

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

459



FROM: Economic Development Agency

SUBMITTAL DATE:
November 14, 2013

SUBJECT: Amended and Restated HOME Loan Agreement for the Use of HOME funds for Perris Family Apartments in the City of Perris, District 5, [\$1,000,000]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Amended and Restated HOME 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, Promissory Note and Covenant Agreement;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year	Next Fiscal Year	Total Cost	Ongoing Cost	POLICY/CONSENT (per Exec. Office)
COST	\$ 1,000,000	\$ 0	\$ 1,000,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: HOME Investment Partnership Act Funds

Budget Adjustment: No

For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY:

County Executive Office Signature Jennifer L. Sargent

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Stone, seconded by Supervisor Ashley 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: November 26, 2013
 xc: EDA

Kecia Harper-Ihem
 Clerk of the Board
 By:
 Deputy

Prev. Agn. Ref.: 3-28 of 2/5/13-3:24 of 2/26/13; 3-15 of 6/18/13

District: 5/5

Agenda Number:

3-15

FISCAL PROCEDURES APPROVED
 PAUL ANGUILO, CPA, AUDITOR-CONTROLLER
 BY:
 11/14/13
 Departmental Concurrence

FORM APPROVED COUNTY COUNSEL
 BY:
 11-5-13

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

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

Economic Development Agency

FORM 11: Amended and Restated HOME Loan Agreement for the Use of HOME funds for Perris Family Apartments in the City of Perris, District 5, [\$1,000,000]

DATE: November 14, 2013

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RECOMMENDED MOTION: (Continued)

3. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement; and
4. 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:

Summary

On June 18, 2013, the Board of Supervisors approved a HOME loan in the amount of \$1,000,000, for the use of HOME funds with Perris Family Apartments, LP, whose sole member/manager is The Coachella Valley Housing Coalition (CVHC), a California non-profit public benefit corporation and Certified Community Housing and Development Organization (CHDO). The project is for the construction of a 75-unit multi-family affordable housing complex, located on the Northwest corner of Ruby Road and East Jarvis in the City of Perris.

The total cost for construction is estimated to be \$20,468,577. In addition to the HOME funds, CVHC has secured a California Tax Credit Allocation in the amount of \$16,968,585, a Mental Health Services Act loan from California Housing Finance Agency in the amount of \$2,497,992 and a deferred developer fee in the amount of \$2,000.

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. A total of 11 units will be designated as HOME-assisted units limited to households whose income does 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.

Developer is requesting that the Board amend the terms of the HOME loan to coincide with the residual receipt split in the Mental Health Services Act loan from California Housing Finance Agency. Therefore, the original HOME loan is being replaced with the Amended and Restated HOME Loan Agreement for the use of HOME funds. The County's HOME loan will be in third place behind the construction loan and a loan from the Mental Health Services Act, California Housing Finance Agency. Upon completion of construction, the capital contribution of the limited partner will pay off the construction loan moving the County HOME loan to second position.

(Continued)

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

Economic Development Agency

FORM 11: Amended and Restated HOME Loan Agreement for the Use of HOME funds for Perris Family Apartments in the City of Perris, District 5, [\$1,000,000]

DATE: November 14, 2013

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BACKGROUND:

Summary (Continued)

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

Impact on Residents and Businesses

The proposed project will have a positive impact on local residents and businesses. The construction of the 75 unit multi-family housing complex will create jobs and provide affordable housing for residents.

SUPPLEMENTAL:

Additional Fiscal Information:

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 2013/2014 budget.

Attachment:

- Amended and Restated HOME Loan Agreement for the use of HOME funds
- Deed of Trust
- 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 FIRST AMENDED AND RESTATED HOME LOAN AGREEMENT
15 FOR THE USE OF HOME FUNDS

16 This First Amended and Restated Loan Agreement (the "Agreement") is made
17 and entered into this 4th day of November, 2013 by and between the County of Riverside
18 ("COUNTY"), a political subdivision of the State of California, and Perris Family Apartments,
19 L.P. ("BORROWER"), a California Limited Partnership, whose administrative general partner
20 is Perris Family Apartments, LLC, a California limited liability company, whose sole
21 member/manager is The Coachella Valley Housing Coalition ("CVHC"), a California
22 nonprofit public benefit corporation and Community Housing Development Organization
23 ("CHDO"). BORROWER will develop and construct an affordable multi-family housing
24 complex identified as "Perris Family Apartments" in the City of Perris in Riverside County
25 (the "Project").

26 WITNESSETH:

27 WHEREAS, COUNTY and BORROWER entered into that certain HOME Loan
28 Agreement dated June 18, 2013 (the "Original Agreement");

WHEREAS, COUNTY and BORROWER desire to amend certain provisions of
the Original Agreement to insure that the terms and conditions are consistent with financing
provided by California Housing Finance Agency through the Mental Health Services Act, as

1 well as the loan from Wells Fargo Bank, N.A.;

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

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

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

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

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

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

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

26 1. PURPOSE. COUNTY has agreed to lend up to One Million Dollars
27 (\$1,000,000) of HOME Funds to BORROWER upon the terms and conditions set forth herein
28 (the “HOME Loan”). Subject to **Section 50** hereof, Project Financing Contingency,

1 BORROWER promises and agrees to undertake and assist with the HOME activities by
2 utilizing such HOME funds, as specifically identified in **Exhibit "A"**.

3 2. BORROWER'S OBLIGATIONS. BORROWER hereby agrees to use its
4 best efforts to undertake and complete the following activities, subject to its receipt of the
5 HOME funds and the terms of **Section 50** hereof:

- 6 a. Develop the Project in accordance with the timeline set forth in
7 **Exhibit "A"**.
- 8 b. Obtain a tax credit allocation from the California Tax Credit
9 Allocation Committee ("CTCAC") in accordance with the timeline
10 set forth in **Exhibit "A"**.
- 11 c. Obtain equity financing in a sufficient amount to complete the
12 Project.
- 13 d. Obtain legal title of the property as legally described in **Exhibit "A"**,
14 hereinafter referred to as the ("Property" or "Project Site").
- 15 e. Operate the Project in such a manner so that it will remain affordable
16 to qualified tenants for the affordability period as defined in **Section**
17 **14** herein without regard to (i) the term of the promissory note or (ii)
18 transfer of ownership.
- 19 f. Maintain the Project in compliance with applicable local, state,
20 federal laws, codes and regulations for the duration of the
21 Agreement.
- 22 g. Provide the COUNTY the Data Universal Number as assigned by
23 the Data Universal Number System (DUNS) assigned to
24 BORROWER as required by the Federal Funding Accountability
25 and Transparency Act of 2006.

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

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

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

- 8 a. Term. The maturity of the HOME Loan shall be the first to occur of
9 (i) December 31, 2070 or (ii) fifty-five (55) years from the
10 recordation of the Notice of Completion for the last building for
11 which construction is completed for the Project.
12 b. Principal. The principal of the HOME Loan shall be the amount
13 identified in **Section 1** secured by a deed of trust (the "HOME Deed
14 of Trust") as shown in **Exhibit "B"** and evidenced by a promissory
15 note (the "HOME Note"), as specifically identified in **Exhibit "C"**,
16 both of which are attached hereto and by this reference incorporated
17 herein, executed by BORROWER in favor of COUNTY in a form
18 satisfactory to COUNTY.
19 c. Interest. The interest rate shall be three percent (3.00%) simple
20 interest per annum.
21 d. Repayment. The HOME Note shall provide the following:
22 1. That the HOME Loan will accrue simple interest at a rate of
23 three percent (3.00%) per annum, except in the case of default
24 as hereinafter provided, and shall be repaid on an annual basis
25 from the Project's Residual Receipts as defined herein.
26 Interest will accrue 30 days from the recordation of the Notice
27 of Completion.
28 2. The HOME Note shall be repaid according to the following:

1 i) Fifty percent (50%) of the Project's Residual
2 Receipts shall be used towards the payment of the
3 Residual Receipts loans secured by the Project, and
4 the payment shall be prorated based on the
5 percentage of each relative loan amount based
6 upon the total amount of all such loans, the
7 Residual Receipts payment split calculation is
8 HOME loan 28.59% and Mental Health Services
9 Act loan 71.41% of the 50%; and

10 ii) The remaining fifty percent (50%) of the Project's
11 Residual Receipts will be paid to BORROWER.

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

1 4. The Project's Residual Receipts are defined as gross receipts,
2 not including interest on required reserve accounts, less the
3 following, but not including the Monitoring Fee as defined in
4 **Section 29:**

- 5 i) auditing and accounting fees;
- 6 ii) a reasonable property management fee not to
7 exceed \$55 per unit per month, increased annually
8 by an amount equal to the increase in the
9 Consumer Price Index ("CPI");
- 10 iii) operating expenses (any expense reasonably and
11 normally incurred in carrying out the Project's
12 day-to-day activities, which shall include
13 administration, on-site management, utilities, on-
14 site staff payroll, payroll taxes, and maintenance);
- 15 iv) replacement reserves, established in a separate
16 account from operating reserves in an annual
17 amount up to \$37,500.00;
- 18 v) operating reserves until the amount in the reserves
19 equals \$800,000;
- 20 vi) deferred developer fee;
- 21 vii) a General Partner management fee, which shall be
22 in the initial amount of \$25,000;
- 23 viii) a Limited Partnership asset management fee not to
24 exceed \$8,500 per year;
- 25 ix) payments of principal and interest on amortized
26 loans and indebtedness senior to the HOME Loan,
27 which have been approved by COUNTY
28 (collectively, the "Senior Debt"); and

1 x) The annual administrative fee of California
2 Housing Finance Agency.

3 e. Security. The HOME Deed of Trust and the terms of this Agreement
4 shall be subordinated to: 1) a deed of trust in connection with the
5 construction loan being made by Wells Fargo Bank; and (2) a deed
6 of trust and regulatory agreement in favor of the California Housing
7 Finance Agency loan for the Mental Health Service Act Loan
8 (collectively, the "Senior Loans"). In addition, COUNTY agrees to
9 execute any and all documents necessary to effectuate subordination
10 of this Agreement and the HOME Deed of Trust to the deeds of trust
11 securing the Senior Loans and any future refinancing upon
12 BORROWER'S request.

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

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

20 6. TERM OF AGREEMENT. This Agreement shall become effective upon
21 execution and unless terminated earlier pursuant to the terms hereof, shall continue in full force
22 and effect for the first to occur (i) fifty-five (55) years from the recordation of the Notice of
23 Completion for the last building for which construction is completed for the Project or (ii)
24 December 31, 2070.

25 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
26 warrants to COUNTY as follows:

27 a. Authority. BORROWER is a duly organized limited partnership,
28 in good standing under the laws of the State of California, whose

1 administrative general partner is Perris Family Apartments, LLC,
2 a California limited liability company and whose sole
3 member/manager is The Coachella Valley Housing Coalition
4 (“CVHC”), a California nonprofit public benefit corporation and
5 CHDO. The copies of the documents evidencing the organization
6 of BORROWER, which have been delivered to COUNTY, are
7 true and complete copies of the originals, amended to the date of
8 this Agreement. BORROWER has full right, power and lawful
9 authority to accept the conveyance of the Project Site, as defined
10 in **Exhibit “A”**, and undertake all obligations as provided herein
11 and the execution, performance and delivery of this Agreement by
12 BORROWER has been fully authorized by all requisite actions on
13 the part of BORROWER.

14 b. No Conflict. To the best of BORROWER’s knowledge,
15 BORROWER’s execution, delivery and performance of its
16 obligations under this Agreement will not constitute a default or a
17 breach under contract, agreement or order to which BORROWER
18 is a party or by which it is bound.

19 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
20 proceeding.

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

1 and/or operation of the Project Site.

2 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
3 with the implementation schedule (“Implementation Schedule”) set forth in **Exhibit “A”**, as
4 the same may be amended by the parties from time to time, and subject to Force Majeure
5 Delays, as defined in **Section 9**.

6 9. FORCE MAJEURE DELAYS. “Force Majeure” means event(s) beyond
7 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
8 which prevent(s) BORROWER from complying with any of its obligations under this
9 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
10 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other similar acts.

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

27 10. EXTENSION OF TIME. COUNTY may grant an extension to the
28 completion schedule for the purpose of completing BORROWER's activities which cannot be

1 completed as outlined in **Exhibit "A"**. BORROWER shall request said extension in writing,
2 stating the reasons therefore, and may be granted only by receiving written approval from
3 COUNTY. Every term, condition, covenant, and requirement of this Agreement shall continue
4 in full force and effect during the period of any such extension.

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

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

- 22
- 23 a. BORROWER executes and records this Agreement.
- 24 b. BORROWER executes, records, and delivers the HOME Deed of
25 Trust as shown in **Exhibit "B"**.
- 26 c. BORROWER executes and delivers the HOME Note as shown in
27 **Exhibit "C"** to COUNTY.
- 28 d. BORROWER executes, records, and delivers the Request for Notice

1 as shown in **Exhibit "H"**.

2 e. BORROWER executes, records and delivers the Covenant
3 Agreement as shown in **Exhibit "G"** to COUNTY.

4 f. BORROWER provides, at its expense, an ALTA lender's policy
5 insuring the HOME Deed of Trust upon the close of escrow.

6 g. BORROWER provides documentation showing that matching funds
7 of not less than twenty-five percent (25%) of the total HOME funds
8 allocated under this Agreement have been provided.

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

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

- 18 1) Conditional lien release from general contractor;
- 19 2) recorded Notice of Completion;
- 20 3) Certificate of Occupancy;
- 21 4) architect certification identifying units that are accessible
22 to individuals with mobility impairments and units that are
23 accessible to individuals with sensory impairments in
24 compliance with Section 504 of the Rehabilitation Act of
25 1973, as described in **Section 17(i)**;
- 26 5) final Contract and Subcontract Activity report, Minority
27 Business Enterprise/Women Business Enterprise
28 ("MBE/WBE") report, HUD form 2516;

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

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

1 available for issuance, other than payment of fees.

2 k. BORROWER provides duly executed documents and instruments
3 showing the ownership of the property as specifically identified in
4 **Exhibit "A"**.

5 l. BORROWER provides documentation of a Payment and
6 Performance Bond or letter of credit to secure performance under the
7 construction contract issued by a bonding company or financial
8 institution reasonably approved by COUNTY. The bonds shall name
9 COUNTY as Co-Obligee.

10 m. BORROWER provides satisfactory evidence that it has satisfied all
11 conditions precedent to the issuance of all permits necessary for the
12 construction of the development and all such permits are available
13 for issuance, other than payment of fees.

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

1 agrees to indemnify, defend, and hold COUNTY harmless from and
2 against any and all liability arising out of and related to
3 BORROWER's failure to comply with any and all applicable Davis
4 Bacon and/or prevailing wage requirements.

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

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

26 q. BORROWER obtains and submits at BORROWER's sole cost and
27 expense the following documents for COUNTY's review and
28 acceptance of in its sole and absolute discretion:

- 1) Copies of Phase I Environmental audit prepared by licensed entity in accordance with State of California requirements.
- 2) Copies of Phase II Environmental audit prepared by licensed entity, if the audit on Phase I indicates the possible presence of hazardous substances.
- 3) Copies of soil reports.
- 4) Any findings identified in the soil, Phase I and Phase II reports shall be fully remediated by BORROWER at its sole cost and expense.

13. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account established in the United States Treasury is managed through HUD, Integrated Disbursement and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS System is a computerized system which manages, disburses, collects, and reports information on the use of HOME funds in the United States Treasury Account. Disbursement of HOME funds shall occur upon the satisfactory receipt of copies of invoices and conditional (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of the HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of conditions set forth in **Section 12**. COUNTY shall pay BORROWER the sum specified in **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized schedule shown in **Exhibit "A"**:

- a. Up to fifty percent (50%) of the HOME Loan at the commencement of construction.
- b. Up to ninety percent (90%) of the HOME Loan upon fifty-one percent (51%) completion of Project, as certified and documented by the project architect.
- c. COUNTY shall release final draw down of ten percent (10%) of the HOME Loan following receipt of all of the items listed in

1 **Section 12(i).**

2 14. TERMS OF AFFORDABILITY. The period of affordability shall be the
3 first to occur of (i) fifty-five (55) years from the recordation of the Notice of Completion for
4 the last building for which construction is completed for the Project or (ii) December 31, 2070.

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

9 a. Worker's Compensation Insurance.

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

19 b. Commercial General Liability Insurance.

20 Commercial General Liability insurance coverage, including but
21 not limited to, premises liability, contractual liability, products
22 and completed operations liability, personal and advertising
23 injury, and cross liability coverage, covering claims which may
24 arise from or out of BORROWER'S performance of its
25 obligations hereunder. Policy shall name the County of Riverside,
26 its Agencies, Boards, Districts, Special Districts, and
27 Departments, their respective directors, officers, Board of
28 Supervisors, employees, elected or appointed officials, agents or

1 representatives as Additional Insured. Policy's limit of liability
2 shall not be less than \$1,000,000 per occurrence combined single
3 limit. If such insurance contains a general aggregate limit, it shall
4 apply separately to this agreement or be no less than two (2) times
5 the occurrence limit.

6 c. Vehicle Liability Insurance.

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

20 d. General Insurance Provisions – All Lines.

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

28 2) BORROWER's insurance carrier(s) must declare its

1 insurance self-insured retentions. If such self-insured retentions
2 exceed \$500,000 per occurrence such retentions shall have the
3 prior written consent of COUNTY Risk Manager before the
4 commencement of operations under this Agreement. Upon
5 notification of self-insured retention unacceptable to COUNTY,
6 and at the election of COUNTY's Risk Manager, BORROWER's
7 carriers shall either: (a) reduce or eliminate such self-insured
8 retention as respects this Agreement with COUNTY, or (b)
9 procure a bond which guarantees payment of losses and related
10 investigations, claims administration, and defense costs and
11 expenses.

12 3) BORROWER shall cause BORROWER's insurance
13 carrier(s) to furnish the County of Riverside with copies of the
14 Certificate(s) of Insurance and Endorsements effecting coverage
15 as required herein, and 2) if requested to do so orally or in writing
16 by COUNTY Risk Manager, provide copies of policies including
17 all Endorsements and all attachments thereto, showing such
18 insurance is in full force and effect. Further, said Certificate(s)
19 and policies of insurance shall contain the covenant of the
20 insurance carrier(s) that thirty (30) days written notice shall be
21 given to the County of Riverside prior to any material
22 modification, cancellation, expiration or reduction in coverage of
23 such insurance. In the event of a material modification,
24 cancellation, expiration, or reduction in coverage, this Agreement
25 shall terminate forthwith, unless the County of Riverside receives,
26 prior to such effective date, another Certificate of Insurance and
27 copies of endorsements, including all endorsements and
28 attachments thereto evidencing coverage's set forth herein and the

1 insurance required herein is in full force and effect.
2 BORROWER shall not commence operations until COUNTY has
3 been furnished Certificate(s) of Insurance and copies of
4 endorsements and if requested, copies of policies of insurance
5 including all endorsements and any and all other attachments as
6 required in this Section. An individual authorized by the
7 insurance carrier to do so on its behalf shall sign the original
8 endorsements for each policy and the Certificate of Insurance.

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

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

26 6) BORROWER shall pass down the insurance obligations
27 contained herein to all tiers of subcontractors working under this
28 Agreement.

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

4 8) BORROWER agrees to notify COUNTY of any claim
5 by a third party or any incident or event that may give rise to a
6 claim arising from the performance of this Agreement.

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

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

- 1 a. The HOME Program and its implementing regulations set forth in
2 the Final Rule, as it now exists and may hereafter be amended.
- 3 b. Section 92.350 Other Federal requirements and non discrimination.
4 As set forth in 24 CFR part 5, sub part A, BORROWER is required
5 to include the following requirements: non discrimination and equal
6 opportunity under Section 282 of the Act; disclosure; debarred,
7 suspended, or ineligible contractors; and drug-free workplace.
- 8 c. Section 92.351 Affirmative marketing and minority outreach
9 program. BORROWER must adopt affirmative marketing
10 procedures and requirements. These must include:
- 11 (1) Methods for informing the public, owners, and potential
12 tenants about Federal fair housing laws and the affirmative
13 marketing policy (e.g., the use of the Equal Housing
14 Opportunity logotype or slogan in press releases and
15 solicitations for owners, and written communication to fair
16 housing and other groups).
 - 17 (2) Requirements and practices that BORROWER must
18 adhere to in order to carry out the affirmative marketing
19 procedures and requirements (e.g., use of commercial
20 media, use of community contacts, use of the Equal
21 Housing Opportunity logotype or slogan, and display of
22 fair housing poster).
 - 23 (3) Procedures to be used by BORROWER to inform and
24 solicit applications from persons in the housing market
25 area who are not likely to apply without special outreach
26 (e.g., use of community organizations, employment
27 centers, fair housing groups, or housing counseling
28 agencies).

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- (4) Records that will be kept describing actions taken by BORROWER to affirmatively market units and records to assess the results of these actions.
- (5) A description of how BORROWER will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.
- (6) BORROWER must prescribe procedures to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by BORROWER with such persons or entities, public and private, in order to facilitate the activities of COUNTY to provide affordable housing authorized under this Act or any other Federal housing law. Section 24 CFR 85.36(e) provided affirmative steps to assure that minority business enterprises and women business enterprises are used when possible in the procurement of property and services. The steps include:
 - (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
 - (ii) Assuring that small and minority businesses, and women's business enterprises are solicited

1 whenever they are potential sources.

2 (iii) Dividing total requirements, when economically
3 feasible, into smaller tasks or quantities to permit
4 maximum participation by small and minority
5 business, and women's business enterprises.

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

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

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

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

23 e. Section 92.353 Displacement, relocation, and acquisition. The
24 relocation requirements of Title II and the acquisition
25 requirements of Title III of the Uniform Relocation Assistance
26 and Real Property Acquisition Policies Act of 1970, and the
27 implementing regulations at 24 CFR Part 42. BORROWER must
28 ensure that it has taken all reasonable steps to minimize the

1 displacement of persons as a result of this project assisted with
2 HOME Funds.

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

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

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

26 i. Section 504 of the Rehabilitation Act of 1973; Housing
27 accessibility requirement at 24 CFR Part 8, implementing Section
28 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The

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

12 j. Model Energy Code published by the Council of American
13 Building Officials.

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

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

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

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

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

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

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

25 p. Immigration requirements of Federal Register, Vol. 62, No. 221,
26 Department of Justice Interim Guidance on Verification of
27 Citizenship, Qualified Alien Status and Eligibility Under Title IV
28 of the Personal Responsibility and Work Opportunity

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

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

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

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

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

26 b. Initial rent schedule and utility allowance: The maximum monthly
27 allowances for utilities and services (excluding telephone) will not
28 exceed the utility allowance set by the Housing Authority of the

1 County of Riverside. COUNTY shall review and approve rents
2 proposed by BORROWER for HOME-Assisted Units subject to the
3 maximum rent limitations to ensure that the rents do not exceed the
4 maximum rent minus the monthly allowances for utilities and
5 services.

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

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

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

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

22 (2) Treatment of property. Agreements by tenant that
23 BORROWER may take, hold, or sell personal property of
24 household members without notice to the tenant and a
25 court decision on the rights of the parties. This prohibition,
26 however, does not apply to an agreement by the tenant
27 concerning disposition of personal property remaining in
28 the housing unit after the tenant has moved out of the unit.

1 BORROWER may dispose of this personal property in
2 accordance with State law.

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

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

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

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

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

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

27 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
28 provisions of the Act and any amendments thereto and all applicable federal regulations and

1 guidelines now or hereafter enacted pursuant to the Act.

2 22. REPAYMENT INCOME. COUNTY must record the receipt and
3 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
4 92.503.

5 23. SALE , ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
6 BORROWER hereby covenants and agrees not to sell, transfer or otherwise dispose of the
7 Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
8 which consent shall be conditioned solely upon (a) a County determination that transferee is a
9 CHDO or is otherwise eligible as a wholly-owned subsidiary or partnership of a CHDO and
10 determined by County to be HUD-eligible to receive an allocation of CHDO HOME Set Aside
11 funds pursuant to the requirements set forth in 24 CFR 92.300 (a): and (b) receipt by the
12 COUNTY of reasonable evidence satisfactory to the COUNTY that transferee has assumed in
13 writing and in full, and is reasonably capable of performing and complying with the
14 BORROWER's duties and obligations under this Agreement and where upon BORROWER
15 shall be released of all obligations hereunder which accrue from and after the date of such sale.
16 Notwithstanding anything to the contrary contained herein, upon notice to COUNTY,
17 BORROWER may (i) admit limited partners to BORROWER, and provide for the purchase of
18 any such limited partnership interest or interests by BORROWER's general partner; (ii)
19 remove BORROWER's general partner, provided that any replacement general partner for
20 BORROWER will require the consent of the County, which consent will not be unreasonably
21 withheld, conditioned or delayed; (iii) the lease for occupancy of all or any of the Units; (iv)
22 the granting of easements or permits to facilitate the development of the Property in
23 accordance with this HOME Loan Agreement; and (v) the withdrawal and/or replacement of
24 any limited partner of BORROWER. The parties hereto acknowledge that "affiliate" for
25 purposes of this section means, as to any Person (as defined below), any general partnership,
26 limited partnership, corporation, joint venture, trust, business trust, cooperative, association,
27 limited liability company or individual (collectively, a "Person") that (A) directly or indirectly
28 controls or is controlled by (such as any partnership or limited liability company in which the

1 Person, directly or indirectly, serves as a general partner or managing member, respectively) or
2 is under common control with the specified Person; (B) is an officer or director of,
3 commissioner of, partner in, member of or trustee of, or serves in a similar capacity with
4 respect to, the specified Person or of which the Specified Person is an officer, director,
5 member, partner or trustee, or with respect to which the specified Person serves in a similar
6 capacity; or (C) is the beneficial owner, directly or indirectly, of 10% or more of any class of
7 equity securities of the specified Person or of which the specified Person is directly or
8 indirectly the owner of 10% or more of any class of equity securities. The term "control"
9 (including the term "controlled by" and "under common control with") means the possession,
10 direct or indirect, of the power to direct or cause the direction of the management and policies
11 of a Person, whether through the ownership of voting securities, by contract or otherwise.

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

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

22 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

23 a. BORROWER and its assigns, employees, agents, consultants, officers
24 and elected and appointed officials shall become familiar with and
25 shall comply with the conflict of interest provisions in OMB Circular
26 A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR 92.356 and Policy
27 Manual #A-11, attached hereto as **Exhibit "E"** and by this reference
28 incorporated herein.

1 b. BORROWER understands and agrees that no waiver or exception can be
2 granted to the prohibition against conflict of interest except upon
3 written approval of HUD pursuant to 24 CFR 92.356(d). Any
4 request by BORROWER for an exception shall first be reviewed by
5 COUNTY to determine whether such request is appropriate for
6 submission to HUD. In determining whether such request is
7 appropriate for submission to HUD, COUNTY will consider the
8 factors listed in 24 CFR 92.356(e).

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

18 d. Any violation of this section shall be deemed a material breach of this
19 Agreement, and the Agreement shall be immediately terminated by
20 COUNTY.

21 27. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
22 HOME funds may not be provided to primarily religious organizations, such as churches, for
23 any activity including secular activities. In addition, HOME funds may not be used to
24 rehabilitate or construct housing owned by primarily religious organizations or to assist
25 primarily religious organizations in acquiring housing. However, HOME funds may be used
26 by a secular entity to acquire housing from a primarily religious organization, and a primarily
27 religious entity may transfer title to property to a wholly secular entity and the entity may
28 participate in the HOME program in accordance with the requirements set forth at 24 CFR

1 92.257. The entity may be an existing or newly established entity, which may be an entity
2 established by the religious organization. The completed housing project must be used
3 exclusively by the BORROWER/participant entity for secular purposes, available to all
4 persons regardless of religion. In particular, there must be no religious or membership criteria
5 for tenants of the property.

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

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

26 30. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
27 to visit the Project site at all reasonable times, and upon completion of the Project upon
28 reasonable written notice to BORROWER, to review the operation of the Project in accordance

1 with this HOME Agreement.

2 31. EVENTS OF DEFAULT. The occurrence of any of the following events
3 shall constitute an "Event of Default" under this Agreement:

4 a. Monetary Default. (1) BORROWER's failure to pay when due
5 any sums payable under the Note or any advances made by
6 COUNTY under this Agreement; (2) BORROWER's or any agent
7 of BORROWER's use of HOME funds for costs other than costs
8 or for uses inconsistent with terms and restrictions set forth in this
9 Agreement; (3) BORROWER's or any agent of BORROWER's
10 failure to make any other payment of any assessment or tax due
11 under this Agreement;

12 b. Non-Monetary Default - Operation. (1) Discrimination by
13 BORROWER or BORROWER's agent on the basis of
14 characteristics prohibited by this Agreement or applicable law; (2)
15 the imposition of any encumbrances or liens on the Project
16 without COUNTY's prior written approval that are prohibited
17 under this Agreement or that have the effect of reducing the
18 priority or invalidating the HOME Deed of Trust unless Borrower
19 (1) agrees in writing to the payment of the obligation secured by
20 the lien in a manner acceptable to County; (2) contests in good
21 faith the lien by, or defends against enforcement of the lien in
22 legal proceedings which in the County's opinion operate to
23 prevent the enforcement of the lien; or (3) bond around the lien
24 (4) secures from the holder of the lien an agreement satisfactory
25 to Lender subordinating the lien to the Deed of Trust, Except for
26 the liens approved herein, if County determines that any part of
27 the property is subject to a lien which may attain priority over this
28 Deed of Trust, County may give Borrower a notice identifying the

1 lien. Borrower shall satisfy such lien or take one or more of the
2 actions set forth above within 30 days of the giving of notice; (3)
3 BORROWER's failure to obtain and maintain the insurance
4 coverage required under this Agreement; (4) any material default
5 under this Agreement;

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

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

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

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

1 such award or proceeds to repair or reconstruct the Project.

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

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

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

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

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

2 35. 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 36. 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 or on
15 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 awarding
19 of any federal contract, the making of any federal grant, the making
20 of any federal loan, the entering into of any cooperative agreement,
21 and the extension, continuation, review, amendment, or modification
22 of any federal contract, grant, loan, or cooperative agreement.

23 b. If any funds other than federally appropriated funds have been paid or will
24 be paid to any person for influencing or attempting to influence an
25 officer or employee of any agency, a member of Congress, an officer
26 or employee of Congress, or an employee of a member of Congress in
27 connection with this federal contract, grant, loan, or cooperative
28 agreement, the undersigned shall complete and submit Standard

1 Form-LLL, "Disclosure Form to Report Lobbying," in accordance
2 with its instructions.

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

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

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

1 forth herein.

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

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

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

11 38. TERMINATION.

12 a. BORROWER. BORROWER may terminate this Agreement consistent
13 with the Act, the regulations consistent implementing the Act, and 24
14 CFR 85.44. In addition, BORROWER may terminate this Agreement
15 in accordance with **Section 49** and **Section 50** of this Agreement.

16 b. COUNTY. Notwithstanding the provisions of **Section 38(a)**, COUNTY
17 may suspend or terminate this Agreement upon written notice to
18 BORROWER of the action being taken and the reason for such
19 action:

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

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

28 (3) In the event the funding from HUD to in **Section 1** above is

1 terminated or otherwise becomes unavailable.

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

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

16 39. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
17 hereby declare their express intent that the restrictions set forth in this Agreement shall be
18 affordable for the first to occur of (i) period of fifty-five (55) years from the recordation of the
19 Notice of Completion for the last building for which construction is complete for the project or
20 (ii) December 31, 2070, and shall bind all successors in title to the Property until the expiration
21 of this Agreement. Each and every contract, deed or other instrument hereafter executed
22 covering and conveying the Property or any portion thereof shall be held conclusively to have
23 been executed, delivered and accepted subject to such restrictions, whether such restrictions are
24 set forth in such contract, deed and covenant agreement.

25 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
26 lien is filed against the Project or a stop notice affecting the HOME Loan is served on
27 COUNTY, BORROWER must, within twenty (20) days of such filing or service, either pay and
28 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to

1 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
2 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
3 discharged.

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

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

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

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

25 45. JURISDICTION AND VENUE. Any action at law or in equity arising
26 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
27 determining the validity of any provision of this Agreement shall be filed in the Superior Courts
28 of Riverside County, State of California, and the parties hereto waive all provisions of law

1 providing for the filing, removal or change of venue to any other court or jurisdiction.

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

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

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

18 49. CONDITIONAL HOME COMMITMENT. As defined
19 under 24 CFR 92.2, COUNTY can reasonably expect for BORROWER to start
20 construction within twelve (12) months of the execution of this Agreement.



21 Notwithstanding all other sections in this Agreement, BORROWER must provide COUNTY
22 with a letter confirmation of the federal/state tax credit award from the CTCAC by July 31,
23 2013 (the "CTCAC Deadline"). COUNTY's HOME commitment is expressly contingent upon
24 the Project receiving federal/state tax credit on or before the CTCAC Deadline. If BORROWER
25 cannot provide COUNTY with letter confirmation of the federal/state tax credit award from
26 CTCAC by the CTCAC Deadline, then COUNTY and BORROWER mutually agree that this
27 Agreement will self-terminate. Upon such termination, this Agreement shall be null and void.
28 COUNTY and BORROWER shall be released and discharged respectively from its obligations

1 under this Agreement.

2 50. PROJECT FINANCING CONTINGENCY. This Agreement
3 is expressly conditioned upon BORROWER's receipt, on or prior to **January 01,**
4 **2014** of (i) such binding loan commitments for new loans as may be required by
5 BORROWER, on terms and conditions acceptable to BORROWER, in its sole
6 discretion, including, without limitation, (a) Mental Health Services Act Loan, and (b) any
7 conventional construction and/or permanent financing, including without limitation, a
8 construction and permanent loan from an institutional construction lender Either COUNTY or
9 BORROWER may elect to terminate this Agreement with ten (10) days written notice to the
10 other party if BORROWER fails to acquire the project financing as required by this **Section 50.**
11 Upon such termination, this Agreement shall be null and void, and:

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

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

20 51. COMPLETION CONDITION The Project must be
21 completed and have recorded Notices of Completion within forty two months of
22 the execution of this Agreement. If BORROWER is not able to meet the
23 condition as required by this **Section 51** then COUNTY and BORROWER mutually agree that
24 this Agreement will self-terminate and any HOME Loan funds drawn to date shall be returned
25 within thirty (30) calendar days. Upon such termination, this Agreement shall be null and void.
26 COUNTY and BORROWER shall be released and discharged respectively from their
27 obligations under this Agreement.

28 52. NONRECOURSE OBLIGATION. BORROWER and its partners,

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

27 53. EXHIBITS AND ATTACHMENTS. Each of the attachments and exhibits
28 attached hereto is incorporated herein by this reference.

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

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

14 COUNTY

15 Assistant Director, Housing
16 Riverside County
17 Economic Development Agency
18 5555 Arlington Avenue
19 Riverside, CA 92504

BORROWER

 Executive Director
 Perris Family Apartments, L.P.
 45701 Monroe Street, Ste. G
 Indio, CA 92201

18 INVESTOR LIMITED PARTNER

19 Wells Fargo Affordable Housing Community Development Corporation
20 MAC D1053-170
21 301 South College Street, 17th Floor
22 Charlotte, NC 28288
23 Attention: Director of Asset Management

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

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

(SIGNATURES ON THE NEXT PAGE)

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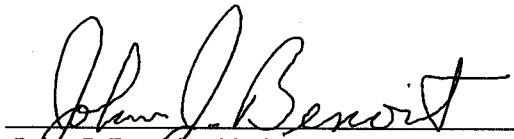
1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of
2 the date first above written.

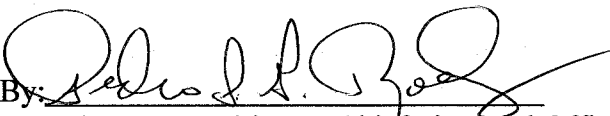
3 COUNTY:
4 County of Riverside, a political
5 Subdivision of the State of California

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: The 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

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

18 By: 
19 Deputy

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

22 By: 
23 Anita C. Willis, Deputy County Counsel
24
25
26

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

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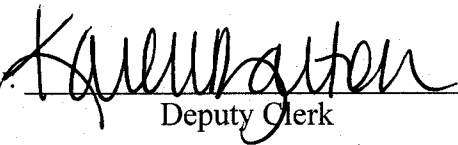
On November 26, 2013, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:


Deputy Clerk

(SEAL)

ACKNOWLEDGMENT

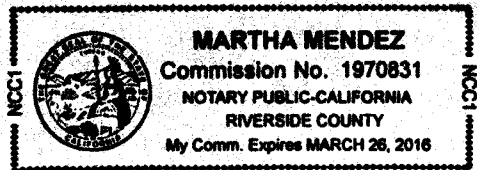
State of California
County of Riverside)

On 11/4/2013 before me, Martha Mendez, Notary Public
(insert name and title of the officer)

personally appeared Pedro S. G. Rodriguez,
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 *Martha Mendez* (Seal)

MARTHA MENDEZ
Commission No. 7870821
NOTARY PUBLIC - CALIFORNIA
RIVERSIDE COUNTY
My Comm. Expires MAR 31, 2018



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

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF PERRIS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

"THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF PERRIS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A

LOTS B, C, D AND E IN BLOCKS 9 AND 10 OF FIGADOTA FARMS NO. 2, AS RECORDED IN BOOK 16 PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA

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

BEGINNING AT THE SOUTHWEST CORNER OF LOT B, BLOCK 10, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH) AS SHOWN ON SAID MAP;

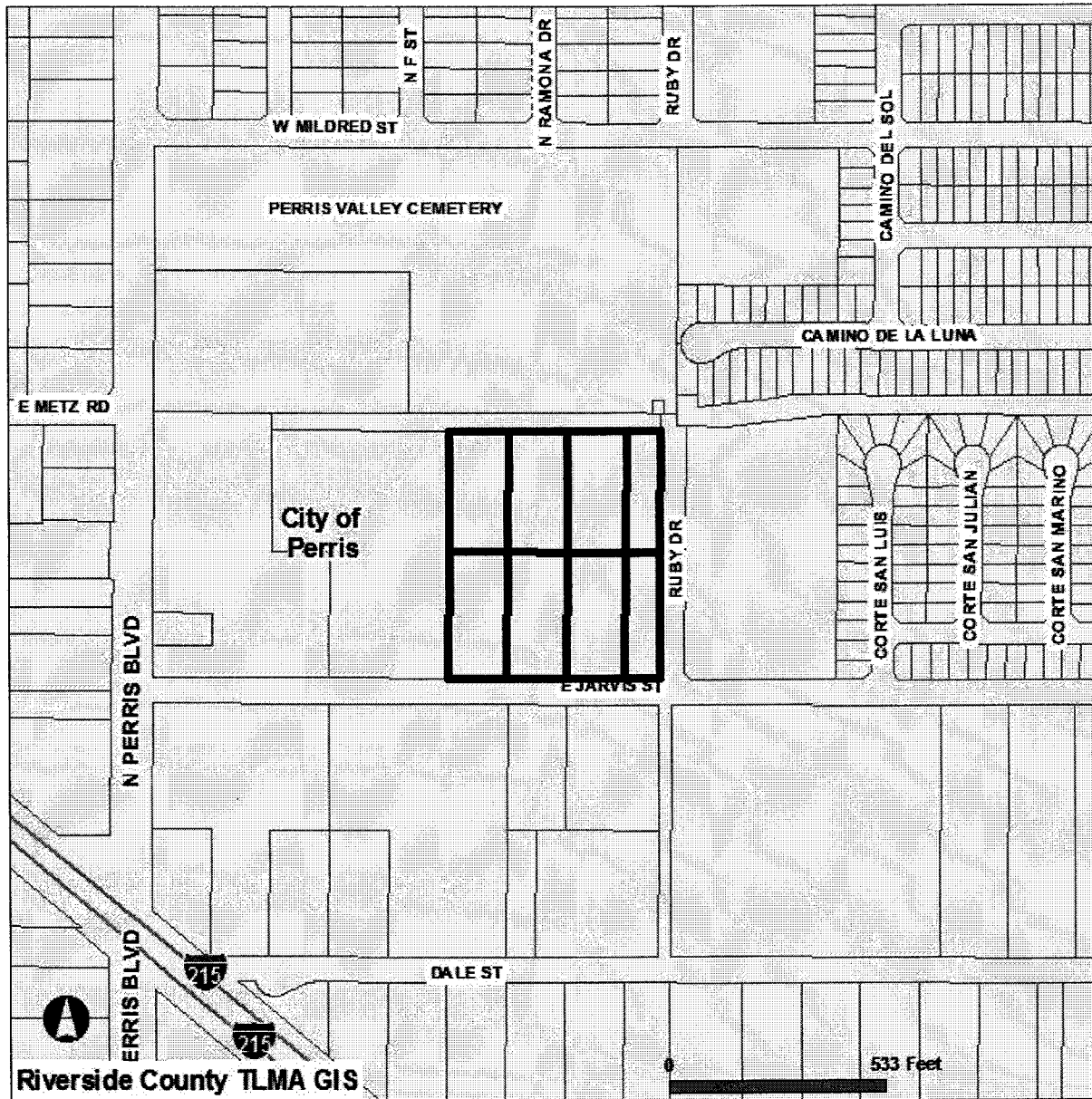
THENCE NORTH 00°18'55" WEST ALONG THE WEST LINE LOT B OF BLOCKS 9 AND 10, A DISTANCE OF 591.00 FEET TO A LINE PARALLEL WITH AND 9 FEET SOUTH OF THE NORTH LINE OF LOTS B, C, D, AND E AS SHOWN ON SAID MAP:

THENCE NORTH 89°35' EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 518.40 FEET TO THE EAST LINE OF LOT E, BLOCK 9 OF SAID MAP, ALSO BEING A POINT ON THE WESTERLY RIGHT OF WAY OF RUBY ROAD (FORMERLY JOHNSON AVENUE, 30 FEET IN HALF-WIDTH):

THENCE SOUTH 00°21' EAST ALONG SAID EASTERLY LINE, A DISTANCE OF 591.00 FEET TO THE SOUTHEASTERLY CORNER OF LOT E, BLOCK 10 OF SAID MAP, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH);

THENCE SOUTH 89°35' WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE, A DISTANCE OF 519.35 FEET TO THE POINT OF BEGINNING.

AREA- 7.04 ACRES MORE OR LESS"



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

Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	1,000,000
Mental Health Services Act Loan	\$	2,497,992
Deferred Developer's Fee/GP Equity	\$	2000
Tax Credit Equity Financing	\$	<u>16,968,585</u>
Total Sources	\$	20,468,577

Uses:

Land & Acquisition	\$	1,082,073
Construction	\$	12,401,946
Architectural & Engineering	\$	627,645
Construction Interest and Fees	\$	925,283
Construction Contingency	\$	1,399,800
Investor Asset Management Fee	\$	127,500
Legal Fees	\$	46,500
Operating Reserves	\$	320,000
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
Capitalized Service Reserve	\$	70,001
Developer Overhead	\$	1,400,000
Consulting Processing Agent	\$	40,000
Other Audit	\$	10,000
Legal-Syndication/Organization	\$	<u>35,000</u>
Total Uses	\$	20,468,577

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	June 2013
2. Letter Confirmation of CTCAC award due to COUNTY	July 2013
3. Permanent Financing Commitment	December 2013
4. Building Permit	December 2013
5. Begin Construction	January 2014
6. Project Financing Contingency (Section 51)	January 2014
7. Marketing & Affirmative Action	February 2015
8. Lease Agreement, Proposed Rents, and Utilities	April 2015
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– Dec 31st & June 30th
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 removal or disposal 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, in favor of the construction loan from Wells Fargo Bank, 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 Wells Fargo Bank, N.A. in an amount up to \$14,000,000 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, Wells Fargo Affordable Housing Community Development Corporation, MAC D1053-170, 301 South College Street, 17th Floor, Charlotte, NC 28288, Attention: Director of Asset Management. 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, in favor of the Wells Fargo construction loan or the Second Deed of Trust, in favor of the California Housing Finance Agency loan for the Mental Health Service Act loan 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 the Senior Deeds of Trust Loan documents, including any provisions requiring the payment of money.

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

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

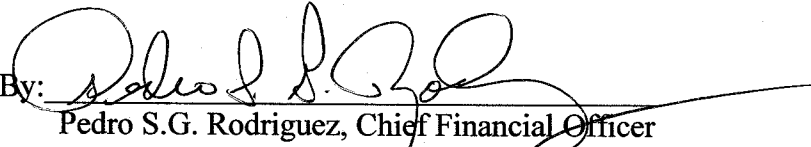
(SIGNATURES ON NEXT PAGE)

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: PERRIS FAMILY APARTMENTS LLC,
a California limited liability company, its
administrative general partner**

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

(BORROWER signature needs to be notarized)

ACKNOWLEDGMENT

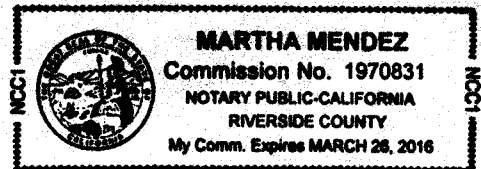
State of California
County of Riverside)

On 11/4/2013 before me, Martha Mendez, Notary Public
(insert name and title of the officer)

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


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

WITNESS my hand and official seal.



Signature  (Seal)

MARTHA MENDES
Commission No. 18783
NOTARY PUBLIC
RIVERSIDE COUNTY
My Comm. Expires March 30, 2019



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

"THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF PERRIS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A

LOTS B, C, D AND E IN BLOCKS 9 AND 10 OF FIGADOTA FARMS NO. 2, AS RECORDED IN BOOK 16 PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA

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

BEGINNING AT THE SOUTHWEST CORNER OF LOT B, BLOCK 10, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH) AS SHOWN ON SAID MAP;

THENCE NORTH 00°18'55" WEST ALONG THE WEST LINE LOT B OF BLOCKS 9 AND 10, A DISTANCE OF 591.00 FEET TO A LINE PARALLEL WITH AND 9 FEET SOUTH OF THE NORTH LINE OF LOTS B, C, D, AND E AS SHOWN ON SAID MAP:

THENCE NORTH 89°35' EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 518.40 FEET TO THE EAST LINE OF LOT E, BLOCK 9 OF SAID MAP, ALSO BEING A POINT ON THE WESTERLY RIGHT OF WAY OF RUBY ROAD (FORMERLY JOHNSON AVENUE, 30 FEET IN HALF-WIDTH):

THENCE SOUTH 00°21' EAST ALONG SAID EASTERLY LINE, A DISTANCE OF 591.00 FEET TO THE SOUTHEASTERLY CORNER OF LOT E, BLOCK 10 OF SAID MAP, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH);

THENCE SOUTH 89°35' WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE, A DISTANCE OF 519.35 FEET TO THE POINT OF BEGINNING.

AREA- 7.04 ACRES MORE OR LESS"

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) Fifty percent (50%) 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 Fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER. (3) The HOME Loan shall be subordinated to a construction loan, and the California Housing Finance Agency loan for the Mental Health Service Act loan. 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, 2070 or (ii) fifty-five (55) years from the recordation of the Notice of Completion for the last building for which construction is complete for the project. The first payment shall be due on July 1st of the year after the calendar year in which the Notice of Completion is recorded, 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 in an annual amount up to \$37,500.00 ; v) operating reserves until the amount in the reserves equals \$800,000 vi) deferred developer's fee; vii) a General Partner management fee, which shall be in the initial amount of \$25,000; and viii) a Limited Partnership asset management fee not to exceed \$8,500 per year; 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 removal or disposal 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).

(SIGNATURES ON NEXT PAGE)

DATE: NOVEMBER 4, 2013

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

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


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	1	2	3	4	5	6	7	8
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 the
14 earlier of (i) 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 or (ii) December 31, 2070, for itself
16 and on behalf of its successors and assigns. The Property shall be held, sold and conveyed,
17 subject to the following covenants, conditions, and restrictions:

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

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

27 2) SUBORDINATION. This Covenant Agreement shall be recorded in the third
28 position behind (1) a construction loan from Wells Fargo Bank, N.A. in an amount up to

1 \$14,000,000, and (2) a Mental Health Services Act Loan administered by California Housing
2 Finance Agency in an amount up to \$2,500,000.

3 3) MAINTENANCE OF THE IMPROVEMENTS. Perris Family Apartments, L.P.,
4 on behalf of itself and its successors, assigns, and each successor in interest to the HOME-
5 Assisted Units or any part thereof hereby covenants to and shall protect, maintain, and preserve
6 all HOME-Assisted Units located on the Property in compliance with all applicable federal and
7 state law and regulations and local ordinances.

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

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

1 permit any such practice or practices of discrimination or segregation with reference to the
2 selection, location, numbers use or occupancy of tenants, lessees, subtenants, subleases or
3 vendees in the land herein conveyed. The foregoing covenants shall run with the land.”

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

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

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

1 COUNTY

PERRIS FAMILY APARTMENTS, L.P.

2 Assistant Director, Housing
3 Riverside County
4 Economic Development Agency
5 5555 Arlington Avenue
6 Riverside, CA 92504

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

7 INVESTOR LIMITED PARTNER

8 Wells Fargo Affordable Housing Community Development Corporation
9 MAC D1053-170
10 301 South College Street, 17th Floor
11 Charlotte, NC 28288
12 Attention: Director of Asset Management

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

15 7) SEVERABILITY. In any event that any provision, whether constituting a separate
16 paragraph or whether contained in a paragraph with other provisions, is hereafter determined to
17 be void and unenforceable, it shall be deemed separated and deleted from the agreement and the
18 remaining provisions of this Agreement shall remain in full force and effect.

19 8) COUNTERPARTS. This Covenant may be signed by the different parties hereto
20 in counterparts, each of which shall be an original, but all of which together shall constitute one
21 and the same agreement.

22 ///

23 ///

(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.

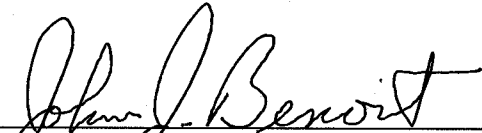
3 COUNTY:


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

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

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

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

11
12 By: 
13 John J. Benoit, Chairman
14 Board of Supervisors

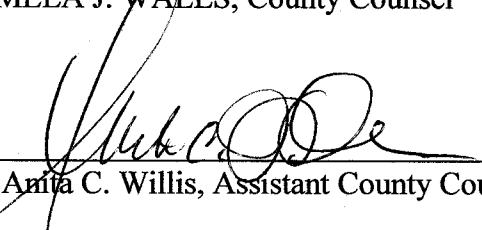
11
12 By: 
13 Pedro S.G. Rodriguez, Chief Financial Officer

15
16 ATTEST:

17 KECIA HARPER-IHEM
18 Clerk of the Board

19 By: 
20 Deputy

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

24
25 By: 
26 Anita C. Willis, Assistant County Counsel

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE


} §

On November 26, 2013, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:  _____
Deputy Clerk

(SEAL)

ACKNOWLEDGMENT

State of California
County of Riverside)

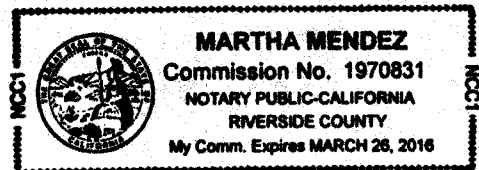
On 11/4/2013 before me, Martha Mendez, Notary Public
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature  (Seal)



M. Comm. Exempt Member 1978
MILWAUKEE COUNTY
ROTARY PUBLIC ACCOUNTANT
Commission No. 1970851
MARTHA MENDEL



NOV 1978

NOV 1978

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 "G-1"

LEGAL DESCRIPTION OF PROPERTY

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF PERRIS COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A

LOTS B, C, D AND E IN BLOCKS 9 AND 10 OF FIGADOTA FARMS NO. 2, AS RECORDED IN BOOK 16 PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA

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

BEGINNING AT THE SOUTHWEST CORNER OF LOT B, BLOCK 10, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH) AS SHOWN ON SAID MAP;

THENCE NORTH $00^{\circ}18'55''$ WEST ALONG THE WEST LINE LOT B OF BLOCKS 9 AND 10, A DISTANCE OF 591.00 FEET TO A LINE PARALLEL WITH AND 9 FEET SOUTH OF THE NORTH LINE OF LOTS B, C, D, AND E AS SHOWN ON SAID MAP:

THENCE NORTH $89^{\circ}35'$ EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 518.40 FEET TO THE EAST LINE OF LOT E, BLOCK 9 OF SAID MAP, ALSO BEING A POINT ON THE WESTERLY RIGHT OF WAY OF RUBY ROAD (FORMERLY JOHNSON AVENUE, 30 FEET IN HALF-WIDTH):

THENCE SOUTH $00^{\circ}21'$ EAST ALONG SAID EASTERLY LINE, A DISTANCE OF 591.00 FEET TO THE SOUTHEASTERLY CORNER OF LOT E, BLOCK 10 OF SAID MAP, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH);

THENCE SOUTH $89^{\circ}35'$ WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE, A DISTANCE OF 519.35 FEET TO THE POINT OF BEGINNING.

AREA- 7.04 ACRES MORE OR LESS

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:

PARCEL A

LOTS B, C, D AND E IN BLOCKS 9 AND 10 OF FIGADOTA FARMS NO. 2, AS RECORDED IN BOOK 16 PAGE 63, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA

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

BEGINNING AT THE SOUTHWEST CORNER OF LOT B, BLOCK 10, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH) AS SHOWN ON SAID MAP;

THENCE NORTH 00°18'55" WEST ALONG THE WEST LINE LOT B OF BLOCKS 9 AND 10, A DISTANCE OF 591.00 FEET TO A LINE PARALLEL WITH AND 9 FEET SOUTH OF THE NORTH LINE OF LOTS B, C, D, AND E AS SHOWN ON SAID MAP:

THENCE NORTH 89°35' EAST ALONG SAID PARALLEL LINE, A DISTANCE OF 518.40 FEET TO THE EAST LINE OF LOT E, BLOCK 9 OF SAID MAP, ALSO BEING A POINT ON THE WESTERLY RIGHT OF WAY OF RUBY ROAD (FORMERLY JOHNSON AVENUE, 30 FEET IN HALF-WIDTH):

THENCE SOUTH 00°21' EAST ALONG SAID EASTERLY LINE, A DISTANCE OF 591.00 FEET TO THE SOUTHEASTERLY CORNER OF LOT E, BLOCK 10 OF SAID MAP, ALSO BEING A POINT ON THE NORTHERLY RIGHT OF WAY OF JARVIS STREET (30 FEET IN HALF-WIDTH);

THENCE SOUTH 89°35' WEST ALONG SAID NORTHERLY RIGHT OF WAY LINE, A DISTANCE OF 519.35 FEET TO THE POINT OF BEGINNING.

AREA- 7.04 ACRES MORE OR LESS

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