notice 12-007 the
28 Project must be completed and have received a Certificate of Occupancy within four (4) years

1 prior to any foreclosure under the HOME Deed of Trust; (iii) the fair market value of any
2 personal property or fixtures removed or disposed of by BORROWER other than in
3 accordance with the HOME Deed of Trust; (iv) the misapplication of any proceeds under any
4 insurance policies or awards resulting from condemnation or the exercise of the power of
5 eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to
6 the extent of the misapplied proceeds or awards); and (v) any rental income or other income
7 arising with respect to the Project received by BORROWER after COUNTY has properly
8 exercised its rights under the HOME Deed of Trust to receive such income upon an Event of
9 Default (as defined under the HOME Deed of Trust).

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

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

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

<p>25 <u>COUNTY</u></p> <p>26 Assistant Director, Housing</p> <p>27 Riverside County</p> <p>28 Economic Development Agency</p> <p> 3403 Tenth Street, Suite 500</p>	<p> <u>BORROWER</u></p> <p> Executive Director</p> <p> Coachella Valley Housing Coalition</p> <p> Plaza I, 45-701 Monroe Street, Suite G</p> <p> Indio, CA 92201</p>
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1 58. COUNTERPARTS. This HOME Loan Agreement may be signed by the
2 different parties hereto in counterparts, each of which shall be an original but all of which
3 together shall constitute one and the same agreement.

4 59. EFFECTIVE DATE. The effective date of this HOME Loan Agreement
5 is the date the parties execute the Agreement. If the parties execute the HOME Loan
6 Agreement on more than one date, then the last date the HOME Loan Agreement is executed
7 by a party shall be the effective date.

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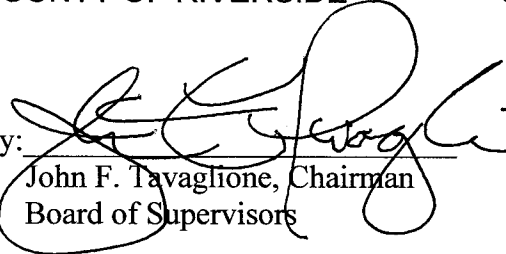
1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this HOME Loan
2 Agreement as of the date first above written.

3
4 COUNTY:

BORROWER:

5 COUNTY OF RIVERSIDE

Coachella Valley Housing Coalition,
a California nonprofit public benefit corporation,

6
7 By: 
8 John F. Tavaglione, Chairman
9 Board of Supervisors

By: 
John Mealey, Executive Director

10
11 APPROVED AS TO FORM:
12 PAMELA J. WALLS, County Counsel

13
14 By: 
15 Annie Sahhar, Deputy County Counsel

16
17 ATTEST:
18 KECIA HARPER-IHEM
19 Clerk of the Board

20
21 By: 
22 Deputy

23
24
25 (Signatures on this page need to be notarized)
26
27
28

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

§

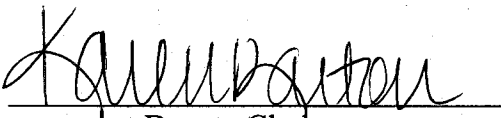
On July 17, 2012, before me, Karen Barton, Board Assistant, personally appeared John Tavaglione, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the penalty of perjury under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:


Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On June 18, 2012, before me, Mary Ann Ybarra, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared John F. Mealey
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.



Signature Mary Ann Ybarra
Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT "A"

BORROWER: Coachella Valley Housing Coalition

Address: Plaza I, 45-701 Monroe Street, Suite G
Indio, CA 92201

Project Title: Pueblo Nuevo Apartments

Location: 1492 Orchard Avenue, Coachella, CA 92236. The site is identified as Assessor
Parcel Map No. 778-120-002.

Description:

BORROWER is proposing to use up to \$500,000 in HOME funds for the rehabilitation of a 50-unit farmworker multi-family affordable housing complex (the "Project") owned and developed by the BORROWER in 1986, also known as the Pueblo Nuevo Apartments. No new construction or expansion of the existing complex is proposed as part of this project. There will be no changes in use and unit density. The apartment complex includes a leasing office, laundry facility, open play areas, and a community center.

A total of eleven units shall be designated as floating HOME assisted units. Eleven units (11) (2 – 2 Bedroom, 4 – 3 Bedroom, and 5 – 4 Bedroom) shall be limited to households whose incomes do not exceed fifty percent (50%) of Riverside County median family income. A minimum of Five (5) units shall be limited to households whose incomes do not exceed thirty percent (30%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME units shall be restricted for a period of at least fifty five (55) years from and after the issuance of a Certificate of Occupancy for the last unit for which rehabilitation is completed within the Project.

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

Scope of Development:

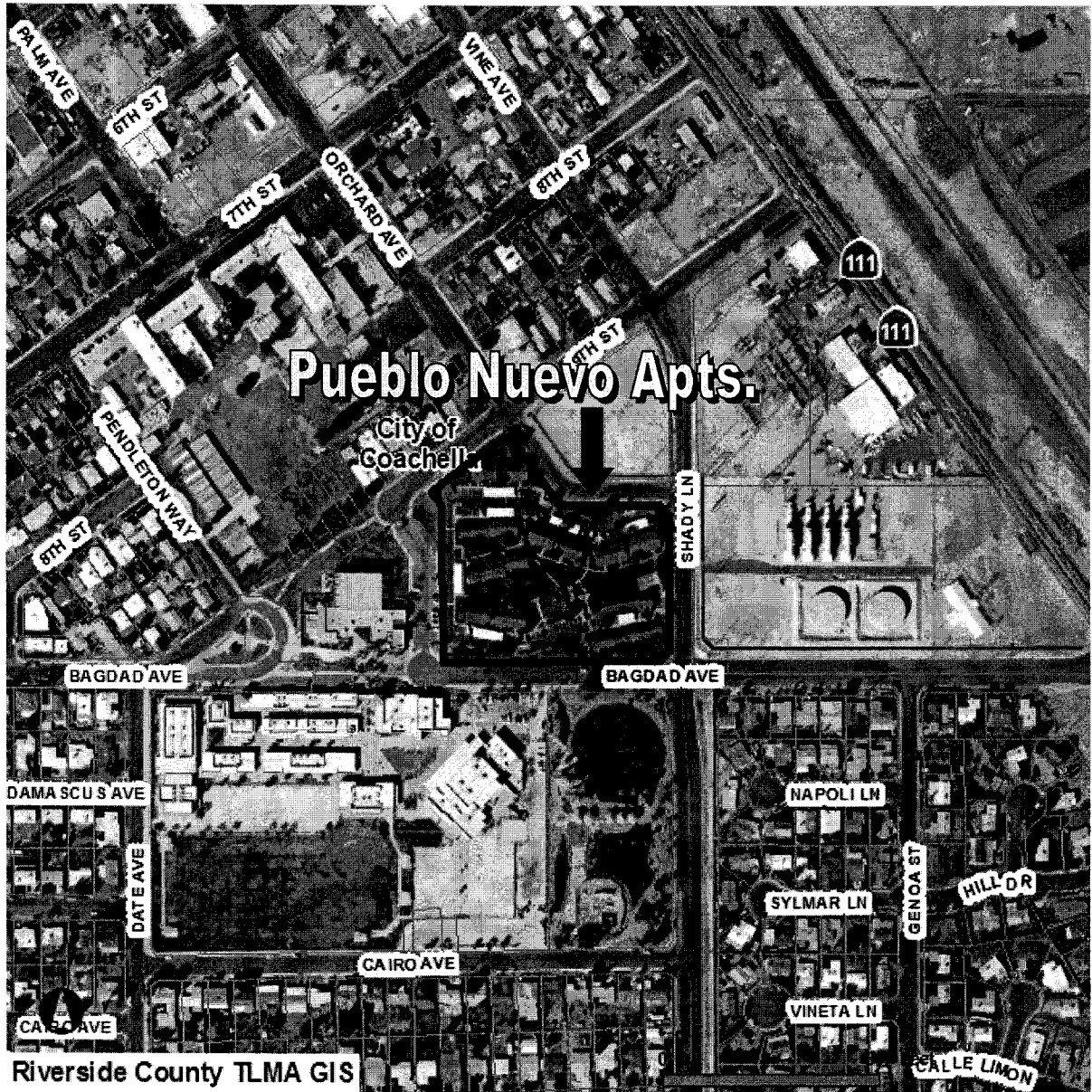
The project is in need of major renovations and the BORROWER is proposing to do major capital improvements that include installing new double-pane low-E windows, blinds, air conditioning and heating systems, water heaters, kitchen cabinets and counter tops, new paint, flooring, roofing, light fixtures, plumbing fixtures, and solar tubes. All the units will be equipped with energy star rated appliances to include refrigerators and stoves/ovens. BORROWER is also proposing to repair existing asphalt and concrete and install new carports.

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1 OF PARCEL MAP NO. 19436, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP ON FILE IN BOOK 128, PAGE 59, OF PARCEL MAPS, RIVERSIDE COUNTY RECORDS.

APN: 778-120-002

APN: 778-120-002



Project Permanent Sources and Uses of Fund:

Sources:

USDA-RDA 514	\$ 136,940
USDA-RD RRH Loan	\$ 199,151
Affordable Housing Program	\$ 300,000
Owner Equity	\$ 1,868,971
Deferred Developer Fee	\$ 43,412
County HOME Loan	<u>\$ 500,000</u>
Total Sources	\$ 5,852,263

Uses:

New construction (includes site work, common area bldgs. and structures)	\$1,900,000
Contractor's Overhead & Profit & Gen'l Req.	\$95,000
General Liability Insurance	\$100,000
Permanent Financing costs	\$
Construction Contingency (Hard and Soft)	\$399,903
Architectural & Engineering Cost	\$20,000
Construction Interest & Fees	\$0
Reserves	\$430,062
Land Development Impact and Permit Processing Fees	\$
Other Fees, Marketing & Furnishings	\$145,000
TCAC Fees	\$33,412
Legal Fees	\$60,000
Relocation Expenses	\$100,000
Developer's Fee	\$543,886
Land & Acquisition Cost	<u>\$2,025,000</u>
Total Uses	\$ 5,852,263

The BORROWER will obtain a reservation of Federal/State tax credit award from the California Tax Credit Allocation Committee.

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$500,000) are required. The HOME match in the amount of \$125,000 will be satisfied from the below-market interest loan from AHP.

BORROWER shall submit to COUNTY copies of the final funding commitment, copies of all executed agreements, final Certified Public Accountant's construction cost certification, and proof that the funds were disbursed for this project.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. CTCAC Award	September 2012
2. Letter Confirmation of CTCAC award due to County	September 2012
3. AHP Funding	March 2013
4. Permanent Financing Commitment	December 1, 2012
5. Building Permit	February 2013
6. Begin Construction	February 2013
7. Project Financing Contingency (Section 52)	February 2013
8. Marketing & Affirmative Action	September 2013
9. Lease Agreement, Proposed Rents, and Utilities	September 2013
10. Final City Inspection	November 2013
11. Occupancy of HOME units	December 2013
12. Submission of income & ethnic characteristics report	December 2013
13. Submission of Final actual project costs and Sources and Uses of Funds	February 2014

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 15 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for RCGPLP and General Contractor (GC)	BORROWER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– Sept 30th & March 31st
4. Section 504 Architect Certification	Beginning of Construction – initial letter End of Construction – final letter
5. HOME Match Contribution	Beginning of Construction
6. Project Site Photos	Bimonthly, due by the 15 th of each month
7. Notice of Completion	End of Construction
8. Certificate of Occupancy	End of Construction
9. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
10. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
11. Project Completion Report	Close of Project
12. Final Development Cost - Sources and Uses	Close of Project
13. Final Cost Certification by CPA	Close of Project and Audits Completed
14. Final 15/30 Year Cash Flow Projection	Close of Project
15. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
16. Management Plan	Marketing Stage
17. Tenant Selection Policy	Marketing Stage
18. Copy of Lease Agreement	Marketing Stage
19. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
20. Project Operating Budget	Annual submission
21. Audited Yearly Income Expense Report for the Project	Annual submission

EXHIBIT "B-1"

EXEMPT RECORDING FEE CODE 6103
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County
Economic Development Agency
3403 Tenth Street, Suite 500
Riverside, CA 92501
ATTN: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

This DEED OF TRUST is made on this _____ day of _____, 2012. The trustor is and Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("OWNER" or "BORROWER"), and whose address is 45-701 Monroe Street, Suite G, Indio, CA 92201. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), a political subdivision of the State of California, and whose address is 3403 Tenth Street, Suite 500, Riverside, CA 92501. Pursuant to the terms of the HOME Loan Agreement, dated _____, Borrower owes Lender the principal sum of Five Hundred Thousand and No/100 Dollars (U.S. \$500,000.00) (the "HOME Loan"). This debt is evidenced by Borrower's Note dated _____ ("Note"). Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan Agreement.

The Borrower and its partners, officers, directors, employees, and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the HOME Loan or the performance of the Borrower's obligations under the HOME documents. The sole recourse of COUNTY with respect to payment of the principal of, or interest on, the HOME Loan, shall be to the Project. No money judgment (or execution on a money judgment) entered in any action (whether legal or equitable) on the HOME documents shall be enforced personally against the Borrower or its partners, officers, directors, employees, and agents, but shall be enforced only against the Project and such other property as may from time to time be hypothecated in connection with the Borrower's obligations under the HOME documents. This non-recourse provision does not limit or impair the enforcement against all such security for the HOME Loan of all the rights and remedies of COUNTY, nor does it impair the right of COUNTY to assert the unpaid principal amount of the HOME Loan as a demand for money within the meaning of California Code of Civil Procedure Section 431.70 or any successor provision. In addition, this non-recourse provision does not relieve the Borrower of personal liability for damage to or loss suffered by COUNTY as a result of any of the following (i) fraud or willful misrepresentation; (ii) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the HOME Deed of Trust; (iii) the fair market value of any personal property of fixtures removed or disposed of by the Borrower other than in accordance with the HOME Deed of Trust; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to the extent of the misapplied proceeds or awards); and (v) any rental income or other income arising with respect to the Project received by the Borrower after COUNTY has properly

exercised its rights under the HOME Deed of Trust to receive such income upon an Event of Default (as defined under the HOME Deed of Trust).

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program").

Pursuant to the HOME Loan Agreement, the term of the HOME Loan shall be fifty-five (55) years from the issuance a Certificate of Occupancy for the last unit for which rehabilitation is completed within the Project.

This Deed of Trust secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under **Section 8** to protect the security of this Deed of Trust; and (c) the performance of Borrower's covenants and agreements under this Deed of Trust and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of the holder of the First Deed of Trust (the "Senior Lien Holder"), all of Borrower's right, title and interest in and to the property located in Riverside County, California. The legal description of the property is further described in **Exhibit "B-1"** attached hereto;

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Deed of Trust. All of the foregoing is referred to in this Deed of Trust as the "Property."

BORROWER COVENANTS that the Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property and, except for the Deed of Trust in favor of the Senior Lien Holder ("First Deed of Trust"), and other encumbrances of record acceptable to the Senior Lien Holder, the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS DEED OF TRUST combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest; Prepayment and Late Charges. Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges due under the Note.

2. Taxes and Insurance. Borrower shall pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.

a. Should Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

3. Application of Payments. Unless applicable law provides otherwise, all payments received by Lender under **Sections 1 and 2** shall be applied: first, to amounts payable under **Section 2**; second, to interest due; third, to principal due; and last, to any late charges due under the Note.

4. Prior Deeds of Trust; Charge; Liens. The Borrower shall perform all of the Borrower's obligations under the First Deed of Trust, including Borrower's covenants to make payments when due. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods. Borrower shall pay these obligations in the manner provided in **Section 2**, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

a. Except for the liens permitted by the Lender, Borrower shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Deed of Trust. Except for the liens approved herein,, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.

5. Subordination. This Deed of Trust shall be recorded in the third position behind two permanent loans from the U.S Department of Agriculture. COUNTY hereby agrees to execute any and all documents necessary to effectuate such subordination. Borrower shall request Lender approval of any additional subordination and Lender consent shall not be unreasonably withheld.

6. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HOME Loan Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If

Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with **Section 8**.

a. All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the First Deed of Trust. All original policies of insurance required pursuant to the **First Deed of Trust shall be held** by the Senior Lien Holder; provided, however, Lender may be named as a **loss payee as its interest** may appear and may be named as an additional insured. Borrower shall promptly give to Lender certificates of insurance showing the coverage is in full force and effect and that COUNTY is named as additional insured. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holder and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holder or the Borrower.

b. Unless Lender and Borrower otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Borrower determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Borrower determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

c. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 23** the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

d. Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holder to collect and apply such proceeds in accordance with the **Senior Deeds of Trust**.

7. Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Lender's security interest. Borrower may cure such a default and reinstate, as provided in **Section 19**, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Deed of Trust or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Borrower's use of Property for

affordable housing. If this Deed of Trust is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

a. The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of the HOME Program. The use and occupancy restrictions may limit the Borrower's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Lender to the remedies provided in **Section 23** hereof.

8. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Deed of Trust (including sums secured by the First Deed of Trust), appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Lender may take action under this **Section 8**, Lender does not have to do so.

a. Any amounts disbursed by Lender under this **Section 8** shall become additional debt of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

b. Prior to taking any actions under this **Section 8**, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in **Section 23** of this Deed of Trust, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Deed of Trust. All amounts advanced by the Senior Lien Holder to cure a default hereunder shall be deemed advanced by the Senior Lien Holder and shall be secured by the Deed of Trust held by such Senior Lien Holder. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days' prior written notice. Any action by Lender hereunder to foreclose or accept a deed in lieu of foreclosure shall be subject to the "due on sale" provisions of the First Deed of Trust.

9. Not used

10. Inspection. Lender or its agent may make reasonable entries upon and inspections of the Property. Lender shall give Borrower at least forty-eight (48) hours to an inspection specifying reasonable cause for the inspection.

11. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender, subject to the terms of the Senior Deeds of Trust.

a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Lender's lien is not impaired, any condemnation proceeds may be used by Borrower for repair and/or restoration of the project.

b. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemner offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

c. Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in Sections 1 and 2 or change the amount of such payments.

12. Borrower Not Released; Forbearance By Lender Not a Waiver. Except in connection with any successor in interest approved by Lender, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

13. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of Section 18. Borrower's covenants and agreements shall be joint and several.

14. Loan Charges. If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be promptly refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a

refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

15. Notices. Any notice to Borrower provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Borrower's mailing address stated herein or any other address Borrower designates by notice to Lender. All such notices to Borrower shall also be provided to the investment limited partner. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice required to be given to the Senior Lien Holder shall be given by first class mail to such other address the Senior Lien Holder designates by notice to the Borrower. Any notice provided for in this Deed of Trust shall be deemed to have been given to Borrower or Lender when given as provided in this Section.

16. Governing Law; Severability. This Deed of Trust shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable.

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

18. Transfer of the Property or a Beneficial Interest in Borrower. Except for a conveyance to the trustee under the First Deed of Trust or the Second Deed of Trust or this Deed of Trust or as otherwise allowed under the HOME Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of the HOME Program) Lender may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Lender's approval of a transfer of a limited partnership interest in the Borrower or of a conveyance of an easement interest in the Property for utility purposes.

a. If Lender exercises this Option, Lender shall give Borrower and the Senior Lien Holder prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Deed of Trust. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Deed of Trust without further notice or demand on Borrower.

b. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in **Section 8** above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holder.

c. The Borrower and the Lender agree that whenever the Note or this Deed of Trust gives the Lender the right to approve or consent with respect to any matter affecting the Property (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holder pursuant to the Senior Deeds of Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Borrower and the Lender.

d. Notwithstanding anything to the contrary contained herein, the transfer of the limited partner interest to the investment limited partner or the assignment of that interest to a limited liability company or limited partnership in which the investor limited partner or an affiliate is the managing member or general partner, respectively, shall not constitute a prohibited transfer under this Deed of Trust.

19. Borrower's Right to Reinstate. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Deed of Trust, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Borrower, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 18**.

20. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or **more times** without prior notice to Borrower. A sale may result in a change in the entity (**known as the "Loan Servicer"**) that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with **Section 15** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

21. No Assignment. Until the loan secured by the First Deed of Trust has been satisfied in full, the Lender and the Borrower agree that the Note and the Deed of Trust will not be assigned without the Senior Lien Holder's prior written consent.

22. Hazardous Substances. Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage

on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

a. Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Prior to taking any such remedial action, however, the Borrower shall notify the Senior Lien Holder that such remedial action is necessary and shall obtain the Senior Lien Holder's prior written consent for such remedial action.

b. As used in this **Section 22**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this **Section 22**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

23. Acceleration; Remedies. Lender shall give notice to Borrower, the investor limited partner, and the Senior Lien Holder prior to acceleration following Borrower's **breach** of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) **the default**; (b) the action required to cure the default; (c) a date, which shall not be more than **sixty (60)** calendar days from the mailing of the notice for a monetary default, or a date, which shall not be more than **ninety (90)** calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured by the Borrower on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not exercised their right to cure the default, but subject to any non-recourse provisions then in effect, then Lender at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in **Section 8** above, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior Lien Holder and the investor limited partner at least 60 days' prior written notice. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 23**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Lender invokes the power of sale, Lender or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Borrower, the investor limited partner, the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale

in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.

24. Release. Upon payment of all sums secured by this Deed of Trust, Lender shall release this Deed of Trust without charge to Borrower. Borrower shall pay any recordation costs.

25. Substitute Trustee. Lender, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

26. Modification of Senior Loan Documents. The Lender consents to any agreement or arrangement in which the Senior Lien Holder waives, postpones, extends, reduces, or modifies any provisions of the Senior Deeds of Trust Loan Documents, including any provisions requiring the payment of money.

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

28. General Partner Change. The withdrawal, removal, and/or replacement of a general partner of the Borrower pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Loan Documents, and any such actions shall not accelerate the maturity of the Loan, provided that any required substitute general partner is reasonably acceptable to Lender and is selected with reasonable promptness. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by COUNTY necessary and adequate to fulfill the obligations undertaken in the HOME Loan Agreement, as amended.

29. Removal, Demolition or Alteration of Personal Property and Fixtures. Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this HOME Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior

to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this HOME Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

(SIGNATURE ON NEXT PAGE)

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

BORROWER:

Coachella Valley Housing Coalition,
a California nonprofit public benefit Corporation

By: 
John Mealey, Executive Director

(Signature on this page needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On June 18, 2012, before me, Mary Ann Ybarra, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared John F. Mealey
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal.

Signature Mary Ann Ybarra
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "B-1"

LEGAL DESCRIPTION OF PROPERTY

PARCEL 1 OF PARCEL MAP NO. 19436, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP ON FILE IN BOOK 128, PAGE 59, OF PARCEL MAPS, RIVERSIDE COUNTY RECORDS.

APN: 778-120-002

EXHIBIT "B-2"

PROMISSORY NOTE

\$500,000

Riverside, CA

In installments as hereafter stated, for value received, Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("Borrower") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 3403 Tenth Street, Suite 500, Riverside, CA 92501, the sum of Five Hundred Thousand and No/100 Dollars (U.S. \$500,000.00) (the "HOME Loan") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the "Note") is given in accordance with that certain Loan Agreement for the Use of HOME Funds executed by COUNTY and Borrower, dated as of _____ (the "HOME Loan Agreement"). Excepting to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the HOME Loan Agreement. The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the Agreement and by the additional terms of as follows:

(1) That the HOME Loan will accrue simple interest at a rate of three percent (3.00%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein; (2) The Note shall be repaid as defined herein: i) Seventy five percent (75%) of the Project's Residual Receipts shall be used towards the payment of the residual receipts loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount of all such loan; and ii) The remaining twenty-five percent (25%) of the Project's Residual Receipts will be paid to BORROWER. (3) The HOME Loan shall be subordinated to two permanent loans from the U.S Department of Agriculture. Available residual receipts shall be determined based on a review of certified financial statements for the project. Quarterly financial statements shall be submitted within forty-five (45) days following the close of each quarter of the project fiscal year. In addition, the annual audited financial statements shall be submitted within ninety (90) days following the close of the project fiscal year. All outstanding principal along with accrued interest shall be due upon the first to occur of (i) July 31, 2069 or (ii) fifty-five (55) years from the issuance of the first certificate of occupancy for the Project. The first payment shall be due on July 1st of the year after the calendar year in which the first certificate of occupancy occurs, to the extent of available Residual Receipts, as set forth above; and (4) Project Residual Receipts are defined as gross receipts, not including interest on required reserve accounts, less the following: i) auditing and accounting fees; ii) property management fee not to exceed \$58 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index ("CPI"); iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); iv) reserves; v) deferred developer's fee; vi) a General Partner management fee, which shall be in the initial amount of \$20,000 and increased annually by the percentage equal to the percentage increase in the CPI; viii) a Limited Partnership asset management fee not to exceed \$5,000 per year and increased annually by the percentage equal to the percentage increase in the CPI; and vii) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt").

This note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.

Pursuant to the HOME Loan Agreement, the term of the HOME Loan shall be fifty five (55) years from the first Certificate of Occupancy.

In any action commenced to enforce the obligation of the Borrower to pay principal and interest under the Note, the obligations hereunder shall be non-recourse to the Borrower and the judgment shall not be enforceable personally against the Borrower, Borrower's partners, or the Borrower's assets, and the recourse of COUNTY for the collection of such amounts shall be limited to actions against the Property described in the Deed of Trust executed by the Borrower to secure the Note and the rents, profits, issues, products, and income from the Property.

Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HOME Loan Agreement, the whole sum of principal and interest shall become **immediately due** at the option of the holder of this Note. Principal and interest are payable in **lawful money of the United States**. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

The Borrower and its partners, officers, directors, employees, and agents shall not have any direct or indirect personal liability for payment of the principal of, or interest on, the HOME Loan or the performance of the Borrower's obligations under the HOME documents. The sole recourse of COUNTY with respect to payment of the principal of, or interest on, the HOME Loan, shall be to the Project. No money judgment (or execution on a money judgment) entered in any action (whether legal or equitable) on the HOME documents shall be enforced personally against the Borrower or its partners, officers, directors, employees, and agents, but shall be enforced only against the Project and such other property as may from time to time be hypothecated in connection with the Borrower's obligations under the HOME documents. This non-recourse provision does not limit or impair the enforcement against all such security for the HOME Loan of all the rights and remedies of COUNTY, nor does it impair the right of COUNTY to assert the unpaid principal amount of the HOME Loan as a demand for money within the meaning of California Code of Civil Procedure Section 431.70 or any successor provision. In addition, this non-recourse provision does not relieve the Borrower of personal liability for damage to or loss suffered by COUNTY as a result of any of the following (i) fraud or willful misrepresentation; (ii) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the HOME Deed of Trust; (iii) the fair market value of any personal property of fixtures removed or disposed of by the Borrower other than in accordance with the HOME Deed of Trust; (iv) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss, or destruction to any portion of the Project (to the extent of the misapplied proceeds or awards); and (v) any rental income or other income arising with respect to the Project received by the Borrower after COUNTY has properly exercised its rights under the HOME Deed of Trust to receive such income upon an Event of Default (as defined under the HOME Deed of Trust).

(SIGNATURE ON NEXT PAGE)

DATE: _____

BORROWER:

Coachella Valley Housing Coalition,
a California nonprofit public benefit Corporation

By:  _____
John Mealey, Executive Director

EXHIBIT "C"

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

SECTION 3

24 CFR PART 135

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

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

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

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

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

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

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

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.
- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
- (i) Section 3 business concerns that provide economic opportunities for Section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
- (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);
- (iii) Other Section 3 business concerns.
- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.
- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

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

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

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

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

VI. SECTION 135.40 Providing Other Economic Opportunities

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

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

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

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

Section 3 resident means:

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

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

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

Exhibit "C"

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
(print business name)

_____ is not a Section 3 business. (Please complete the bottom section.)

_____ is a Section 3 business **because** (check one of the following):

_____ *51 percent or more is owned by Section 3 residents; or*

_____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*

_____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

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

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

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

Signature _____

Project _____

Date _____

Project _____

\$ _____

Effective 02/2012

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

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

EXHIBIT "D"

§ 135.38 Section 3 Clause

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

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

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

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

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

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

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

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

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

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

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

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

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

Owners/Participants and Developers.

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

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

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

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

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



Exhibit G

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

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

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

Please complete the following verification process for each contractor:

- STEP 1: Visit <https://www.epls.gov/epls/search.do>
- STEP 2: For "Name Search Type" select "Individual (Basic)". Leave field blank.
- STEP 3: For "Classification" select "ALL"
- STEP 4: For "Exclusion Type" select "ALL"
- STEP 5: For "U.S. State" select "CA – CALIFORNIA"
- STEP 6: For "Country" select "USA – UNITED STATES"
- STEP 7: Click Search.
- STEP 8: Search name of contractor (individual last name or firm).
- STEP 9: Scroll and locate the names of contractor before and after subject contractor.
- STEP 10: Print Screen and attach to this certification as supporting documentation.

By signing below Developer, _____, has verified the contractor known as, _____, was not listed in the Excluded Parties Lists System as of _____.

X _____

EXHIBIT “H”

Request for Notice

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
3403 10th St., Suite 500
Riverside, CA 92501
Attn: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDERS USE

**REQUEST for NOTICE
UNDER SECTION 2924b CIVIL CODE**

In accordance with Civil Code, section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. concurrent herewith, in book _____, page _____, Official Records of RIVERSIDE County, California, and describing land therein as

PARCEL 1 OF PARCEL MAP NO. 19436, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP ON FILE IN BOOK 128, PAGE 59, OF PARCEL MAPS, RIVERSIDE COUNTY RECORDS.

APN: 778-120-002

END OF LEGAL DESCRIPTION

Executed by _____, as trustor in which the County of Riverside Economic Development Agency, a political subdivision of the State of California is named as Beneficiary, and the County of Riverside Economic Development Agency, as Trustee, be mailed to the County of Riverside Economic Development Agency, Housing Division at 3403 10th Street, Suite 500, Riverside, CA 92501.

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

<p>Dated _____</p> <p>CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT</p> <p>STATE OF CALIFORNIA</p> <p>COUNTY OF <u>RIVERSIDE</u> } S.S.</p> <p>On _____ before me,</p> <p>_____ a Notary Public,</p> <p>personally appeared <u>Tom Fan</u> who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.</p> <p>I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.</p> <p>WITNESS my hand and official seal</p> <p>Signature _____</p>	<p>RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY</p> <hr/> <p>Tom Fan / Principal Development Specialist</p> <p>(This area for official notarial seal)</p> <p>Escrow or Loan No. _____</p>
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