

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

555



**FROM:** Economic Development Agency

**SUBMITTAL DATE:**  
February 13, 2013

**SUBJECT:** Ground Lease Termination Agreement, Ground Lease Agreements and Grant of Easements for Cedar Glen Apartments in the City of Riverside

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve the attached Ground Lease Termination Agreement;
2. Approved the attached Ground Lease Agreement and Grant of Easements for Phase 1 with Riverside Cedar Glen Partners LP, a California limited partnership;
3. Approve the attached Ground Lease Agreement and Grant of Easements for Phase 2 with Riverside Cedar Glen Partners II LP, a California limited partnership;
4. Authorize the Chairman of the Board to execute said Agreements on behalf of the County; and

(Continued)

*Robert Field*

Robert Field  
Assistant County Executive Officer/EDA

FORM APPROVED BY COUNTY COUNSEL  
BY: *Annie T. Sahhar* 2/13/13  
ANNIE T. SAHCHAR  
DATE  
Departmental Concurrence

<b>FINANCIAL DATA</b>	Current F.Y. Total Cost:	\$ 0	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

<b>SOURCE OF FUNDS:</b> N/A	<b>Positions To Be Deleted Per A-30</b>	<input type="checkbox"/>
	<b>Requires 4/5 Vote</b>	<input type="checkbox"/>

**C.E.O. RECOMMENDATION:** APPROVE

BY: *Jennifer L Sargent*  
JENNIFER L SARGENT

**County Executive Office Signature**

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

**MINUTES OF THE BOARD OF SUPERVISORS**

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

**Ayes:** Jeffries, Tavaglione, Stone, Benoit and Ashley  
**Nays:** None  
**Absent:** None  
**Date:** February 26, 2013  
**xc:** EDA

Kecia Harper-Ihem  
Clerk of the Board  
By: *Kecia Harper-Ihem*  
Deputy

<b>Prev. Agn. Ref.:</b> 3.40 of 8/31/10; 3.8 of 9/14/10; 3.8 of 1/31/12; 3.9 and 3.16 of 7/3/12	<b>District:</b> 1/1	<b>Agenda Number:</b> <b>3-26</b>
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ATTACHMENTS FILED  
WITH THE CLERK OF THE BOARD

**RECOMMENDED MOTION:** (Continued)

5. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Ground Lease Termination Agreement, Ground Lease Agreements and Grant of Easements, including, but not limited to, signing Estoppel Certificates, Leasehold Deeds of Trust and other subsequent necessary and relevant documents subject to approval as to form by County Counsel.

**BACKGROUND:**

The Board of Supervisors approved an Exclusive Negotiation Agreement on January 31, 2012, for the development of an affordable housing project on 9.72 acres of county-owned vacant land located at the southeast corner of County Farm Road and Reynolds Road in the City of Riverside, Assessor Parcel Numbers 145-260-011 and 145-260-020.

On July 3, 2012, the Board of Supervisors approved an original ground lease agreement ("Original Lease") for approximately 7.38 acres of county-owned land (the "Property") and a HOME Investment Partnership Act Grant (HOME) Loan Agreement for \$550,000 with Riverside Cedar Glen Partners LP ("RCGPLP"), a California limited partnership, ("Original Lessee") for the development of Cedar Glen Apartments (the "Project"). The Original Lease separates the Property into two parcels ("Parcel(s)") and calls for the Original Lessee to build 2 phases ("Phase(s)") on the Property, with Phase 1 to be constructed forthwith on Parcel 1 and Phase 2 to be developed on Parcel 2 at a later date.

Subsequent to the approval of the Original Lease and HOME Loan Agreement, the Original Lessee has been able to obtain all funding sources necessary to develop Phase 1. This includes funding commitments from the Mental Health Services Act, a conventional construction loan, deferred developer fee, pre-stabilization income and tax credit proceeds. In anticipation of the construction loan closing in March 2013, the construction lender for Phase 1 is requiring that the Original Lease be bifurcated into two separate leases, one ground lease for the Phase 1 construction on Parcel 1 and one ground lease for the Phase 2 construction on Parcel 2, so that all obligations and encumbrances are specific to each Phase. Further, a limited partner of RCGPLP, Riverside Cedar Glen Partners II LP ("RCGPIILP"), a California limited partnership, will enter into the lease for the Phase 2 Parcel for construction of Phase 2 of the Project.

Accordingly, the County and the Original Lessee have agreed to terminate the Original Lease by mutual agreement ("Ground Lease Termination Agreement"). Concurrent with the Ground Lease Termination Agreement, the County and the Original Lessee will enter into a new ground lease agreement for the Phase 1 Parcel, and the County and RCGPIILP will enter into a ground lease agreement for the Phase 2 Parcel (collectively hereinafter referred to as the "Ground Lease Agreements").

(Continued)

**BACKGROUND:** (Continued)

The term of the Ground Lease Agreements for each Phase is for ninety-nine years with an annual rent of \$1.00 per year. Affordability restrictions will be recorded against both Parcels of the Property for the duration of the Ground Lease Agreements through separate Covenant and Conditions Agreements, which are included in both the Phase 1 and Phase 2 Ground Lease Agreements. When both Phases are constructed, Cedar Glen Apartments will include up to 102 multi-family housing units, with amenities such as a community building, pool/splash pad, picnic areas, tot lots, low-impact cardio walking circuit and assigned carports.

In addition, the Lessee is requesting that the County of Riverside grant various easements for access, construction and maintenance of certain improvements over the Phase 2 Parcel in order to benefit the Project and to satisfy requirements for approvals by the City of Riverside. The Grant of Easements will be included in both the Phase 1 and 2 Ground Lease Agreements.

The Ground Lease Agreements allow Lessee and RCGPIILP to obtain leasehold estate interests in the Property in order to obtain financing for the Project. To that end, the County will agree to execute Estoppel Certificates and Leasehold Deeds of Trust as necessary to implement the Ground Lease Agreements, subject to approval as to form by County Counsel.

The attached Ground Lease Termination Agreement, the Ground Lease Agreement and Grant of Easements for Phase 1 and the Ground Lease Agreement and Grant of Easements for Phase 2 have been reviewed and approved as to form by County Counsel.

**Attachments:**

- Ground Lease Termination Agreement
- Ground Lease Agreement and Grant of Easements for Phase 1
- Ground Lease Agreement and Grant of Easements for Phase 2



1           **2. Lease Termination Consideration.** In order to alleviate the County's costs to  
2 process this Agreement and the cancellation and termination of the Ground Lease, RCGPLP  
3 agrees to pay the County twenty thousand dollars (\$20,000.00). As of the Effective Date, the  
4 County acknowledges that it has received \$19,581.78, and that the remaining balance is \$418.22. This  
5 payment shall be made to County within thirty days of execution of this Agreement. No Prior  
6 Assignment. County and RCGPLP each represent and warrant that there has been no prior  
7 assignment of the Ground Lease.

8           **3. No Prior Assignment.** County and RCGPLP each represent and warrant that  
9 there has been no prior assignment of the Ground Lease.

10           **4. No Outstanding Liens or Obligations.** RCGPLP represents and warrants that  
11 there are no outstanding liens or obligations against the Property and that RCGPLP will defend,  
12 indemnify and hold harmless the County and its officers, Boards, Districts, Special Districts,  
13 agencies, agents, employees and independent contractors free and harmless from any and all  
14 claims by any third party against the County or the Property for any outstanding liens or  
15 obligations related to RCGLP's use of the Property, should they exist as of the Effective Date.

16           **5. Indemnification.** RCGPLP hereby agrees to defend, indemnify and hold County  
17 and its officers, Boards, Districts, Special Districts, agencies, agents, employees and  
18 independent contractors free and harmless from any liability whatsoever, based or asserted upon  
19 any act or omission of RCGPLP, its officers, agents, employees, subcontractors and  
20 independent contractors, for property damage, bodily injury or death or any other element of  
21 damages of any kind of nature, relating to or in any way connected with or arising from  
22 RCGPLP's use and responsibilities in connection with the Property or the condition thereof, or  
23 in any way arising out of the rights and obligations under the terms of the Ground Lease prior  
24 to, or as of, the Effective Date, and RCGPLP shall defend, at its expense, including attorney's  
25 fees for County, its officers, Boards, Districts, Special Districts, agents, employees and  
26 independent contractors in any legal actions based upon such alleged acts or omissions. Further,  
27 County shall not waive any claims for indemnification, contribution or apportionment of claims  
28 brought against the County by any third party resulting from RCGPLP's possession and use of

1 the Property and/or damages resulting from any latent or hidden defects or hazardous material  
2 contamination caused by RCGPLP. Further, RCGPLP shall defend, indemnify and County and  
3 their officers, Boards, Districts, Special Districts, agencies, agents, employees and independent  
4 contractors free and harmless from any liability whatsoever, in the event that any legal  
5 challenge is initiated against the County as the Property owner, or as the Real Party in Interest,  
6 or in the event that any legal challenge is brought against the County for approving or entering  
7 into the Ground Lease or in any way arising out of the performance of the Ground Lease with  
8 RCGPLP prior to, or as of, the Effective Date, including, but not limited to California  
9 Environmental Quality Act challenges.

10       **6. Binding Agreement.** This Agreement is and shall be binding upon and shall inure  
11 to the benefit of the predecessors, affiliates, subsidiaries, successors, assigns, parties, agents,  
12 officers, employees, shareholders, associates, legal representatives, heirs, executives and/or  
13 administrators of both County and RCGPLP.

14       **7. Paragraph Headings.** Paragraph headings are for reference only and shall not  
15 affect the interpretation of any paragraph hereto.

16       **8. Authority to Enter Agreement.** This Agreement is based on the mutual  
17 agreement of the County and RCGPLP. County and RCGPLP represent and warrant to the  
18 other that the persons executing this Agreement on behalf of each County and RCGPLP are  
19 duly and fully authorized to do so, and that each is acting pursuant to the power and authority  
20 granted by their respective principals, and that no further approvals are required to be obtained  
21 from any persons or entities.

22       **9. Construction of Agreement.** Both County and RCGPLP negotiated this  
23 Agreement at arm's length and with the advice of their respective attorneys, and no provisions  
24 contained herein shall be construed against the County solely because it prepared this  
25 Agreement in its executed form.

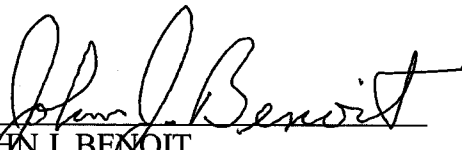
26       **10. Entire Agreement.** This Agreement constitutes the full and entire agreement of  
27 the terms between the County and RCGPLP and both County and RCGPLP acknowledge that  
28 there is no other agreement, oral and/or written, between the County and RCGPLP hereto.



1 **IN WITNESS WHEREOF, COUNTY and RCGPLP** have executed this Agreement as of the  
2 Effective Date.

3  
4 COUNTY OF RIVERSIDE:

RIVERSIDE CEDAR GLEN PARTNERS LP,  
a California limited partnership:

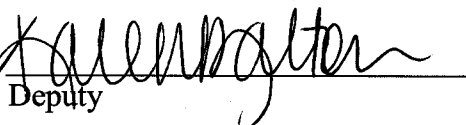
5  
6 By:   
7 JOHN J. BENOIT  
8 Chairman, Board of Supervisors

By: PC RIVERSIDE DEVELOPERS, LLC, A  
California Limited Liability Company, its  
administrative general partner

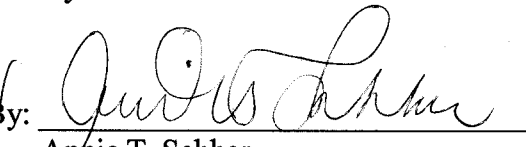
9  
10 By: PALM COMMUNITIES, A California  
Corporation, its sole member/manager

11 ATTEST:  
12 KECIA HARPER-IHEM  
13 Clerk of the Board

By:   
Todd A. Deutscher, President

14 By:   
Deputy

15  
16  
17 APPROVED AS TO FORM:  
18 PAMELA J. WALLS  
19 County Counsel

20 By:   
21 Annie T. Sahhar  
22 Deputy



# EXHIBIT "A"

## LEGAL DESCRIPTION OF PROPERTY

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded January 27, 2000 as Document No. 2000-030542 and re-recorded May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said Riverside County, more particularly described as follows:

**COMMENCING** at the northeast corner of said Parcel 2;

thence South 00°56'23" West 80.00 feet along the east line of said Parcel 2 to the **POINT OF BEGINNING**;

thence South 37°41'22" East 18.14 feet to the beginning of a non-tangent curve concave to the northeast and having a radius of 544.00 feet, a radial line of said curve at said point bears North 86°14'54" East, said curve also being the west line of Parcel 1 of Grant Deed recorded February 1, 1991 as Instrument No. 038278 of Official Records of said County;

thence along said curve southeasterly 238.35 feet through a central angle of 25°06'13" to the most easterly corner of said Parcel 2;

thence South 56°23'49" West along the southeasterly line of said Parcel 2 and the southwesterly prolongation thereof, a distance of 718.43 feet to a line parallel with and distant 49.50 feet northeasterly, measured at right angles, of the west line of said Parcel 2;

thence North 27°54'50" West 163.68 feet along said parallel line to the beginning of a tangent curve concave to the northeast and having a radius of 477.50 feet;

thence along said curve northwesterly 240.47 feet through a central angle of 28°51'15";

thence tangent from said curve North 00°56'25" East 238.59 feet;

thence North 45°56'22" East 49.50 feet to a line parallel with and distant 80.00 feet south of the north line of said Parcel 2;

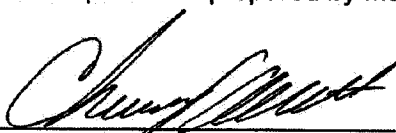
thence South 89°03'24" East 613.62 feet along said parallel line to the **POINT OF BEGINNING**.

**CONTAINING** 7.39 acres, more or less.

**EXHIBIT "B"** attached and by this reference made a part hereof.

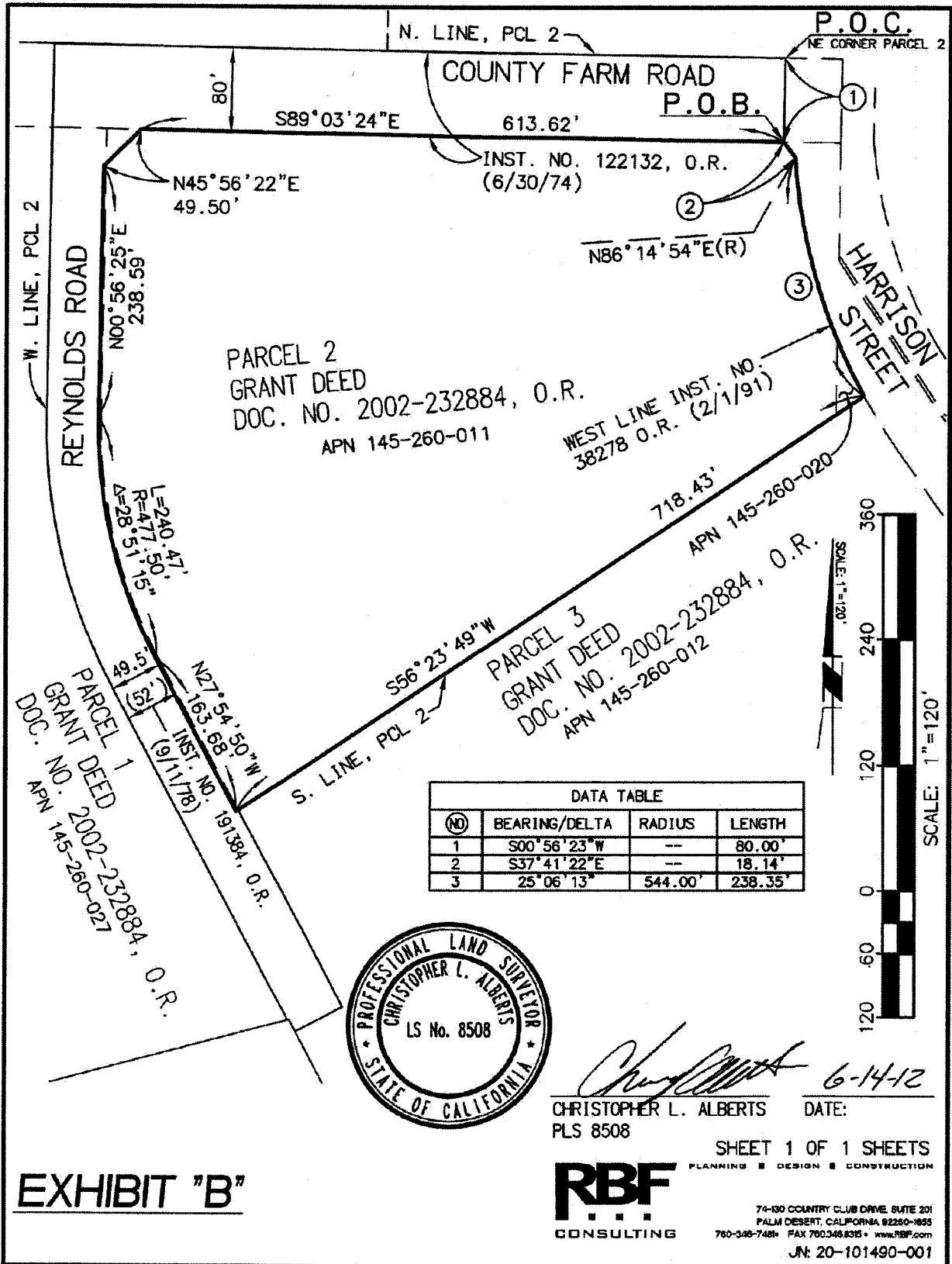
**SUBJECT TO** all Covenants, Rights, Rights-of-Way and Easements of Record.

This description was prepared by me or under my direction.

  
\_\_\_\_\_  
Christopher L. Alberts, P.L.S. 8508

6-14-12  
Date





**EXHIBIT "B"**

**RBF**  
 CONSULTING

79-130 COUNTRY CLUB DRIVE, SUITE 201  
 PALM DESERT, CALIFORNIA 92260-1655  
 760-348-7488 • FAX 760-348-8355 • www.RBF.com  
 JN: 20-101490-001

NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

Order No.  
Escrow No.  
Loan No.

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504  
Attn. Benjamin Cendejas

SPACE ABOVE THIS LINE FOR RECORDERS USE

**GROUND LEASE AGREEMENT AND GRANT OF EASEMENTS  
BY AND BETWEEN THE COUNTY OF RIVERSIDE  
AND RIVERSIDE CEDAR GLEN PARTNERS LP**

THIS GROUND LEASE AGREEMENT (hereinafter referred to as the "Lease") AND GRANT OF EASEMENTS (hereinafter referred to as the "Grant of Easements") is entered into on this 20th day of February, 2013 (the "Effective Date"), by and between the County of Riverside, a political subdivision of the State of California (hereinafter referred to as "County") and Riverside Cedar Glen Partners LP, a California limited partnership (hereinafter referred to as "RCGPLP").

WHEREAS, County is the legal owner of record of real property located on 9886 County Farm Road (and also sometimes referred to as 3990 Reynolds Road) in the City of Riverside, State of California and referred to as a portion of assessor parcel numbers 145-260-011 and 145-260-020 (hereinafter referred to as the "Property" and/or the "Phase 1 Parcel"), as more particularly described in the attached **Exhibit "A"**; and

WHEREAS, Section 25539.4 of the Government Code permits a board of supervisors of a county to lease real property or interest therein to provide affordable housing to individuals where not less than forty percent (40%) of the total number of those housing units developed on the Property shall be affordable to households whose incomes are equal to or less than seventy-five percent (75%) of the maximum income of lower income households, and at least half of which shall be affordable to very low income households without complying with Sections

25520 through 25539.3 of the Government Code with respect to the lease of county owned land;  
and

WHEREAS, County is also the legal owner of approximately 3.77 acres of real property located on 9886 County Farm Road (and also sometimes referred to as 3990 Reynolds Road) in the City of Riverside, State of California and referred to as a portion of assessor parcel number 145-260-011 (hereinafter referred to as the "Phase 2 Parcel"), as more particularly described in the attached **Exhibit "B"**; and

WHEREAS, County finds and determines that this Lease complies with Section 25539.4 of the Government Code for which a Covenants and Conditions Agreement, attached hereto as **Exhibit "C"** and by this reference incorporated herein, shall be recorded against RCGPLP's leasehold estate in the Property (the "Leasehold Estate") to ensure affordability for a period of not less than ninety-nine (99) years; and

WHEREAS, RCGPLP desires to lease the Property and secure a leasehold interest in the Property to be eligible and receive funding to construct multi-family affordable housing;  
and

WHEREAS, RCGPLP wishes to lease the Property from County and develop and operate up to fifty-one (51) units of multi-family affordable housing for low and other income families and special needs persons such as individuals with illness, including mental illness, and homelessness or at risk of homelessness, and related improvements (hereinafter, collectively, referred to as "Project"); and

WHEREAS, County wishes to lease the Property to RCGPLP, upon the terms and conditions set forth in this Lease as more particularly described herein; and

WHEREAS, County also wishes to grant certain easements to RCGPLP on the Phase 2 Parcel and on adjacent County property ("Adjacent Property") as more particularly described in **Section 10** herein, as part of and for the benefit of the Project; and

WHEREAS, in connection with the financing and development of the Project, RCGPLP may enter into loan agreements and utilize funds from various affordable housing programs, including, but not limited to: Home Investment Partnerships Program ("HOME") funds, Mental Health Services Act ("MHSA") funds, and California Tax Credit Allocation Committee ("CTCAC") funds; and

WHEREAS, County and RCGPLP agree that there are existing easements pertaining to the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements including those specifically set forth in the Preliminary Title Report dated as of December 28, 2012, issued by First American Title Company (the "Preliminary Title Report"), attached hereto as **Exhibit "D"**, and the real property that is the subject of this Lease is subject to any and all existing easements.

NOW, THEREFORE, BE IT RESOLVED found and determined that for the mutual promises contained herein, the parties hereto do hereby agree as follows:

**1. DESCRIPTION OF PROPERTY**

A. The Property.

The Property leased hereby is approximately 3.63 acres which is identified by assessor parcel numbers 145-260-011 (portion) and 145-260-020, as more particularly described in **Exhibit "A"**, attached hereto and by this reference incorporated herein. The Property is commonly referred to as 9886 County Farm Road (and also sometimes referred to as 3990 Reynolds Road), Riverside, CA 92503. County represents that it is the owner of the Property and RCGPLP acknowledges that it has examined the Preliminary Title Report describing the present condition of the title of the Property and is satisfied therewith and said Preliminary Title Report.

B. The Phase 2 Parcel. In conjunction with the lease of the Property, and as part of and for the benefit of the Project, the County grants certain easements to RCGPLP on and across the Phase 2 Parcel, as more particularly described in **Section 10** herein. The Phase 2 Parcel is approximately 3.77 acres which is identified by assessor parcel number 145-260-011, as more particularly described in **Exhibit "B"**, attached hereto and by this reference incorporated herein. The Phase 2 Parcel is commonly referred to as 9886 County Farm Road (and also sometimes referred to as 3990 Reynolds Road), Riverside, CA 92503. County represents that it is the owner of the Phase 2 Parcel and RCGPLP acknowledges that it has examined the Preliminary Title Report describing the present condition of the title of the Phase 2 Parcel and is satisfied therewith and said Preliminary Title Report.

C. The Adjacent Property.

In conjunction with the lease of the Property, and as part of and for the benefit of the Project, the County grants a landscape easement to RCGPLP, as more particularly described in **Section 10** herein, over and across the portion of the Adjacent Property as more particularly described in **Exhibit "A-4"**, attached hereto and by this reference incorporated herein. County represents that it is the owner of the Adjacent Property and RCGPLP acknowledges that it has examined the Preliminary Title Report describing the present condition of the title of the Adjacent Property and is satisfied therewith and said Preliminary Title Report.

**2. USE**

A. Purpose.

The Property is leased hereby for the exclusive purpose of planning, constructing, maintaining and operating the Project, whose purpose is to provide multi-family affordable housing for low income families and special needs persons such as individuals with illness, including mental illness, and to prevent homelessness or at risk of homelessness. RCGPLP and County agree that the use and operation of the Property shall be consistent with a multi-family affordable housing project and for no other purposes without the prior written consent of the County.

The Project will also have a manager's unit, a community center, parking garages and carports, common areas, landscaping and interior roadways.

The Project will also include certain easements, granted by the County to RCGPLP pursuant to the Grant of Easements, as more particularly described in **Section 10** herein, for the purpose of benefitting the Project.

B. Affordability.

Pursuant to Government Code section 25539.4, not less than forty percent (40%) (or a minimum of 21 units) of the total number of those housing units developed on the Property pursuant to this section shall be affordable to households whose incomes are equal to or less than seventy-five percent (75%) of the maximum income of lower income households, and at least half (or a minimum of 11 units) of which shall be affordable to very low income households. Further, the parties agree that nothing in this Lease shall require that more than forty-nine (49%) of the units within the Project be required to be affordable to individuals whose incomes are equal to, or less than, eighty percent (80%) of the area median income

throughout the Term. Such affordability restrictions are set forth in the Covenants and Conditions Agreement, attached hereto as **Exhibit "C"** and shall be recorded against the Leasehold Estate in the Property and shall be binding on RCGPLP, its heirs, successors and assigns. RCGPLP herein understands that the affordability restrictions pursuant to Government Code section 25539.4, and, as set forth in **Exhibit "C"**, are the minimum restrictions for the leasing of the Property. RCGPLP further understands and expressly agrees that, to the extent that RCGPLP utilizes funding for the Project from any local, state and/or federal programs, including but not limited to: HOME, MHSA, CTCAC, or any other funding programs that contain affordability restrictions provisions, RCGPLP shall comply with any and all such affordability restrictions of each program's requirements. To the extent that a dispute exists as to which affordability restrictions apply to the Project, RCGPLP expressly agrees that it shall comply with the most restrictive of any and all such affordability restrictions.

C. Monitoring and Reporting.

RCGPLP shall comply with all applicable monitoring, reporting and evaluation for the Project, including, but not limited to, all monitoring and reporting requirements under the HOME, MHSA and CTCAC requirements, as applicable, including, but not limited to, the following: RCGPLP shall submit an annual report ("Annual Report") to County, which shall, at a minimum, include the following information for each dwelling unit in the Project: (i) initial occupancy date; (ii) the number of persons residing in the unit; (iii) a written certification containing information of the identity of each member of the household and the total household income; and (iv) the monthly rent charged. Upon request by the County, RCGPLP shall include, with the Annual Report, an annual income recertification and documentation verifying tenant eligibility, and such additional information as the County may reasonably request from time to time in order to ensure compliance with the affordability restrictions as set forth in this Lease.

**3. TERM**

A. The term of this Lease and the Grant of Easements (the "Term") shall commence as of the Effective Date, and shall expire on the date that is ninety-nine (99) years from the date of the issuance of the first certificate of occupancy by the City of Riverside (the "City") for the Project, unless otherwise terminated as set forth in **Sections 10 and 20** herein.

B. Access to the Property shall be available to RCGPLP via Reynolds Road and County Farm Road. Emergency access to the Property shall be available pursuant to the Grant of Easements, as more fully described in **Section 10** herein.

C. County may grant to RCGPLP the right acquire fee title to the Property by purchasing the same from the County at the fair-market value rate of the Property at the time of the expiration of this Lease; and, subject to the prevailing local, state and federal law governing the conveyance of county-owned Property at the time of the expiration of this Lease. RCGPLP shall provide written notice no later than ninety (90) days in advance of the expiration of the Term date of its desire to purchase the Property.

#### **4. RENT**

The County hereby leases the Property to RCGPLP, and RCGPLP hereby leases the Property from County, upon the terms and conditions set forth in this Lease. The consideration payable by RCGPLP to County to lease the Property shall be one dollar per annum (\$1.00), and shall be payable to County upon execution of this Lease by the parties. As of the Effective Date, RCGPLP has pre-paid the rent in the amount of Ninety-Nine Dollars (\$99.00) for the entire Term of this Lease.

#### **5. GROUND LEASE AND GRANT OF EASEMENTS CONSIDERATION**

In order to alleviate the County's cost to process this Lease, the Grant of Easements, any future amendments, and any future coordination with the City of Riverside, RCGPLP agrees to pay the County up to fifty thousand dollars (\$50,000.00) for County's time-and-materials. Payments will be made by RCGPLP to County within thirty (30) days after County has submitted to RCGPLP its letter identifying costs and requesting payments.

#### **6. IMPROVEMENTS BY RCGPLP**

RCGPLP, at its expense, shall construct, or cause to be constructed the Project, which shall include construction related to the Grant of Easements, upon the Property, the Phase 2 Parcel and the Adjacent Property. Project construction shall commence within fourteen (14) months of the Effective Date, and shall be substantially completed within twenty-four (24) months after the start of construction, unless terminated earlier pursuant to the terms hereof, subject to causes beyond RCGPLP's control relating to work stoppage (excluding RCGPLP's employment force), acts of God, acts of war, civil disorders or other similar acts. RCGPLP



shall obtain performance, material and labor, and payment bonds for the Project, in the amount required by any lenders to the Project and determined by County and shall furnish County with copies thereof prior to the commencement of such construction.

A. To the extent applicable, RCGPLP shall conduct the construction related to the Grant of Easements in accordance with plans approved by the City, which shall also be subject to approval by the County which shall not be unreasonably withheld, delayed or conditioned. RCGPLP shall provide the County copies of all City-approved plans for the Project within fifteen (15) days following the written request of the County.

B. It is understood by the parties hereto that utility services are available to the Property, the Phase 2 Parcel and the Adjacent Property, but in order for the Project to be fully usable and operational, RCGPLP, at its expense, shall extend and/or connect, or cause to be extended and/or connected to the Project such utility services that may be required of, or desired, by RCGPLP in the use, operation and maintenance of the Project. After such extensions and/or connections have been made, RCGPLP shall be responsible for the payment in the use of such utility services.

C. Further, County may terminate this Lease in its entirety if RCGPLP fails to complete construction of the Project, which shall include construction related to the Grant of Easements within the specified time, in accordance with the requirements of **Section 20**. If such termination occurs, there will be no off-set of the ninety-nine dollars (\$99) pre-paid rent for the Project as a whole.

D. Such improvements, and any other improvements, alterations and installations of fixtures, to be undertaken by RCGPLP shall have prior written approval of County which shall not be unreasonably withheld, delayed, or conditioned. In addition, RCGPLP understands and agrees that such improvements, alterations and installation of fixtures for the Project must fully comply with HOME Program regulations where HOME funds are utilized by RCGPLP for the construction of the Project.

E. Following completion of such facilities and any other improvements for the Project, RCGPLP shall submit to County:

1. Itemized statements showing the entire cost of such improvements for the Project; and

2. A complete set of "As Built" drawings showing every detail, latent or otherwise, of such improvements, alterations and fixtures, including, but not limited to, electrical circuitry and plumbing for the Project.

F. Reference is made to Chapter 1, Part 7, Division 2 of the California Labor Code (commencing with Section 1720). By this reference, said Chapter 1 is incorporated herein with like effect as if it were herein set forth in full force and effect. The parties hereto recognize the said Chapter 1 deals, among other things, with discrimination, penalties and forfeitures, their disposition and enforcement, wages, working hours and security Workman's Compensation Insurance and may directly affect the method of prosecution of the construction contemplated herein by RCGPLP and may subject it under certain conditions to penalties and forfeitures. Execution of this Lease by the parties hereto constitutes their agreement to abide by said Chapter 1. Their stipulation as to all matters which they are required to stipulate as to by the provisions of said Chapter 1, and will comply with them and further constitutes RCGPLP's certification as follows: RCGPLP is aware of the provisions of Section 3700 of the California Labor Code which requires every employer to be insured against liability for workman's compensation or to undertake self-insurance in accordance with the provisions of that Code, and it will comply with such provisions before commencing with the performance of construction under this Lease. RCGPLP, and its subcontractors, shall comply with the provisions of Section 1777.5 of the Labor Code regarding apprentices.

G. To the extent required by applicable law, RCGPLP shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with section 1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.

To the extent required by applicable law, RCGPLP shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates at which RCGPLP will post at the job site. All prevailing wages shall be obtained by RCGPLP from:

Department of Industrial Relations  
Division of Labor Statistics and Research  
455 Golden Gate Avenue, 8th Floor

San Francisco, CA 94102

RCGPLP shall comply with the payroll record keeping and availability requirement of section 1776 of the Labor Code.

RCGPLP shall make travel and subsistence payments to workers needed for performance of work in accordance with section 1773.8 of the Labor code. Prior to commencement of work, RCGPLP shall contact the Division of Apprenticeship Standards and comply with sections 1777.5, 1777.6 and 1777.7 of the Labor Code and applicable regulations.

RCGPLP agrees to indemnify, defend, and hold County harmless from and against any and all liability arising out of and related to RCCPLP's failure to comply with any and all applicable prevailing wage requirements.

H. All construction contract and professional services for the Project must be performed by persons or entities licensed or otherwise authorized to perform the applicable construction work or service in the State of California.

I. Title to all buildings, structures and improvements that now, or may from time to time constitute a part of the Property, including, all carpets, draperies, partitions, machinery, equipment and fixtures that are now, or may be from time to time be, used, or intended to be used in connection with the Property shall be and remain with RCGPLP until the termination of this Ground Lease. Improvements and all alterations, additions, equipment and fixtures built, made or installed by RCGPLP in, on, under or to the Property shall be in the sole possession of RCGPLP until the expiration of the Term or other termination of this Lease; provided, however, that RCGPLP shall have no right to destroy, demolish or remove such improvements except as specifically provided for in this Lease or as approved in writing by County. It is the intent of the parties hereto that this Lease shall create a constructive notice of severance of the improvements constructed in connection with the Project from the Property without the necessity of a deed from the County after the improvements have been constructed. Upon the expiration of the Term or other termination of the Lease, the improvements and all alterations, additions, equipment and fixtures shall be deemed to be and shall automatically become the property of the County, without cost or charge to County. County agrees that RCGPLP, at any time prior to the sixtieth (60th) day after the expiration or other termination of this Lease, may remove from the Property any and all equipment which RCGPLP has furnished for

maintenance, provided that RCGPLP shall repair any physical damage to the Property caused by the removal of such equipment and property. RCGPLP agrees to execute, at the request of the County at the end of the Term, a quitclaim deed of the improvements to County to be recorded at County's option and expense and any other documents that may be reasonably required by County to provide County title to the improvements free and clear of all monetary liens and monetary encumbrances not caused or agreed to by County.

## **7. MAINTENANCE**

A. Throughout the Term of this Lease, RCGPLP, at its expense, shall maintain, or cause to be maintained, the Property, the portion of Phase 2 Parcel subject to the Grant of Easements described herein, the portion of the Adjacent Property subject to the easements, and the Project in a clean, safe, orderly and attractive state and in compliance with all applicable statutes, ordinances, rules, regulations, order and requirements of federal, state, county, municipal and other governmental entities having jurisdiction over the Property, and the Phase 2 Parcel and the Adjacent Property subject to the Grant of Easements, and the Project.

B. In the event of damage or destruction of all or a portion of the Project rendering the Project unusable, in whole or in part, for the purpose set forth in **Section 2** above, RCGPLP shall repair such damage or destruction with due diligence in accordance with the provisions contained in **Sections 7(A)** above and this **Section 7(B)**, but only to the extent of the proceeds of the insurance coverage required by this Lease.

## **8. INSPECTION OF PROPERTY**

County, through its duly authorized agents, shall have, at any time, with reasonable written notice to RCGPLP, and without interfering with tenants, the right to enter the Property, the Phase 2 Parcel and/or the Adjacent Property for the purpose of inspecting, monitoring and evaluating the obligations of RCGPLP hereunder and for the purpose of doing any and all things which it is obligated and has a right to do under this Lease.

## **9. QUIET ENJOYMENT**

County covenants that it owns in fee simple, and that it has good and marketable title to the Property, the Phase 2 Parcel (subject to the Phase 2 Ground Lease, defined below) and the Adjacent Property. RCGPLP accepts the Property, the Phase 2 Parcel and the Adjacent Property subject to any and all existing easements, including those specifically set forth in the

Preliminary Title Report, attached hereto as **Exhibit "D"**. County has the full right and authority to make this Lease and Grant of Easements. RCGPLP and tenants of RCGPLP shall have, hold and quietly enjoy the use of the Property, and, to the extent specified in **Section 10** herein, the easements granted by County, so long as RCGPLP shall fully and faithfully perform the terms and conditions of this Lease.

## 10. **RIGHT OF EASEMENT**

### A. County Right.

RCGPLP hereby grants to County the right to reserve and record an easement and right of ingress and egress over and across the Property, the portions of the Phase 2 Parcel and the portions of the Adjacent Property subject to the Grant of Easements insofar as such ingress and egress is necessary to protect, maintain, and preserve the continued operation of the Property; provided, however, such right shall only be effective upon the occurrence and continuation beyond any applicable notice and cure period, of an event of default by RCGPLP under this Lease. Pursuant to such grant, upon prior written notice to RCGPLP, County, its agents, employees, and representatives, shall be permitted, but are not required, to enter upon the Property (or portion thereof), the portions of the Phase 2 Parcel and the Adjacent Property subject to the Grant of Easements and perform such acts and work necessary to protect, maintain, and preserve the continued operation of the Property; provided, however any such entry shall not unreasonably interfere with RCGPLP's (or the RCGPLP's licensees, guests, or Project residents') quiet use and enjoyment. From time to time, and upon written approval of RCGPLP (which shall not be unreasonably withheld) County may be required to grant an easement to a third party in order to provide for the protection, maintenance, and continued operation of the Property, which County reserves the right to grant; provided, however, in no event shall such grant of easement have a material adverse impact on RCGPLP's ability to develop and operate the Property.

### B. Easements in favor of RCGPLP.

The County owns real property more particularly depicted herein as the Phase 2 Parcel. The legal description of the Phase 2 Parcel is attached as **Exhibit "B"**. The County also owns real property more particularly depicted herein as the Adjacent Property. The legal description of the portion of the Adjacent Property, subject to the Grant of Easements, is attached hereto as

**Exhibit "A-4"**. On, or as of, the Effective Date, the County has entered into a long-term ground lease (the "Phase 2 Ground Lease") with Riverside Cedar Glen Partners II LP, a California limited partnership (the "Phase 2 Tenant") for the development of an approximately 51 unit multi-family affordable housing project on the Phase 2 Parcel (the "Phase 2 Improvements"), as more particularly described in the Phase 2 Ground Lease and on the conceptual site plan ("Site Plan") attached hereto as **Exhibit "E"**. In order to permit the development of Project on the Property, and to provide for necessary reciprocal easements following the completion of the Phase 2 Improvements on the Phase 2 Parcel, as well as to provide for landscape development and maintenance for the benefit of the Project, the County hereby grants, subject to the termination provisions set forth in **Section 20** herein, the easements set forth below to RCGPLP for the benefit of the Project:

1. Emergency Access Easement.

A. Scope. The County hereby grants to RCGPLP, for use by emergency vehicles and/or first responders, an easement for emergency vehicular access to Reynolds Road (the "Emergency Access Easement") over and across the portion of the Phase 2 Parcel as more particularly described in **Exhibit "A-1"**, attached hereto and by this reference incorporated herein. The portion of the Phase 2 Parcel described in **Exhibit "A-1"** is hereby burdened by the Emergency Access Easement. RCGPLP shall construct the improvements necessary to develop the easement within the time period and according to the requirements specified in **Section 6** herein. In addition to any construction costs, RCGPLP shall be responsible for any and all on-going maintenance and maintenance costs, for the easement. RCGPLP herein warrants that access to the Emergency Access Easement shall be locked by gates and closed to traffic other than emergency and/or first-responder vehicles. Nothing in this grant of easement shall be construed to grant RCGPLP's residents or licensees, other than emergency vehicles and first responders, use of the Emergency Access Easement.

B. Term and Termination. The Emergency Access Easement shall remain in effect for the term of the Lease, subject to the termination provisions in **Section 20** herein. The easement may also be modified or terminated by mutual written agreement of the parties, or by the issuance of a Certificate of Occupancy for the completed development of the Phase 2 Improvements on the Phase 2 Parcel. In the event that the parties mutually agree to extinguish

the Emergency Access Easement, or a Certificate of Occupancy is issued for the completed development of the Phase 2 Improvements on the Phase 2 Parcel, RCGPLP shall give written notice to the County that it is releasing the easement and shall execute all documents necessary to effectuate a release of the Emergency Access Easement, including but not limited to, a Quitclaim Deed to allow County to retain ownership and clear title to the real property subject to the easement.

2. Fire Turnaround Emergency Access Easement.

A. Scope. The County hereby grants to RCGPLP, for use by emergency vehicles and/or first responders, an easement for emergency vehicular access (the "Fire Turnaround Emergency Access Easement") over and across the portion of the Phase 2 Parcel as more particularly described in **Exhibit "A-2"**, attached hereto and by this reference incorporated herein. The portion of the Phase 2 Parcel described in **Exhibit "A-2"** is hereby burdened by the Fire Turnaround Emergency Access Easement. RCGPLP shall construct the improvements necessary to develop the Fire Turnaround Emergency Access Easement within the time period and according to the requirements specified in **Section 6** herein. In addition to any construction costs, RCGPLP shall be responsible for any and all on-going maintenance and maintenance costs for the easement. RCGPLP herein warrants that access to the easement shall be locked by gates and closed to traffic other than emergency and/or first-responder vehicles. Nothing in this grant of easement shall be construed to grant RCGPLP's residents or licensees, other than emergency vehicles and first responders, use of the Fire Turnaround Emergency Access Easement.

B. Term and Termination. The Fire Turnaround Emergency Access Easement shall remain in effect for the term of the Lease, subject to the termination provisions in **Section 20** herein. The easement may also be modified or terminated by mutual written agreement of the parties, or by the issuance of a Certificate of Occupancy for the completed development of the Phase 2 Parcel. In the event that the parties mutually agree to extinguish the easement, or a Certificate of Occupancy is issued for the completed development of the Phase 2 Improvements on the Phase 2 Parcel, RCGPLP shall give written notice to the County that it is releasing the easement and shall execute all documents necessary to effectuate a release of the

Fire Turnaround Emergency Access Easement, including but not limited to, a Quitclaim Deed to allow County to retain ownership and clear title to the real property subject to the easement.

3. Water Basin and Drainage Easement.

A. Scope. The County hereby grants to RCGPLP, for the benefit of the Project, an easement for water drainage purposes (the "Water Basin and Drainage Easement") over and across the portion of the Phase 2 Parcel as more particularly described in **Exhibit "A-3"**, attached hereto and by this reference incorporated herein. The portion of the Phase 2 Parcel described in **Exhibit "A-3"** is hereby burdened by the Water Basin and Drainage Easement. RCGPLP shall construct the improvements necessary to develop the Water Basin and Drainage Easement within the time period and according to the requirements specified in **Section 6** herein. In addition to any construction costs, RCGPLP shall be responsible for any and all on-going maintenance and maintenance costs for the easement.

B. Term and Termination. The Water Basin and Drainage Easement shall remain in effect for the term of the Lease, subject to the termination provisions in **Section 20** herein. The easement may also be modified or terminated by mutual written agreement of the parties, or by the issuance of a Certificate of Occupancy for the completed development of the Phase 2 Improvements on the Phase 2 Parcel. In the event that the parties mutually agree to extinguish the easement, or a Certificate of Occupancy is issued for the completed development of the Phase 2 Improvements on the Phase 2 Parcel, RCGPLP shall give written notice to the County that it is releasing the easement and shall execute all documents necessary to effectuate a release of the Water Basin and Drainage Easement, including but not limited to, a Quitclaim Deed to allow County to retain ownership and clear title to the real property subject to the easement.

4. Landscape Easement.

A. Scope. The County grants to RCGPLP, and its contractors and agents, an easement for the development and installation of landscaping and for landscaping maintenance purposes (the "Landscape Easement") over and across the portion of the Adjacent Property owned by the County, and commonly known as County Farm Road, as more particularly set forth in **"Exhibit A-4"**. The portion of the Adjacent Property described in **Exhibit "A-4"** is hereby burdened by the Landscape Easement. In addition to any construction costs, RCGPLP



shall be responsible for any and all ongoing maintenance and maintenance costs of the landscaping easement within the area depicted on **Exhibit "A-4"**.

B. Term and Termination. The Landscape Easement shall remain in effect for the term of the Lease, subject to the termination provisions in **Section 20** herein. The easement may also be modified or terminated by mutual written agreement of the parties. In the event that the parties mutually agree to extinguish the easement, RCGPLP shall give written notice to the County that it is releasing the easement and shall execute all documents necessary to effectuate a release of the Landscape Easement, including but not limited to, a Quitclaim Deed to allow County to retain ownership and clear title to the real property subject to the easement.

5. Reciprocal Easement. Only in the event that the Phase 2 Improvements are developed in accordance with the Phase 2 Ground Lease, the County grants to RCGPLP, and its residents and licensees of the Project, an easement over and across the Phase 2 Parcel for vehicular and pedestrian access, vehicular parking, and access to common area amenities located on the Phase 2 Parcel, including but not limited to paved pathways, community rooms or other facilities, swimming pool or other recreational facilities located on, or about the Phase 2 Parcel. Provided that the Phase 2 Improvements are developed in accordance with the Phase 2 Ground Lease, RCGPLP grants to the Phase 2 Tenant, and its residents and licensees, an easement over and across the Property for vehicular and pedestrian access, vehicular parking, and access to common area amenities located on the Property, including but not limited to paved pathways, community rooms or other facilities, swimming pool or other recreational facilities located on, or about the Property. Such easement is collectively referred to as the "Reciprocal Easement". Only in the event that the Phase 2 Improvements are developed in accordance with the Phase 2 Ground Lease, and that the Reciprocal Easement is in effect, the County and RCGPLP acknowledge that the Emergency Access Easement, described in **Exhibit "A-1"**, and the Fire Turnaround Emergency Access Easement, described in **Exhibit "A-2"**, may be extinguished, depending on the exact location of access roadways on the Phase 2 Parcel. To the extent desired by the parties, the parties may amend this Lease to incorporate the specific location and uses of the Reciprocal Easement, and in the event that the Phase 2 Improvements are developed in accordance with the Phase 2 Ground Lease, the County shall cause the Phase 2

Ground Lease to be amended to incorporate the specific location and uses of the Reciprocal Easement. In the event the Phase 2 Improvements are not developed in accordance with the Phase 2 Ground Lease, then the County and RCGPLP may, by mutual written agreement, terminate the Reciprocal Easement. In the event that the parties mutually agree to extinguish the easement, the parties shall give written notice to one another that the easement shall be released and the parties shall execute all documents necessary to effectuate a release of the Reciprocal Easement, including but not limited to, a Quitclaim Deed.

The County has included references to the Emergency Access Easement, the Fire Turnaround Emergency Easement, the Water Basin and Drainage Easement, and the Reciprocal Easement in the Phase 2 Ground Lease.

C. Reciprocal Temporary Right of Entry for the Construction of the Project and Development of the Phase 2 Parcel.

1. Phase 1 Temporary Right of Entry.

A. Scope. During the construction of the Project, including the construction related to the Grant of Easements, the County hereby grants a temporary right of entry, onto the Phase 2 Parcel and the Adjacent Property, in favor of RCGPLP, and its contractors and agents, solely for the following purposes: (i) access to the Property during construction of the Project over and across the Phase 2 Parcel, (ii) construction staging of equipment and materials for the construction of the Project on, or about the Phase 2 Parcel, (iii) construction of improvements related to the Grant of Easements on the Phase 2 Parcel and Adjacent Property; and (iv) the implementation of mitigation measures related to the construction of the Property, including, but not limited to dust control mitigation measures, or other landscaping maintenance activities on or about the Phase 2 Parcel (collectively, the "Phase 1 Temporary Right of Entry").

B. Term and Termination. The Phase 1 Temporary Right of Entry shall remain in effect only during the time period of construction as set forth more in this Lease, and shall terminate, without further notice, upon the issuance of the Certificate of Occupancy for the Project, or within forty-eight (48) months, whichever date comes first.

C. Maintenance. RCGPLP shall maintain the entirety of the Phase 2 Parcel and the Adjacent Property during the Phase 1 Temporary Right of Entry and adhere to any and

all City, County, and State ordinances and conditions. RCGPLP shall remove all materials, equipment and/or debris generated by RCGPLP during the Phase 1 Temporary Right of Entry.

D. Restoration. Upon completion of its construction of the improvements related to the Grant of Easements on the Phase 2 Parcel and Adjacent Property, RCGPLP shall return the Phase 1 Temporary Right of Entry areas and all portions of the Phase 2 Parcel and Adjacent Property affected by the construction of the improvements related to the Grant of Easements, to a condition reasonably comparable to the condition in which it existed prior to RCGPLP's use of the Phase 1 Temporary Right of Entry, with the exception of the improvements constructed. The intent of this provision is to ensure that if RCGPLP's use of the Temporary Right of Entry causes damage to other portions of the Phase 2 Parcel or Adjacent Property, RCGPLP shall correct such damage even though it is outside the Phase 1 Temporary Right of Entry areas.

E. Hold Harmless. In accordance with **Section 27(B)** below, RCGPLP shall hold harmless, defend and indemnify the County, as set forth more fully in **Section 27** herein. Further, RCGPLP shall indemnify and hold the Phase 2 Tenant and its officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted upon any acts or omissions of RCGPLP, its officers, agents employees, subcontractors and independent contractors, for property damage, bodily injury or death or any other element of damage of any kind or nature, relating to or in any way connected with or arising from RCGPLP's use and responsibilities in connection with the Property, the construction related to the Grant of Easements, the Phase 1 Temporary Right of Entry or the condition thereof, and RCGPLP shall defend, at its expense, including attorney's fees the Phase 2 Tenant, its officers, agents employees and independent contractors in any legal actions based upon such alleged acts or omissions, and the Phase 2 Tenant for any claim relating to the Phase 1 Parcel Temporary Right of Entry.

2. Phase 2 Temporary Right of Entry.

A. Scope. During the construction of the Phase 2 Improvements by the Phase 2 Tenant pursuant to the Phase 2 Ground Lease, RCGPLP and the County shall grant a temporary right of entry, onto the Property, in favor of the Phase 2 Tenant, and its contractors and agents, solely for the following purposes: (i) access to the Phase 2 Parcel during

construction of the Phase 2 Improvements over and across any existing roadways developed on the Property, and (ii) the implementation of mitigation measures related to the construction of the Phase 2 Parcel, including, but not limited to dust control mitigation measures, or other landscaping maintenance activities on or about the Property, and immediately adjacent to the Phase 2 Parcel, and fencing and other reasonable security measures (the "Phase 2 Temporary Right of Entry")..

B. Term and termination. The Phase 2 Temporary Right of Entry shall remain in effect only during the time period of the construction of the Phase 2 Improvements in accordance with the Parcel 2 Ground Lease and shall terminate, without further notice, upon the issuance of the Certificate of Occupancy for the Phase 2 Improvements. The County has provided in the Parcel 2 Ground Lease that the Phase 2 Tenant shall indemnify, and hold harmless, RCGPLP for any claim relating to the Phase 2 Temporary Right of Entry. Notwithstanding any provision herein to the contrary (if any), the County hereby consents to RCGPLP's grant of the Phase 2 Temporary Right of Entry to the Phase 2 Tenant.

C. Additional Documentation. The County has provided in the Parcel 2 Ground Lease that the Phase 2 Tenant shall execute such additional document(s) as may be necessary or appropriate to implement the Phase 1 Temporary Right of Entry or the Phase 2 Temporary Right of Entry.

## 11. EVIDENCE OF FINANCING

This Lease is expressly conditioned upon RCGPLP's receipt, on or prior to **February 28, 2014** of the following (collectively, the "Project Financing"): (i) such binding loan commitments for new loans as may be required by RCGPLP for the Project, on terms and conditions acceptable to County, in its reasonable discretion, including, without limitation, (a) County of Riverside HOME financing, (b) any conventional construction and/or permanent financing, including without limitation, a construction and permanent loan from an institutional construction lender or lenders (each a "Lender", and, collectively, the "Lenders"), (c) MHSA financing, and (d) a binding reservation of federal low income housing tax credits pursuant of section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). Either County or RCGPLP may elect to terminate this Lease within ten (10) days written notice to the other party if RCGPLP fails to acquire the Project Financing as required by this **Section 11**.

## **12. CONSTRUCTION SCHEDULE**

RCGPLP shall give written notification to County prior to the start of construction. During the period of construction, but in no event more often than once monthly, RCGPLP shall submit to County written reports on the progress of the construction for the Project. The report shall be in such form and detail as to inform County fully of the status of construction, and shall include a reasonable number of photographs taken since the last report by RCGPLP. RCGPLP shall report to County on the construction progress and on RCGPLP's compliance with the approved construction plans for the Project.

## **13. NO DISCRIMINATION OR SEGREGATION**

RCGPLP shall not discriminate in RCGPLP's recruiting, hiring, promotion, demotion or termination practice on the basis of race, religion, creed, color, national origin, ancestry, sex, age, physical handicap, medical condition or marital status with respect to its use of the Property hereunder, and RCGPLP shall comply with the provisions of the California Fair Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued pursuant to said Acts and Orders with respect to its use of the Property.

## **14. JOB AVAILABILITY**

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

## **15. LOCAL, STATE AND FEDERAL LAWS IN CONSTRUCTION**

RCGPLP shall carry out the construction of the Project in conformity with all applicable federal, state and local laws and regulations, including, but not limited to the California Environmental Quality Act. RCGPLP represents and warrants that all of the Project shall be constructed in compliance with all laws or regulations with respect to the payment of prevailing wages. County shall not have any responsibility whatsoever for the payment to any contractor or supplier of RCGPLP. Following the completion of the initial construction of the Project, RCGPLP may, from time to time during the Term, make such modifications or alterations to the

Project provided that all construction is in conformity with all applicable federal, state and local laws and regulations, and subject to County approval.

**16. LOCAL, STATE AND FEDERAL LAWS IN OCCUPANCY**

RCGPLP shall occupy and operate the Project as described above. RCGPLP shall comply with all local, state and federal laws, regulations and ordinances in their operation of the Project.

**17. COUNTY AND OTHER GOVERNMENTAL PERMITS AND APPROVALS**

Before the commencement of construction or development of any work or improvements, RCGPLP shall, at its own expense, secure, or cause to be secured, any and all permits which may be required by the City or any other governmental agency having jurisdiction over such construction or development.

**18. NOTIFICATION OF TAXABILITY OF POSSESSORY INTEREST.** The Leasehold Estate interest granted by County to RCGPLP may create a possessory interest, subject to property taxation. In the event the Leasehold Estate in the buildings and related improvements, become subject to the payment of property taxes levied on such interest, RCGPLP (and not County) shall be solely responsible for the payment of such property taxes. RCGPLP shall reimburse County for any property of possessory taxes on the Property (excluding special assessments or other ad valorem assessments) that may become due and payable during the Term because of RCGPLP's failure to file a timely exemption, if such exemption is applicable.

**19. PROJECT OCCUPANCY AND AFFORDABILITY**

In compliance with Section 25539.4 of the Government Code, County shall record a Covenants and Conditions Agreement, attached hereto as **Exhibit "C"** and by this reference incorporated herein, against the Leasehold Estate in the Property to ensure affordability: not less than forty percent (40%) (or a minimum of 21 units) of the total number of those housing units developed on the Property pursuant to this section shall be affordable to households whose incomes are equal to or less than seventy-five percent (75%) of the maximum income of lower income households, and at least half (or a minimum of 11 units) of which shall be affordable to very low income households. Further, the parties agree that nothing in this Lease shall require that more than forty-nine (49%) of the units within the Project be required to be affordable to individuals whose incomes are equal to, or less than, eighty percent (80%) of the area median

income throughout the Term. The Covenants and Conditions Agreement shall be binding on RCGPLP, its heirs, successors and assigns. RCGPLP herein understands that the affordability restrictions pursuant to Government Code section 25539.4, and as set forth in **Exhibit "C"**, are the minimum restrictions for the leasing of the Property. RCGPLP further understands and expressly agrees that, to the extent that RCGPLP utilizes funding for the Project from any local, state and/or federal programs, including but not limited to: the HOME Program, the MHSA Program, CTCAC or any other funding program that contain affordability restrictions provisions, RCGPLP shall comply with any and all such affordability restrictions of each program's requirements. To the extent that a dispute exists as to which affordability restrictions apply to the Project, RCGPLP expressly agrees that it shall comply with the most restrictive of any and all such affordability restrictions.

## **20. TERMINATION BY COUNTY**

County shall have the right to terminate this Lease upon the occurrence of the following events provided that the County has delivered a written notice to RCGPLP setting forth such breach and providing sixty (60) days from the date of such notice to cure or remedy such breach:

- A. In the event a petition for the adjudication of RCGPLP is filed for voluntary bankruptcy or involuntary bankruptcy of RCGPLP which is not dismissed within sixty (60) days.
- B. In the event that RCGPLP makes a general assignment, or RCGPLP's interest hereunder is assigned involuntarily or by operation of law, for the benefits of creditors.
- C. In the event of abandonment of the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, by RCGPLP.
- D. In the event RCGPLP fails to comply with the HOME regulations.
- E. In the event RCGPLP fails to obtain Project Financing.
- F. In the event RCGPLP fails to complete construction of the Project during the specified time for construction.

In the event RCGPLP fails to perform, keep or observe any of its duties or obligations hereunder provided, however, that RCGPLP shall have sixty (60) day in which to correct its breach or default after written notice thereof has been served on it by County; provided, further, however, that in the event such breach or default is not corrected, County may elect to terminate

this Lease to any portion of the Property affected thereby, and such election shall be given by an additional fifteen (15) days written notice to RCGPLP

## **21. TERMINATION BY RCGPLP**

RCGPLP shall have the right to terminate this Lease in the event County fails to perform, keep or observe any of its duties or obligations hereunder, provided, however, that County shall have sixty (60) days in which to correct its breach or default after written notice thereof has been served on it by RCGPLP; provided, further, however, that in the event such breach or default is not corrected, RCGPLP may elect to terminate this Lease as to any portion of the Property affected thereby, and such election shall be given by an additional fifteen (15) days written notice to County.

## **22. REVERSIONARY INTERESTS**

In the event of any breach or default by RCGPLP of this Lease, including any of the obligations related to the construction and/or use of the easements granted by County, and upon the expiration of any applicable period of time to cure the default, or at the expiration of the Term of this Lease, any leasehold interest in the land which is the subject of this Lease shall revert back to County and interests in any buildings and improvements to the land shall become the property of the County. Further, County shall have a right of reversion in the real property subject to the Grant of Easements and RCGPLP shall give written notice to County of its release of any and all easements. RCGPLP shall execute all documents necessary to release such easements, including but not limited to any Quitclaim Deed(s) necessary to allow County to retain ownership and clear title to the real property subject to the Grant of Easements.

## **23. INSURANCE**

RCGPLP shall during the Term of this Lease:

A. Procure and maintain Worker's Compensation Insurance as prescribed by the laws of the State of California.

B. Procure and maintain automobile liability coverage from an admitted insurance carrier, for any and all vehicles owned, operated and/or maintained by RCGPLP, that shall protect RCGPLP from claims for damages for personal injury, including, without limitation, accidental and wrongful death, as well as from claims for property damage, which may arise from RCGPLP's use of the Property, the Phase 2 Parcel and/or the Adjacent Property subject to



the Grant of Easements, or the performance of its obligations hereunder, during the construction of the Project, whether such use or conformance by RCGPLP, by any subcontractor, or by anyone employed directly or indirectly by either of them. Such insurance shall provide for limits of not less than \$1,000,000 per occurrence.

C. Procure and maintain comprehensive general liability insurance coverage from an admitted insurance carrier which coverage shall protect RCGPLP from claims for damages for personal injury, including, without limitation, accidental and wrongful death, as well as from claims for property damage, which may arise from RCGPLP's use of the Property, the Phase 2 Parcel and the Adjacent Property subject to the Grant of Easements, or the performance of its obligations hereunder, after the Project has been completed, whether such use or performance be by RCGPLP, by any subcontractor, or by anyone employed directly or indirectly by either of them.

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

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

F. Cause RCGPLP's insurance carrier(s), all general contractors' and subcontractors' insurance carrier(s) to furnish County with Certificate(s) of Insurance, or certified copies of the complete insurance policies and all endorsements thereto showing that such insurance is in full force and effect, naming County as additionally insured. Further, said Certificate(s) shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to County prior to modification, cancellation or reduction in coverage of such insurance. RCGPLP shall not take possession or otherwise use the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements until County has been furnished Certificate(s) of Insurance or copies of policies with endorsements as otherwise required in this **Section 23**.

#### **24. COUNTY'S RESERVED RIGHTS – INSURANCE**

The amount of the property insurance may be adjusted by reappraisal of the Project by the insurer or its designee not more than once every five (5) years during the term of this Lease, if reasonably requested by County. The limits of the liability insurance may be adjusted once every five (5) years if and as reasonably required by County, provided such coverage requirements do not exceed those normally required by housing projects of comparable size and general geographic areas.

#### **25. CONDEMNATION**

If the Project or the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, or any part thereof shall be taken or condemned, for any public or quasi-public purpose or use by any competent entity in appropriate proceedings, or by any right of eminent domain, in the event of adjudication, the County and RCGPLP shall request that awards and other payments on account of a taking of the Project and the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, (less costs, fees and expenses incurred by County and RCGPLP in connection with the collection thereof) shall be divided by the presiding court between loss of value of the fee interest in the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, and loss of value of the Project. In the event there is no adjudication, the awards and other payments shall be divided in accordance with the ratio of the appraised values of County's and RCGPLP's interests taken or condemned. In any case such awards and payments shall be applied as follows:

A. Net awards and payments received on account of a partial taking of the Project, other than a taking for a temporary use not exceeding one (1) year, shall be allocated and paid in the following order of priority;

1. If RCGPLP reasonably believes restoration is economically feasible, and unless RCGPLP is then in default and the opportunity to cure has expired under any loan documents, first, to pay the cost of restoration of the Project, provided that the extent of RCGPLP's obligations to restore the Project shall be limited to the amount of the net award and payments received on account of the taking. RCGPLP shall furnish to County evidence reasonably satisfactory to County of the total cost of the restoration of the Project.

2. Second, or first if (i) RCGPLP does not reasonably believe that restoration is economically feasible, or (ii) RCGPLP is in default and the opportunity to cure has expired under the loan documents, to any Lenders (in the order of their respective lien priority, if there is more than one Lender) in an amount equal to the decrease (if any) in the value of the security for their respective loans as a result of the partial taking (calculated as set forth below in this **subsection 25(A)(2)**, less amounts payable to or recovered by the Lender pursuant to such taking, but not to exceed the unpaid balance of their loans). For purposes of this **subsection 25(A)(2)**, the amount of decrease in the value of the security for a loan shall be the amount, if any, necessary to reduce the outstanding principal of said loan such that the "Loan to Value Ratio" (as defined below) of said loan immediately following the taking is equal to the Loan to Value Ratio of said loan immediately following the taking is equal to the Loan to Value Ratio of said loan immediately preceding the taking. Loan to Value Ratio shall mean that fraction the numerator of which is the sum of the principal amount of the loan plus the principal amounts of all loans higher in lien priority to the loan and the denominator of which is the appraised value of the Project immediately following the taking or immediately preceding the taking, as applicable. The values of the immediately preceding the taking and immediately following the taking shall be determined by an MAI or SRI appraiser selected by RCGPLP and who is reasonably satisfactory to County.

3. The balance, if any, shall be divided between County and RCGPLP in the manner specified in **subparagraph (E)** below, provided, however, if the taking has no effect on the value of the County's fee interest in the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, or reversionary interest in the improvements, the balance shall be paid exclusively to RCGPLP.

B. Net awards and payments received on account of a partial or total taking of only County's fee interest in the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, or the reversionary interest in the improvements (that is, a taking of County's fee interest in the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, or County's reversionary interest in the improvements that has no effect on the value of RCGPLP's Leasehold interest in the Property or RCGPLP's fee interest in the improvements), including severance damages, shall be paid to County, which amount shall

be free and clear of any claims of RCGPLP, or any other persons claiming rights to the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, through or under RCGPLP, other than Lenders to which the County has subordinated its interest in the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements.

C. Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period during the Term of this Lease shall be paid to RCGPLP; provided, however, that if such taking for temporary use has resulted in any damage to or destruction of the Project, such net awards and payments shall be first applied to pay the cost of restoration thereof if RCGPLP determines that restoration is feasible. Net awards and payments received on account of a taking for temporary use not exceeding one (1) year and relating to a period beyond the term for this Lease shall be paid to County.

D. Net awards and payments received on account of a total taking of the Project shall be allocated and paid in the following order of priority:

1. First, to any Lender with then-outstanding loans secured by the Project (in the order of their respective lien priority, if there is more than one Lender), an amount equal to the unpaid balance secured by their respective loans to the extent there are sufficient funds to make such payments; and

2. The balance, if any, shall be divided between County and RCGPLP in the manner specified in **subparagraph (E)** below; provided, however, if the taking has no effect on the value of the County's fee interest in the Property, the Phase 2 Parcel and/or the Adjacent Property subject to the Grant of Easements, or reversionary interest in the improvements, the balance shall be paid exclusively to RCGPLP.

E. RCGPLP shall receive reimbursement for any funds it has reasonably expended for construction, repair and/or reconstruction for the Project (other than funds received from Lenders). County shall receive that portion of the balance equal to the balance multiplied by a fraction the numerator of which is the number of years elapsed from the Effective Date to the date of the taking, and the denominator of which is ninety-nine (99) years. RCGPLP shall receive the balance after deduction of the County's portion.

F. RCGPLP shall receive any award granted for or allocated to trade fixtures, moving expenses or loss of business.

G. If the Project is taken or condemned during the last five (5) years of the term of this Lease under circumstances described in **subparagraph (A)** above, RCGPLP may elect to terminate the Lease and proceeds of any payment or award shall be distributed in accordance with the provisions of **subparagraphs (D) and (E)** above.

**26. ADMINISTRATION OF CONSTRUCTION FUND IN THE EVENT OF CONDEMNATION, OR DAMAGE OR DESTRUCTION OF PROJECT.**

In the event that the loans have been paid in full, and if the Project or any part of it is to be repaired or reconstructed, after damage or destruction of the Project or its condemnation, all proceeds collected under any and all policies of insurance referred to in **Section 22** above covering such damage or destruction to the improvements, or all compensation received for such taking of the improvements by the exercise of the power of eminent domain, shall be paid into a special trust fund to be created and held by the RCGPLP and to be designated as the "construction fund", during such repairing or reconstructing, subject to the rights of Lenders as further defined in **Section 36** below. Any surplus of such insurance or condemnation proceeds remaining after the completion of all payments for such repairing or reconstructing the improvements shall be held or applied by the RCGPLP in a manner consistent with the applicable provision of this **Section 26**.

**27. HOLD HARMLESS**

A. RCGPLP represents that it has inspected the Property, the Phase 2 Parcel and the Adjacent Property subject to the Grant of Easements and accepts the condition thereof in its "as-is" condition existing on the Effective Date, and that County makes no representations or warranties to RCGPLP with regard to the condition of the Property, the Phase 2 Parcel and the Adjacent Property subject to the Grant of Easements of the fitness or suitability for RCGPLP's purposes and fully assumes any and all risks incidental to the use thereof. County shall not be liable to RCGPLP, its agents, employees, subcontractors or independent contractors for any personal injury or property damage suffered by them which may result from hidden, latent or other dangerous conditions in, on upon or within the Property, the Phase 2 Parcel and/or the

Adjacent Property subject to the Grant of Easements; provided, however, that such dangerous conditions are not caused by the sole negligence of County, its officers, agents or employees.

B. RCGPLP shall indemnify and hold County and their officers, agents, employees and independent contractors free and harmless from any liability whatsoever, based or asserted upon any act or omission of RCGPLP, its officers, agents, employees, subcontractors and independent contractors, for property damage, bodily injury or death or any other element of damaged of any kind of nature, relating to or in any way connected with or arising from RCGPLP's use and responsibilities in connection with the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements or the condition thereof, and RCGPLP shall defend, at its expense, including attorney's fees, County, their officers, agents, employees an independent contractors in any legal action based upon such alleged acts or omission. Further, RCGPLP shall defend, indemnify and hold County and their officers, Boards and agencies, agents, employees and independent contractors free and harmless from any liability whatsoever, in the event that any legal challenge is initiated against the County as the Property owner, or as the Real Party in Interest, or in the event that any legal challenge is brought against the County for approving or entering into this Lease or in any way arising out of the performance of this Lease with RCGPLP, including, but not limited to California Environmental Quality Act challenges.

C. The specified insurance limits required in **Section 23** above shall in no way limit or circumscribe RCGPLP's obligations to indemnify and hold County free and harmless herein.

D. The obligation to indemnify and hold County free and harmless herein shall survive until any and all claims, actions and causes of action with respect to any and all such alleged acts or omissions are fully and finally barred by the applicable statute of limitations unless such statute of limitation is overturned by any court jurisdiction wherein the indemnification shall continue until all issues are fully resolved.

## **28. ASSIGNMENT**

RCGPLP shall not assign or otherwise transfer in any manner any of its rights, duties or obligations hereunder to any person or entity without the prior written consent of County, which consent shall not be unreasonably withheld, delayed or conditioned. The parties hereto understand and agree that it shall be reasonable for County to withhold its consent if: County

determines that the proposed assignee or transferee does not have, or demonstrate, the financial ability and business background and experience to satisfactorily perform the obligations contemplated hereunder; or

A. The proposed assignee refuses, or fails to, assume, in writing, the obligations hereunder in a format which is acceptable to County.

B. No permissible assignment shall be effective without County approval and there shall have been delivered to County an assignment and assumption agreement, executed by RCGPLP, the County and the proposed assignee, whereby such assignee expressly assumes liability for the Lease obligations. The parties agree that as a condition to any assignment, the proposed assignee will deliver to County, prior to any approval of such assignment, financial statements for any and all entities and affiliated entities of the assignee. At its discretion, County reserves the right to request additional financial statements of related and/or affiliated entities' financial conditions. Further, assignee will provide County with written representations and warranties confirming the accuracy of the information delivered to County concerning its and its affiliates' financial condition.

## **29. COUNTY'S REPRESENTATIVE**

County hereby appoints the Assistant County Executive Officer/EDA or designee(s) as its authorized representative to administer this Lease. The County's Assistant County Executive Officer/EDA or designee(s) are authorized to take such ministerial actions as may be necessary or appropriate to implement the terms, provisions, and conditions of this Lease.

## **30. TRANSFERS**

Upon prior written approval by County, and subject to transfers permitted in **Section 30** hereof, RCGPLP may transfer the Project solely for the purposes of accomplishing any of the following: (i) the admission of limited partners to RCGPLP's limited partnership, or similar mechanism, and the purchase of any such limited partnership interest or interests or RCGPLP's leasehold interest in the improvements by RCGPLP's general partner (or its affiliate); (ii) the replacement of RCGPLP's general partner or similar mechanism, by an affiliate of the general partner; (iii) the removal for cause of any general partner by a limited partner of RCGPLP's partnership, and the replacement thereof; (iv) the lease for occupancy of all or any of the Units;

(v) the granting of easements or permits to facilitate the development of the Property; and (vi) the withdrawal, removal and/or replacement of any limited partner of RCGPLP.

County's approval of the above-stated transfers shall not be unreasonably withheld and County's Assistant County Executive Officer/EDA or designee(s) are authorized to execute such written instrument necessary or appropriate to evidence approval of the transfers in this Section. Notwithstanding anything to the contrary herein, the following shall not require County's prior approval: (1) any transfer described in **Section 30(i)** and **(vi)** above; (2) notwithstanding **(iii)** above, the removal and replacement of any general partner of RCGPLP by a limited partner pursuant to the terms of RCGPLP's partnership agreement as amended from time to time; and (3) any transfer described in **Section 30(iv)** provided that the lease complies with the applicable requirements of the HOME Program. Notwithstanding anything to the contrary contained herein, the amendment of the organizational documents of RCGPLP to effectuate the transfers described in **Section 30(i)**, **(iii)** and **(vi)** above shall not require the prior consent of the County.

### **31. CONFLICT OF INTEREST.**

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

### **32. TOXIC MATERIALS**

A. County hereby represents and warrants that it has no knowledge, and has no reasonable cause to believe, that any release of hazardous materials (as defined in (B) below) has come to be located on or beneath the Property except as set forth in that certain Phase 1 Environmental Site Assessment for the Property prepared by SCS Engineers dated as of April 25, 2012 (the "Phase 1 Report"). If upon investigation of the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements RCGPLP determines that the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements is not suitable for the use or uses to which the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements are to be put pursuant to this Lease, as a result of any soil condition or condition related to the presence of hazardous materials, RCGPLP may,



upon written notice to the County of the unsuitability of the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements, terminate this Lease.

B. During the Term and any extensions thereof, RCGPLP shall not violate any federal, state or local law, or ordinance or regulation, relating to industrial hygiene or to the environmental condition on, under or about the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements including, but not limited to, soil and groundwater conditions. Further, RCGPLP, its successors, assigns and sublessees, shall not use, generate, manufacture, produce, store or dispose of on, under or about the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements or transport to or from the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements (except in connection with the remediation of any existing conditions set forth in the Phase 1 Report, or otherwise necessary to permit the development of the Project) any flammable explosives, asbestos, radioactive materials, hazardous wastes, toxic substances or related injurious materials, whether injurious by themselves or in combination with other materials (collectively, "Hazardous Materials"). For the purpose of this Lease, hazardous materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section 25117 of the California Health and Safety Code or as "hazardous substances" in Section 25316 of the California Health and Safety Code; and in the regulations adopted in publication promulgated pursuant to said laws. Notwithstanding the foregoing, RCGPLP may transport and use Hazardous Materials within the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements in order to construct, operate and maintain the Project. In doing so, however, RCGPLP acknowledges and covenants that it shall comply strictly with any and all federal, state and local laws, ordinances and regulations relating to the use and disposition of such Hazardous Materials.

### **33. FREE FROM LIENS**

RCGPLP shall pay, when due, all sums of money that may become due for any labor, services, materials, supplies, or equipment, alleged to have been furnished or to be furnished to RCGPLP,

in, upon, or about the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements, and which may be secured by a mechanics', material men's or other lien against the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements or County's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by such lien, if any, provided, however, RCGPLP shall have the right to contest any such lien, but notwithstanding any such contest, if such lien shall be reduced to final judgment, and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event, RCGPLP shall forthwith pay and discharge said judgment.

#### **34. LIENS AND ENCUMBRANCES AGAINST RCGPLP'S INTEREST IN THE LEASEHOLD ESTATE**

##### **A. RCGPLP's Right to Encumber.**

Notwithstanding any other provision contained herein, County does hereby consent to and agree that RCGPLP may encumber or assign, or both, for the benefit of an Encumbrancer (defined below), this Lease, the leasehold estate of RCGPLP and the Project and related improvements constructed by RCGPLP by a Leasehold Deed of Trust, mortgage or other security-type instrument, herein called trust deed, but only to the extent necessary to assure repayment of the financing of the construction and operation of the Project by RCGPLP (including any conversion of the construction loan to permanent financing), and in connection with such encumbrance the prior written consent of County shall not be required:

1. To a transfer of this Lease at foreclosure under the trust deed, judicial foreclosure, or an assignment in lieu of foreclosure or in connection with the Encumbrancer's exercise of any remedy provided in the deed of trust; or

2. To any subsequent transfer by the Encumbrancer if the Encumbrancer is the purchaser at such foreclosure sale or is the assignee under an assignment in lieu of foreclosure; provided however, that in either such event the Encumbrancer promptly gives notice to County in writing of any such transfer, setting forth the name and address of the transferee, the effective date of such transfer, and a copy of the express agreement of the

transferee assuming and agreeing to perform all of the obligations under this Lease, together with a copy of the document by which such transfer was made.

For purposes of this Lease, an "Encumbrancer" shall mean an established bank, savings and loan association, insurance company or other entity which provides tax exempt bond financing or other institutional financing.

Any Encumbrancer or other transferee who succeeds to RCGPLP's interest under this Lease shall be liable to perform all the obligations and duties of RCGPLP under this Lease, arising from and after the date that such Encumbrancer succeeds to the interest of RCGPLP under this Lease including, but not limited to the affordability restrictions specified in the Covenants and Conditions Agreement, attached hereto as **Exhibit "C"** and the termination provisions set forth herein. Any Encumbrancer or successor or assignee thereof is referred to herein as a "Lender".

RCGPLP shall give County prior notice of any such trust deed and shall accompany such notice with a copy of any such trust deed. Except as described in this Section, RCGPLP shall not permit any other liens or encumbrances on the Property or its interest therein without the County's prior written consent.

RCGPLP shall not have the right, without County's consent, to encumber County's reversionary interest in the improvements.

Notwithstanding the above, nothing in this Lease shall be construed as an agreement by the County to subordinate its fee interest in the Property.

B. For as long as there is any lien in favor of an Encumbrancer on the Project.

1. Notwithstanding any default by RCGPLP under this Lease, County shall have no right to terminate this Lease unless County shall have given Lenders written notice of such default and such Lenders shall have failed to remedy such default or acquire RCGPLP's Leasehold Estate or commence foreclosure or other appropriate proceedings as set forth in, and within the time specified by this Section.

2. Any Lender shall have the right, but not the obligation, at any time to do any act or thing required of RCGPLP by the terms of this Lease, to prevent termination of this Lease. Each Lender shall have ninety (90) days after receipt of notice from County describing such default to cure the default. All payments so made and all things so done shall be as

effective to prevent a termination of this Lease as the same would have been if made and performed by RCGPLP instead of by Lender(s).

3. In addition to the cure period provided in **Paragraph B(2)** above, if the default is such that possession of the Property may be reasonably necessary to remedy the default, any Lender which has an outstanding loan shall have a reasonable time after the expiration of such ninety (90) day period within which to remedy such default, provided that (i) such Lender shall have fully cured any default in the payment of any monetary obligations when the same are due and (ii) such Lender shall have acquired RCGPLP's Leasehold Estate or commenced foreclosure or other appropriate proceedings prior to or within such period, and shall be diligently prosecuting the same.

4. Any default under this Lease which by its nature cannot be remedied by any Lender shall be deemed to be remedied if (i) within ninety (90) days after receiving written notice from County describing the default, or prior thereto, any Lender shall have acquired RCGPLP's Leasehold Estate or commenced foreclosure or other appropriate proceedings, or Lender shall be diligently prosecuting any such proceedings to completion, (ii) Lender shall have fully cured any default in the payment of any monetary obligations of RCGPLP hereunder which does not require possession of the Property, and (iii) after gaining possession of the Property, the Lender shall perform all other obligations of tenant under this Lease hereunder capable of performance by Lender.

5. County shall mail or deliver to any Lenders which have any outstanding loan a duplicate copy of all notices which County may from time to time give to RCGPLP pursuant to this Lease. No notice by County to RCGPLP hereunder shall be effective unless and until a copy of the notice shall have been mailed or delivered to such Lenders as set forth in this Paragraph.

6. In the event any Lender acquires the interest of RCGPLP under this Lease by means of foreclosure or deed in lieu of foreclosure or pursuant to any new Lease obtained under **subsection (7)** below, that Lender shall be personally liable under this Lease or such new Lease only for the period of time that lender remains lessee thereunder, and that Lender's right to assign this Lease or such new Lease shall be subject to the restrictions set forth in this Lease. Nothing in this Paragraph shall be construed to obligate any Lender to remedy

any default of RCGPLP, and any failure of any lender to complete any such cure after commencing the same shall not give rise to any liability of any lender to County or RCGPLP. For purposes hereof, the obligation of a Lender to cure any monetary obligation of RCGPLP arising prior to such Lender's obtaining possession of the Property shall not include losses, damages, or indemnities accruing or arising prior to the date such Lender acquired possession of the Property.

7. In the event a Lender becomes the legal owner of the Leasehold Estate or this Lease is terminated for any reason, upon written request by Lender given within sixty (60) days after becoming the legal owner of the Leasehold Estate or the effective date of such termination, County shall enter into a new Lease of the Property with the Lender for the remainder of the term of this Lease with the same agreements, covenants, reversionary interests and conditions (except for any requirements which have been fulfilled by RCGPLP prior to termination) as are contained in this Lease and with priority equal to this Lease.

8. Any limited partners of RCGPLP shall have the same rights as any Lender authorized under **subparagraphs (2) and (5) of this Paragraph (C)** of this Lease and any reference to a lender in **subparagraphs (2) and (5) of this Paragraph (C)** shall be deemed to include such limited partners.

9. County shall cooperate in including in this Lease by suitable amendment from time to time any provision which may reasonably be requested by any proposed Lender for the purpose of implementing the mortgagee protection provisions contained in this Lease and allowing such Lender reasonable means to protect or preserve the lien of the Lender and the value of its security. County agrees to execute and deliver (and to acknowledge, if necessary, for recording purposes) any agreement necessary to effect any such amendment; provided, however, that any such amendment shall not in any way affect the term of this Lease or rent under this Lease nor otherwise affect adversely any material right of County under this Lease.

10. The parties shall not amend, or modify this Lease or the Grant of Easements without notice to the Lenders. The parties shall not consensually terminate this Lease without the consent of the Lenders. Notwithstanding, the Temporary Rights of Entry may terminate without notice or consent of the Lenders pursuant to the terms of this Lease.

C. Any mortgage created against the Leasehold Estate pursuant to **subsection (A)** of this Paragraph shall be subject to the provisions of this Lease and all rights of County under this Lease.

**35. ESTOPPEL CERTIFICATES**

RCGPLP and County, at any time, and from time to time during the term of this Lease, and any extension thereof, and within thirty (30) days after request, in writing, has been given by the other party, shall execute, acknowledge and deliver to the requesting party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been any modifications, that the same is in full force and effect as modified and stating the modifications). The statement shall also include the dates to which the rent and any other charges have been paid in advance, that there are no defaults existing or that defaults exist and the nature of such defaults. It is intended that such statement as provided in **Section 35** may be relied upon by any prospective encumbrancer/lender as assignee of the leasehold interest in the Property or the improvements thereon or both or all of any portion or portions of RCGPLP's interest under this **Section 35**.

**36. NOTICE AND RIGHT TO CURE DEFAULTS UNDER LOANS**

Upon the recording of this Lease, County may record in the office of the Recorder of the County in which the Property, the Phase 2 Parcel, and/or the Adjacent Property subject to the Grant of Easements is situated and request for notice of any default under each loan. In the event of default by RCGPLP under a loan, County shall have the right, but not the obligation, to cure the default. Any payments made by County to cure a default shall be payable by RCGPLP to County within thirty (30) days of the date on which the payment was made by the County.

**37. ENCUMBRANCE BY COUNTY**

County has not encumbered or hypothecated its interest in the Property or any part thereof with any mortgage, deed of trust or other form of security interest.

**38. EMPLOYEES AND AGENTS OF RCGPLP**

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

**39. WAIVER OF PERFORMANCE**

No waiver by County at any time of any of the terms and conditions of this Lease shall be deemed or construed as a waiver at any time thereafter of the same or of any other terms or conditions contained herein or of the strict and timely performance of such terms and conditions.

**40. SEVERABILITY**

The invalidity of any provision in this Lease as determined by a court of competent jurisdiction shall in no way affect the validity of any other provision hereof.

**41. VENUE**

Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Lease shall be tried in the Superior Court, Central Division of the County of Riverside, State of California, and the parties hereby waive all provision of law providing for a change of venue in such proceedings to any other County.

**42. ATTORNEYS' FEES**

In the event of any litigation or arbitration between RCGPLP and COUNTY to enforce any of the provisions of this Lease or any right of either party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the successful party all costs and expenses, including reasonable attorneys' fees, incurred therein by the successful party, all of which shall be included in and as a part of the judgment or award rendered in such litigation or arbitration.

**43. NOTICES**

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

COUNTY

Riverside County  
Economic Development Agency  
5555 Arlington Ave.  
Riverside, CA 92504  
Attn: Assistant Director, Housing

RCGPLP

Riverside Cedar Glen Partners LP  
c/o Palm Communities

15635 Alton Pkwy., Ste., 375  
Irvine, CA 92618  
Attn: President

with a copy to:

BCCC, Inc.  
c/o Boston Capital Partners  
One Boston Place  
Boston, MA 02108  
Attn: Cedar Glen Asset Management

and

Holland & Knight LLP  
10 St. James Avenue  
Boston, MA 02116  
Attn: Douglas W. Clapp, Esq.

**44. PARAGRAPH HEADINGS**

The paragraph headings herein are for the convenience of the parties only, and shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions or language of this Lease.

**45. AUTHORITY TO EXECUTE**

The person or persons executing this Lease or Exhibits attached hereto on behalf of the parties hereto or any other person or business entity hereby warrant and represent that he/she have the authority to execute this Lease or Exhibits on behalf of his/her entity and warrants and represents that he/she have the authority to bind such entity to the performance of its obligations hereunder.

**46. CONSTRUCTION OF LEASE**

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

**47. ENTIRE LEASE**



This Lease is intended by the parties hereto as a final expression of their understanding with respect to the subject matter hereof and as a complete and exclusive statement of the terms and conditions thereof and supersedes any and all prior and contemporaneous agreements, Leases and understandings, oral and written consent of the parties hereto.

**48. BINDING ON SUCCESSORS**

County and RCGPLP, and their assigns and successors in interest, shall be bound by all the terms and conditions contained in this Lease.

**49. NO MERGER**

For so long as any debt secured by a mortgage upon the Leasehold Estate shall remain outstanding and unpaid, unless Lender shall otherwise consent in writing, there shall be no merger of either this Lease or the Leasehold Estate created hereunder with the fee estate of the Property or any part thereof by reason of the fact that the same person may acquire, own or hold, directly or indirectly, (a) this Lease, the Leasehold Estate created hereunder or any interest in this Lease or Leasehold Estate (including the improvements constructed in connection with the Project), and (b) the fee estate in the Property or any part thereof or any interest in such fee estate (including the improvements constructed in connection with the Project), unless and until all persons, including any assignee of County, having an interest in (i) this Lease or Leasehold Estate created hereunder, and (ii) the fee estate in the Property or any part thereof, shall join in a written instrument effecting such merger and shall duly record the same, and shall have obtained the prior written consent of Lender.

**50. DUTY TO COOPERATE**

County and RCGPLP acknowledge that the development of the Property requires reasonable cooperation between the parties with respect to the execution of documents reasonably required for the execution and administration of this Lease, and the parties herein agree to exercise good faith and fair dealing practices and to cooperate with one another as is reasonably necessary to effectuate the execution and administration of this Lease.

**51. COUNTERPARTS**

This Lease may be signed by the different parties hereto in counterparts, each of which shall be an original but all of which together shall constitute one and the same Lease.

**52. TIME OF ESSENCE**

Time is, and shall be, of the essence in this Lease.

(SIGNATURES ARE ON THE FOLLOWING PAGE)

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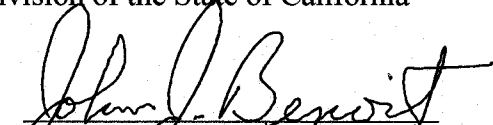
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IN WITNESS WHEREOF, RCGPLP and COUNTY have executed this Lease as of the Effective Date.

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

**RIVERSIDE CEDAR GLEN PARTNERS LP**, a California limited partnership

By:   
John J. Benoit, Chairman  
Board of Supervisors

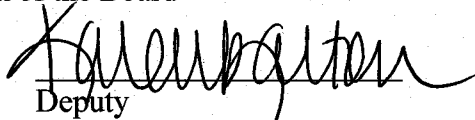
By: PC RIVERSIDE DEVELOPERS LLC, a California limited liability company, its administrative general partner

By: PALM COMMUNITIES, a California corporation, its sole member/manager

By: \_\_\_\_\_  
Todd A. Deutscher, President

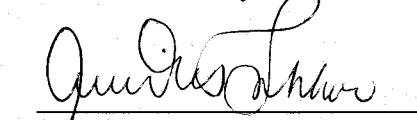
ATTEST:

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By:   
Annie T. Sahhar  
Deputy County Counsel

(Signatures on this page need to be notarized)

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §

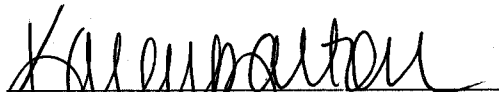
On February 26, 2013, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the 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 \_\_\_\_\_ }

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

IN WITNESS WHEREOF, RCGPLP and COUNTY have executed this Lease as of the Effective Date.

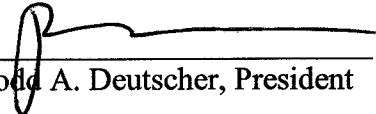
**COUNTY OF RIVERSIDE**, a political subdivision of the State of California

**RIVERSIDE CEDAR GLEN PARTNERS LP**, a California limited partnership

By: \_\_\_\_\_  
John J. Benoit, Chairman  
Board of Supervisors

By: PC RIVERSIDE DEVELOPERS LLC, a California limited liability company, its administrative general partner

By: PALM COMMUNITIES, a California corporation, its sole member/manager

By:   
Todd A. Deutscher, President

ATTEST:

Kecia Harper-Ihem  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By: \_\_\_\_\_  
Annie T. Sahhar  
Deputy County Counsel

**(Signatures on this page need to be notarized)**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA }  
COUNTY OF Orange }

On Feb. 12, 2013, before me, Susan E. Roberts  
Date Here Insert Name and Title of the Officer

personally appeared Todd A. Deutscher  
Name(s) of Signer(s)

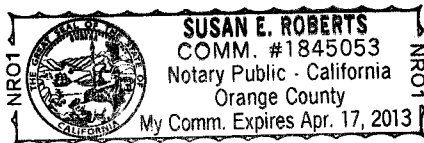
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument 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 Susan E. Roberts  
Signature of Notary Public

Place Notary Seal Above



## EXHIBIT "A"

### LEGAL DESCRIPTION AND PLAT MAP OF THE PROPERTY/PHASE 1 PARCEL

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded January 27, 2000 as Document No. 2000-030542 and re-recorded May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said Riverside County, located in Section 12, Township 3 South, Range 6 West, S.B.M., and in Section 7, Township 3 South, Range 5 West, S.B.M., more particularly described as follows:

**COMMENCING** at the northeast corner of said Parcel 2, said corner also being the northwesterly corner of Parcel 1 of Grant Deed recorded February 1, 1991 as Instrument No. 38278 of Official Records of said County;

Thence along the easterly line of said Parcel 2 the following 3 courses: South 00°56'07" West 80.00 feet to a line that is parallel with and distant 80.00 feet southerly, as measured at right angles, from the north line of said Parcel 2, and being the **TRUE POINT OF BEGINNING**;

Thence South 37°29'17" East 18.51 feet to the beginning of a non-tangent curve concave to the northeast and having a radius of 544.00 feet, a radial line of said curve at said point bears North 86°01'10" East;

Thence along said curve southeasterly 237.98 feet through a central angle of 25°03'52" to the most easterly corner of said Parcel 2;

Thence leaving said easterly line, along the southerly line of Parcel 2 South 56°23'13" West 399.29 feet;

Thence leaving said southerly line, North 33°38'54" West 69.70 feet;

Thence North 33°36'09" West 48.79 feet

Thence North 56°23'51" East 9.66 feet;

Thence North 33°36'09" West 66.22 feet;

Thence South 56°23'51" West 9.66 feet;

Thence North 33°36'09" West 57.54 feet to the beginning of a tangent curve concave to the northeast and having a radius of 100.00 feet;

Thence along said curve northwesterly 57.51 feet through a central angle of 32°57'11";

Thence tangent from said curve North 00°38'58" West 118.07 feet;

Thence South 89°15'18" East 15.53 feet;



Thence North 00°56'25" East 94.41 feet to said line parallel with and distant 80.00 feet south of the North line of said Parcel 2;

Thence South 89°03'24" East 389.48 feet along said parallel line to the **TRUE POINT OF BEGINNING.**

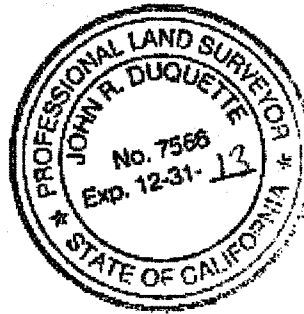
**CONTAINING** 3.628 acres, more or less.

Plat attached and by this reference made a part hereof.

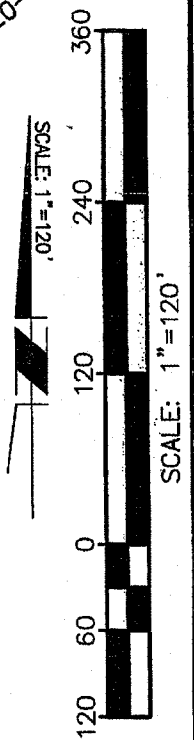
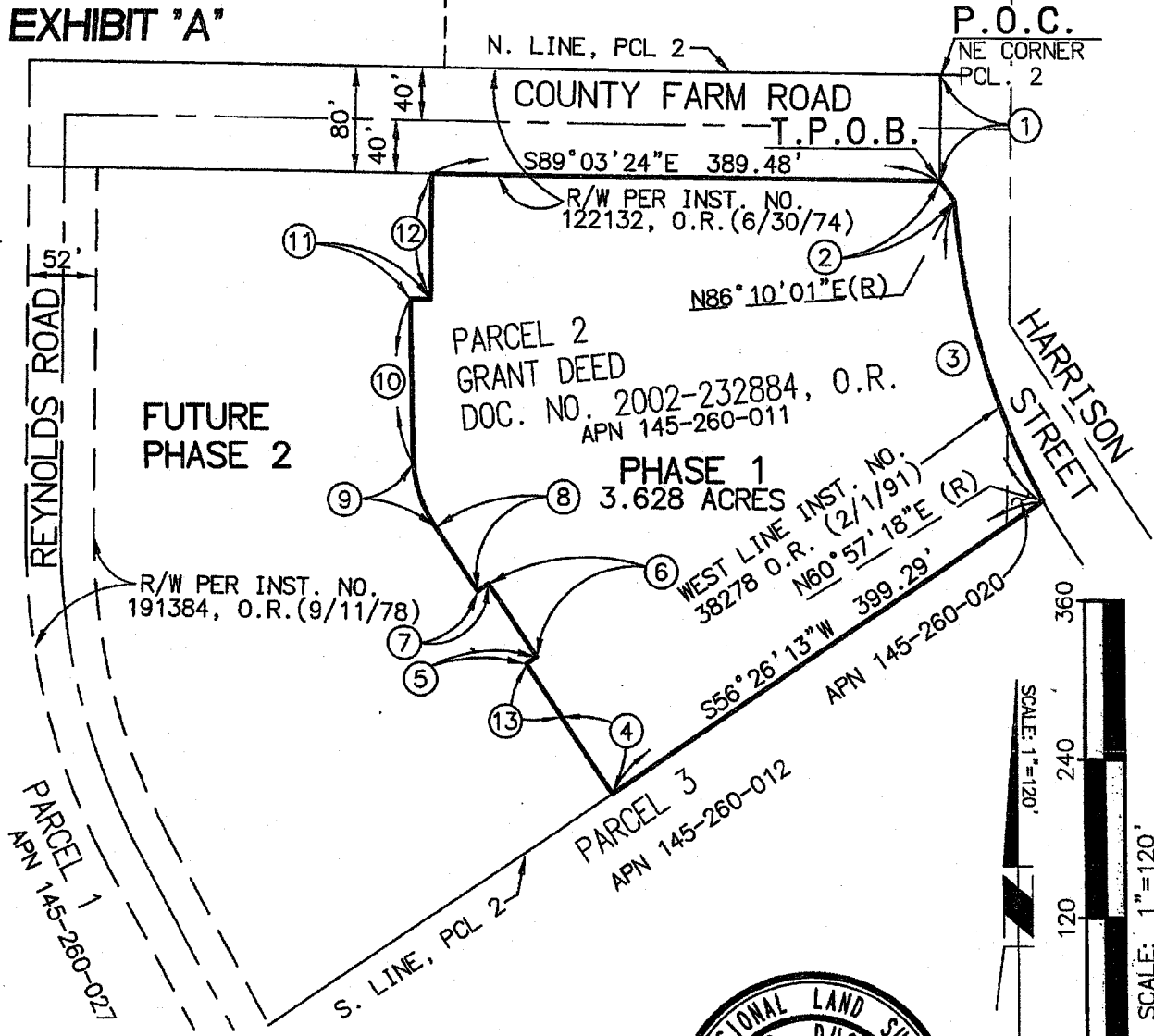
This description was prepared by me or under my direction.

  
\_\_\_\_\_  
John R. Duquette P.L.S. 7566

2/22/13  
\_\_\_\_\_  
Date



PLAT TO ACCOMPANY  
**EXHIBIT "A"**



SEC. 7, T 3 S, R 5 W, SBM  
 SEC. 12, T 3 S, R 6 W, SBM

**RBF**  
 CONSULTING

SHEET 1 OF 1 SHEETS

JN: 130597/20101559

DATA TABLE			
(NO)	BEARING/DELTA	RADIUS	LENGTH
1	S00°56'07"W	---	80.00'
2	S37°29'17"E	---	18.51'
3	25°03'52"	544.00'	237.98'
4	N33°38'54"W	---	69.70'
5	N56°23'51"E	---	9.66'
6	N33°36'09"W	---	66.22'
7	S56°23'51"W	---	9.66'
8	N33°36'09"W	---	57.54'
9	32°57'11"	100.00'	57.51'
10	N00°38'58"W	---	118.07'
11	S89°15'18"E	---	15.53'
12	N00°56'25"E	---	94.41'
13	N33°36'09"E	---	48.79'

## EXHIBIT "A-1"

### LEGAL DESCRIPTION AND PLAT MAP FOR EMERGENCY ACCESS EASEMENT

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded on January 27, 2000 as Document No. 2000-030542 and re-recorded on May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said County, located in Section 12, Township 3 South, Range 6 West, S.B.M., more particularly described as follows:

**COMMENCING** at the southeast corner of said Parcel 2, said point also being the southeasterly corner of that certain easement described in a document recorded September 11, 1978 as Instrument No. 191384 of said Official Records;

Thence along the easterly line and its northerly prolongation of said Parcel 2, and the easterly line of said easement North 27°52'04" West 245.59 feet to the **TRUE POINT OF BEGINNING**;

Thence continuing along said line North 27°52'04" West 28.14 feet:

Thence leaving said line North 56°27'04" East 311.78 feet;

Thence South 33°38'54" East 28.00 feet;

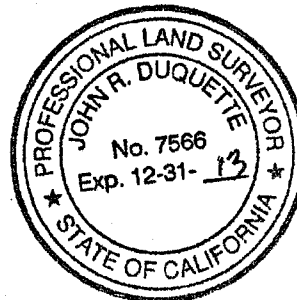
Thence South 56°27'04" West 314.62 feet to the **TRUE POINT OF BEGINNING**.

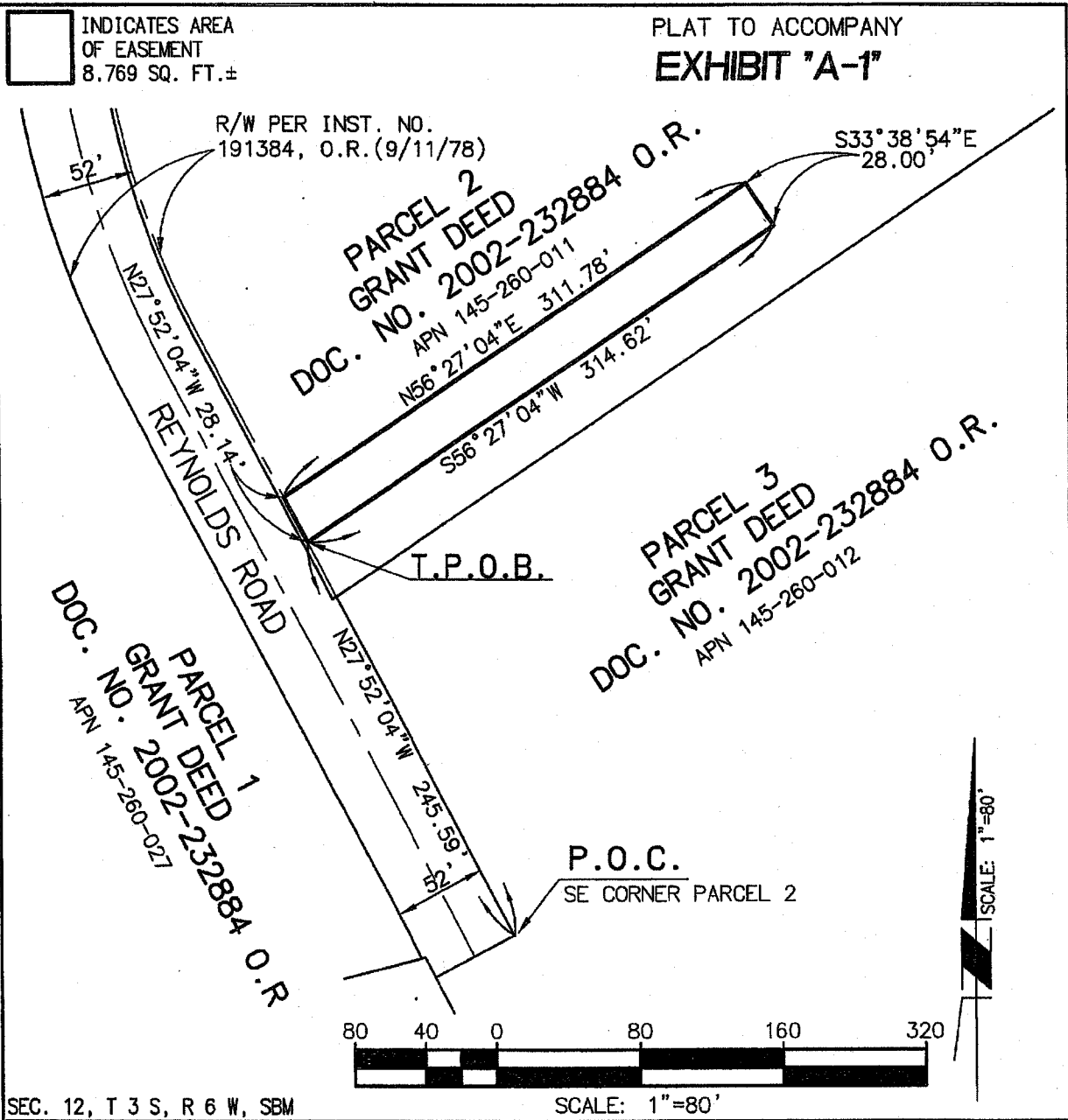
**CONTAINING** 8,769 square feet, or 0.201 acres, more or less.

Plat attached and by this reference made a part hereof.

This description was prepared by  
me or under my direction.

John R. Duquette      2/22/13  
John R. Duquette, P.L.S. 7566      Date





SEC. 12, T 3 S, R 6 W, SBM

SCALE: 1"=80'



**RBF**  
CONSULTING

SHEET 1 OF 1  
REV. FEB. 22, 2013  
JN: 130597/20101559

*John R. Duquette*  
JOHN R. DUQUETTE  
PLS 7566

*2/22/13*  
DATE:

H:\PDATA\20101559\CADD\MAPPING\EXHIBIT\1559EX03.DWG JDUQUETTE 2/22/13 10:26 am

74-130 COUNTRY CLUB DRIVE, SUITE 201, PALM DESERT, CALIFORNIA 92260-1655 ■ 760.346.7481 ■ FAX 760.346.8315 ■ www.RBF.com

**EXHIBIT "A-2"**  
**LEGAL DESCRIPTION AND PLAT MAP FOR**  
**FIRE TURNAROUND EMERGENCY ACCESS EASEMENT**

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded January 27, 2000 as Document No. 2000-030542 and re-recorded May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said Riverside County, located in Section 12, Township 3 South, Range 6 West, S.B.M., more particularly described as follows:

**COMMENCING** at the northwest corner of said Parcel 2;

Thence along the north line of said Parcel 2, South 89°03'24" East 288.25 feet;

Thence leaving said north line of said Parcel 2, South 00°38'58" East 195.43 feet to the **TRUE POINT OF BEGINNING**;

Thence continuing South 00°38'58" East 28.00 feet to the beginning of a non-tangent curve concave to the southeast and having a radius of 17.00 feet, a radial line of said curve from said point bears South 00°38'58" East;

Thence along said curve southwesterly 26.70 feet through a central angle of 90°00'00";

Thence South 00°38'58" East 20.00 feet;

Thence South 89°21'02" West 25.00 feet;

Thence North 00°38'58" West 112.00 feet;

Thence North 89°21'02" East 25.00 feet;

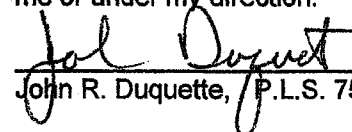
Thence South 00°38'58" East 30.00 feet to the beginning of a tangent curve concave to the northeast and having a radius of 17.00 feet;

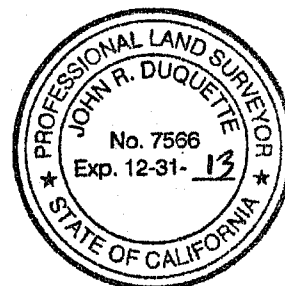
Thence along said curve southeasterly 26.70 feet through a central angle of 90°00'00" to the **TRUE POINT OF BEGINNING**.

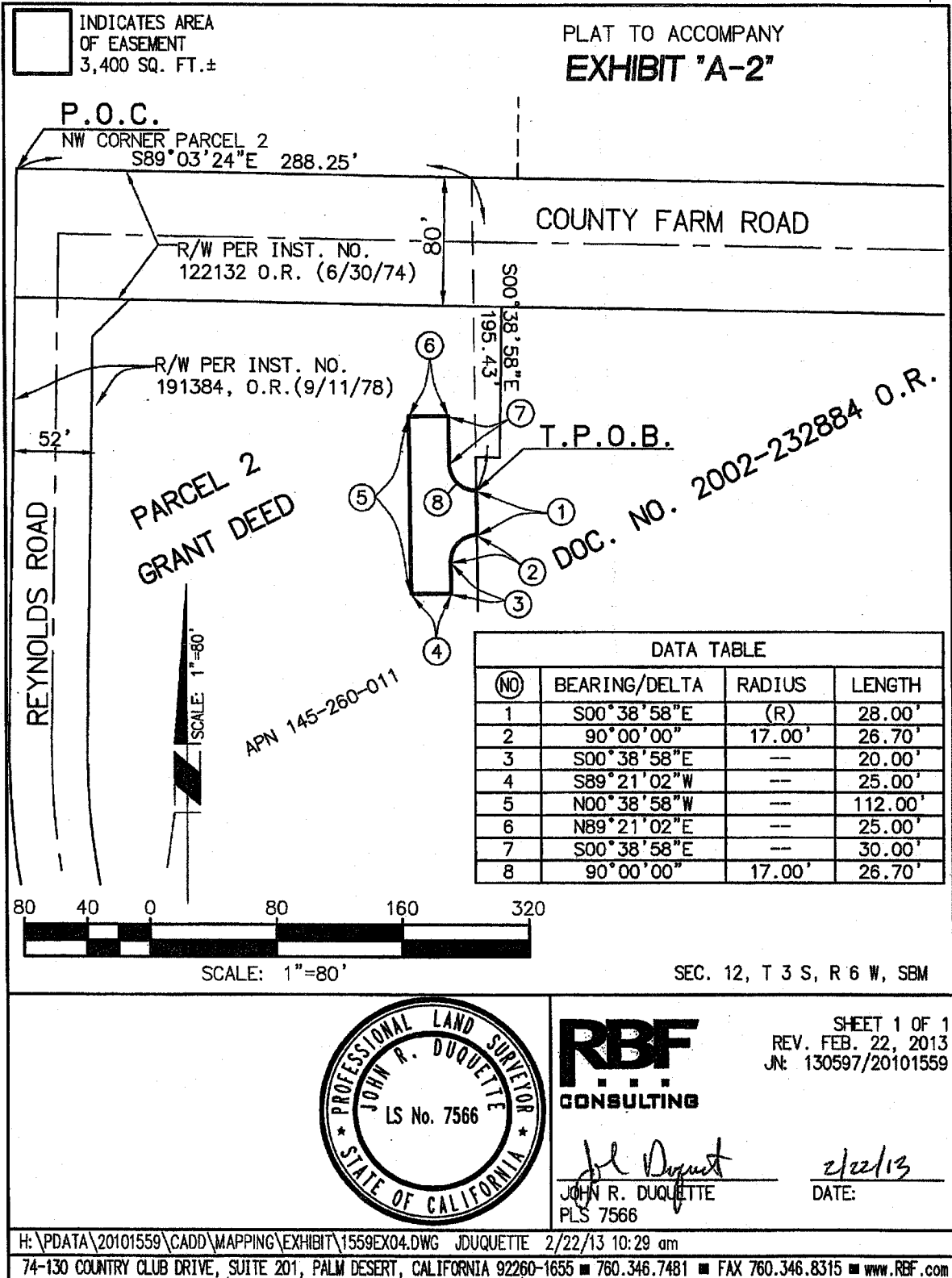
**CONTAINING** 3,400 square Feet, or 0.078 acres, more or less.

Plat attached and by this reference made a part hereof.

This description was prepared by  
me or under my direction.

 2/22/13  
John R. Duquette, P.L.S. 7566 Date





**RBF CONSULTING**

SHEET 1 OF 1  
REV. FEB. 22, 2013  
JN: 130597/20101559

*John R. Duquette*  
JOHN R. DUQUETTE  
PLS 7566

*2/22/13*  
DATE:

**EXHIBIT "A-3"**  
**LEGAL DESCRIPTION AND PLAT MAP FOR WATER BASIN  
AND DRAINAGE EASEMENT**

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded on January 27, 2000 as Document No. 2000-030542 and re-recorded on May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said County, located in Section 12, Township 3 South, Range 6 West, S.B.M., more particularly described as follows:

**COMMENCING** at the southeast corner of said Parcel 2, said point also being the southeasterly corner of that certain easement described in a document recorded September 11, 1978 as Instrument No. 191384 of said Official Records;

Thence along the easterly line and its northerly prolongation of said Parcel 2, and the easterly line of said easement North 27°52'04" West 278.56 feet;

Thence leaving said line North 56°26'35" East 32.03 feet to the **TRUE POINT OF BEGINNING**;

Thence continuing North 56°26'35" East 160.00 feet;

Thence North 33°33'25" West 165.00 feet;

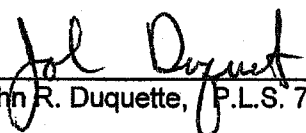
Thence South 56°26'35" West 160.00 feet;

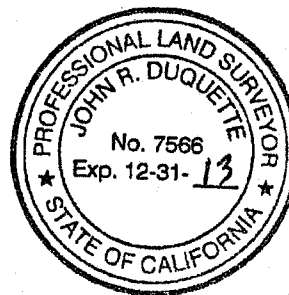
Thence South 33°33'25" East 165.00 feet to the **TRUE POINT OF BEGINNING**.

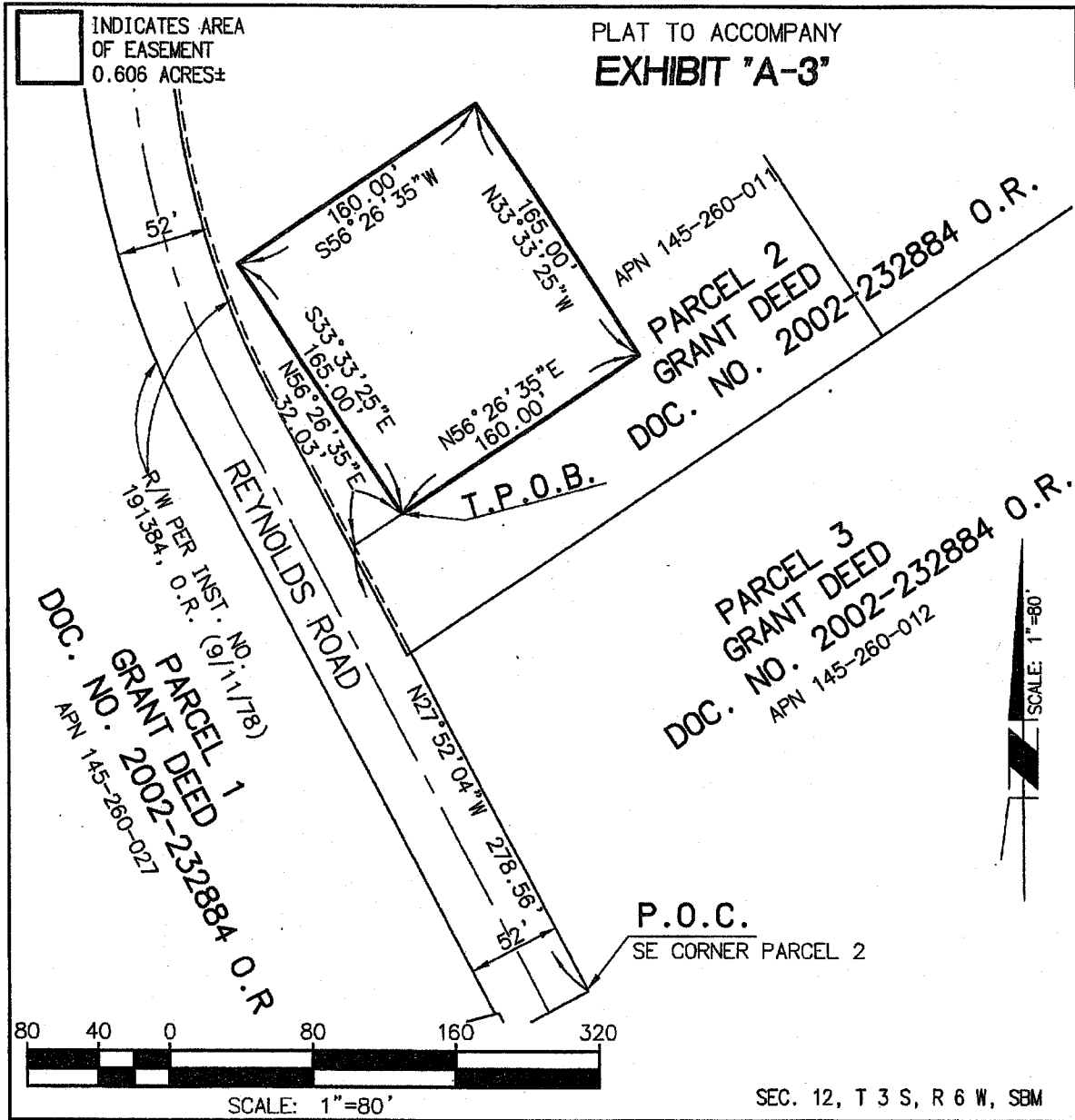
**CONTAINING** 26,400 square feet, or 0.606 acres, more or less.

Plat attached and by this reference made a part hereof.

This description was prepared by  
me or under my direction.

  
\_\_\_\_\_  
John R. Duquette, P.L.S. 7566      2/22/13      Date





**RBF CONSULTING**

SHEET 1 OF 1  
 REV. FEB. 22, 2013  
 JN: 130597/20101559

*John R. Duquette*  
 JOHN R. DUQUETTE  
 PLS 7566

*2/22/13*  
 DATE:



**EXHIBIT "A-4"**  
**LEGAL DESCRIPTION AND PLAT MAP FOR ADJACENT PROPERTY**  
**(LANDSCAPE EASEMENT)**

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded January 27, 2000 as Document No. 2000-030542 and re-recorded May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said Riverside County, located in Section 12, Township 3 South, Range 6 West, S.B.M., more particularly described as follows:

**COMMENCING** at the northeast corner of said Parcel 2;

Thence South 00°56'07" West 60.00 feet along the east line of said Parcel 2 to the **TRUE POINT OF BEGINNING**;

Thence continuing South 00°56'07" West 20.00 feet to the south line of the easement described in a document recorded June 30, 1974 as Instrument No. 122132 of Official Records of said County;

Thence North 89°03'24" West 389.48 feet along said south line of said easement;

Thence leaving said south line of said easement, North 00°56'07" East 20.00 feet to a line parallel with and 20.00 feet north of said south line of said easement ;

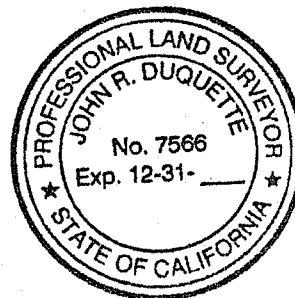
Thence along said parallel line South 89°03'24" East 389.48 feet to the **TRUE POINT OF BEGINNING**.

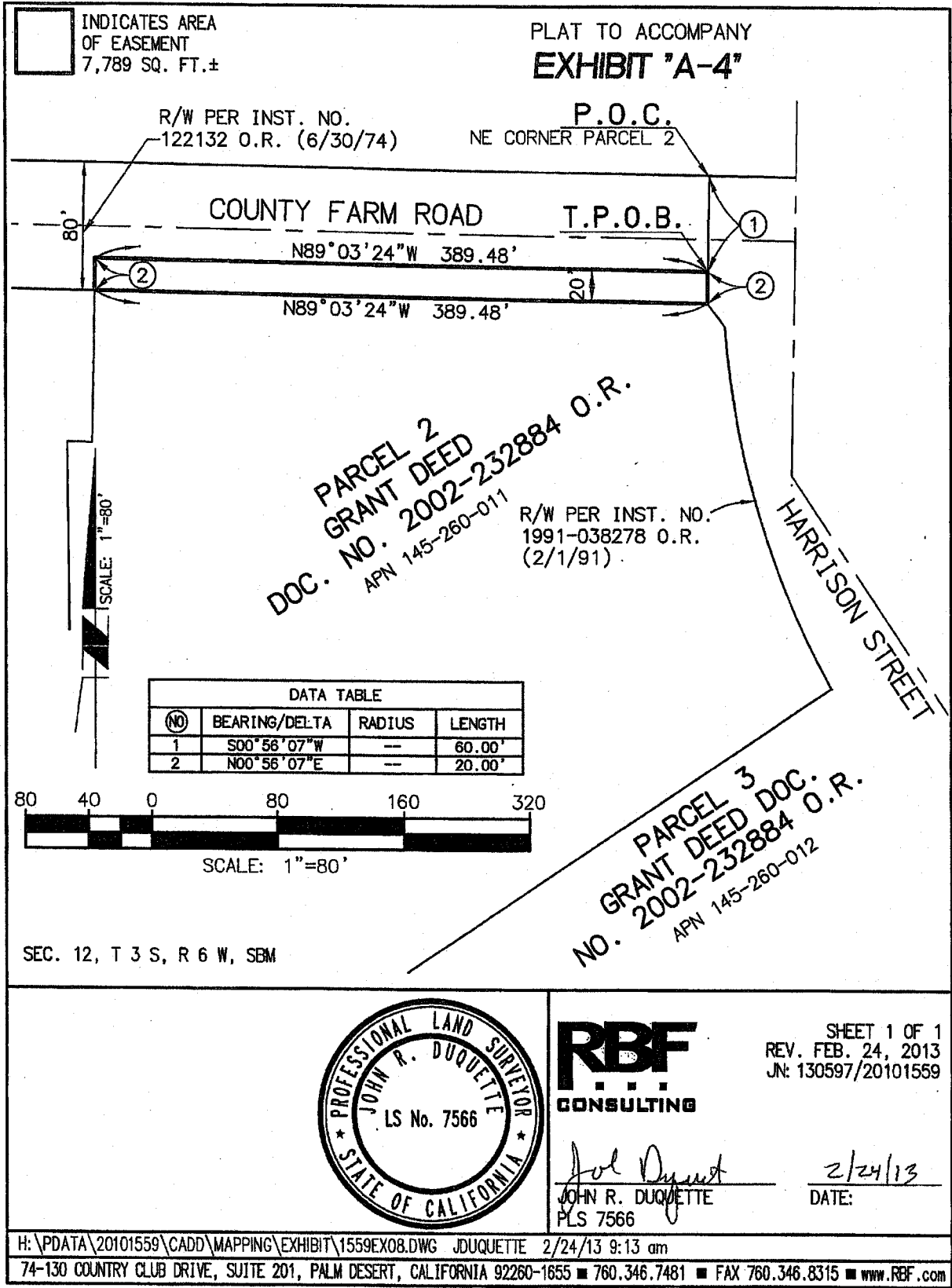
**CONTAINING** 7,789 square feet, or 0.179 acres, more or less.

Plat attached and by this reference made a part hereof.

This description was prepared by  
me or under my direction.

John R. Duquette P.L.S. 7566      2/24/13  
Date





SHEET 1 OF 1  
 REV. FEB. 24, 2013  
 JN: 130597/20101559

*John R. Duquette*  
 JOHN R. DUQUETTE  
 PLS 7566

2/24/13  
 DATE:

## EXHIBIT "B"

### LEGAL DESCRIPTION AND PLAT MAP FOR PHASE 2 PARCEL

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded January 27, 2000 as Document No. 2000-030542 and re-recorded May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said Riverside County, located in Section 12, Township 3 South, Range 6 West, S.B.M., and in Section 7, Township 3 South, Range 5 West, S.B.M., more particularly described as follows:

**COMMENCING** at the northwest corner of said Parcel 2;

thence South  $00^{\circ}59'11''$  West 80.00 feet along the west line of said Parcel 2 to a line parallel with and 80.00 feet southerly of the north line of said Parcel 2;

thence leaving said westerly line along said parallel line South  $89^{\circ}03'24''$  East 72.77 feet to the **TRUE POINT OF BEGINNING**;

thence continuing South  $89^{\circ}03'24''$  East 235.91 feet;

thence leaving said parallel line South  $00^{\circ}56'25''$  West 94.41 feet;

thence North  $89^{\circ}15'18''$  West 15.53 feet;

thence South  $00^{\circ}38'58''$  East 118.07 feet to the beginning of a tangent curve concave to the northeast and having a radius of 100.00 feet;

thence along said curve southeasterly 57.51 feet through a central angle of  $32^{\circ}57'11''$ ;

thence tangent from said curve South  $33^{\circ}36'09''$  East 57.54 feet;

thence North  $56^{\circ}23'51''$  East 9.66 feet;

thence South  $33^{\circ}36'09''$  East 66.22 feet;

thence South  $56^{\circ}23'51''$  West 9.66 feet;

thence South  $33^{\circ}36'09''$  East 48.79 feet;

thence South  $33^{\circ}38'54''$  East 69.70 feet to the south line of said Parcel 2;

thence along said southerly line and its southwesterly prolongation South  $56^{\circ}26'13''$  West 320.55 feet to a line parallel with and 49.50 feet northeasterly of the west line of said Parcel 2;

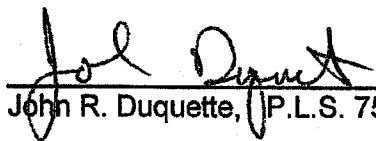
thence along said parallel line North  $27^{\circ}52'04''$  West 163.69 feet to the beginning of a tangent curve concave to the northeast and having a radius of 477.50 feet;

thence along said curve northwesterly 240.47 feet through a central angle of 28°51'15";  
thence tangent from said curve North 00°59'11" East 250.37 feet;  
thence North 46°01'07" East 32.89 feet to the **TRUE POINT OF BEGINNING.**

**CONTAINING** 3.776 acres, more or less.

Plat attached and by this reference made a part hereof.

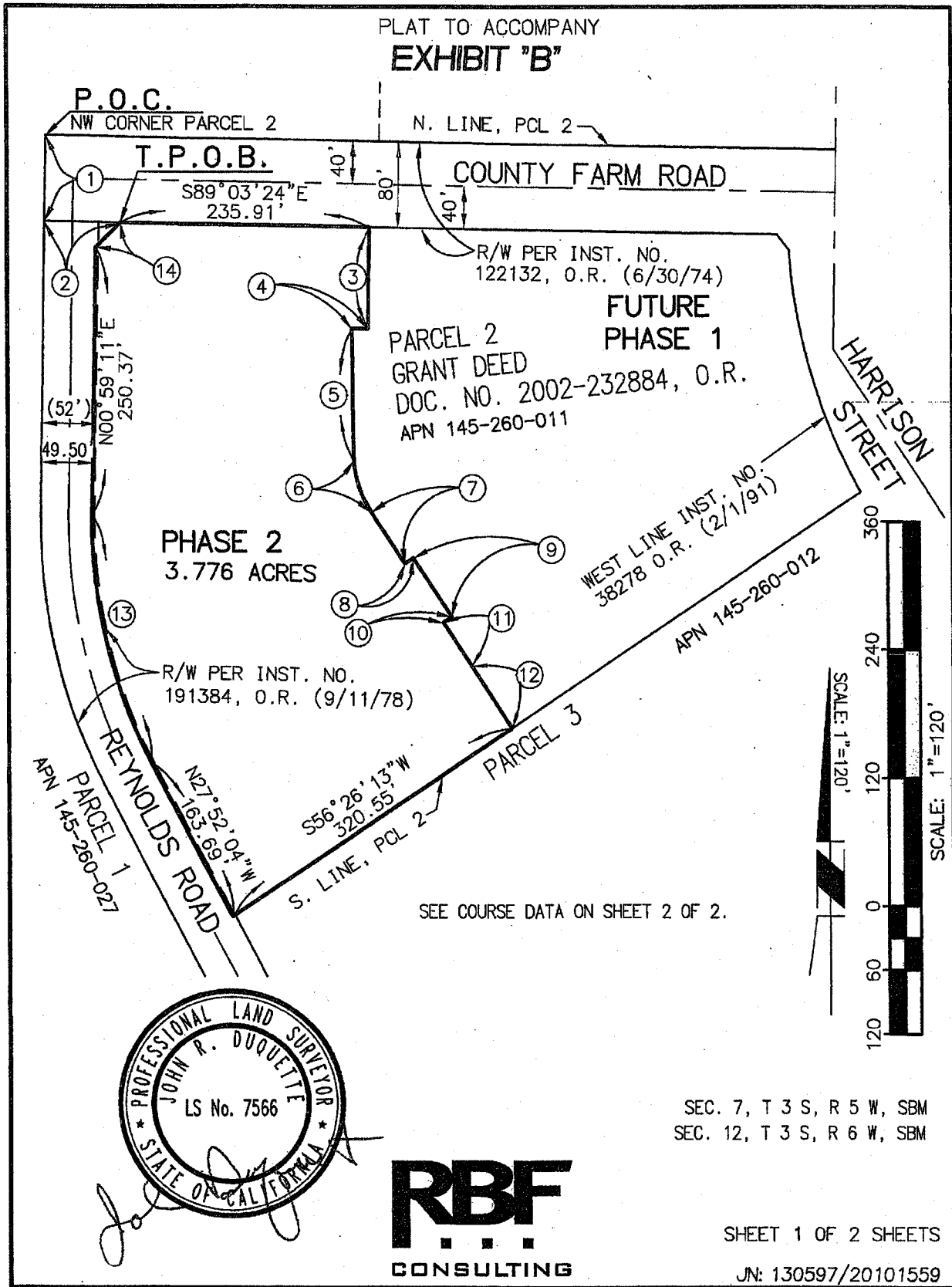
This description was prepared by  
me or under my direction.

  
\_\_\_\_\_  
John R. Duquette, P.L.S. 7566

2/24/13  
\_\_\_\_\_  
Date



PLAT TO ACCOMPANY  
**EXHIBIT "B"**



SEC. 7, T 3 S, R 5 W, SBM  
SEC. 12, T 3 S, R 6 W, SBM



SHEET 1 OF 2 SHEETS

JN: 130597/20101559

PLAT TO ACCOMPANY  
**EXHIBIT "B"**

DATA TABLE			
(NO)	BEARING/DELTA	RADIUS	LENGTH
1	S00°59'11"W	--	80.00'
2	S89°03'24"E	--	72.77'
3	S00°56'25"W	--	94.41'
4	N89°15'18"W	--	15.53'
5	S00°38'58"E	--	118.07'
6	32°57'11"	100.00'	57.51'
7	S33°36'09"E	--	57.54'
8	N56°23'51"E	--	9.66'
9	S33°36'09"E	--	66.22'
10	S56°23'51"W	--	9.66'
11	S33°36'09"E	--	48.79'
12	S33°38'54"E	--	69.70'
13	28°51'15"	477.50'	240.47'
14	N46°01'07"E	--	32.89'



SHEET 2 OF 2 SHEETS

JN: 130597/20101559

**EXHIBIT "C"**  
**COVENANT AND CONDITIONS AGREEMENT**  
**(COMMENCES ON FOLLOWING PAGE)**

NO FEE FOR RECORDING PURSUANT TO  
GOVERNMENT CODE SECTION 6103

Order No.  
Escrow No.  
Loan No.

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
County of Riverside  
Economic Development Agency  
5555 Arlington Avenue Riverside, CA 92504  
Attn. Benjamin Cendejas

SPACE ABOVE THIS LINE FOR RECORDERS USE

### EXHIBIT C

## COVENANT AND CONDITIONS AGREEMENT

THIS COVENANT AND CONDITIONS AGREEMENT (the "AGREEMENT") is made this \_\_\_\_ day of \_\_\_\_\_ 2013, by and between the County of Riverside, a political subdivision of the State of California (hereinafter referred to as "COUNTY") and Riverside Cedar Glen Partners LP, a California limited partnership (hereinafter referred to as "RCGPLP") with respect to the following recitals:

### RECITALS

A. On \_\_\_\_\_, 2013, COUNTY and RCGPLP entered into that certain Ground Lease Agreement ("Lease") with regard to certain real property owned by COUNTY, consisting of an approximately 3.63 acre parcel commonly known as a portion of assessor parcel numbers 145-260-011 and 145-260-020 (herein referred to as "Property"), in the City of Riverside, California. This Agreement encumbers the Leasehold Estate of the Property, and limits the use and development of the Property as more particularly set forth below.

The Property is described in **Exhibit "A"** attached hereto and incorporated herein by this reference.

B. Pursuant to the LEASE, RCGPLP, its heirs, successors and assigns agree to restrict the use of the Property.

NOW, THEREFORE, in consideration of the mutual covenant, conditions, and agreements contained in the LEASE, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, RCGPLP hereby declares as follows with regard to the Property, which declaration shall be an equitable servitude running with the Leasehold Estate of the Property for the benefit of the COUNTY as follows:



**Section 1. Restrictions.** For a period of ninety-nine (99) years from the date hereof (or for such time as the Lease remains in effect against the Property, whichever is shorter), for itself and on behalf of its successors and assigns with regard to the Property, RCGPLP shall comply with the following restrictions, at a minimum:

1.1 Not less than forty percent (40%)(or a minimum of 21 units) of the total number of those housing units developed on the Property shall be affordable to household whose incomes are equal to or less than seventy-five percent (75%) of the maximum income of lower income households, and at least half of which (or a minimum of 11 units) shall be affordable to very low income households as set forth in Government Code § 25539.4.

1.2 Further, the parties agree that nothing in this Agreement shall require that more than 49% of the units within the Project be required to be affordable to individuals whose incomes are equal to, or less than, eighty percent (80%) of the area median income throughout the Term.

1.3 The affordability restrictions stated in 1.1 and 1.2 are the minimum affordability restrictions that apply to the Property. To the extent that any applicable local, state or federal affordability restrictions are more restrictive than the affordability restrictions set forth in section 1.1 and 1.2 apply to the Property, including, but not limited to: the Home Investment Partnership Program, the Mental Health Services Act and the California Tax Credit Allocation Committee, RCGPLP and its successors, assigns and each successor in interest to the Property shall comply with the more restrictive affordability restrictions of such programs.

**Section 2. Maintenance of the Improvements.** RGPLP, on behalf of itself and its successors, assigns, and each successor in interest to the Property or any part thereof hereby covenants to and shall protect, maintain, and preserve the improvements located on the Property.

**Section 3. Grant of Easement and License to Enter.** In addition to other remedies which County may have to enforce the covenants and agreements set forth above in **Sections 1 and 2**, RCGPLP hereby grants to County an easement and right of ingress and egress over and across the Property insofar as such ingress and egress is necessary to protect, maintain, and preserve such architectural style and treatment of the façade in the event RCGPLP (or its successors or assigns of its successors in interest to the Property or any part thereof) shall cease or fail to protect, maintain, monitor affordability compliance, and preserve the Project (as defined in the Lease). Pursuant to such grant, County, its agents, employees, and representatives, shall be permitted (but are not required) to enter upon the Property and perform such acts and work necessary to protect, maintain, monitor affordability compliance, and preserve the Project, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by RCGPLP arising from the enforcement of the covenants set forth in **Sections 1 and 2** hereof. RCGPLP shall pay to County all amounts owed for maintenance or repairs which County has performed within thirty (30) days of being presented with an invoice with respect to such amounts; any such amounts that are not paid within thirty (30) days of delivery of an invoice with respect thereto shall bear interest at a rate equal to twelve percent (12%) per annum or the highest amount permitted by applicable law, whichever is lower. County shall not exercise the easement and right-of-entry provided herein without prior written notice and a

reasonable opportunity given to RCGPLP (or to its successors or assigns or its successors in interest to the Property) to comply with its covenants in **Sections 1 and 2** hereof; thirty (30) days' notice shall be deemed to constitute reasonable notice and a reasonable opportunity for RCGPLP to commence the required maintenance or repair (and shall thereafter pursue such maintenance or repair to completion).

**Section 4. Nondiscrimination.** RCGPLP covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall RCGPLP itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the election, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

RCGPLP shall refrain from restricting the rental, sale, or lease of the Property on the basis of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability of any person. All such deeds, leases or contacts shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

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

**Section 5. Notices.** All Notices provided for in this Agreement shall be deemed made when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing and give to the other party:

COUNTY

Assistant Director, Housing  
County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504

RCGPLP

Riverside Cedar Glen Partners LP  
c/o Palm Communities  
15635 Alton Pkwy., Ste. 375  
Irvine, CA 92618  
Attn: President

with a copy to:

BCCC, Inc.  
c/o Boston Capital Partners  
One Boston Place  
Boston, MA 02108  
Attn: Cedar Glen Asset Management

and

Holland & Knight LLP  
10 St. James Avenue  
Boston, MA 02116

Attn: Douglas W. Clapp, Esq.

**Section 6. Binding Effect.** The rights and obligations of this Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

**Section 7. Attorney's Fees.** If any party hereto brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorney's fees to be paid by the losing party as fixed by the Court.

**Section 8. Severability.** In any event that any provision, whether constituting a separate paragraph or whether contained in a paragraph with other provisions, is hereafter determined to be void and unenforceable, it shall be deemed separated and deleted from the agreement and the remaining provisions of this Agreement shall remain in full force and effect.

The foregoing covenants against discrimination or segregation shall continue in effect in perpetuity.

(SIGNATURES ARE ON THE FOLLOWING PAGE)

Executed at Riverside, California.

**COUNTY OF RIVERSIDE**, a political  
subdivision of the State of California

**RIVERSIDE CEDAR GLEN PARTNERS LP**,  
a California limited partnership

By: \_\_\_\_\_  
John J. Benoit, Chairman  
Board of Supervisors

By: PC RIVERSIDE DEVELOPERS LLC, a  
California limited liability company, its  
administrative general partner

By: PALM COMMUNITIES, a  
California corporation, its sole  
member/manager

By: \_\_\_\_\_  
Todd A. Deutscher, President

APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By: \_\_\_\_\_  
Annie T. Sahhar  
Deputy County Counsel

ATTEST:

Kecia Harper-Ihem  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

**(Signatures on this page need to be notarized)**

**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

**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"

### COVENANT AND CONDITIONS AGREEMENT - THE PROPERTY

That certain parcel of land situated in the City of Riverside, County of Riverside, State of California, being that portion of Parcel 2 as described in a Grant Deed recorded January 27, 2000 as Document No. 2000-030542 and re-recorded May 02, 2002 as Document No. 2002-232884 of Official Records, in the Office of the County Recorder of said Riverside County, more particularly described as follows:

**COMMENCING** at the northeast corner of said Parcel 2, said corner also being the northwesterly corner of Parcel 1 of Grant Deed recorded February 1, 1991 as Instrument No. 38278 of Official Records of said County;

Thence along the easterly line of said Parcel 2 the following courses: South 00°56'07" West 80.00 feet to a line that is parallel with and distant 80.00 feet southerly, as measured at right angles, from the north line of said Parcel 2, and being the **TRUE POINT OF BEGINNING**;

Thence South 37°29'17" East 18.51 feet to the beginning of a non-tangent curve concave to the northeast and having a radius of 544.00 feet, a radial line of said curve at said point bears North 86°01'10" East;

Thence along said curve southeasterly 237.98 feet through a central angle of 25°03'51" to the most easterly corner of said Parcel 2;

Thence leaving said easterly line, along the southerly line of Parcel 2 South 56°23'13" West 399.29 feet;

Thence leaving said southerly line, North 33°38'54" West 69.70 feet;

Thence North 33°36'09" West 48.79 feet

Thence North 56°23'51" East 9.66 feet;

Thence North 33°36'09" West 66.22 feet;

Thence South 56°23'51" West 9.66 feet;

Thence North 33°36'09" West 57.54 feet to the beginning of a tangent curve concave to the northeast and having a radius of 100.00 feet;

Thence along said curve northwesterly 57.51 feet through a central angle of 32°57'11";

Thence tangent from said curve North 00°38'58" West 118.07 feet;

Thence South 89°15'18" East 15.53 feet;



Thence North 00°56'25" East 94.41 feet to said line parallel with and distant 80.00 feet south of the North line of said Parcel 2;

Thence South 89°03'24" East 389.48 feet along said parallel line to the **TRUE POINT OF BEGINNING**.

**CONTAINING** 3.628 acres, more or less.

Plat attached and by this reference made a part hereof.

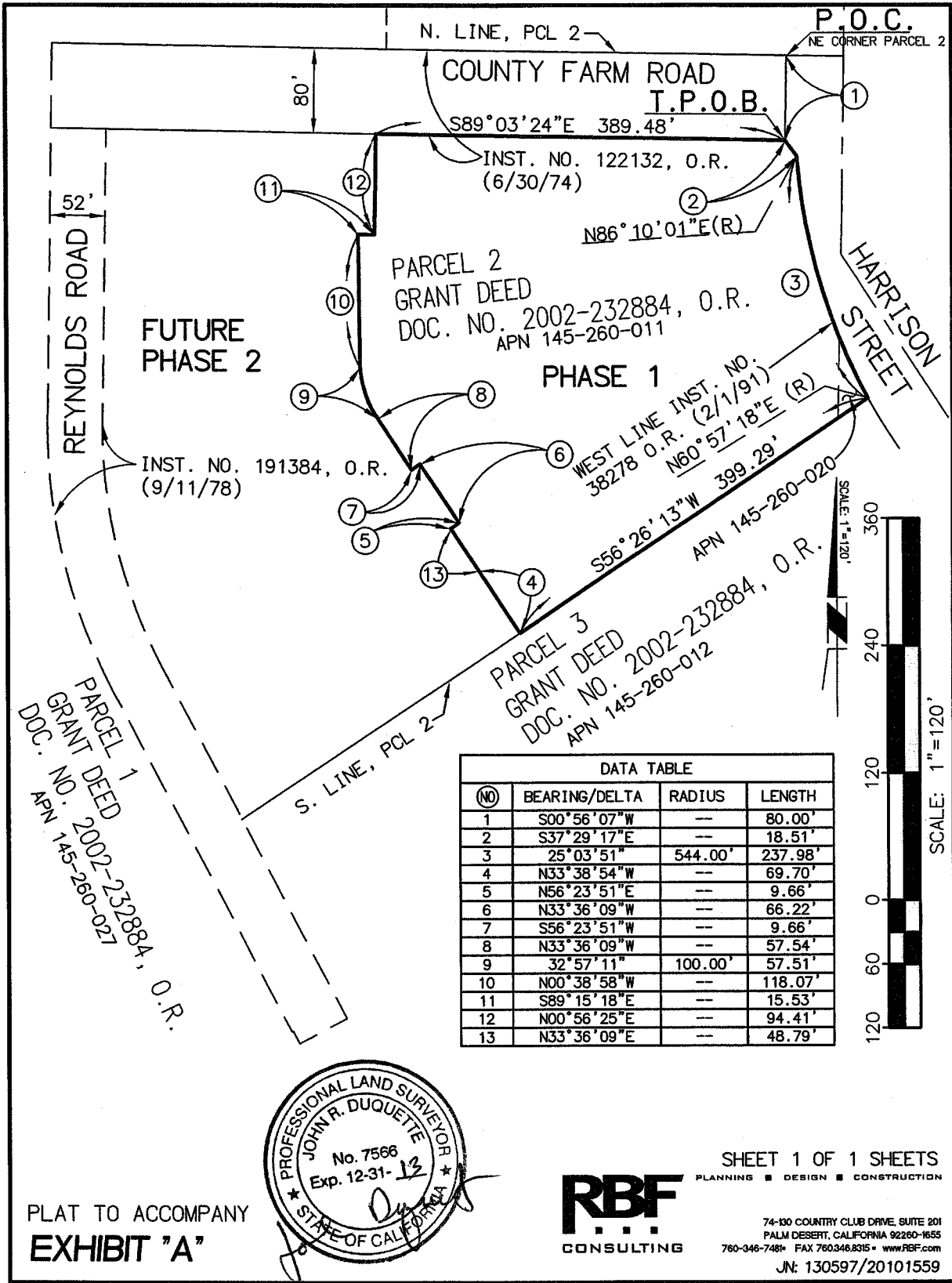
**SUBJECT TO** all Covenants, Rights, Rights-of-Way and Easements of Record.

This description was prepared by me or under my direction.

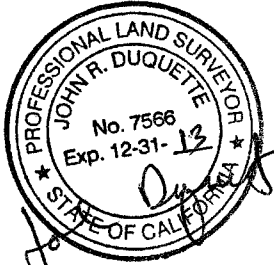
  
\_\_\_\_\_  
John R. Duquette P.L.S. 7566

1/28/13  
\_\_\_\_\_  
Date





DATA TABLE			
(NO)	BEARING/DELTA	RADIUS	LENGTH
1	S00°56'07"W	---	80.00'
2	S37°29'17"E	---	18.51'
3	25°03'51"	544.00'	237.98'
4	N33°38'54"W	---	69.70'
5	N56°23'51"E	---	9.66'
6	N33°36'09"W	---	66.22'
7	S56°23'51"W	---	9.66'
8	N33°36'09"W	---	57.54'
9	32°57'11"	100.00'	57.51'
10	N00°38'58"W	---	118.07'
11	S89°15'18"E	---	15.53'
12	N00°56'25"E	---	94.41'
13	N33°36'09"E	---	48.79'



PLAT TO ACCOMPANY  
**EXHIBIT "A"**



SHEET 1 OF 1 SHEETS  
 PLANNING ■ DESIGN ■ CONSTRUCTION

74-100 COUNTRY CLUB DRIVE, SUITE 201  
 PALM DESERT, CALIFORNIA 92260-1655  
 760-346-7481 FAX 760-346-8315 • www.RBF.com  
 JN: 130597/20101559

**EXHIBIT "D"**  
**PRELIMINARY TITLE REPORT**

**Updated January 3,  
2013**



**First American Title Insurance Company  
National Commercial Services**

**5 First American Way  
Santa Ana, CA 92707**

January 3, 2013

Colleen Edwards  
Palm Desert Development Company  
44-139 Monterey Avenue, Suite A  
Palm Desert, CA 92260  
Phone: (760)568-1048  
Fax: (760)568-9761

Customer Reference: APN 145-260-011 and 145-260-020

Title Officer:  
Phone:  
Fax No.:  
E-Mail:

Buyer: To Be Determined

Owner: County of Riverside

Property: 3990 Reynolds Road, RiversideCA

**PRELIMINARY REPORT**

In response to the above referenced application for a policy of title insurance, this company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Exhibit A attached. *The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties.* Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit A. Copies of the policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit A of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of December 28, 2012 at 7:30 A.M.

The form of Policy of title insurance contemplated by this report is:

ALTA Standard Owner Policy - 2006

A specific request should be made if another form or additional coverage is desired.

Title to said estate or interest at the date hereof is vested in:

County of Riverside

The estate or interest in the land hereinafter described or referred to covered by this Report is:

Fee Simple

The Land referred to herein is described as follows:

(See attached Legal Description)

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in said policy form would be as follows:

1. This item has been intentionally deleted.
2. General and special taxes and assessments for the fiscal year 2012-2013 are exempt. If the exempt status is terminated an additional tax may be levied. Account No. 145-260-011-2 and 145-260-020-0
3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. An easement for either or both pole lines, conduits or underground facilities and incidental purposes, recorded March 16, 1928 in Book 756 of Deeds, Page 207.  
In Favor of: Southern Sierras Power Company  
Affects: As described therein
5. An easement for public utilities and incidental purposes, recorded December 19, 1952 as Book 1426, Page 50 of Official Records.  
In Favor of: California Electric Power Company  
Affects: As described therein
6. The terms and provisions contained in the document entitled "Joint Powers Agreement between the County Riverside and the City of Riverside Creating an Agency to be known as "The Riverside General Hospital Authority"" recorded July 31, 1969 as Instrument No. 77723 of Official Records.

Document(s) declaring modifications thereof recorded July 31, 1969 as Instrument No. 77724 of Official Records.

7. An easement for public utilities and incidental purposes, recorded December 5, 1969 as Instrument No. 125012 of Official Records.

In Favor of: City of Riverside, a municipal corporation

Affects: As described therein

The location of the easement cannot be determined from record information.

8. An easement for road, electrical distribution waterline facilities, telephone and telegraph communication facilities and incidental purposes, recorded August 6, 1974 as Instrument No. 100405 of Official Records.

In Favor of: City of Riverside

Affects: As described therein

Document re-recorded September 20, 1974 as Instrument No. 122132 of Official Records.

9. An easement for public utilities and incidental purposes, recorded August 21, 1978 as Instrument Nos. 176255 and 176256, both of Official Records.

In Favor of: The Pacific Telephone and Telegraph Company

Affects: As described therein

10. An easement for road waterline facilities and underground electric distribution facilities and incidental purposes, recorded September 11, 1978 as Instrument No. 191384 and September 15, 1978 as Instrument No. 195598, both of Official Records.

In Favor of: City of Riverside

Affects: As described therein

11. The fact that the land lies within the boundaries of the Arlington Redevelopment Project, Amendment No. 2 Redevelopment Project Area, as disclosed by the document recorded April 16, 1999 as Instrument No. 161207 of Official Records.

12. The terms and provisions contained in the document entitled "Certificate of Compliance" recorded May 31, 2000 as Instrument No. 2000-205095 of Official Records.

13. The fact that the land lies within the boundaries of the La Sierra/Arlanza Redevelopment Project Area, as disclosed by the document recorded July 29, 2004 as Instrument No. 2004-0588604 of Official Records.

14. Rights of parties in possession.

15. The terms and provisions contained in the document entitled "Covenant Agreement" recorded November 9, 2012 as instrument no. 2012-0542092 of Official Records. by and between Western Community Housing, Inc., and Riverside Cedar Glen Partners LP, a California limited partnership

**INFORMATIONAL NOTES**

1. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None

2. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.

3. Should this report be used to facilitate your transaction, we must be provided with the following prior to the issuance of the policy:

**A. WITH RESPECT TO A CORPORATION:**

1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
3. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

**B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:**

1. A certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) to be recorded in the public records;
2. A full copy of the partnership agreement and any amendments;
3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
4. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

**C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:**

1. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records;
2. A full copy of the partnership agreement and any amendment;
3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
4. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

**D. WITH RESPECT TO A GENERAL PARTNERSHIP:**

1. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-I), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records;
2. A full copy of the partnership agreement and any amendments;



3. Requirements which the Company may impose following its review of the above material required herein and other information which the Company may require.
- E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:
1. A copy of its operating agreement and any amendments thereto;
  2. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records;
  3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records;
  4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, such document or instrument must be executed in accordance with one of the following, as appropriate:
    - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
    - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
  5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
- F. WITH RESPECT TO A TRUST:
1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
  2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
  3. Other requirements which the Company may impose following its review of the material require herein and other information which the Company may require.
- G. WITH RESPECT TO INDIVIDUALS:
1. A statement of information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American Title Insurance Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

***\*\*\*\*\*To obtain wire instructions for deposit of funds to your escrow file please contact your Escrow Officer.\*\*\*\*\****

**LEGAL DESCRIPTION**

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

PARCEL 2 AS SHOWN ON AN EXHIBIT ATTACHED TO LOT LINE ADJUSTMENT RECORDED JANUARY 27, 2000 AS INSTRUMENT NO. 30541 AND RE-RECORDED ON MAY 2, 2002 AS INSTRUMENT NO. 2002-232883, BOTH OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF LOTS 1 AND 6 OF THE AMENDED MAP OF F.M. DUNBARS SUBDIVISION, SITUATED IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 5, PAGE 185 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, OF HARRISON STREET, VACATED BY BOARD OF SUPERVISORS, OF SAID COUNTY, RESOLUTION RECORDED FEBRUARY 17, 1925, IN BOOK 628 PAGE 265 OF DEEDS AND BY RESOLUTION OF THE COMMON COUNCIL OF SAID CITY OF RIVERSIDE, RECORDED OCTOBER 30, 1956 AS INSTRUMENT NO. 74566 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, AND OF LOT 39 IN BLOCK XI OF VILLAGE OF ARLINGTON, SITUATED IN SAID CITY, AS SHOWN BY MAP ON FILE IN BOOK 1 PAGE 62 OF MAPS, RECORDS OF SAN BERNARDINO COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE NORTHERLY LINE OF SAID LOT 6 WITH THE NORTHERLY PROLONGATION OF THE WESTERLY LINE OF EASEMENT DESCRIBED IN THE DOCUMENT RECORDED SEPTEMBER 11, 1978 AS INSTRUMENT NO. 191384 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE, ALONG SAID PROLONGATION AND SAID WESTERLY LINE THE FOLLOWING COURSES:

SOUTH 0° 56' 25" WEST 353.60 FEET TO A TANGENT CURVE CONCAVE EASTERLY HAVING A RADIUS OF 527.00 FEET SOUTHERLY 265.40 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 28° 51' 15" AND TANGENT FROM SAID CURVE SOUTH 27° 54' 50" EAST 362.02 FEET TO THE SOUTHERLY LINE OF SAID LOT 6; THENCE ALONG SAID LINE NORTH 75° 12' 50" EAST 1.46 FEET TO THE SOUTHWESTERLY BOUNDARY OF LOT 1; THENCE, ALONG SAID BOUNDARY SOUTH 27° 51' 13" EAST 12.64 FEET TO THE SOUTHERLY LINE OF THE EASEMENT DESCRIBED IN THE DOCUMENT RECORDED SEPTEMBER 11, 1978 AS INSTRUMENT NO. 191384 OF SAID OFFICIAL RECORDS; THENCE, ALONG SAID EASEMENT, NORTH 62° 05' 10" EAST 50.57 FEET AND NORTH 27° 54' 26" WEST 211.56 FEET; THENCE NORTH 56° 23' 51" EAST 715.91 FEET TO A POINT IN A NON-TANGENT CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 544.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 61° 08' 41" WEST, SAID CURVE BEING IN THE BOUNDARY OF PARCEL 1 OF GRANT DEED RECORDED FEBRUARY 01, 1991 AS INSTRUMENT NO. 38278 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA; THENCE, ALONG SAID BOUNDARY, NORTHERLY 238.35 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 25° 06' 13", NON-TANGENT FROM SAID CURVE NORTH 37° 41' 22" WEST 18.14 FEET AND NORTH 0° 56' 23" EAST 80.00 FEET TO SAID NORTHERLY LINE; THENCE, ALONG SAID LINE, NORTH 89° 03' 24" WEST 698.12 FEET TO THE POINT OF BEGINNING.

APN: 145-260-011-2 and 145-260-020-0

**The First American Corporation**  
First American Title Company  
Privacy Policy

**We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

**Applicability**

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its Fair Information Values, a copy of which can be found on our website at [www.firstam.com](http://www.firstam.com).

**Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

**Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

**Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

**Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's Fair Information Values. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**EXHIBIT A**  
**LIST OF PRINTED EXCEPTIONS AND EXCLUSIONS (BY POLICY TYPE)**

**1. CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990**  
**SCHEDULE B**

**EXCEPTIONS FROM COVERAGE**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notice of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the public records.

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.  
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy; or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by their policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

**2. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970**  
**SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions of area of the land, or the effect of any violation of any such law, ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant; (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder; (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy; or (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.

**3. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY FORM B - 1970  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 2 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

**Part One**

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.

**4. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970  
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE  
SCHEDULE OF EXCLUSIONS FROM COVERAGE**

1. Any law, ordinance or governmental regulation (including but not limited to building and zoning ordinances) restricting or regulating or prohibiting the occupancy, use or enjoyment of the land, or regulating the character, dimensions or location of any improvement now or hereafter erected on the land, or prohibiting a separation in ownership or a reduction in the dimensions or area of the land, or the effect of any violation of any such law ordinance or governmental regulation.
2. Rights of eminent domain or governmental rights of police power unless notice of the exercise of such rights appears in the public records at Date of Policy.
3. Defects, liens, encumbrances, adverse claims, or other matters (a) created, suffered, assumed or agreed to by the insured claimant, (b) not known to the Company and not shown by the public records but known to the insured claimant either at Date of Policy or at the date such claimant acquired an estate or interest insured by this policy or acquired the insured mortgage and not disclosed in writing by the insured claimant to the Company prior to the date such insured claimant became an insured hereunder, (c) resulting in no loss or damage to the insured claimant; (d) attaching or created subsequent to Date of Policy (except to the extent insurance is afforded herein as to any statutory lien for labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy).
4. Unenforceability of the lien of the insured mortgage because of failure of the insured at Date of Policy or of any subsequent owner of the indebtedness to comply with applicable "doing business" laws of the state in which the land is situated.

**5. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1970  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association Lenders Policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy, the exclusions set forth in paragraph 4 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage by reason of the matters shown in parts one and two following:

**Part One**

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**6. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992  
WITH A.L.T.A. ENDORSEMENT FORM 1 COVERAGE  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy; (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims, or other matters:
  - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
  - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
  - (c) resulting in no loss or damage to the insured claimant;
  - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or the extent insurance is afforded herein as to assessments for street improvements under construction or completed at date of policy); or
  - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable "doing business" laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
  - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
  - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
  - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
    - (a) to timely record the instrument of transfer; or
    - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

#### **7. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 1992 WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 6 above are used and the following exceptions to coverage appear in the policy.

#### **SCHEDULE B**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

#### **8. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992 EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or

- any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
  3. Defects, liens, encumbrances, adverse claims, or other matters:
    - (a) created, suffered, assumed or agreed to by the insured claimant;
    - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
    - (c) resulting in no loss or damage to the insured claimant;
    - (d) attaching or created subsequent to Date of Policy; or
    - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
  4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
    - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
    - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
      - (a) to timely record the instrument of transfer; or
      - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

**9. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 1992  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 8 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:  
Part One:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by public records.
5. Unpatented mining claims; reservations or exceptions in patents or in Acts authorizing the issuance thereof; water rights, claims or title to water.
6. Any lien, or right to a lien, for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.

**10. AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL  
TITLE INSURANCE POLICY - 1987  
EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
 

* land use	* land division
* improvements on the land	* environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date. This exclusion does not limit the zoning coverage described in items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
  - \* a notice of exercising the right appears in the public records on the Policy Date
  - \* the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
  - \* that are created, allowed, or agreed to by you
  - \* that are known to you, but not to us, on the Policy Date - unless they appeared in the public records
  - \* that result in no loss to you
  - \* that first affect your title after the Policy Date - this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.

5. Lack of a right:  
 \* to any land outside the area specifically described and referred to in Item 3 of Schedule A, or  
 \* in streets, alleys, or waterways that touch your land  
 This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

**11. EAGLE PROTECTION OWNER'S POLICY**

**CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 2008  
 ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE - 2008**

**Covered Risks 16 (Subdivision Law Violation). 18 (Building Permit). 19 (Zoning) and 21 (Encroachment of boundary walls or fences) are subject to Deductible Amounts and Maximum Dollar Limits of Liability**

**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
  - a. building
  - b. zoning
  - c. land use
  - d. improvements on the land
  - e. land division
  - f. environmental protection

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
  - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
  - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the policy Date;
  - c. that result in no loss to You; or
  - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
  - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
  - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21

**LIMITATIONS ON COVERED RISKS**

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: Covered Risk 16, 18, 19 and 21, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**12. THIRD GENERATION EAGLE LOAN POLICY AMERICAN LAND TITLE ASSOCIATION EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (1/01/08)**

**EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions, or location of any improvement erected on the Land; (iii) the subdivision of land; or (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.



- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
  3. Defects, liens, encumbrances, adverse claims, or other matters
    - (a) created, suffered, assumed or agreed to by the Insured Claimant;
    - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
    - (c) resulting in no loss or damage to the Insured Claimant;
    - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
    - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
  4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing business laws of the state where the Land is situated.
  5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
  6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
  7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
  8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

### 13. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 2006

#### EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
  - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
  - (a) a fraudulent conveyance or fraudulent transfer, or
  - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

**14. AMERICAN LAND TITLE ASSOCIATION LOAN POLICY - 2006  
WITH REGIONAL EXCEPTIONS**

When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 13 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

**15. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 2006  
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
  - (i) the occupancy, use, or enjoyment of the Land;
  - (ii) the character, dimensions, or location of any improvement erected on the Land;
  - (iii) the subdivision of land; or
  - (iv) environmental protection; or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
  - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
  - (b) not known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
  - (c) resulting in no loss or damage to the Insured Claimant;
  - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risks 9 and 10); or
  - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors rights laws, that the transaction vesting the Title as shown in Schedule A, is
  - (a) a fraudulent conveyance or fraudulent transfer; or
  - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

**16. AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY - 2006  
WITH REGIONAL EXCEPTIONS**

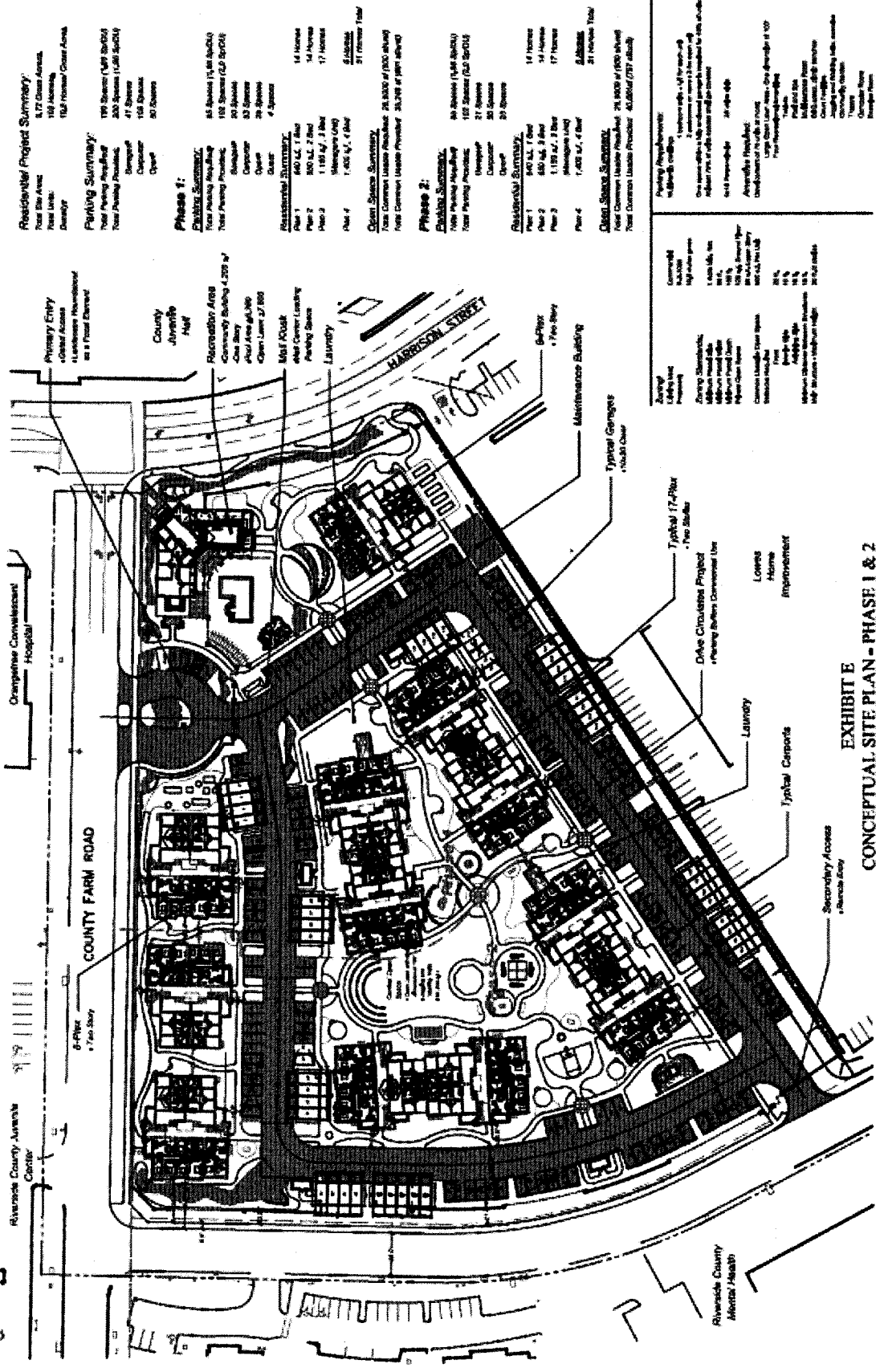
When the American Land Title Association policy is used as a Standard Coverage Policy and not as an Extended Coverage Policy the exclusions set forth in paragraph 15 above are used and the following exceptions to coverage appear in the policy.

**SCHEDULE B**

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

# EXHIBIT "E" SITE PLAN



**Residential Project Summary:**  
 Total Site Area: 5.77 Acres Approx.  
 Total Units: 160 Units  
 Density: 126 Homes/Acre Approx.

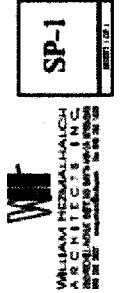
**Phase 1:**  
 100 Homes (1st-3rd Flr)  
 200 Homes (1st-3rd Flr)  
 40 Homes (1st-3rd Flr)  
 80 Homes (1st-3rd Flr)  
 160 Homes (1st-3rd Flr)

**Phase 2:**  
 100 Homes (1st-3rd Flr)  
 200 Homes (1st-3rd Flr)  
 40 Homes (1st-3rd Flr)  
 80 Homes (1st-3rd Flr)  
 160 Homes (1st-3rd Flr)

**Overall Summary:**  
 Total Common Usable Area: 28,000 sq ft approx.  
 Total Common Usable Area: 28,000 sq ft approx.

**Planning Requirements:**  
 1. Maximum density of 126 homes per acre.  
 2. Maximum height of 3 stories.  
 3. Maximum floor area ratio (FAR) of 1.0.  
 4. Minimum lot coverage of 20%.

**Site Specific Requirements:**  
 1. Provide a minimum of 10% open space.  
 2. Provide a minimum of 10% tree canopy.  
 3. Provide a minimum of 10% permeable pavement.  
 4. Provide a minimum of 10% green roof.



**EXHIBIT E  
 CONCEPTUAL SITE PLAN - PHASE 1 & 2**

**Cedar Glen**  
 RIVERSIDE, CALIFORNIA  
 SOUTHERN CALIFORNIA DESIGN, LLC



NO FEE FOR RECORDING PURSUANT TO  
GOVERNMENT CODE SECTION 6103

Order No.  
Escrow No.  
Loan No.

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:  
County of Riverside  
Economic Development Agency  
5555 Arlington Avenue Riverside, CA 92504  
Attn. Benjamin Cendejas

SPACE ABOVE THIS LINE FOR RECORDERS USE

## COVENANT AND CONDITIONS AGREEMENT

THIS COVENANT AND CONDITIONS AGREEMENT (the "AGREEMENT") is made this 20th day of February, 2013, by and between the County of Riverside, a political subdivision of the State of California (hereinafter referred to as "COUNTY") and Riverside Cedar Glen Partners LP, a California limited partnership (hereinafter referred to as "RCGPLP") with respect to the following recitals:

### RECITALS

A. On Feb. 26, 2013, COUNTY and RCGPLP entered into that certain Ground Lease Agreement ("Lease") with regard to certain real property owned by COUNTY, consisting of an approximately 3.63 acre parcel commonly known as a portion of assessor parcel numbers 145-260-011 and 145-260-020 (herein referred to as "Property"), in the City of Riverside, California. This Agreement encumbers the Leasehold Estate of the Property, and limits the use and development of the Property as more particularly set forth below.

The Property is described in **Exhibit "A"** attached hereto and incorporated herein by this reference.

B. Pursuant to the LEASE, RCGPLP, its heirs, successors and assigns agree to restrict the use of the Property.

NOW, THEREFORE, in consideration of the mutual covenant, conditions, and agreements contained in the LEASE, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, RCGPLP hereby declares as follows with regard to the Property, which declaration shall be an equitable servitude running with the Leasehold Estate of the Property for the benefit of the COUNTY as follows:

**Section 1. Restrictions.** For a period of ninety-nine (99) years from the date hereof (or for such time as the Lease remains in effect against the Property, whichever is shorter), for itself and on behalf of its successors and assigns with regard to the Property, RCGPLP shall comply with the following restrictions, at a minimum:

1.1 Not less than forty percent (40%)(or a minimum of 21 units) of the total number of those housing units developed on the Property shall be affordable to household whose incomes are equal to or less than seventy-five percent (75%) of the maximum income of lower income households, and at least half of which (or a minimum of 11 units) shall be affordable to very low income households as set forth in Government Code § 25539.4.

1.2 Further, the parties agree that nothing in this Agreement shall require that more than 49% of the units within the Project be required to be affordable to individuals whose incomes are equal to, or less than, eighty percent (80%) of the area median income throughout the Term.

1.3 The affordability restrictions stated in 1.1 and 1.2 are the minimum affordability restrictions that apply to the Property. To the extent that any applicable local, state or federal affordability restrictions are more restrictive than the affordability restrictions set forth in section 1.1 and 1.2 apply to the Property, including, but not limited to: the Home Investment Partnership Program, the Mental Health Services Act and the California Tax Credit Allocation Committee, RCGPLP and its successors, assigns and each successor in interest to the Property shall comply with the more restrictive affordability restrictions of such programs.

**Section 2. Maintenance of the Improvements.** RGPLP, on behalf of itself and its successors, assigns, and each successor in interest to the Property or any part thereof hereby covenants to and shall protect, maintain, and preserve the improvements located on the Property.

**Section 3. Grant of Easement and License to Enter.** In addition to other remedies which County may have to enforce the covenants and agreements set forth above in **Sections 1 and 2**, RCGPLP hereby grants to County an easement and right of ingress and egress over and across the Property insofar as such ingress and egress is necessary to protect, maintain, and preserve such architectural style and treatment of the façade in the event RCGPLP (or its successors or assigns of its successors in interest to the Property or any part thereof) shall cease or fail to protect, maintain, monitor affordability compliance, and preserve the Project (as defined in the Lease). Pursuant to such grant, County, its agents, employees, and representatives, shall be permitted (but are not required) to enter upon the Property and perform such acts and work necessary to protect, maintain, monitor affordability compliance, and preserve the Project, and to attach a lien on the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by RCGPLP arising from the enforcement of the covenants set forth in **Sections 1 and 2** hereof. RCGPLP shall pay to County all amounts owed for maintenance or repairs which County has performed within thirty (30) days of being presented with an invoice with respect to such amounts; any such amounts that are not paid within thirty (30) days of delivery of an invoice with respect thereto shall bear interest at a rate equal to twelve percent (12%) per annum or the highest amount permitted by applicable law, whichever is lower. County shall not exercise the easement and right-of-entry provided herein without prior written notice and a reasonable opportunity given to RCGPLP (or to its successors or assigns or its successors in interest to the Property) to comply with its covenants in **Sections 1 and 2** hereof; thirty (30) days' notice shall be deemed to constitute reasonable notice and a reasonable opportunity for RCGPLP to commence the required maintenance or repair (and shall thereafter pursue such maintenance or repair to completion).

**Section 4. Nondiscrimination.** RCGPLP covenants by and for itself and any successors in interest that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall RCGPLP itself or any person claiming under or through it establish or permit any such practice or practices of discrimination or segregation with reference to the election, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Property. The foregoing covenants shall run with the land.

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

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

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

"There shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the lessee himself or herself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the premises herein leased."

3. In contracts, "There shall be no discrimination against or segregation of any person or group of persons on account of race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry, familial status, source of income, physical or mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the premises, nor shall the transferee himself

or herself or any person claiming under or through him or her, establish or permit any such practices or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, subtenants, sublessees or vendees of the premises."

**Section 5. Notices.** All Notices provided for in this Agreement shall be deemed made when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing and give to the other party:

COUNTY

Assistant Director, Housing  
County of Riverside  
Economic Development Agency  
5555 Arlington Avenue  
Riverside, CA 92504

RCGPLP  
Riverside Cedar Glen Partners LP  
c/o Palm Communities  
15635 Alton Pkwy., Ste. 375  
Irvine, CA 92618  
Attn: President

with a copy to:

BCCC, Inc.  
c/o Boston Capital Partners  
One Boston Place  
Boston, MA 02108  
Attn: Cedar Glen Asset Management

and

Holland & Knight LLP  
10 St. James Avenue  
Boston, MA 02116  
Attn: Douglas W. Clapp, Esq.



**Section 6. Binding Effect.** The rights and obligations of this Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

**Section 7. Attorney's Fees.** If any party hereto brings an action to enforce the terms hereof or declare its rights hereunder, the prevailing party in any such action shall be entitled to its reasonable attorney's fees to be paid by the losing party as fixed by the Court.

**Section 8. Severability.** In any event that any provision, whether constituting a separate paragraph or whether contained in a paragraph with other provisions, is hereafter determined to be void and unenforceable, it shall be deemed separated and deleted from the agreement and the remaining provisions of this Agreement shall remain in full force and effect.

The foregoing covenants against discrimination or segregation shall continue in effect in perpetuity.

(SIGNATURES ARE ON THE FOLLOWING PAGE)

Executed at Riverside, California.

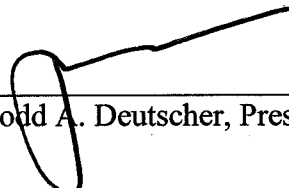
**COUNTY OF RIVERSIDE**, a political  
subdivision of the State of California

**RIVERSIDE CEDAR GLEN PARTNERS LP**,  
a California limited partnership

By: \_\_\_\_\_  
John J. Benoit, Chairman  
Board of Supervisors

By: PC RIVERSIDE DEVELOPERS LLC, a  
California limited liability company, its  
administrative general partner

By: PALM COMMUNITIES, a  
California corporation, its sole  
member/manager

By:   
\_\_\_\_\_  
Todd A. Deutscher, President

ATTEST:

Kecia Harper-Ihem  
Clerk of the Board

By: \_\_\_\_\_  
Deputy

APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By: \_\_\_\_\_  
Annie T. Sahhar  
Deputy County Counsel

**(Signatures on this page need to be notarized)**

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

STATE OF CALIFORNIA }

COUNTY OF Orange }

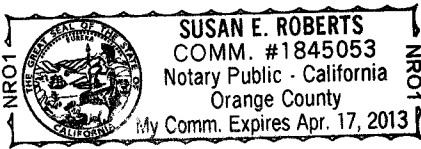
On Feb. 12, 2013, before me, Susan E. Roberts  
Date Here Insert Name and Title of the Officer

personally appeared Todd A. Deutscher  
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.



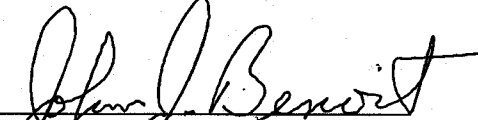
Place Notary Seal Above

Signature Susan E. Roberts  
Signature of Notary Public

Executed at Riverside, California.

**COUNTY OF RIVERSIDE**, a political  
subdivision of the State of California

**RIVERSIDE CEDAR GLEN PARTNERS LP**,  
a California limited partnership

By:   
John J. Benoit, Chairman  
Board of Supervisors

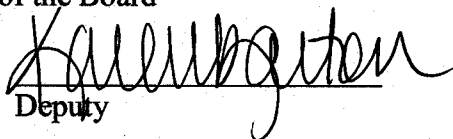
By: PC RIVERSIDE DEVELOPERS LLC, a  
California limited liability company, its  
administrative general partner

By: PALM COMMUNITIES, a  
California corporation, its sole  
member/manager

By: \_\_\_\_\_  
Todd A. Deutscher, President

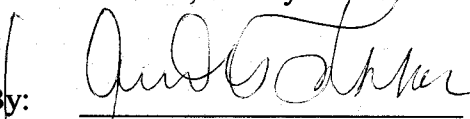
ATTEST:

Kecia Harper-Ihem  
Clerk of the Board

By:   
Deputy

APPROVED AS TO FORM:

Pamela J. Walls, County Counsel

By:   
Annie T. Sahhar  
Deputy County Counsel

(Signatures on this page need to be notarized)

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

§

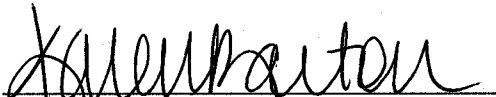
On February 26, 2013, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the 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 \_\_\_\_\_ }

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