

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

821



FROM: Economic Development Agency

SUBMITTAL DATE:
June 06, 2013

SUBJECT: Loan Agreement for the Use of HOME funds for Perris Family Apartments in the City of Perris

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of an amount up to \$1,000,000 in HOME funds between the County of Riverside and Perris Family Apartments, LP, a California limited partnership;
2. Approve the attached Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement;
3. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;

(Continued)

Lisa Brandl for

Robert Field
Assistant County Executive Officer/EDA
By: Lisa Brandl, Managing Director

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 1,000,000	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2012/13

COMPANION ITEM ON BOARD OF COMMISSIONERS AGENDA: No

SOURCE OF FUNDS: HOME Investment Partnership Act Funds	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

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: June 18, 2013
xc: EDA, Auditor

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

3-15

Prev. Agn. Ref.: 3.28 of 2/5/13; 3.24 of 2/26/13

District: 5/5

Agenda Number:

FISCAL PROCEDURES APPROVED
PAUL ANGLIO, CPA, AUDITOR-CONTROLLER
BY: *Paul Angelo* 6/6/13

FORM APPROVED COUNTY COUNSEL
BY: *Annie T. Sahhar* 5/20/13
ANNIE T. SAHCHAR
DATE

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

RECEIVED BOARD OF SUPERVISORS
JUN 18 2013 11 54 AM '13

RECOMMENDED MOTION: (Continued)

4. Authorize the Assistant County Executive Officer/EDA, or designee to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a construction lender to be named at a later date in an amount up to \$16,400,000, subject to approval by County Counsel;
5. Authorize the Assistant County Executive Officer/EDA, or designee to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust to a permanent lender to be named at a later date in an amount up to \$1,000,000, subject to approval by County Counsel;
6. Authorize the Assistant County Executive Officer/EDA, or designee to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust to a California Housing Financing Agency loan in an amount up to \$2,500,000, for the Mental Health Service Act loan, subject to approval by County Counsel; and
7. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents subject to approval by County Counsel.

BACKGROUND:

The Coachella Valley Housing Coalition (CVHC), a nonprofit public benefit corporation, an affordable housing developer and certified Community Housing Development Organization (CHDO), proposed to use \$1,000,000 in HOME funds for a 75-unit multi-family affordable housing complex. On February 26, 2013, the Board approved Resolution Number 2013-028 supporting CVHC's application for funding through California Tax Credit Allocation Committee (CTCAC). Since the approval of the Resolution, CVHC formed a California limited partnership, Perris Family Apartments, L.P., entitled under 24 CFR 92.300, and whose administrative general partner is Perris Family Apartments LLC, a California limited liability company, whose sole member/manager is CVHC, a California non-profit public benefit corporation and CHDO. Perris Family Apartments, L.P. will receive the allocation of HOME funds pursuant to the Loan Agreement with the County, but, pursuant to the requirements of 24 CFR 92.300, CVHC will have effective project control over the project (Project).

The property is located on the northwest corner of Ruby Road and East Jarvis Street in the City of Perris and owned by Perris Family Apartments, L.P. The Project site is approximately 7.08 acres and is comprised of Assessor's Parcel Numbers: 311-180-013, -035, -036, -050, -051, -052, -053 and -054. The Project will consist of 21 one-bedroom units, 30 two-bedroom units and 24 three-bedroom units. One of the three bedroom units will be set aside for an on-site residential manager. Project amenities include open space, tot lots/play areas, basketball courts, laundry facilities, and a 2,800 square foot community center equipped with a full kitchen, computer learning center, lap top computers, educational software and internet access. Project services include parenting classes, tutoring, nutrition programs, English as a Second Language, GED preparation and after-school programs.

(Continued)

BACKGROUND: (Continued)

A total of 11 units will be designated as HOME-assisted units limited to households whose incomes do not exceed 30% of the area median income for the County of Riverside, adjusted by family size at the time of occupancy. The HOME-assisted units will be restricted for a period of at least 55 years from the Notice of Completion. Also, as a requirement of the Department of Mental Health Services Act (MHSA) financing, a total of 15 floating units will be restricted for special needs persons that are homeless, referred by the Department of Mental Health Homeless Housing Opportunities, Partnership, and Education (HHOPE) Program.

The total estimated Project cost is approximately \$21,352,992. Additional sources of funds will include a \$2,497,992 loan from Mental Health Services Act through California Housing Financing Agency, a \$905,300 conventional loan, a \$740,000 loan from the Affordable Housing Program, a \$200,000 Deferred Developer's Fee and the balance of \$16,009,700 will come from the tax credit equity financing.

The county's HOME Loan will be behind a construction loan, a permanent financing loan and a loan from Mental Health Services Act, California Housing Financing Agency. The county's HOME Loan will be in third position. Each aforementioned entity will require that the County of Riverside execute subordination agreements subordinating the HOME Loan Deed of Trust with Assignment of Rents at a later date to signify their senior position to the HOME loan.

On February 05, 2013, the Board approved the amendment to add the Perris Family Apartments to the 2012-2013, One-Year Action Plan of the 2009-2014 Five-Year Consolidated Plan. On February 26, 2013, the Board approved the Notice of Finding of No Significant Impact on the Environment and Resolution No. 2013-028 to support the tax credit application for Perris Family Apartments in the City of Perris.

County Counsel has reviewed and approved the Loan Agreement for Use of HOME funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement as to form. Staff recommends that the Board of Supervisors approve the Loan Agreement, Deed of Trust and Covenant Agreement.

FINANCIAL DATA:

All the costs related to the development of the project will be fully funded with HOME funds. The County of Riverside has budgeted this expense in the FY 2012/2013 budget.

Attachments:

- Loan Agreement
- Deed of Trust with Assignment of Rents
- Promissory Note
- Covenant Agreement

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Economic Development Agency
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn: Stephanie Adams

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF
15 HOME FUNDS

16 This Agreement is made and entered into this 18th day of JUNE, 2013
17 by and between the County of Riverside ("COUNTY"), a political subdivision of the State of
18 California, and Perris Family Apartments, L.P. ("BORROWER"), a California Limited
19 Partnership, whose administrative general partner is Perris Family Apartments, LLC, a
20 California limited liability company, whose sole member/manager is The Coachella Valley
21 Housing Coalition ("CVHC"), a California nonprofit public benefit corporation and
22 Community Housing Development Organization ("CHDO") BORROWER will develop and
23 construct an affordable multi-family housing complex identified as "Perris Family
24 Apartments" in the City of Perris in Riverside County (the "Project").

25 WITNESSETH:

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

1 WHEREAS, COUNTY has qualified as an “Urban County” for purposes of
2 receiving HOME funds which are to be used to assist and undertake essential housing
3 assistance activities pursuant to the Act; and

4 WHEREAS, BORROWER is eligible under the Act to receive HOME funds as a
5 California Limited Partnership, whose administrative general partner is Perris Family
6 Apartments, LLC, a California limited liability company, whose sole member/manager is
7 CVHC, a CHDO who will have effective project control over the Project; and, BORROWER is
8 eligible to perform those activities described herein; and

9 WHEREAS, BORROWER has proposed to develop and construct an affordable
10 rental housing apartment complex, a portion of which will be for extremely low-income
11 families and set aside certain units as HOME-assisted units as further described in **Exhibit**
12 **“A”**, which is attached hereto and by this reference incorporated herein; and

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

15 WHEREAS, the HOME-assisted activities described herein are consistent with
16 COUNTY’s “Consolidated Plan.”

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

18 1. PURPOSE. COUNTY has agreed to lend up to One Million Dollars
19 (\$1,000,000) of HOME Funds to BORROWER upon the terms and conditions set forth herein
20 (the “HOME Loan”). Subject to **Section 52** hereof, Project Financing Contingency,
21 BORROWER promises and agrees to undertake and assist with the HOME activities by
22 utilizing such HOME funds, as specifically identified in **Exhibit “A”**.

23 2. BORROWER’S OBLIGATIONS. BORROWER hereby agrees to use its
24 best efforts to undertake and complete the following activities, subject to its receipt of the
25 HOME funds and the terms of **Section 51** hereof:

- 26 a. Develop the Project in accordance with the timeline set forth in
27 **Exhibit “A”**.
- 28 b. Obtain a tax credit allocation from the California Tax Credit

1 Allocation Committee ("CTCAC") in accordance with the
2 timeline set forth in **Exhibit "A"**.

- 3 c. Obtain equity financing in a sufficient amount to complete the
4 Project.
- 5 d. Obtain legal title of the property as legally described in **Exhibit**
6 **"A"**, hereinafter referred to as the ("Property" or "Project Site").
- 7 e. Operate the Project in such a manner so that it will remain
8 affordable to qualified tenants for the affordability period as
9 defined in **Section 14** herein without regard to (i) the term of the
10 promissory note or (ii) transfer of ownership.
- 11 f. Maintain the Project in compliance with applicable local, state,
12 federal laws, codes and regulations for the duration of the
13 Agreement.
- 14 g. Provide the COUNTY the Data Universal Number as assigned by
15 the Data Universal Number System (DUNS) assigned to
16 BORROWER as required by the Federal Funding Accountability
17 and Transparency Act of 2006.

18 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
19 complete the following activities, subject to its receipt of HOME funds from U.S. Department
20 of Housing and Urban Development ("HUD"):

- 21 a. Provide the HOME Loan in the amount identified in **Section 1** to
22 BORROWER for financing of HOME-eligible construction costs
23 of the Project.
- 24 b. Comply with all of its obligations as participating recipient under
25 the applicable regulations set forth in 24 CFR Part 92.

26 4. HOME Loan. BORROWER shall borrow the HOME funds from
27 COUNTY for financing of the Project under the following terms and conditions:

- 28 a. Term. The maturity of the HOME Loan shall be the first to occur

1 of (i) July 1, 2069 or (ii) fifty-five (55) years from the recordation
2 of the Notice of Completion for the last building for which
3 construction is completed for the Project.

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

11 c. Interest. The interest rate shall be three percent (3.00%) simple
12 interest per annum.

13 d. Repayment. The HOME Note shall provide the following:

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

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

19 i) Seventy five percent (75%) of the Project's
20 Residual Receipts shall be used towards the
21 payment of the Residual Receipts loans secured by
22 the Project, and the payment shall be prorated
23 based on the percentage of each relative loan
24 amount based upon the total amount of all such
25 loans; and

26 ii) The remaining twenty-five percent (25%) of the
27 Project's Residual Receipts will be paid to
28 BORROWER.

1 3. Residual Receipts shall be determined based on an annual
2 review of certified financial statements for the Project.
3 Annual audited financial statements shall be submitted within
4 one hundred twenty (120) days following the close of the
5 project fiscal year. All outstanding principal along with
6 accrued interest shall be due upon the first to occur of (i)
7 December 31, 2070 or (ii) fifty-five (55) years from the
8 recordation of the Notice of Completion for the last building
9 for which construction is completed for the Project, to the
10 extent of available Residual Receipts, as set forth herein. The
11 first payment shall be due on July 1st of the year after the
12 calendar year in which the Notice of Completion is filed, to
13 the extent of available Residual Receipts, as set forth above.
14 Subsequent payments shall be made on July 1st thereafter to
15 the extent of available Residual Receipts until sooner of full
16 repayment of the Loan or the Loan maturity date as set forth
17 above.

18 4. The Project's Residual Receipts are defined as gross receipts,
19 not including interest on required reserve accounts, less the
20 following, but not including the Monitoring Fee as defined in
21 **Section 30:**

- 22 i) auditing and accounting fees;
- 23 ii) a reasonable property management fee not to
24 exceed \$55 per unit per month, increased annually
25 by an amount equal to the increase in the
26 Consumer Price Index ("CPI");
- 27 iii) operating expenses (any expense reasonably and
28 normally incurred in carrying out the Project's

1 day-to-day activities, which shall include
2 administration, on-site management, utilities, on-
3 site staff payroll, payroll taxes, and maintenance);

4 iv) replacement reserves, established in a separate
5 account from operating reserves, limited to the
6 amount defined by the California Tax Credit
7 Allocation Committee.

8 v) operating reserves as defined by the California Tax
9 Credit Allocation Committee;

10 vi) deferred developer fee;

11 vii) a General Partner management fee, which shall be
12 in the initial amount of \$25,000 and increased
13 annually by the percentage equal to the percentage
14 increase in the CPI; and

15 viii) a Limited Partnership asset management fee not to
16 exceed \$7,500 per year and increased annually by
17 the percentage equal to the percentage increase in
18 the CPI; and

19 ix) payments of principal and interest on amortized
20 loans and indebtedness senior to the HOME Loan,
21 which have been approved by COUNTY
22 (collectively, the "Senior Debt").

23 x) The annual administrative fee of California
24 Housing Finance Agency.

25 e. Security. The HOME Deed of Trust and the terms of this
26 Agreement shall be subordinated to: 1) a construction deed of
27 trust; 2) a deed of trust and regulatory agreement in favor of a
28 Permanent Lender to be named at a later date; and (3) a deed of

1 trust and regulatory agreement in favor of the California Housing
2 Finance Agency loan for the Mental Health Service Act Loan
3 (collectively, the "Senior Loans"). In addition, COUNTY agrees
4 to execute any and all documents necessary to effectuate
5 subordination of this Agreement and the HOME Deed of Trust to
6 the deeds of trust securing the Senior Loans and any future
7 refinancing upon BORROWER'S request.

8 f. Prepayment. Prepayment of principal and/or interest may occur at
9 any time without penalty. The requirements of **Section 17**,
10 Compliance with Laws and Regulations, however, shall remain in
11 full force and effect for a term specified in **Section 6** hereof.

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

15 6. TERM OF AGREEMENT. This Agreement shall become effective upon
16 execution and unless terminated earlier pursuant to the terms hereof, shall continue in full force
17 and effect for a period of fifty-five (55) years from the recordation of the Notice of
18 Completion. for the last building for which construction is completed for the Project.

19 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
20 warrants to COUNTY as follows:

21 a. Authority. BORROWER is a duly organized limited partnership,
22 in good standing under the laws of the State of California, whose
23 administrative general partner is Perris Family Apartments, LLC,
24 a California limited liability company and whose sole
25 member/manager is The Coachella Valley Housing Coalition
26 ("CVHC"), a California nonprofit public benefit corporation and
27 CHDO. The copies of the documents evidencing the organization
28 of BORROWER, which have been delivered to COUNTY, are

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

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

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

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

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

28 9. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond

1 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
2 which prevent(s) BORROWER from complying with any of its obligations under this
3 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
4 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other similar acts.

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

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

27 11. CHDO DESIGNATION. Pursuant to 24 CFR 92.300(a), the Project is
28 funded using HOME CHDO set aside ("Set-Aside") funds as that term is defined in 24 CFR

1 92.300(a). BORROWER hereby understands and agrees that the HOME CHDO Set Aside
2 funds provided by County for this Project pursuant to this Agreement must be allocated only
3 for housing developed, sponsored or owned by a CHDO, its subsidiary or partnership of which
4 it or its subsidiary is the managing general partner. BORROWER represents that it is eligible
5 to receive HOME funds and conduct activities pursuant to this Agreement as a limited
6 partnership whose administrative general partner is Perris Family Apartments, LLC, a
7 California limited liability company and whose sole member/manager is The Coachella Valley
8 Housing Coalition (“CVHC”), a California nonprofit public benefit corporation and CHDO.
9 Any proposed sale, assignment or other transfer of the Project shall be subject to the provisions
10 set forth in 24 (a) herein.

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

- 16
- 17 a. BORROWER executes and records this Agreement.
 - 18 b. BORROWER executes, records, and delivers the HOME Deed of
19 Trust as shown in **Exhibit “B”**.
 - 20 c. BORROWER executes and delivers the HOME Note as shown in
21 **Exhibit “C”** to COUNTY.
 - 22 d. BORROWER executes, records, and delivers the Request for
23 Notice as shown in **Exhibit “H”**.
 - 24 e. BORROWER executes, records and delivers the Covenant
25 Agreement as shown in **Exhibit “G”** to COUNTY.
 - 26 f. BORROWER provides, at its expense, an ALTA lender’s policy
27 insuring the HOME Deed of Trust upon the close of escrow.
 - 28 g. BORROWER provides documentation showing that matching

1 funds of not less than twenty-five percent (25%) of the total
2 HOME funds allocated under this Agreement have been provided.

3 h. BORROWER provides satisfactory evidence that it has all the
4 financing documents required to cause the proceeds of the
5 construction loan and the equity investment from the investor to
6 be committed and available, in an amount sufficient, when
7 combined with the HOME Loan, Mental Health Services Act
8 Loan and a conventional loan, to pay for development costs.

9 i. COUNTY will retain ten percent (10%) of the total HOME Loan
10 amount and release final draw down of HOME funds upon receipt
11 of all of the following:

- 12 1) Conditional lien release from general contractor;
- 13 2) recorded Notice of Completion;
- 14 3) Certificate of Occupancy;
- 15 4) architect certification identifying units that are accessible
16 to individuals with mobility impairments and units that are
17 accessible to individuals with sensory impairments in
18 compliance with Section 504 of the Rehabilitation Act of
19 1973, as described in **Section 18(b)**;
- 20 5) final Contract and Subcontract Activity report, Minority
21 Business Enterprise/Women Business Enterprise
22 ("MBE/WBE") report, HUD form 2516;
- 23 6) submission of documentation that shows compliance with
24 the Uniform Relocation Assistance and Real Property
25 Acquisition Policies Act of 1970 and 24 CFR Part 42.
- 26 7) submission of a Project completion report including
27 Tenant Checklist as shown in **Exhibit "F"** which is
28 attached hereto and by this reference incorporated herein;

- 1 8) Affirmative Fair Housing Marketing Plan – Multifamily
- 2 Housing, HUD form 935.2A, as described in **Section**
- 3 **17(c)**;
- 4 9) Tenant Selection Policy;
- 5 10) Management Plan;
- 6 11) final development costs; and
- 7 12) final sources and uses of funds. A final Certified Public
- 8 Accountant’s construction cost certification must be
- 9 provided within 6 months of the Notice of Completion
- 10 (but not as a condition to release HOME Loan retention).

11 j. BORROWER provides satisfactory evidence that it has secured
12 any and all land use entitlements, permits, approvals which may
13 be required for construction of the Project pursuant to the
14 applicable rules and regulations of, COUNTY, the City of Perris,
15 or any other governmental agency affected by such construction
16 work. BORROWER shall, without limitation, secure all
17 entitlement, change of zone, lot line adjustment, any and all
18 necessary studies required including but not limited to
19 archaeological, cultural, environmental, traffic studies and lead-
20 based paint surveys, as applicable, and pay all costs, charges and
21 fees associated therewith, all conditions precedent to the issuance
22 of all permits necessary for the construction of the development
23 and all such permits are available for issuance, other than
24 payment of fees.

25 k. BORROWER provides duly executed documents and instruments
26 showing the ownership of the property as specifically identified in
27 **Exhibit “A”**.

28 l. BORROWER provides documentation of a Payment and

1 Performance Bond or letter of credit to secure performance under
2 the construction contract issued by a bonding company or
3 financial institution reasonably approved by COUNTY. The
4 bonds shall name COUNTY as Co-Obligee.

5 m. BORROWER provides satisfactory evidence that it has satisfied
6 all conditions precedent to the issuance of all permits necessary
7 for the construction of the development and all such permits are
8 available for issuance, other than payment of fees.

9 n. If Davis Bacon and/or prevailing wages are required to be paid,
10 BORROWER hires a qualified professional firm to review and
11 monitor Davis Bacon and/or prevailing wage compliance for all
12 submissions of contractors certified payrolls to COUNTY. In the
13 event that the Project requires prevailing wages, BORROWER
14 shall comply with any applicable labor regulations and all other
15 State Laws in connection with the construction of the
16 improvements which compromise the Project, including if
17 applicable, requirements relating to prevailing wages.
18 BORROWER agrees and acknowledges that it is the
19 responsibility of BORROWER to obtain legal determination, at
20 BORROWER's sole cost and expense, as to whether prevailing
21 wages must be paid during the construction of the Project. If the
22 Project is subject to prevailing wage, then BORROWER shall be
23 solely responsible to pay its contractors and subcontractors the
24 required prevailing wage rates. BORROWER agrees to
25 indemnify, defend, and hold COUNTY harmless from and against
26 any and all liability arising out of and related to BORROWER's
27 failure to comply with any and all applicable Davis Bacon and/or
28 prevailing wage requirements.

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

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

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

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

1 which construction is completed for the Project.

2 15. INSURANCE. Without limiting or diminishing BORROWER'S
3 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain
4 or cause to be maintained, at its sole cost and expense, the following insurance coverage's
5 during the term of this Agreement.

6 a. Worker's Compensation Insurance.

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

16 b. Commercial General Liability Insurance.

17 Commercial General Liability insurance coverage, including but
18 not limited to, premises liability, contractual liability, products
19 and completed operations liability, personal and advertising
20 injury, and cross liability coverage, covering claims which may
21 arise from or out of BORROWER'S performance of its
22 obligations hereunder. Policy shall name the County of Riverside,
23 its Agencies, Boards, Districts, Special Districts, and
24 Departments, their respective directors, officers, Board of
25 Supervisors, employees, elected or appointed officials, agents or
26 representatives as Additional Insured. Policy's limit of liability
27 shall not be less than \$1,000,000 per occurrence combined single
28 limit. If such insurance contains a general aggregate limit, it shall

1 apply separately to this agreement or be no less than two (2) times
2 the occurrence limit.

3 c. Vehicle Liability Insurance.

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

17 d. General Insurance Provisions – All Lines.

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

25 2) BORROWER's insurance carrier(s) must declare its
26 insurance self-insured retentions. If such self-insured retentions
27 exceed \$500,000 per occurrence such retentions shall have the
28 prior written consent of COUNTY Risk Manager before the

1 commencement of operations under this Agreement. Upon
2 notification of self insured retention unacceptable to COUNTY,
3 and at the election of COUNTY's Risk Manager, BORROWER's
4 carriers shall either: (a) reduce or eliminate such self-insured
5 retention as respects this Agreement with COUNTY, or (b)
6 procure a bond which guarantees payment of losses and related
7 investigations, claims administration, and defense costs and
8 expenses.

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

1 endorsements and if requested, copies of policies of insurance
2 including all endorsements and any and all other attachments as
3 required in this Section. An individual authorized by the
4 insurance carrier to do so on its behalf shall sign the original
5 endorsements for each policy and the Certificate of Insurance.

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

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

23 6) BORROWER shall pass down the insurance obligations
24 contained herein to all tiers of subcontractors working under this
25 Agreement.

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

1 discrimination. As set forth in 24 CFR part 5, sub part A,
2 BORROWER is required to include the following requirements:
3 non discrimination and equal opportunity under Section 282 of
4 the Act; disclosure; debarred, suspended, or ineligible contractors;
5 and drug-free workplace.

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

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

1 assess the results of these actions.

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

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

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

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

28 (iii) Dividing total requirements, when economically

1 feasible, into smaller tasks or quantities to permit
2 maximum participation by small and minority
3 business, and women's business enterprises.

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

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

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

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

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

1 f. Section 92.354 Lead-based paint. Housing assisted with HOME
2 funds is subject to the lead-based paint requirements of 24 CFR
3 Part 35 issued pursuant to the Lead-Based Paint Poisoning
4 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
5 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
6 (j)(1)(i), also apply, irrespective of the applicable property
7 standard under §92.251.

8 18. Section 92.354 Labor. Every contract for the construction of housing that
9 includes twelve (12) or more units assisted with HOME funds must
10 contain a provision requiring the payment of not less than the wages
11 prevailing in the locality, as predetermined by the Secretary of Labor
12 pursuant to the Davis-Bacon Act (40 U.S.C. 276a-276a-5), to all
13 laborers and mechanics employed in the development of any part of
14 the housing. Such contracts must also be subject to the overtime
15 provisions, as applicable, of the Contract Work Hours and Safety
16 Standards Act (40 U.S.C. 327-332). Included with this Agreement is
17 the wage determination applicable to the Project, CA100028
18 04/08/2011 CA28, as shown in **Exhibit "G"** which is attached hereto
19 and by this reference incorporated herein. BORROWER must apply
20 most current wage rate determination at the date of execution of this
21 Agreement.

22 a. Section 92.356 Conflict of Interest. In the procurement of
23 property and services by BORROWER, the conflict of interest
24 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively shall
25 apply. Section 92.356 shall cover all cases not governed by 24
26 CFR 85.36 and 24 CFR 84.42.

27 b. Section 504 of the Rehabilitation Act of 1973; Housing
28 accessibility requirement at 24 CFR Part 8, implementing Section

1 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
2 design and construction of multi-family dwellings as defined at 24
3 CFR 100.201 must comply with the requirements set forth in 24
4 CFR 100.205 implementing the Fair Housing Act. For new
5 construction of multi-family projects, 5 percent (5%) of the units
6 (but not less than one unit) must be accessible to individuals with
7 mobility impairments, and an additional 2 percent (2%) of the
8 units (but not less than one unit) must be accessible to individuals
9 with sensory impairments. Dwelling units designed and
10 constructed in accordance with the Uniform Federal Accessibility
11 Standards (UFAS) will be deemed to comply with the Section 504
12 regulation.

13 c. Model Energy Code published by the Council of American
14 Building Officials.

15 d. Section 3 of the Housing and Urban Development Act of 1968.

16 To the greatest extent feasible, opportunities for training and
17 employment arising from HOME funds will be provided to low-
18 income persons residing in the program service area. To the
19 greatest extent feasible, contracts for work to be performed in
20 connection with HOME funds will be awarded to business
21 concerns that are located in or owned by persons residing in the
22 program service area as outlined in the Riverside County EDA
23 Section 3 Contract Requirements attached hereto as **Exhibit "D"**.
24 Contracts funded from Section 3 covered funding sources must
25 abide by the Section 3 Clause prescribed at 24 CFR 135.38.

26 e. Section 92.358 Consultant Activities. No person providing
27 consultant services in an employer-employee type relationship
28 shall receive more than a reasonable rate of compensation for

1 personal services paid with HOME funds.

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

6 (1) BORROWER does not assume COUNTY'S
7 environmental responsibilities described at 24 CFR Part
8 92.352; and

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

12 g. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
13 and 85 "Common Rule", OMB Circular Nos. A-87 (for
14 government entities), A-122 (for non-profit organizations), and
15 the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
16 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities),
17 and the following §§84.2, 84.5, 84.13 through 84.16, 84.21,
18 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
19 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and
20 84.73 (for non-profit organizations).

21 h. BORROWER shall include written agreements that include all
22 provisions of **Section 17** if BORROWER provides HOME funds
23 to for-profit owners or developers, non-profit owners or
24 developers, sub-recipients, homeowners, homebuyers, tenants
25 receiving tenant-based rental assistance, or contractors.

26 i. Immigration requirements of Federal Register, Vol. 62, No. 221,
27 Department of Justice Interim Guidance on Verification of
28 Citizenship, Qualified Alien Status and Eligibility Under Title IV

1 of the Personal Responsibility and Work Opportunity
2 Reconciliation Act of 1996 ("PRWORA"). Final Attorney
3 General's Order issued pursuant to PRWORA is specified under
4 Federal Register Vol. 66, No. 10, Department of Justice Final
5 Specification of Community Programs Necessary for Protection
6 of Life or Safety Under Welfare Reform Legislation.

- 7 j. BORROWER shall comply with all applicable local, state and
8 federal laws in addition to the above mentioned laws.

9 19. INCOME TARGETING REQUIREMENTS. BORROWER will set aside
10 eleven (11) units (4 - 1 Bedroom, 4 - 2 Bedroom and 3 - 3 Bedroom) of the Project to be
11 designated as "Floating" Low HOME rent units, as defined under 24 CFR 92.252(j) (the
12 "HOME-Assisted Units"). All eleven (11) of the HOME-Assisted Units shall be limited to
13 extremely low-income households whose incomes do not exceed thirty percent (30%) of the
14 area median income for the County of Riverside, adjusted by family size at the time of
15 occupancy. Fifteen (15) units will be reserved for special needs individuals as required by
16 MHSA ("MHSA-Assisted Units") which may overlap with the HOME-Assisted Units.

17 20. RENT LIMITATIONS. BORROWER shall comply with the rent
18 limitations set forth under 24 CFR 92.252. COUNTY shall review and approve proposed rents
19 to the extent required under this section. BORROWER shall ensure that the HOME-assisted
20 units are rented to qualified applicants at the Low HOME rent levels, adjusted by family size at
21 the time of occupancy, published by HUD from time to time.

- 22 a. Additional Rent Limitations: The current HUD published Low
23 HOME rent, effective February 2012, for 2 bedroom units is
24 \$753. The current HUD published High HOME rent for 2
25 bedroom units is \$958. In order to calculate net rent to be charged,
26 an applicable utility allowance must be subtracted from the gross
27 rents listed.

- 28 b. Initial rent schedule and utility allowance: The maximum monthly

1 allowances for utilities and services (excluding telephone) will not
2 exceed the utility allowance set by the Housing Authority of the
3 County of Riverside. COUNTY shall review and approve rents
4 proposed by BORROWER for HOME-Assisted Units subject to
5 the maximum rent limitations to ensure that the rents do not
6 exceed the maximum rent minus the monthly allowances for
7 utilities and services.

8 21. TENANT PROTECTIONS. BORROWER shall provide protection to the
9 tenants of the HOME-Assisted Units in accordance to the requirements set forth at 24 CFR
10 92.253 and described as follows:

11 a. Provide written lease agreement for not less than one year, unless
12 by mutual agreement between the tenant and BORROWER.
13 COUNTY shall review the initial form of the lease agreement
14 prior to BORROWER executing any leases and, provided that
15 BORROWER uses the approved lease form, BORROWER shall
16 be permitted to enter into residential leases without COUNTY's
17 prior written consent.

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

20 (1) Agreement to be sued. Agreement by the tenant to be
21 sued, to admit guilt or to a judgment in favor of
22 BORROWER in a lawsuit brought in connection with the
23 lease.

24 (2) Treatment of property. Agreements by tenant that
25 BORROWER may take, hold, or sell personal property of
26 household members without notice to the tenant and a
27 court decision on the rights of the parties. This prohibition,
28 however, does not apply to an agreement by the tenant

1 concerning disposition of personal property remaining in
2 the housing unit after the tenant has moved out of the unit.
3 BORROWER may dispose of this personal property in
4 accordance with State law.

5 (3) Excusing BORROWER from responsibility. Agreement
6 by the tenant not to hold BORROWER or BORROWER's
7 agents legally responsible for any action or failure to act,
8 whether intentional or negligent.

9 (4) Waiver of notice. Agreement of the tenant that
10 BORROWER may institute a lawsuit without notice to the
11 tenant.

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

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

19 (7) Waiver of right to appeal court decision. Agreement by the
20 tenant to waive the tenant's right to appeal, or to otherwise
21 challenge in court, a court decision in connection with the
22 lease.

23 (8) Tenant chargeable with cost of legal actions regardless of
24 outcome. Agreement by the tenant to pay attorneys' fees
25 or other legal costs even if the tenant wins in a court
26 proceeding by BORROWER against the tenant. The
27 tenant, however, may be obligated to pay costs if the
28 tenant loses.

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

4 23. REPAYMENT INCOME. COUNTY must record the receipt and
5 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
6 92.503.

7 24. SALE , ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.

8 a) BORROWER hereby covenants and agrees not to sell, assign or
9 otherwise transfer or otherwise dispose of the Project or any portion thereof, without obtaining
10 the prior written consent of COUNTY, which consent shall be conditioned upon i) a County
11 determination that transferee is a CHDO or is otherwise eligible as a wholly-owned subsidiary
12 or partnership of a CHDO and determined by County to be HUD-eligible to receive an
13 allocation of CHDO HOME Set Aside funds pursuant to the requirements set forth in 24 CFR
14 92.300(a); ii) receipt by COUNTY of reasonable evidence satisfactory to COUNTY that
15 transferee has assumed in writing and in full, and is reasonably capable of performing and
16 complying with BORROWER's duties and obligations under this Agreement and where upon
17 BORROWER shall be released of all obligations hereunder which accrue from and after the
18 date of such sale.

19 b) Upon prior written approval by COUNTY, and subject to the restrictions
20 set forth in Section 24(a) hereinabove, BORROWER may transfer the Project and/or
21 accomplish any of the following: (i) a conveyance of a security interest in the Property in
22 connection with any Senior Loan (ii) a conveyance of the Property to any affiliate of Borrower
23 or assignee pursuant to an option agreement granted with respect to the tax credit financing;
24 (iii) the admission of the initial limited partners to BORROWER's limited partnership, or
25 similar mechanism, and the purchase of any such limited partnership interest or interests by
26 BORROWER's general partner; (iv) the replacement of BORROWER's general partner or
27 similar mechanism, by an affiliate of the general partner; after the removal for cause of any
28 general partner by a limited partner of BORROWER's partnership, and the replacement

1 thereof; and (vi) the lease for occupancy of all or any of the Units; (vii) the granting of
2 easements or permits to facilitate the development of the Property in accordance with this
3 Agreement;

4 COUNTY's approval of the transfers in **Section 24(b)** shall not be unreasonably
5 withheld and COUNTY's Assistant County Executive Officer/Economic Development Agency
6 or designee(s), where such authority has been delegated, are authorized to execute such written
7 instrument necessary or appropriate to evidence approval of the transfers in **Section 24(b)**.

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

12 26. NONDISCRIMINATION. BORROWER shall abide by §92.350 of Title
13 24 of the Federal Code of Regulations, which require that no person in the United States shall,
14 on the grounds of race, color, age, religious creed, sex, sexual orientation, marital status,
15 national origin, ancestry, familial status, source of income, physical or mental disability, be
16 excluded from participation in, be denied the benefits of, or be subjected to discrimination
17 under any program or activity funded in whole or in part with HOME funds.

18 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 19 a. BORROWER and its assigns, employees, agents, consultants,
20 officers and elected and appointed officials shall become familiar
21 with and shall comply with the conflict of interest provisions in
22 OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR
23 92.356 and Policy Manual #A-11, attached hereto as **Exhibit "E"**
24 and by this reference incorporated herein.
- 25 b. BORROWER understands and agrees that no waiver or exception
26 can be granted to the prohibition against conflict of interest except
27 upon written approval of HUD pursuant to 24 CFR 92.356(d).
28 Any request by BORROWER for an exception shall first be

1 reviewed by COUNTY to determine whether such request is
2 appropriate for submission to HUD. In determining whether such
3 request is appropriate for submission to HUD, COUNTY will
4 consider the factors listed in 24 CFR 92.356(e).

5 c. Prior to any funding under this Agreement, BORROWER shall
6 provide COUNTY with a list of all employees, agents,
7 consultants, officers and elected and appointed officials who are
8 in a position to participate in a decision-making process, exercise
9 any functions or responsibilities, or gain inside information with
10 respect to the HOME activities funded under this Agreement.
11 BORROWER shall also promptly disclose to COUNTY any
12 potential conflict, including even the appearance of conflict that
13 may arise with respect to the HOME activities funded under this
14 Agreement.

15 d. Any violation of this section shall be deemed a material breach of
16 this Agreement, and the Agreement shall be immediately
17 terminated by COUNTY.

18 28. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
19 HOME funds may not be provided to primarily religious organizations, such as churches, for
20 any activity including secular activities. In addition, HOME funds may not be used to
21 rehabilitate or construct housing owned by primarily religious organizations or to assist
22 primarily religious organizations in acquiring housing. However, HOME funds may be used
23 by a secular entity to acquire housing from a primarily religious organization, and a primarily
24 religious entity may transfer title to property to a wholly secular entity and the entity may
25 participate in the HOME program in accordance with the requirements set forth at 24 CFR
26 92.257. The entity may be an existing or newly established entity, which may be an entity
27 established by the religious organization. The completed housing project must be used
28 exclusively by the BORROWER/participant entity for secular purposes, available to all

1 persons regardless of religion. In particular, there must be no religious or membership criteria
2 for tenants of the property.

3 29. PROJECT MONITORING AND EVALUATION. BORROWER shall
4 submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit "F"** which is attached
5 hereto and by this reference is incorporated herein and may be revised by COUNTY,
6 summarizing the racial/ethnic composition, number and percentage of extremely low-income
7 households who are tenants of the HOME-Assisted Units. The Tenant Checklist Form shall be
8 submitted upon completion of the construction and thereafter, on a semi-annual basis on or
9 before March 31 and September 30. BORROWER shall maintain financial, programmatic,
10 statistical and other supporting records of its operations and financial activities in accordance
11 with the requirements of the HOME Program under 24 CFR 92.508, including the submission
12 of Tenant Checklist Form. Except as otherwise provided for in this Agreement, BORROWER
13 shall maintain and submit records to COUNTY within ten business days of COUNTY's
14 request which clearly documents BORROWER's performance under each requirement of the
15 HOME Program. A list of document submissions and timeline are shown in **Exhibit "A"** and
16 such list may be amended from time to time subject to HUD and COUNTY reporting
17 requirements.

18 30. MONITORING FEE. BORROWER shall be responsible for paying an
19 annual Compliance Monitoring fee to the COUNTY in the amount of \$7,500. The first
20 payment is due twenty-four (24) months from the recordation of the Notice of Completion for
21 the last building for which construction is completed for the Project and annually thereafter.
22 This amount is to be adjusted, not to exceed the CPI, every year.

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

27 32. EVENTS OF DEFAULT. The occurrence of any of the following events
28 shall constitute an "Event of Default" under this Agreement:

- 1 a. Monetary Default. (1) BORROWER's failure to pay when due
2 any sums payable under the Note or any advances made by
3 COUNTY under this Agreement; (2) BORROWER's or any agent
4 of BORROWER's use of HOME funds for costs other than costs
5 or for uses inconsistent with terms and restrictions set forth in this
6 Agreement; (3) BORROWER's or any agent of BORROWER's
7 failure to make any other payment of any assessment or tax due
8 under this Agreement;
- 9 b. Non-Monetary Default - Operation. (1) Discrimination by
10 BORROWER or BORROWER's agent on the basis of
11 characteristics prohibited by this Agreement or applicable law; (2)
12 the imposition of any encumbrances or liens on the Project
13 without COUNTY's prior written approval that are prohibited
14 under this Agreement or that have the effect of reducing the
15 priority or invalidating the HOME Deed of Trust unless Borrower
16 (1) agrees in writing to the payment of the obligation secured by
17 the lien in a manner acceptable to County; (2) contests in good
18 faith the lien by, or defends against enforcement of the lien in
19 legal proceedings which in the County's opinion operate to
20 prevent the enforcement of the lien; or (3) bond around the lien
21 (4) secures from the holder of the lien an agreement satisfactory
22 to Lender subordinating the lien to the Deed of Trust, Except for
23 the liens approved herein, if County determines that any part of
24 the property is subject to a lien which may attain priority over this
25 Deed of Trust, County may give Borrower a notice identifying the
26 lien. Borrower shall satisfy such lien or take one or more of the
27 actions set forth above within 30 days of the giving of notice; (3)
28 BORROWER's failure to obtain and maintain the insurance

1 coverage required under this Agreement; (4) any material default
2 under this Agreement;

3 c. General Performance of Loan Obligations. Any substantial or
4 continuous or repeated breach by BORROWER or
5 BORROWER's agents of any material obligations on
6 BORROWER imposed in this Agreement;

7 d. General Performance of Other Obligations. Any substantial or
8 continuous or repeated breach by BORROWER or
9 BORROWER's agents of any material obligations on the Project
10 imposed by any other agreement with respect to the financing,
11 development, or operation of the Project; whether or not
12 COUNTY is a party to such agreement; but only following any
13 applicable notice and cure periods with respect to any such
14 obligation;

15 e. Representations and Warranties. A determination by COUNTY
16 that any of BORROWER's representations or warranties made in
17 this Agreement, any statements made to COUNTY by
18 BORROWER, or any certificates, documents, or schedules
19 supplied to COUNTY by BORROWER were untrue in any
20 material respect when made, or that BORROWER concealed or
21 failed to disclose a material fact from COUNTY.

22 f. Damage to Project. In the event that the Project is materially
23 damaged or destroyed by fire or other casualty, and BORROWER
24 receives an award or insurance proceeds sufficient for the repair
25 or reconstruction of the Project, and BORROWER does not use
26 such award or proceeds to repair or reconstruct the Project.

27 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or any
28 general partner of BORROWER's (1) filing for bankruptcy,

1 dissolution, or reorganization, or failure to obtain a full dismissal
2 of any such involuntary filing brought by another party before the
3 earlier of final relief or sixty (60) days after such filing; (2)
4 making a general assignment for the benefit of creditors; (3)
5 applying for the appointment of a receiver, trustee, custodian, or
6 liquidator, or failure to obtain a full dismissal of any such
7 involuntary application brought by another party before the earlier
8 of final relief or seventy-five (75) days after such filing; (4)
9 insolvency; or (5) failure, inability or admission in writing of its
10 inability to pay its debts as they become due.

11 33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
12 monetary and non-monetary Events of Default, COUNTY shall give written notice to
13 BORROWER and its investor limited partner, if any, of any Event of Default by specifying: (a)
14 the nature of the Event of Default or the deficiency giving rise to the default, (b) the action
15 required to cure the deficiency, and (c) a date, which shall not be more than sixty (60) calendar
16 days from the mailing of the notice for a monetary default, or a date, which shall not be more
17 than ninety (90) calendar days from the mailing of the notice for a non-monetary default, by
18 which such action to cure must be taken. COUNTY agrees that BORROWER and Borrower's
19 investor limited partner shall have the right to cure any and all defaults under this Agreement.

20 34. COUNTY REMEDIES. Upon the happening of an Event of Default and a
21 failure by BORROWER or other interested party to cure said default within the time specified
22 in the notice of default (if an action to cure is specified in said notice), COUNTY's obligation
23 to disburse HOME funds shall terminate, and COUNTY may also in addition to other rights
24 and remedies permitted by this Agreement or applicable law, proceed with any or all of the
25 following remedies in any order or combination COUNTY may choose in its sole discretion:

- 26 a. Terminate this Agreement, in which event the entire amount as
27 well as any other monies advanced to BORROWER by COUNTY
28 under this Agreement including administrative costs, shall

1 immediately become due and payable at the option of COUNTY.

2 b. Bring an action in equitable relief (1) seeking the specific
3 performance by BORROWER of the terms and conditions of this
4 Agreement, and/or (2) enjoining, abating, or preventing any
5 violation of said terms and conditions, and/or (3) seeking
6 declaratory relief.

7 c. Accelerate the HOME Loan, and demand immediate full payment
8 of the principal payment outstanding and all accrued interest under
9 the Note, as well as any other monies advanced to BORROWER
10 by COUNTY under this Agreement.

11 d. Enter the Project and take any remedial actions necessary in its
12 judgment with respect to hazardous materials that COUNTY
13 deems necessary to comply with hazardous materials laws or to
14 render the Project suitable for occupancy.

15 e. Enter upon, take possession of, and manage the Project, either in
16 person, by agent, or by a receiver appointed by a court, and collect
17 rents and other amounts specified in the assignment of rents in the
18 Deed of Trust and apply them to operate the Project or to pay off
19 the HOME Loan or any advances made under this Agreement, as
20 provided for by the Deed of Trust.

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

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

24 a. Demand payment from COUNTY of any sums due BORROWER;
25 and/or

26 b. Bring an action in equitable relief seeking the specific performance
27 by COUNTY of the terms and conditions of this Agreement;
28 and/or

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

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

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

14 a. No federally appropriated funds have been paid or will be paid, by
15 or on behalf of the undersigned, to any person for influencing or
16 attempting to influence an officer or employee of any agency, a
17 member of Congress, an officer or employee of Congress, or an
18 employee of a member of Congress in connection with the
19 awarding of any federal contract, the making of any federal grant,
20 the making of any federal loan, the entering into of any cooperative
21 agreement, and the extension, continuation, review, amendment, or
22 modification of any federal contract, grant, loan, or cooperative
23 agreement.

24 b. If any funds other than federally appropriated funds have been paid
25 or will be paid to any person for influencing or attempting to
26 influence an officer or employee of any agency, a member of
27 Congress, an officer or employee of Congress, or an employee of a
28 member of Congress in connection with this federal contract,

1 grant, loan, or cooperative agreement, the undersigned shall
2 complete and submit Standard Form-LLL, "Disclosure Form to
3 Report Lobbying," in accordance with its instructions.

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

11 38. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
12 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
13 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and
14 appointed officials, employees, agents and representatives from any liability whatsoever, based
15 or asserted upon any services of BORROWER, its officers, employees, subcontractors, agents
16 or representatives arising out of their performance under this Agreement, including but not
17 limited to property damage, bodily injury, or death or any other element of any kind or nature
18 whatsoever arising from the performance of BORROWER, its officers, agents, employees,
19 subcontractors, agents or representatives under this Agreement. BORROWER shall defend, at
20 its sole expense, all costs and fees including, but not limited, to attorney fees, cost of
21 investigation, defense and settlements or awards, the County of Riverside, its Agencies,
22 Districts, Special Districts and Departments, their respective directors, officers, Board of
23 Supervisors, elected and appointed officials, employees, agents and representatives in any claim
24 or action based upon such alleged acts or omissions.

25 With respect to any action or claim subject to indemnification herein by BORROWER,
26 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
27 have the right to adjust, settle, or compromise any such action or claim without the prior consent
28 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no

1 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
2 forth herein.

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

6 The specified insurance limits required in this Agreement shall in no way limit or
7 circumscribe BORROWER's obligations to indemnify and hold harmless COUNTY herein from
8 third party claims.

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

12 39. TERMINATION.

13 a. BORROWER. BORROWER may terminate this Agreement
14 consistent with the Act, the regulations consistent implementing
15 the Act, and 24 CFR 85.44. In addition, BORROWER may
16 terminate this Agreement in accordance with **Section 51** and
17 **Section 52** of this Agreement.

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

22 (1) In the event BORROWER fails to perform the covenants
23 herein contained at such times and in such manner as
24 provided in this Agreement after the applicable notice and
25 cure provision hereof; or

26 (2) In the event there is a conflict with any federal, state or
27 local law, ordinance, regulation or rule rendering any
28 material provision, in the judgment of COUNTY of this

1 Agreement invalid or untenable; or

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

4 c. This Agreement may be terminated or funding suspended in whole
5 or in part for cause in accordance with 24 CFR 85.43. Cause shall
6 be based on the failure of BORROWER to materially comply with
7 either the terms or conditions of this Agreement after the
8 expiration of all applicable notice and cure provisions hereof.
9 Upon suspension of funding, BORROWER agrees not to incur any
10 costs related thereto, or connected with, any area of conflict from
11 which COUNTY has determined that suspension of funds is
12 necessary. The award may be terminated for convenience in
13 accordance with 24 CFR 85.44.

14 d. Upon expiration of this Agreement, BORROWER shall transfer to
15 COUNTY any unexpended HOME funds in its possession at the
16 time of expiration of the Agreement as well as any accounts
17 receivable held by BORROWER which are attributable to the use
18 of HOME funds awarded pursuant to this Agreement.

19 40. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
20 hereby declare their express intent that the restrictions set forth in this Agreement shall be
21 affordable for a period of fifty-five (55) years from the recordation of the Notice of Completion
22 for the last building for which construction is complete for the project, and shall bind all
23 successors in title to the Property until the expiration of this Agreement. Each and every
24 contract, deed or other instrument hereafter executed covering and conveying the Property or
25 any portion thereof shall be held conclusively to have been executed, delivered and accepted
26 subject to such restrictions, whether such restrictions are set forth in such contract, deed and
27 covenant agreement.

28 41. MECHANICS LIENS AND STOP NOTICES. If any claim of

1 mechanics lien is filed against the Project or a stop notice affecting the HOME Loan is served
2 on COUNTY, BORROWER must, within twenty (20) days of such filing or service, either pay
3 and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by
4 delivering to COUNTY a surety bond in sufficient form and amount, or provide COUNTY with
5 other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
6 discharged.

7 42. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
8 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
9 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
10 between the parties at the time of execution.

11 43. AUTHORITY TO EXECUTE. The persons executing this Agreement or
12 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
13 that they have the authority to execute this Agreement and warrant and represent that they have
14 the authority to bind the respective parties to this Agreement to the performance of its
15 obligations hereunder.

16 44. WAIVER. Failure by a party to insist upon the strict performance of any
17 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
18 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
19 insist and demand strict compliance by the other party with the terms of this Agreement
20 thereafter.

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

28 46. JURISDICTION AND VENUE. Any action at law or in equity arising

1 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
2 determining the validity of any provision of this Agreement shall be filed in the Superior Courts
3 of Riverside County, State of California, and the parties hereto waive all provisions of law
4 providing for the filing, removal or change of venue to any other court or jurisdiction.

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

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

12 49. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
13 consider it in its best interest to change, modify or extend a term or condition of this
14 Agreement. Any such change, extension or modification, which is mutually agreed upon by
15 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
16 Such amendments shall not invalidate this Agreement, nor relieve or release COUNTY or
17 BORROWER from any obligations under this Agreement, except for those parts thereby
18 amended. No amendment to this Agreement shall be effective and binding upon the parties,
19 unless it expressly makes reference to this Agreement, is in writing, is signed and
20 acknowledged by duly authorized representatives of all parties, and approved by the County.

21 50. CONDITIONAL HOME COMMITMENT. As defined
22 under 24 CFR 92.2, COUNTY can reasonably expect for BORROWER to start
23 construction within twelve (12) months of the execution of this Agreement.

24 Notwithstanding all other sections in this Agreement, BORROWER must provide COUNTY
25 with a letter confirmation of the federal/state tax credit award from the CTCAC by September
26 30, 2013 (the "CTCAC Deadline"). COUNTY's HOME commitment is expressly contingent
27 upon the Project receiving federal/state tax credit on or before the CTCAC Deadline. If
28 BORROWER cannot provide COUNTY with letter confirmation of the federal/state tax credit



1 award from CTCAC by the CTCAC Deadline, then COUNTY and BORROWER mutually
2 agree that this Agreement will self-terminate. Upon such termination, this Agreement shall be
3 null and void. COUNTY and BORROWER shall be released and discharged respectively from
4 its obligations under this Agreement.

5 51. PROJECT FINANCING CONTINGENCY. This
6 Agreement is expressly conditioned upon BORROWER's receipt, on or prior to
7 **September 1, 2013** of (i) such binding loan commitments for new loans as may be
8 required by BORROWER, on terms and conditions acceptable to BORROWER,
9 in its sole discretion, including, without limitation, (a) Mental Health Services Act Loan, and (b)
10 any conventional construction and/or permanent financing, including without limitation, a
11 construction and permanent loan from an institutional construction lender Either COUNTY or
12 BORROWER may elect to terminate this Agreement with ten (10) days written notice to the
13 other party if BORROWER fails to acquire the project financing as required by this **Section 51.**
14 . Upon such termination, this Agreement shall be null and void, and:

- 15 a. If BORROWER elects to terminate this Agreement,
16 BORROWER shall be released and discharged by COUNTY
17 from its obligations under this Agreement; or
- 18 b. If COUNTY elects to terminate this Agreement, COUNTY shall
19 be released and discharged by BORROWER from its
20 obligations under this Agreement.

21 At that time all cost incurred by each party on the Project will be assumed
22 respectively, and each party shall be released from all liability under this Agreement.

23 52. COMPLETION CONDITION The Project must be
24 completed and have recorded Notices of Completion within forty two months of
25 the execution of this Agreement. If BORROWER is not able to meet the
26 condition as required by this **Section 53** then COUNTY and BORROWER mutually agree that
27 this Agreement will self-terminate and any HOME Loan funds drawn to date shall be returned
28 within thirty (30) calendar days. Upon such termination, this Agreement shall be null and void.

1 COUNTY and BORROWER shall be released and discharged respectively from their
2 obligations under this Agreement.

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

1 the HOME Deed of Trust).

2 54. EXHIBITS AND ATTACHMENTS. Each of the attachments and
3 exhibits attached hereto is incorporated herein by this reference.

4 55. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
5 provide input regarding all media releases regarding the Project. Any publicity generated by
6 BORROWER for the Project must make reference to the contribution of COUNTY in making
7 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
8 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and
9 public service announcements. BORROWER agrees to cooperate with COUNTY in any
10 COUNTY-generated publicity or promotional activities with respect to the Project.

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

17 COUNTY
18 Assistant Director, Housing
19 Riverside County
20 Economic Development Agency
21 5555 Arlington Avenue
22 Riverside, CA 92504

BORROWER
Executive Director
The Coachella Valley Housing Coalition
45701 Monroe Street, Ste. G
Indio, CA 92201

23 57. COUNTERPARTS. This Agreement may be signed by the different
24 parties hereto in counterparts, each of which shall be an original but all of which together shall
25 constitute one and the same agreement.

26 58. EFFECTIVE DATE. The effective date of this Agreement is the date the
27 parties execute the Agreement. If the parties execute the Agreement on more than one date, then
28 the last date the Agreement is executed by a party shall be the effective date.

(SIGNATURES ON THE NEXT PAGE)

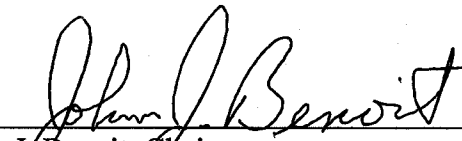
1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of
2 the date first above written.

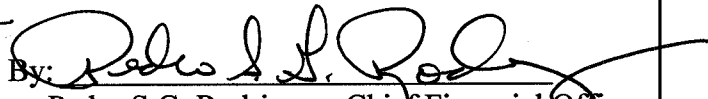
3 COUNTY:
4 County of Riverside, a political
5 Subdivision of the State of California

BORROWER::
PERRIS FAMILY APARTMENTS, L.P.,
a California limited partnership

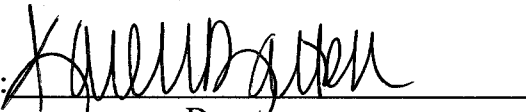
6 By: PERRIS FAMILY APARTMENTS LLC, a
7 California limited liability company, its
8 administrative general partner

9 By: COACHELLA VALLEY
10 HOUSING COALITION, its sole
11 Member/manager

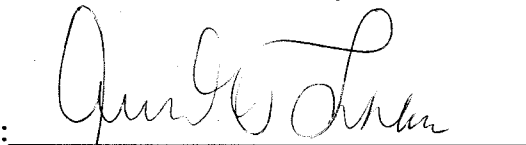
12 By: 
13 John J. Benoit, Chairman
14 Board of Supervisors

12 By: 
13 Pedro S.G. Rodriguez, Chief Financial Officer

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

19 By: 
20 Deputy

21 APPROVED AS TO FORM:
22 PAMELA J. WALLS, County Counsel

23 By: 
24 Annie T. Sahhar, Deputy County Counsel
25

26
27 **(COUNTY and BORROWER signatures need to be notarized)**
28

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §

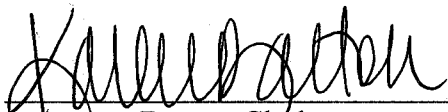
On June 18, 2013, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same 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 Riverside }

On May 21, 2013, before me, Mary Ann Ybarra, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Pedro S.G. Rodriguez
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature Mary Ann Ybarra
Signature of Notary Public



Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT "A"

Borrower: The Coachella Valley Housing Coalition
Address: 45701 Monroe Street, Ste. G
Indio, CA 92201
Project Title: Perris Family Apartments
Location: Northwest corner of Ruby Road and East Jarvis Street, in the City of Perris,
ASSESSOR'S PARCEL NUMBER(S): 311-180-013, -035, -036, -050, -051, -
052, -053 and -054.

Description:

Borrower will utilize \$1,000,000 in HOME funds for a 75-unit multi-family affordable housing complex located on the northwest corner of Ruby Road and East Jarvis Street in the City of Perris.

The project site will consist of 21 one bedroom units, 30 two bedroom units and 24 three bedroom units, one of the three bedroom units will be set aside for the residential manager. Project amenities will include open space, tot lots/play areas, basketball courts, laundry facilities, and a 2800 square foot community center equipped with a full kitchen, computer learning center, lap top computers, educational software and internet access. Project services include parenting classes, tutoring, nutrition programs, English as a Second Language, GED preparation and after-school programs.

A total of eleven (11) units will be designated as "Floating" Low HOME rent units ("HOME Assisted Units"). The eleven (11) HOME assisted units will consist of 4-one bedroom, 4-two bedroom and 3-three bedroom units. All eleven (11) units will be restricted to extremely low-income households whose incomes do not exceed thirty percent (30%) of the area median household income in Riverside County. The HOME assisted units shall be restricted for a period of at least 55 years from the recordation of the Notice of Completion. Fifteen (15) units will be reserved for special needs individuals as required by MHSA ("MHSA-Assisted Units") which may overlap with HOME-Assisted Units.

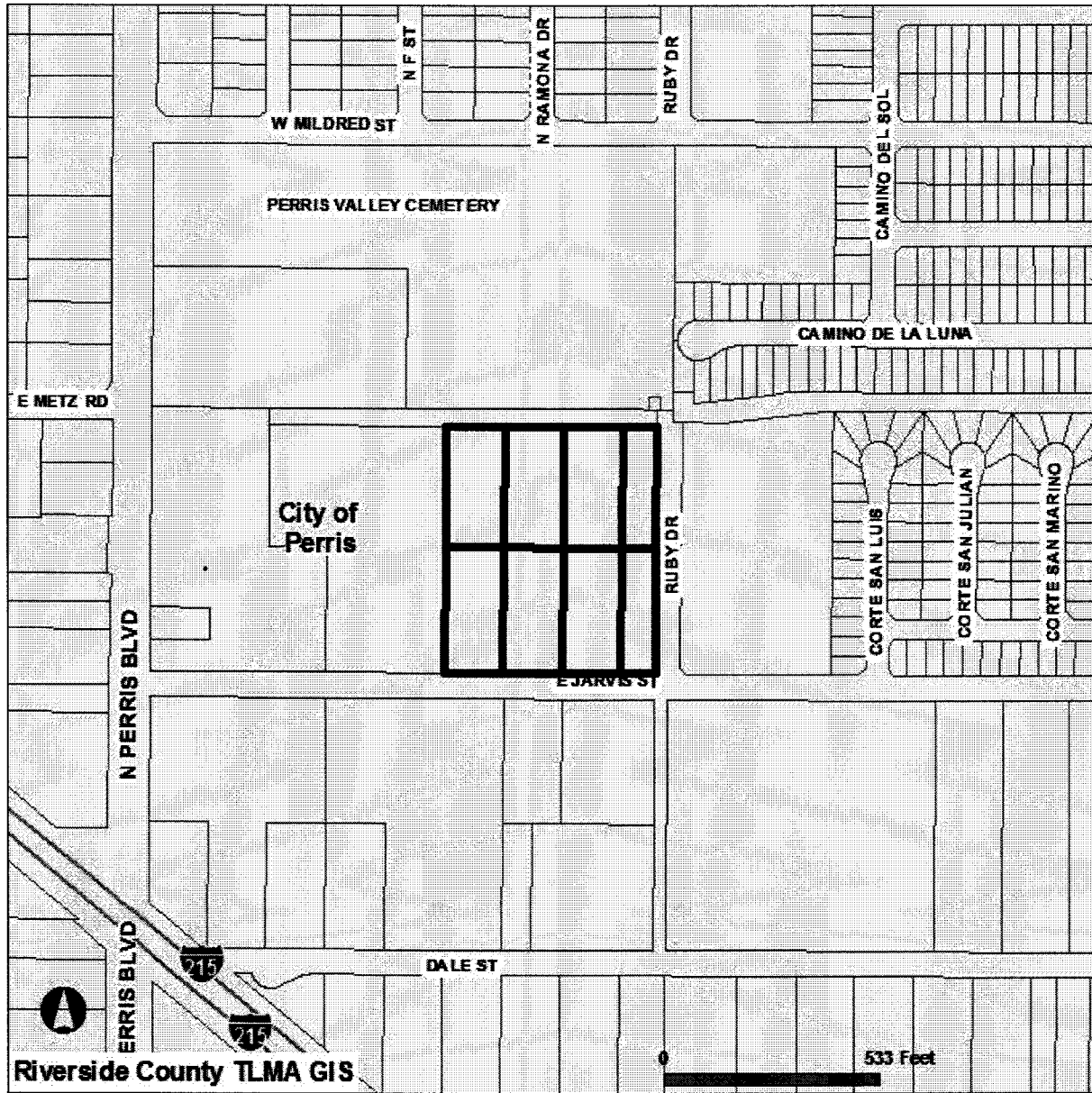
The borrower is eligible under the Cranston-Gonzalez National Affordable Housing Act, as amended (commencing at 42 U.S.C. 12701 et seq.), and implemented under 24 CFR Part 92, has as its purpose to expand the supply of decent, safe sanitary, and affordable housing with primary attention to rental housing, for very low income and low income families; to strengthen public-private partnerships to carry out affordable housing programs; and to provide for coordinated assistance to participants in the development of affordable low-income housing to apply and receive HOME funds as a Community Housing Development Organization ("CHDO") to perform those activities described above.

LEGAL DESCRIPTION OF PROPERTY

LOTS B, C, D AND E IN BLOCK 9 AND LOTS B, C, D AND E IN BLOCK 10 OF FIGADOTA FARMS NO. 2, IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 9.00 FEET OF LOTS B, C, D AND E IN BLOCK NO. 9 AS DESCRIBED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED MARCH 4, 1974 AS INSTRUMENT NO. 24519, OFFICIAL RECORDS.

ASSESSOR'S PARCEL NUMBER: 311-180-013, -035, -036, -050, -051, -052, -053, AND -054



Subject parcel(s):

311-180-013 311-180-035 311-180-036 311-180-050 311-180-051 311-180-052 311-180-053
311-180-054

Project Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	1,000,000
Mental Health Services Act Loan	\$	2,497,992
Conventional Bank Loan	\$	905,300
Affordable Housing Program Loan	\$	740,000
Deferred Developer's Fee/GP Equity	\$	200,000
Tax Credit Equity Financing	\$	<u>16,009,700</u>
Total Sources	\$	21,352,992

Uses:

Land & Acquisition	\$	1,082,073
Construction	\$	12,498,000
Architectural & Engineering	\$	727,645
Construction Interest and Fees	\$	907,749
Construction Contingency	\$	1,232,871
Permanent Financing Costs	\$	71,126
Legal Fees	\$	70,000
Rent Reserves	\$	1,125,699
Appraisal Costs	\$	10,000
TCAC Application Monitoring Fees	\$	96,379
Environmental Audit	\$	70,000
Development Impact Fees	\$	1,135,005
Permit Processing Fees	\$	606,445
Marketing	\$	30,000
Furnishings	\$	25,000
Market Study	\$	10,000
Prevailing Wage Monitoring Fee	\$	175,000
Developer Overhead	\$	1,400,000
Consulting Processing Agent	\$	40,000
Other Audit	\$	10,000
Legal-Syndication/Organization	\$	<u>30,000</u>
Total Uses	\$	21,352,992

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

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$250,000) are required. The HOME match in the amount of \$250,000 will be satisfied from the Mental Health Services Act Loan

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

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. CTCAC Award	September 2013
2. Letter Confirmation of CTCAC award due to COUNTY	March 2014
3. Permanent Financing Commitment	March 2014
4. Building Permit	March 2014
5. Begin Construction	May 2014
6. Project Financing Contingency (Section 51)	September, 2014
7. Marketing & Affirmative Action	February 2015
8. Lease Agreement, Proposed Rents, and Utilities	
9. Certificate of Occupancy	June 2015
10. Occupancy of HOME units	September 2015
11. Submission of Final actual project costs and Sources and Uses of Funds	December 2015
12. Submission of income & ethnic characteristics report	December 2015

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT "B"

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

Riverside County
Economic Development Agency

5555 Arlington Avenue
Riverside, CA 92504
ATTN: Stephanie Adams

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST

This DEED OF TRUST is made on this _____ day of _____, 2013. The trustor is Perris Family Apartments, L.P., a California limited partnership ("Borrower"), and whose address is 45-701 Monroe Street, Suite G, Indio, CA 92201. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("Trustee"). The lender is the COUNTY OF RIVERSIDE ("COUNTY" or "Lender"), a public agency, organized and existing under the laws of the State of California, and whose address is 5555 Arlington Avenue, Riverside, CA 92504. Pursuant to the terms of the HOME Loan Agreement, dated _____, Borrower owes Lender the principal sum of One Million and No/100 Dollars (U.S. \$1,000,000.00) (the "HOME Loan"). This debt is evidenced by Borrower's Note dated _____ ("Note"). Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan Agreement.

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

arising with respect to the Project received by the Borrower after COUNTY has properly exercised its rights under the HOME Deed of Trust to receive such income upon an Event of Default (as defined under the HOME Deed of Trust).

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

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

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

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

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

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

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

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

a. Should Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon

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

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

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

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

5. Subordination. This Deed of Trust shall be recorded in the third position behind (1) a construction loan from a construction lender to be named at a later date in an amount up to \$16,400,000 which will convert to a permanent loan from a permanent lender to be named at a later date in an amount up to \$1,000,000 and (2) a Mental Health Services Act Loan administered by California Housing Financing Agency in an amount up to \$2,500,000.

6. Hazard or Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HOME Loan Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with **Section 8**.

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

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

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

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

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

provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

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

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

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

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

9. Not used

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b. Notwithstanding Lender's right to invoke any remedies hereunder, as provided in **Section 8** above, Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given

the Senior Lien Holders at least 60 days' prior written notice. The Borrower's limited partners shall have the same right to cure as Senior Lien Holders.

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

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

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

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

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

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

Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

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

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

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

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

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

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

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

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

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

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

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

29. Removal, Demolition or Alteration of Personal Property and Fixtures. Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary.

Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

(SIGNATURES ON NEXT PAGE)

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

BORROWER:

**PERRIS FAMILY APARTMENTS, L.P.,
a California limited partnership**

By: 
Pedro S.G. Rodriguez, Chief Financial Officer

(BORROWER signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On May 21, 2013 before me, Mary Ann Ybarra, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Pedro S. G. Rodriguez
Name(s) of Signer(s)

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

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



WITNESS my hand and official seal.

Signature Mary Ann Ybarra
Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

EXHIBIT "B-1"

LEGAL DESCRIPTION OF PROPERTY

LOTS B, C, D AND E IN BLOCK 9 AND LOTS B, C, D AND E IN BLOCK 10 OF FIGADOTA FARMS NO. 2, IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 9.00 FEET OF LOTS B, C, D AND E IN BLOCK NO. 9 AS DESCRIBED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED MARCH 4, 1974 AS INSTRUMENT NO. 24519, OFFICIAL RECORDS.

ASSESSOR'S PARCEL NUMBER: 311-180-013, 035, 036, 050, 051, 052, 053, AND 054

EXHIBIT “C”

PROMISSORY NOTE

\$1,000,000

Riverside, CA

In installments as hereafter stated, for value received, Perris Family Apartments, L.P., a California Limited Partnership ("Borrower") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of One Million and No/100 Dollars (U.S. \$1,000,000.00) (the "HOME Loan") which at the time of payment is lawful for the payment of public and private debts.

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

(1) That the HOME Loan will accrue simple interest at a rate of three percent (3.00%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein; (2) The Note shall be repaid as defined herein: i) Seventy five percent (75%) of the Project's Residual Receipts shall be used towards the payment of the residual receipts loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount of all such loan; and ii) The remaining twenty-five percent (25%) of the Project's Residual Receipts will be paid to BORROWER. (3) The HOME Loan shall be subordinated to a construction loan and permanent first mortgage. Available residual receipts shall be determined based on a review of certified financial statements for the project. Quarterly financial statements shall be submitted within forty-five (45) days following the close of each quarter of the project fiscal year. In addition, the annual audited financial statements shall be submitted within ninety (90) days following the close of the project fiscal year. All outstanding principal along with accrued interest shall be due upon the first to occur of (i) December 31, 2069 or (ii) fifty-five (55) years from the first certificate of occupancy. The first payment shall be due on July 1st of the year after the calendar year in which the first certificate of occupancy occurs, to the extent of available Residual Receipts, as set forth above; and (4) Project Residual Receipts are defined as gross receipts, not including interest on required reserve accounts, less the following: i) auditing and accounting fees; ii) property management fee not to exceed \$55 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index ("CPI"); iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); iv) replacement reserves; v) operating reserves as defined by the California Tax Credit Allocation Committee vi) deferred developer's fee; vii) a General Partner management fee, which shall be in the initial amount of \$25,000 and increased annually by the percentage equal to the percentage increase in the CPI; viii) a Limited Partnership asset management fee not to exceed \$7,500 per year and increased annually by the percentage equal to the percentage increase in the CPI; and ix) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); the annual administrative fee of California Housing Finance Agency .

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

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

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

DATE: 5/21/13

BORROWER:

PERRIS FAMILY APARTMENTS, L.P.,
a California limited partnership

By: 
Pedro S.G. Rodriguez, Chief Financial Officer

EXHIBIT "D"

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

SECTION 3

24 CFR PART 135

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),

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

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;

- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)
- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

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

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

SECTION 135.38 Section 3 Clause.

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

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3

is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

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

VI. SECTION 135.40 Providing Other Economic Opportunities

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

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

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local

government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

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

Section 3 resident means:

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

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

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

Exhibit "D"

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
(print business name)

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

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

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

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

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

AND

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

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

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

Signature _____

Project _____

Date _____

Project _____

\$ _____

Effective 12/2012

Persons in Household	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
Low Income Family	\$35,700	\$40,800	\$45,900	\$50,950	\$55,050	\$59,150	\$63,200	\$67,300

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

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

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

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

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

Owners/Participants and Developers.

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

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

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

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

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

EXHIBIT “G”

Covenant Agreement

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Economic Development Agency
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn. Stephanie Adams

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 **COVENANT AGREEMENT**

15 This Covenant Agreement ("Covenant") is made and entered into as of the _____ day of
16 _____, 2013 by and between the County of Riverside ("COUNTY"), a political
17 subdivision of the State of California, and Perris Family Apartments ("Perris Family Apartments,
18 LP"), a California limited partnership, whose administrative general partner is Perris Family
19 Apartments LLC, a California limited liability company, whose sole member/manager is The
20 Coachella Valley Housing Coalition ("CVHC"), a California nonprofit public benefit corporation
21 and Certified Community Housing Development Organization ("CHDO"). Perris Family
22 Apartments, L.P. will develop and construct an affordable multi-family housing complex
23 identified as "Perris Family Apartments" in the City of Perris in Riverside County (the
24 "Project").

25 **RECITALS**

26 WHEREAS, on _____, 2013, COUNTY and Perris Family
27 Apartments, L.P. entered into that certain Loan Agreement for the Use of HOME Funds (the
28 "HOME Loan Agreement") for development and construction of an affordable rental housing
apartment complex a portion of which will be for extremely low-income families (the "Project"),
located at the Northwest corner of Ruby Road and East Jarvis Street, in the City of Perris,
ASSERSSOR'S PARCEL NUMBER(S): 311-180-013, 035, 036, 050, 051, 052, 053 AND 054.
(the "Property"). This Agreement encumbers the Property and limits the use and development of

1 the Property as more particularly set forth below. Capitalized terms not defined herein shall have
2 the meaning ascribed to them in the HOME Loan Agreement;

3 WHEREAS, the Property is legally described in **Exhibit "G-1"**, which is attached hereto
4 and by this reference incorporated; and

5 WHEREAS, pursuant to the HOME Loan Agreement, Perris Family Apartments, L.P.
6 has agreed to develop and construct 75 units of affordable rental housing, and reserve eleven (11)
7 HOME-Assisted Units for qualified extremely low income households; and

8 NOW, THEREFORE, in consideration of the mutual covenants and agreements
9 contained in the HOME Loan Agreement, and for other good and valuable consideration, the
10 receipt and sufficiency of which are hereby acknowledged, Perris Family Apartments, L.P., on
11 behalf of itself and its successors, assigns, and each successor in interest to the HOME-Assisted
12 Unit or any part thereof, hereby declares as follows:

13 1) RESTRICTIONS. This Covenant shall continue in full force and effect for a
14 period of fifty-five (55) years from the recordation of the Notice of Completion for the last
15 building for which construction is completed for the Project, for itself and on behalf of its
16 successors and assigns. Further, this Covenant shall not be extinguished in the event of
17 foreclosure or default. The Property shall be held, sold and conveyed, subject to the following
18 covenants, conditions, and restrictions:

19 a) Eleven (11) units of the Project shall be designated as floating Low
20 HOME rent units ("HOME-Assisted Units") as defined under 24 CFR 92.252 as published by
21 the United States Departments of Housing and Urban Development ("HUD"). All eleven (11)
22 HOME-assisted units shall be for extremely low-income households whose incomes do not
23 exceed thirty percent (30%) of the area median income for the County of Riverside, adjusted by
24 family size at the time of occupancy. .

25 b) Rent limitations are set forth under 24 CFR 92.252 and the HOME
26 assisted units shall be rented to income qualified applicants at the Low HOME rent levels for the
27 County of Riverside, which are published periodically by HUD.

28 2) MAINTENANCE OF THE IMPROVEMENTS. Perris Family Apartments, L.P.,

1 on behalf of itself and its successors, assigns, and each successor in interest to the HOME-
2 Assisted Units or any part thereof hereby covenants to and shall protect, maintain, and preserve
3 all HOME-Assisted Units located on the Property in compliance with all applicable federal and
4 state law and regulations and local ordinances.

5 3) NONDISCRIMINATION. Perris Family Apartments, L.P. covenants by and for
6 itself and any successors in interest that there shall be no discrimination against or segregation of
7 any person or group of persons on account of race, color, age, religious creed, sex, sexual
8 orientation, marital status, national origin, ancestry, familial status, source of income, physical or
9 mental disability in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the
10 Real Property, nor shall Perris Family Apartments, L.P. itself or any person claiming under or
11 through it establish or permit any such practice or practices of discrimination or segregation with
12 reference to the election, location, number, use or occupancy of tenants, lessees, subtenants,
13 subleases or vendees of the Real Property. The foregoing covenants shall run with the land.
14 Perris Family Apartments, L.P. shall refrain from restricting the lease of the HOME-Assisted
15 Unit on the basis of race, color, age, religious creed, sex, sexual orientation, marital status,
16 national origin, ancestry, familial status, source of income, physical or mental disability of any
17 person. All such deeds, leases or contracts shall contain or be subject to substantially the
18 following nondiscrimination or non-segregation clauses:

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

1 b) In leases: "The lessee herein covenants by and for himself or herself, his or her
2 heirs, executors, administrators, and assigns, and all persons claiming under or through him or
3 her, and this lease is made and accepted upon and subject to the following conditions: There
4 shall be no discrimination against or segregation of any person or group of persons on account of
5 race, color, age, religious creed, sex, sexual orientation, marital status, national origin, ancestry,
6 familial status, source of income, physical or mental disability in the leasing, subleasing,
7 transferring, use, occupancy, tenure or enjoyment of the premises herein leased nor shall the
8 lessee himself or herself, or any person claiming under or through him or her, establish or permit
9 any such practice or practices of discrimination or segregation with reference to the selection,
10 location, number, use or occupancy of tenants, lessees, subleases, subtenants or vendees in the
11 premises herein leased."

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

20 4) NOTICES. All Notices provided for in this Covenant shall be deemed when
21 personally delivered, or two (2) days following mailing by certified mail, return receipt
22 requested. All mailing shall be addressed to the respective parties at their addresses set forth
23 below, or at such other address as each party may designate in writing and give to the other
24 party:

25 COUNTY

26 Assistant Director, Housing
27 Riverside County
28 Economic Development Agency
 5555 Arlington Avenue
 Riverside, CA 92504

PERRIS FAMILY APARTMENTS, L.P.

 Executive Director
 The Coachella Valley Housing Coalition
 45701 Monroe Street, Ste. G
 Indio, CA 92201

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5) BINDING EFFECT. The rights and obligations of this Covenant shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

6) 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.

7) COUNTERPARTS. This Covenant 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 agreement.

///
///

(SIGNATURES ON THE NEXT PAGE)

1 IN WITNESS WHEREOF, COUNTY and Perris Family Apartments, L.P. have
2 executed this Covenant as of the date first above written.


3
4 COUNTY:

5 County of Riverside, a political
6 Subdivision of the State of California

PERRIS FAMILY APARTMENTS, L.P.,
A California limited partnership

7 By: PERRIS FAMILY APARTMENTS LLC, a
8 California limited liability company, its
9 administrative general partner

10 By: COACHELLA VALLEY
11 HOUSING COALITION, its sole
12 Member/manager

13 By: 
14 John J. Benoit, Chairman
15 Board of Supervisors

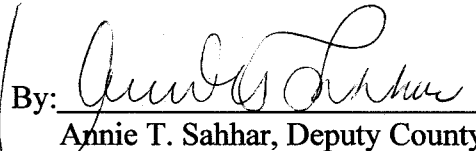
13 By: 
14 Pedro S.G. Rodriguez, Chief Financial Officer

16 ATTEST:

17 KECIA HARPER-IHEM
18 Clerk of the Board

19 By: 
20 Deputy

22 APPROVED AS TO FORM:
23 PAMELA J. WALLS, County Counsel

24 By: 
25
26 Annie T. Sahhar, Deputy County Counsel

27
28 (COUNTY and BORROWER signatures need to be notarized)

JUN 18 2013 3:15

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

} §

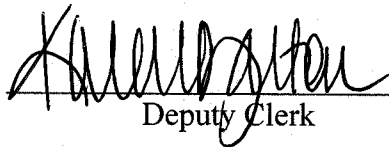
On June 18, 2013, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same 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 Riverside }

On May 21, 2013, before me, Mary Ann Ybarra, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Pedro S.G. Rodriguez
Name(s) of Signer(s)

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

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



WITNESS my hand and official seal.

Signature Mary Ann Ybarra
Signature of Notary Public

Place Notary Seal Above

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

COUNTY OF _____ }

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

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

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

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

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "G-1"

LEGAL DESCRIPTION OF PROPERTY

LOTS B, C, D AND E IN BLOCK 9 AND LOTS B, C, D AND E IN BLOCK 10 OF FIGADOTA FARMS NO. 2, IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 9.00 FEET OF LOTS B, C, D AND E IN BLOCK NO. 9 AS DESCRIBED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED MARCH 4, 1974 AS INSTRUMENT NO. 24519, OFFICIAL RECORDS.

ASSESSOR'S PARCEL NUMBER: 311-180-013, -035, -036, -050, -051, -052, -053, AND -054

EXHIBIT "H"

Request for Notice

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Stephanie Adams

SPACE ABOVE THIS LINE FOR RECORDERS USE

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

In accordance with Civil Code, section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust recorded as Instrument No. concurrent herewith, in the Official Records of the County of Riverside, California, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

LOTS B, C, D AND E IN BLOCK 9 AND LOTS B, C, D AND E IN BLOCK 10 OF FIGADOTA FARMS NO. 2, IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 16, PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THE NORTH 9.00 FEET OF LOTS B, C, D AND E IN BLOCK NO. 9 AS DESCRIBED TO THE RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BY DEED RECORDED MARCH 4, 1974 AS INSTRUMENT NO. 24519, OFFICIAL RECORDS.

ASSESSOR'S PARCEL NUMBER: 311-180-013, -035, -036, -050, -051, -052, -053, AND -054

Executed by, Perris Family Apartments, L.P., a California limited partnership, as trustor in which the County of Riverside, a political subdivision of the State of California is named as Beneficiary, and the Riverside County Economic Development Agency (EDA), as Trustee, to be mailed to Riverside County EDA, Housing Division at 5555 Arlington Avenue, Riverside, California 92504.

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

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

TOM FAN, Principal Development Specialist

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