

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

692



FROM: Economic Development Agency

SUBMITTAL DATE:
May 8, 2014

SUBJECT: Loan Agreement for the Use of HOME Funds for Orange Blossom II Apartments in the Community of Valle Vista, District 3/District 3, [\$474,000], HOME Investment Partnerships Act Funds 100% ; Project is Exempt Under CEQA

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Loan Agreement for the use of HOME Funds, including all attachments thereto, in the amount of \$474,000, between the County of Riverside and Riverside Development Housing Corporation, for the acquisition and rehabilitation of Orange Blossom II Apartments in the Community of Valle Vista in the unincorporated area of the County of Riverside;
2. Approve the attached Deed of Trust with Assignment of Rents, 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	\$ 474,000	\$ 0	\$ 474,000	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: HOME Investment Partnerships Act Funds	Budget Adjustment: No
	For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: June 3, 2014
xc: EDA, Recorder

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

Prev. Agn. Ref.: 3-8 of 3/19/13

District: 3/3

Agenda Number:

3-7

FORM APPROVED COUNTY COUNSEL
BY:
HAILA R. BROWN
DATE: 5-5-14

Departmental Concurrence

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY:
Esteban Hernandez
5/12/14

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: Loan Agreement for the Use of HOME Funds for Orange Blossom II Apartments in the Community of Valle Vista, District 3/District 3, [\$474,000], HOME Investment Partnerships Act Funds 100%; Project is Exempt Under CEQA

DATE: May 8, 2014

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RECOMMENDED MOTION: (Continued)

3. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities;
4. Find that the project is a categorically excluded activity (subject to Title 24 Code of Federal Regulations (CFR) Section 58.5) and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.35(a) and in accordance with the National Environmental Policy Act of 1969;
5. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;
6. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, Promissory Note, Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents subject to County Counsel's approval; and
7. Direct staff to file the Notice of Exemption within five working days.

BACKGROUND:

Summary

On March 19, 2013, the Board of Supervisors approved \$1,320,000 in HOME Investment Partnerships Act funds for Riverside Housing Development Corporation (RHDC), a California nonprofit public benefit corporation and certified community housing development organization, to acquire and rehabilitate 3 fourplex properties on Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside. Rehabilitation was completed in February of 2014 and all units are expected to be fully leased by May of 2014.

RHDC currently owns and operates 15 of 20 rental properties on Orange Blossom Lane which has dramatically improved the health and safety of the neighborhood, reducing crime and gang activity on the street formerly known as Marine Drive. To initiate change, on July 1, 2008, the Board of Supervisors renamed Marine Drive, lying west of Meridian Street, to Orange Blossom Lane. RHDC subsequently acquired and rehabilitated 12 properties through funding from the former Redevelopment Agency for the County of Riverside in the amount of \$6,745,000 and made Orange Blossom Lane a desirable place to live.

RHDC is now proposing to utilize \$474,000 in HOME funds (HOME Loan) for a second phase project to acquire and rehabilitate one additional property consisting of 3 units located at 41945 Orange Blossom Lane with Assessor's Parcel Number 438-110-061 (Property). The Property is approximately 0.19 acres and consists of one three-bedroom unit and 2 two-bedroom units. All units will be designated as HOME-assisted units pursuant to HOME regulations limited to households whose incomes do not exceed 80% of the area median income for the County of Riverside with respect to household size. The HOME-assisted units will be restricted for a period of at least 55 years from the recorded Notice of Completion. The total development cost for the project is estimated at \$594,000 which includes a \$120,000 conventional loan to be secured as lien against the Property. The County's HOME Loan will be in the first lien position. The terms of the HOME Loan and obligations of RHDC and the County will be memorialized in the proposed Loan Agreement for the Use of HOME Funds attached hereto (Loan Agreement).

(Continued)

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

Economic Development Agency

FORM 11: Loan Agreement for the Use of HOME Funds for Orange Blossom II Apartments in the Community of Valle Vista, District 3/District 3, [\$474,000], HOME Investment Partnerships Act Funds 100%; Project is Exempt Under CEQA

DATE: May 8, 2014

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BACKGROUND:

Summary (Continued)

The proposed activities meet the conditions for categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35(a) and are exempt activities pursuant to Title 24 CFR Section 58.34(a)(12) and in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). Therefore, an Environmental Impact Statement under NEPA was not required. The project activity was included in the 2013/2014 One-Year Action Plan on April 22, 2014. In addition, pursuant to the California Environmental Quality Act (CEQA), the Loan Agreement was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines 15301, Class 1-Existing Facilities. The proposed project involves the loan of HOME funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur.

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

Impact on Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses throughout the County of Riverside. The project is expected to generate and create jobs in construction, property maintenance and property management. The project will also provide affordable housing for residents.

SUPPLEMENTAL:

Additional Fiscal Information

There is no impact upon the County's General Fund. The County's contribution for the proposed project will be fully funded with HOME Investment Partnerships Act Funds from the United States Department of Housing and Urban Development.

Attachments:

- Notice of Exemption
- Loan Agreement for the use of HOME Funds
 - Deed of Trust with Assignment of Rents and Promissory Note
 - Covenant Agreement



NOTICE OF EXEMPTION

May 15, 2014

Project Name: County of Riverside, Orange Blossom II Apartments Loan Agreement

Project Number: HM3-14-001

Project Location: APN 438-110-061; 41945 Orange Blossom Lane, Hemet, CA 92544 (See attached Exhibit A).

Description of Project: The County of Riverside is proposing to provide a loan agreement utilizing funds obtained from the United States Department of Housing and Urban Development (HUD) for the purpose of providing decent, safe, sanitary, and affordable housing for low-income families. The loan will provide funds to acquire and rehabilitate an existing 3-unit multifamily housing unit for rent to qualified very low and low income households located in the community of Valle Vista in the unincorporated area of Riverside County. The scope of the capital improvements include the following: installing new double-pane, low-energy windows and blinds; installing air conditioning, heating systems, plumbing fixtures, water heaters, and lighting fixtures; installing kitchen cabinets and counter tops; and providing new paint, flooring, and roofing. All the units will be equipped with energy star rated appliances to include stoves/ovens. No new residential units will be created and the existing use of the site will remain the same and of similar intensity. However, the existing residential multifamily units will be upgraded. Any existing impacts related to noise, traffic, or utilities will remain similar to existing conditions.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency

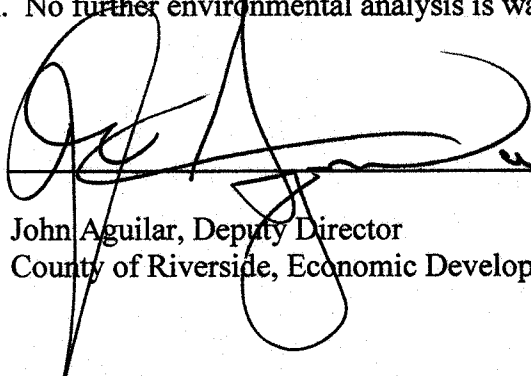
Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15301, Existing Facilities and Section 15061 (b) (3), General Rule Exemption.

Reasons Why Project is Exempt: The project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. The existing structure that will be upgraded does not possess any historic significance and the project site is already developed. Further, no unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The purchase and upgrade of existing residential units to be utilized in a similar manner will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur.

- Section 15301 – Class 1 Existing Facilities Exemption. This exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site’s use. The project as proposed is the purchase and upgrade of existing residential multifamily units for use as low income rental units. The project includes interior and exterior repairs, upgrades, and minor alterations in order to improve the existing use of the site for housing. The construction as proposed is minimal, would occur on existing disturbed land, and would not result in any physical impacts related to air quality, traffic, noise, biological or historic resources, or any other potential physical environmental impacts. Once the upgrades are complete, the property will continue to operate as residential units. Therefore, the project meets the scope and intent of the Class 1 Exemption.
- Section 15061 – General Rule or “Common Sense” Exemption. The State CEQA Guidelines provides this exemption based upon the general rule that CEQA only applies to projects with the potential to cause a significant effect on the environment. With certainty, there is no possibility that the proposed project may have a significant effect on the environment. The purchase and improvement of an already existing multifamily housing unit at the same physical location will not have an effect on the environment. The upgraded units will not increase any potential environmental impacts from either construction or operations of the units. The use and operation of the site will be substantially similar to the existing residential units and will not create any new environmental impacts to the surrounding area. In fact, the upgrades to the housing will improve both the existing structures and the surrounding community. Construction activities will be limited to the exterior and interior portions of the homes and any impacts related to the operation of the site will be the same or similar in nature to the existing conditions. Therefore, in no way would the project as proposed have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:



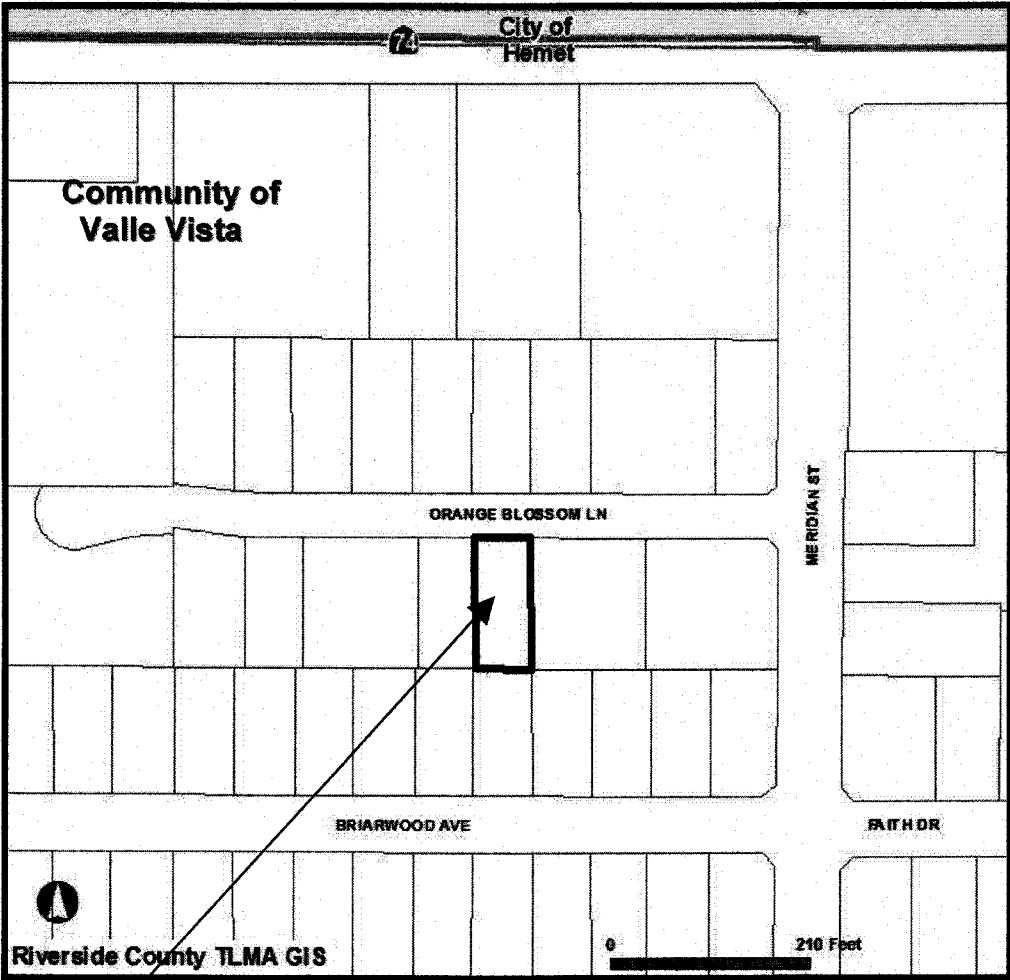
Date:

5-14-14

John Aguilar, Deputy Director
County of Riverside, Economic Development Agency

Exhibit A

41945 Orange Blossom Lane, Hemet, California, 92544
Assessor Parcel Number 438-110-061



APN 438-110-061
41945 Orange Blossom Lane

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. Mervyn Manalo

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF
15 HOME FUNDS
16 (Community Housing Development Organization)

17 This Loan Agreement for the Use of HOME Funds (Community Housing
18 Development Organization) ("Agreement") is made and entered into as of the 3rd day of
19 June, 2014 by and between the County of Riverside, a political
20 subdivision of the State of California ("COUNTY"), and Riverside Housing Development
21 Corporation, a California nonprofit public benefit corporation ("RHDC"). The County and
22 RHDC may be individually referred to herein as a "Party" and collectively as the "Parties."

23 WITNESSETH:

24 WHEREAS, the County was qualified by the United States Department of
25 Housing and Urban Development ("HUD") as an "Urban County" and an approved
26 participating jurisdiction that has received funds from HUD pursuant to the HOME Investment
27 Partnerships Act and HOME Investment Partnerships Program, Title II of the Cranston-
28 Gonzalez National Affordable Housing Act, as amended (commencing at 42 U.S.C. 12701 et
seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the "HOME
Program"), for the purposes of providing decent, safe, sanitary, and affordable housing with
primary attention to rental housing, for low-income families; to strengthen public-private
partnerships to carry out affordable housing programs; and to provide for coordinated

1 assistance to participants in the development of affordable low-income housing;

2 WHEREAS, pursuant to the HOME Program (24 CFR Section 92.300), the
3 County has reserved not less than fifteen percent (15%) of its allocation of HOME Program
4 funds for investment in housing to be developed, sponsored, or owned by community housing
5 development organizations (“CHDO’s”);

6 WHEREAS, RHDC has been certified with the County as a qualified CHDO
7 under the HOME Program that has among its purposes the provision of decent housing that is
8 affordable to low income persons, and has submitted a proposal to the County for use of CHDO
9 set aside funds for a CHDO-eligible project as described herein;

10 WHEREAS, RHDC has proposed to acquire and rehabilitate a 3-unit multifamily
11 housing property for rent to qualified very low and low income households (“Project”) located
12 in the community of Valle Vista in the unincorporated area of the County of Riverside, on that
13 certain real property described in the legal description and depicted on the Site Map attached
14 hereto **Exhibit A** and incorporated herein by this reference (“Property”);

15 WHEREAS, the purpose of this Agreement is, among other things, for the
16 County to reserve and commit up to Four Hundred Seventy Four Thousand Dollars
17 (\$474,000.00) consisting of HOME CHDO set-aside funds, to provide financial assistance to
18 RHDC to pay a portion of the acquisition and rehabilitation costs related to the Project, as
19 more fully described herein; and

20 WHEREAS, the HOME-assisted activities described herein comply with the
21 objectives as required under 24 CFR Part 92 and are consistent with the County’s Consolidated
22 Plan.

23 NOW THEREFORE, based upon the foregoing Recitals and for good and valuable
24 consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
25 COUNTY and RDHC hereby agree as follows:

26 1. PURPOSE. COUNTY has agreed to lend up to Four Hundred Seventy Four
27 Thousand Dollars (\$474,000.00) of HOME funds to RHDC upon the satisfaction of the terms
28 and conditions set forth herein (the “HOME Loan”). Subject to **Section 51**, Conditional HOME

1 Commitment, of this Agreement, RHDC shall utilize the HOME funds for the limited purpose
2 of acquiring and rehabilitating the Property pursuant to the HOME Program, as set forth in this
3 Agreement, and the scope of development set forth in **Exhibit A**. Once the Project is
4 completed, during the Affordability Period of this Agreement, the Project shall be rented to and
5 occupied by households that qualify as very low income and/or low income households (as
6 required herein) pursuant to 24 CFR Section 92.2 ("Qualified Household") for an affordable
7 rent pursuant to 24 CFR Section 92.252 ("Affordable Rent"). To remain a Qualified
8 Household, such household shall occupy their respective unit within the Project as their
9 principal residence.

10 2. RHDC'S OBLIGATIONS. Upon the disbursement of the HOME Funds to
11 RHDC from the County, RHDC shall undertake and complete the following activities:

- 12 a. Develop the Project in accordance with the timeline set forth in the
13 Implementation Schedule, attached hereto as **Exhibit A** and
14 incorporated herein by this reference.
- 15 b. Operate the Project in such a manner so that it will remain affordable
16 to Qualified Households for the Affordability Period as defined in
17 **Section 15** herein.
- 18 c. Maintain the Project in compliance with applicable local, state,
19 federal laws, codes and regulations for the duration of the
20 Affordability Period, including, but not limited to the applicable
21 HOME Program regulations.

22 3. COUNTY'S OBLIGATIONS. COUNTY shall complete the following
23 activities, subject to its receipt of HOME funds from HUD and RHDC's satisfactory
24 completion of the conditions precedent to disbursement set forth below:

- 25 a. Provide the HOME Funds to RHDC to be used to pay a portion of the
26 HOME-eligible construction costs for the Project.
- 27 b. Comply with all of its obligations as participating jurisdiction under
28 the applicable regulations set forth in 24 CFR Part 92.

1 4. HOME Loan. Subject to the satisfaction of the conditions precedent to
2 disbursement of the HOME Funds set forth in **Section 13** below, County shall provide
3 financing to RHDC in the form of a loan in the amount of the HOME Funds ("HOME Loan"),
4 pursuant to the following terms and conditions:

5 a. Term. The maturity of the HOME Loan shall be the first to occur of
6 (i) July 1, 2070 or (ii) fifty-five (55) years from the date of the
7 recordation of the Notice of Completion in the Official Records (the
8 "HOME Loan Term").

9 b. Principal. The principal of the HOME Loan shall not exceed the
10 amount of the HOME Funds and shall be evidenced by a Promissory
11 Note, substantially conforming in form and substance to the
12 Promissory Note attached hereto as **Exhibit C** and incorporated
13 herein by this reference ("HOME Note"), which note shall be secured
14 by a Deed of Trust with Assignment of Rents, substantially
15 conforming in form and substance to the Deed of Trust with
16 Assignment of rents attached hereto as **Exhibit B** and incorporated
17 herein by this reference ("HOME Deed of Trust").

18 c. Interest. The interest rate shall be one percent (1%) per annum simple
19 interest.

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

21 1. That the HOME Loan will accrue simple interest at a rate of one
22 percent (1%) per annum, except in the case of default as
23 hereinafter provided, and shall be repaid on an annual basis
24 from the Project's Residual Receipts (defined below). Interest
25 will begin to accrue 30 days from the recordation of the Notice
26 of Completion in the Official Records.

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

28 i) Fifty percent (50%) of the Project's Residual

1 Receipts shall be used towards the payment of the
2 loans secured by the Project, and the payment shall
3 be prorated based on the percentage of each
4 respective loan amount based upon the total
5 amount of all such loans, until the HOME Note is
6 repaid in full; and

7 ii) Fifty percent (50%) of the Project's Residual
8 Receipts will be paid to RHDC.

9 3. The Project's Residual Receipts shall be determined based on an
10 annual review of certified financial statements for the Project.
11 Annual audited financial statements shall be submitted by
12 RHDC within one hundred twenty (120) days following the
13 close of the project fiscal year. All outstanding principal along
14 with accrued interest shall be due upon the maturity date of the
15 HOME Loan Term as set forth in **Section 4(a)**. The first
16 payment shall be due on July 1st in the first full calendar year
17 following the date of the recordation of the Notice of
18 Completion, to the extent of available Residual Receipts, as set
19 forth herein. Subsequent payments shall be made on July 1st
20 thereafter to the extent of available Residual Receipts until the
21 earlier of full repayment of the HOME Loan or the HOME Loan
22 maturity date as set forth above.

23 4. The term "Residual Receipts" as used herein shall mean gross
24 receipts, less the following, but not including the Monitoring
25 Fee as defined in **Section 30** of this Agreement:

- 26 i) auditing and accounting fees;
27 ii) a property management fee not to exceed \$58 per unit
28 per month, increased annually by an amount equal to the

1 increase in the Consumer Price Index ("CPI") for ;

2 iii) operating expenses (any expense reasonably and
3 normally incurred in carrying out the Project's day-to-
4 day activities, which shall include administration, on-site
5 management, utilities, on-site staff payroll, payroll taxes,
6 and maintenance) including interest from the operating
7 reserve account;

8 iv) replacement reserves, including interest from the reserve
9 account, established in a separate account from
10 operating reserves, limited to \$400 per HOME-Assisted
11 Unit, as defined in Exhibit A, increased annually by an
12 amount equal to the increase in CPI; and

13 v) payments of principal and interest on amortized loans
14 and indebtedness senior to the HOME Loan, which have
15 been approved in writing by the COUNTY (collectively,
16 the "Senior Debt").

17 e. Security. The HOME Deed of Trust and the terms of this Agreement
18 shall be in a first place lien position, prior and superior to a deed of
19 trust from the Clearinghouse Community Development Financial
20 Institution or other mutually acceptable lender as agreed to by the
21 parties ("Clearinghouse CDFI" or the "Junior Loan").

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

26 5. PRIOR COUNTY APPROVAL. RHDC shall obtain COUNTY'S written
27 approval, through its Economic Development Agency ("EDA"), of all items requiring such
28 approvals as described in this Agreement.

1 6. TERM OF AGREEMENT. This Agreement shall become effective upon
2 execution as more specifically discussed in **Section 55** below, and unless terminated earlier
3 pursuant to the terms hereof, shall continue in full force and effect until the first to occur of (i)
4 July 1, 2070 or (ii) fifty-five (55) years from and after the recordation of the Notice of
5 Completion (the "Agreement Term").

6 7. RHDC'S REPRESENTATIONS. RHDC represents and warrants to
7 COUNTY as follows:

8 a. Authority. RHDC is a duly organized nonprofit public benefit corporation
9 in good standing under the laws of the State of California. The copies of the documents
10 evidencing the organization of RHDC, which have been delivered to COUNTY, are true and
11 complete copies of the originals, amended to the date of this Agreement. RHDC has full right,
12 power and lawful authority to accept the conveyance of the Project Site, as defined in **Exhibit**
13 **A**, and undertake all obligations as provided herein and the execution, performance and
14 delivery of this Agreement by RHDC has been fully authorized by all requisite actions on the
15 part of RHDC.

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

20 c. No RHDC Bankruptcy. RHDC is not the subject of a bankruptcy
21 proceeding.

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

1 8. COMPLETION SCHEDULE. RHDC shall proceed consistent with the
2 Implementation Schedule set forth in **Exhibit A** subject to Force Majeure Delays, as defined in
3 **Section 9**.

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

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

25 10. EXTENSION OF TIME. COUNTY may grant an extension to the
26 Implementation Schedule for the purpose of completing RHDC's activities which cannot be
27 completed as outlined in **Exhibit A**, pursuant to **Section 51(c)**, Completion, herein. Every
28 term, condition, covenant, and requirement of this Agreement shall continue in full force and

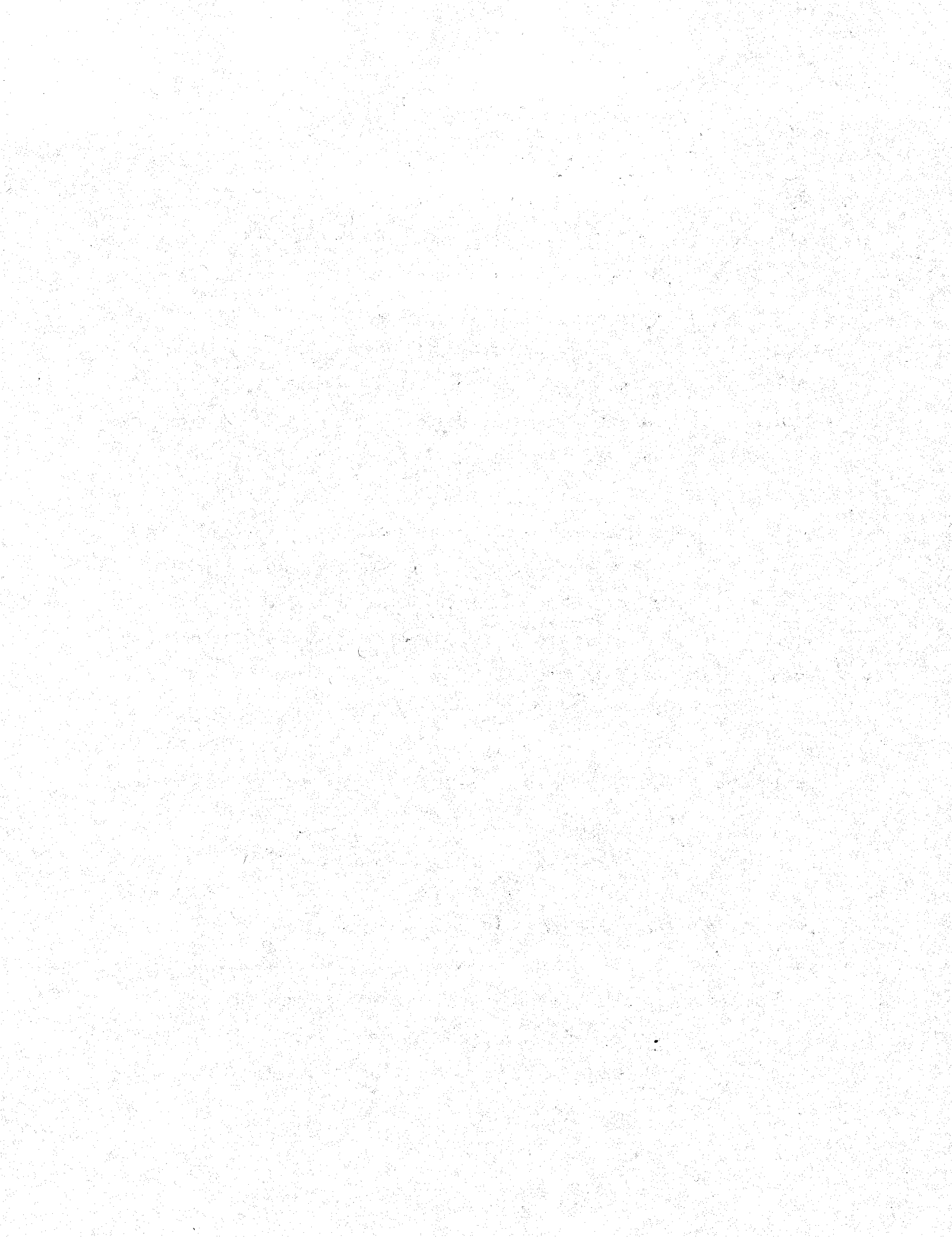
1 effect during the period of any such extension.

2 11. CHDO DESIGNATION. Pursuant to 24 CFR 92.300(a), the Project is
3 funded using HOME CHDO set aside ("Set-Aside") funds as that term is defined in 24 CFR
4 92.300(a). RHDC hereby understands and agrees that the HOME CHDO Set Aside funds
5 provided by County for this Project pursuant to this Agreement must be allocated only for
6 housing developed, sponsored or owned by a CHDO, its subsidiary or partnership of which it
7 or its subsidiary is the managing general partner. RHDC represents that it is eligible to receive
8 HOME funds and conduct activities pursuant to this Agreement. Any proposed sale,
9 assignment or other transfer of the Project shall be subject to the provisions set forth in **Section**
10 **24**, Sale or Transfer of the Project, herein.

11 12. REALLOCATION OF FUNDS. If RHDC fails to meet (1) the Acquisition
12 Deadline as set forth in **Section 51(a)**; (2) the Construction Start Deadline as set forth in
13 **Section 51(b)**; (3) the Completion Deadline as set forth in **Section 51(c)**; or (4) the Lease
14 Deadline as set forth in **Section 20(a)**, all of which are herein (collectively, the "Performance
15 Deadlines"), subject to the notice and cure periods as set forth in **Section 33** herein, then the
16 funds allocated, reserved, or placed in a HOME Investment Trust Fund may be reallocated by
17 COUNTY after at least thirty (30) days' prior written notice is given to RHDC. Upon such
18 reallocation and repayment of funds, this Agreement shall be terminated and be of no further
19 force and effect and RHDC shall be released and discharged from any obligations under this
20 Agreement.

21 13. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN
22 FUNDS. COUNTY, through its EDA, shall: (1) make payments of the HOME funds to RHDC
23 as designated in **Exhibit A**, subject to RHDC's satisfaction of the conditions precedent to
24 HOME Loan distribution set forth in this Agreement, and (2) monitor the Project to ensure
25 compliance with applicable federal regulations and the terms of this Agreement.

26 The County shall distribute the HOME Loan funds into a County approved
27 escrow to be used for Property acquisition costs, after RHDC's satisfaction of the following
28 conditions precedent:



1 a. RHDC submits written evidence to the County that RHDC has obtained
2 sufficient financing commitments necessary to undertake the acquisition and rehabilitation of
3 the Project as required herein.

4 b. RHDC provides the County with the data Universal Number as assigned
5 by the Data Universal Number System (DUNS) assigned to RHDC as required by the Federal
6 Funding Accountability and Transparency Act of 2006.

7 c. RHDC executes this Agreement in the Official Records:

8 d. RHDC provides evidence of insurance as required herein.

9 e. RHDC executes the HOME Deed of Trust, substantially conforming in
10 form and substance to the Deed of Trust with Assignment of Rents attached hereto as **Exhibit**
11 **B**, and in recordable form.

12 f. RHDC executes the HOME Note, substantially conforming in form and
13 substance to the Promissory Note attached hereto as **Exhibit C**.

14 g. RHDC executes the Covenant Agreement, substantially conforming in
15 form and substance to the Covenant Agreement attached hereto as **Exhibit J** and incorporated
16 herein by this reference.

17 The County shall distribute the balance of the remaining HOME Loan funds after
18 distribution of County approved Property acquisition costs to RHDC, upon RHDC's
19 satisfaction of the following conditions precedent:

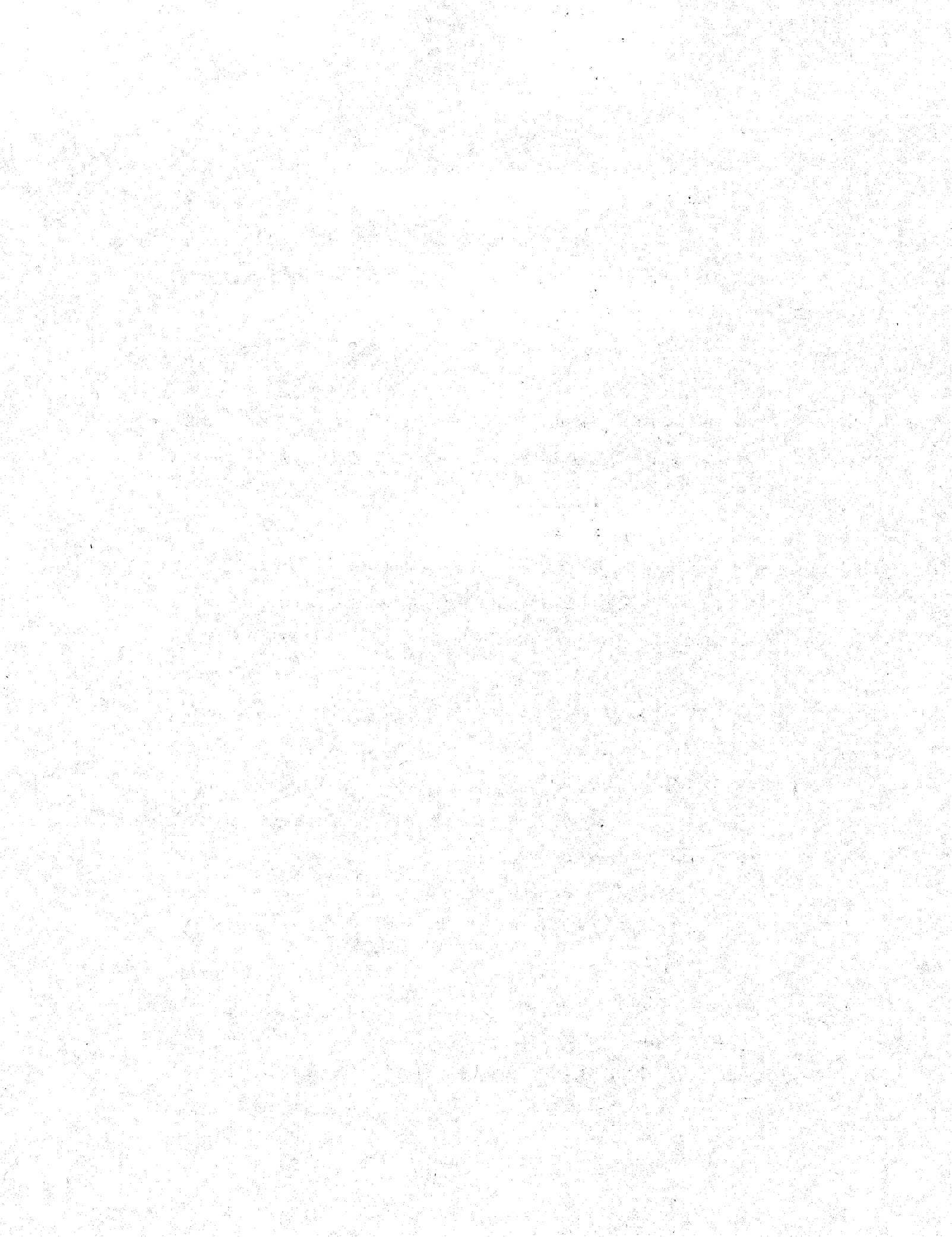
20 h. RHDC records this Agreement, as identified in **Exhibit A**, in the Official
21 Records of the County of Riverside.

22 i. RHDC records the HOME Deed of Trust, as shown in **Exhibit A**, in the
23 Official Records of the County of Riverside.

24 j. RHDC records the Covenant Agreement, as shown in **Exhibit A**, in the
25 Official Records of the County of Riverside.

26 k. RHDC provides, at its expense, an ALTA lender's policy insuring the
27 first lien priority of the HOME Deed of Trust upon the close of escrow.

28 l. RHDC provides copies of receipts, paid invoices and conditional lien



1 releases (upon receipt of payment) for construction costs.

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

11 n. RHDC provides duly executed documents and instruments showing the
12 ownership of the Project Site as identified in **Exhibit A**.

13 o. RHDC is not in default under the terms of this Agreement.

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

27 q. RHDC provides satisfactory evidence that it has satisfied all conditions
28 precedent to the issuance of all permits necessary for the construction of the development and

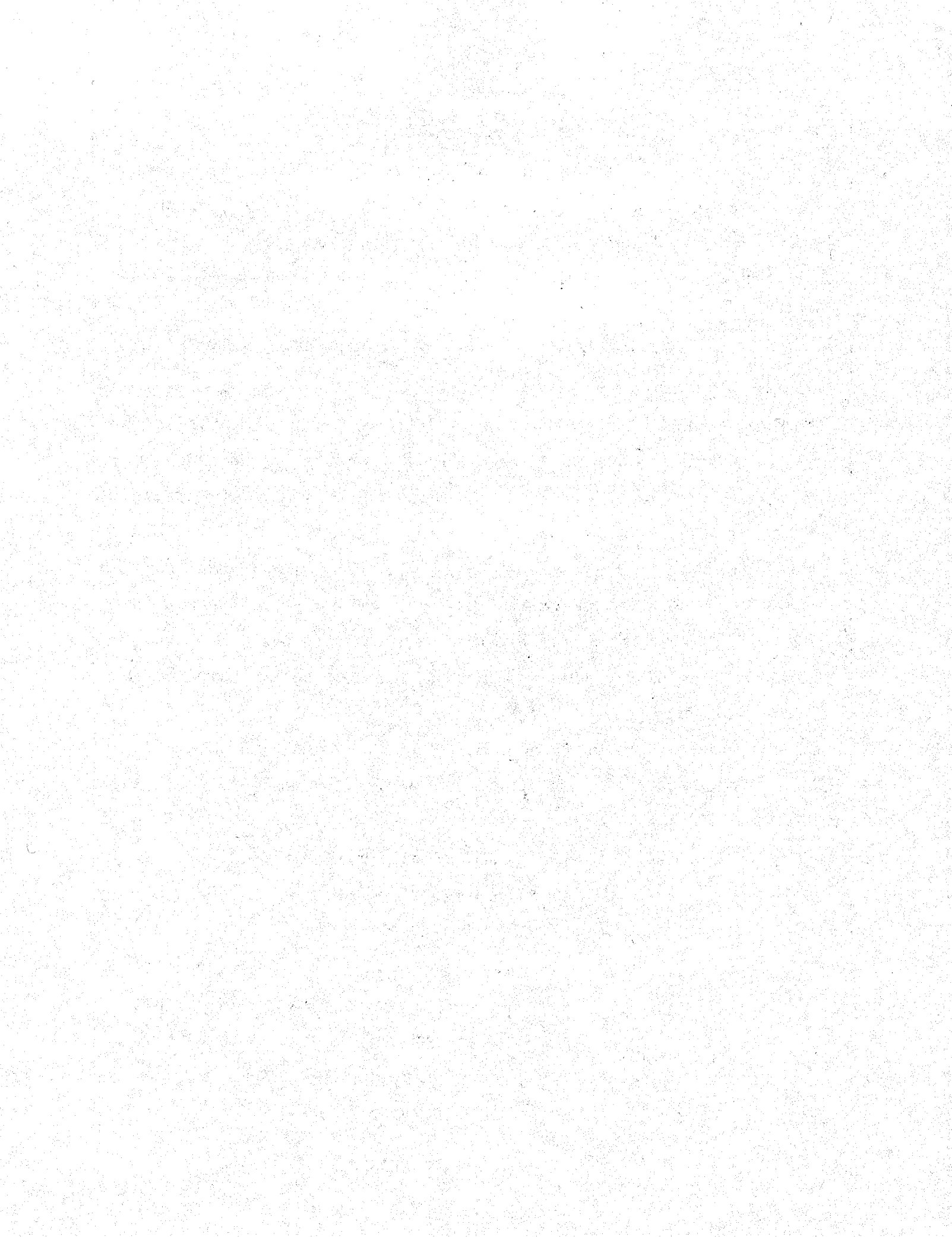
1 all such permits are available for issuance, other than payment of fees.

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

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

18 COUNTY shall retain ten percent (10%) of the total HOME Loan amount and
19 release the final draw of HOME funds upon receipt of the following "Closing Documents" from
20 RHDC:

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



- 1 5) final Contract and Subcontract Activity report, Minority
- 2 Business Enterprise/Women Business Enterprise
- 3 (“MBE/WBE”) report, HUD form 2516;
- 4 6) submission of documentation that shows compliance with
- 5 the Uniform Relocation Assistance and Real Property
- 6 Acquisition Policies Act of 1970 and 24 CFR Part 42.
- 7 7) submission of a Project completion report including
- 8 Tenant Checklist as shown in **Exhibit G** which is attached
- 9 hereto and by this reference incorporated herein;
- 10 8) Affirmative Fair Housing Marketing Plan – Multifamily
- 11 Housing, HUD form 935.2A, as described in **Section**
- 12 **18(c)**;
- 13 9) Tenant Selection Policy;
- 14 10) Management Plan;
- 15 11) final development costs; and
- 16 12) final sources and uses of funds for the Project.

17 14. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME FUNDS.

18 The HOME Investment Trust Fund account established in the United States Treasury is
19 managed through HUD’s Integrated Disbursement and Information System (IDIS) for the
20 HOME Investment Partnerships Program. The IDIS System is a computerized system which
21 manages, disburses, collects, and reports information on the use of HOME funds in the United
22 States Treasury Account.

23 Disbursement of HOME funds for acquisition and rehabilitation is expressly
24 conditioned upon the satisfaction of conditions set forth in **Section 13**. COUNTY shall pay
25 RHDC the sum specified in **Section 1** above for all eligible approved costs under the following
26 schedule:

- 27 a. Up to an amount not-to-exceed of Five Thousand Dollars
- 28 (\$5,000.00) may be reimbursed to the RHDC for eligible soft costs in preparation of

1 acquisition of the property for the Project as identified in **Exhibit A**.

2 b. The balance up to Two Hundred Seventy Five Thousand Dollars
3 (\$275,000.00) of the HOME Loan for acquisition of the property for the Project as identified in
4 **Exhibit A**.

5 c. The balance up to ninety percent (90%) of the HOME Loan upon
6 ninety percent (90%) completion of the Project, as certified and documented by the
7 construction manager.

8 d. COUNTY shall release the final draw of ten percent (10%) of the
9 HOME Loan following receipt of "Closing Documents" listed in **Section 13**.

10 15. TERMS OF AFFORDABILITY. The Project, including the HOME-
11 Assisted Units, shall remain affordable to qualified very low income and low-income tenants
12 for a period of fifty-five (55) years commencing from and after the recordation of the Notice of
13 Completion for the Project ("Affordability Period") without regard to the HOME Loan Term,
14 the Agreement Term, repayment of the HOME investment, or the transfer of ownership.

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

19 a. Worker's Compensation Insurance. If RHDC has employees as
20 defined by the State of California, RHDC shall maintain statutory Workers' Compensation
21 Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall
22 include Employers' Liability (Coverage B) including Occupational Disease with limits not less
23 than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in
24 favor of The County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate
25 Employer Endorsement.

26 b. Commercial General Liability Insurance. Commercial General
27 Liability insurance coverage, including but not limited to, premises liability, contractual
28 liability, products and completed operations liability, personal and advertising injury, and cross

1 liability coverage, covering claims which may arise from or out of RHDC'S performance of its
2 obligations hereunder. Policy shall name the County of Riverside, its Agencies, Districts,
3 Special Districts, and Departments, their respective directors, officers, Board of Supervisors,
4 employees, elected or appointed officials, agents or representatives as Additional Insured.
5 Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single
6 limit. If such insurance contains a general aggregate limit, it shall apply separately to this
7 agreement or be no less than two (2) times the occurrence limit.

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

17 d. General Insurance Provisions – All Lines.

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

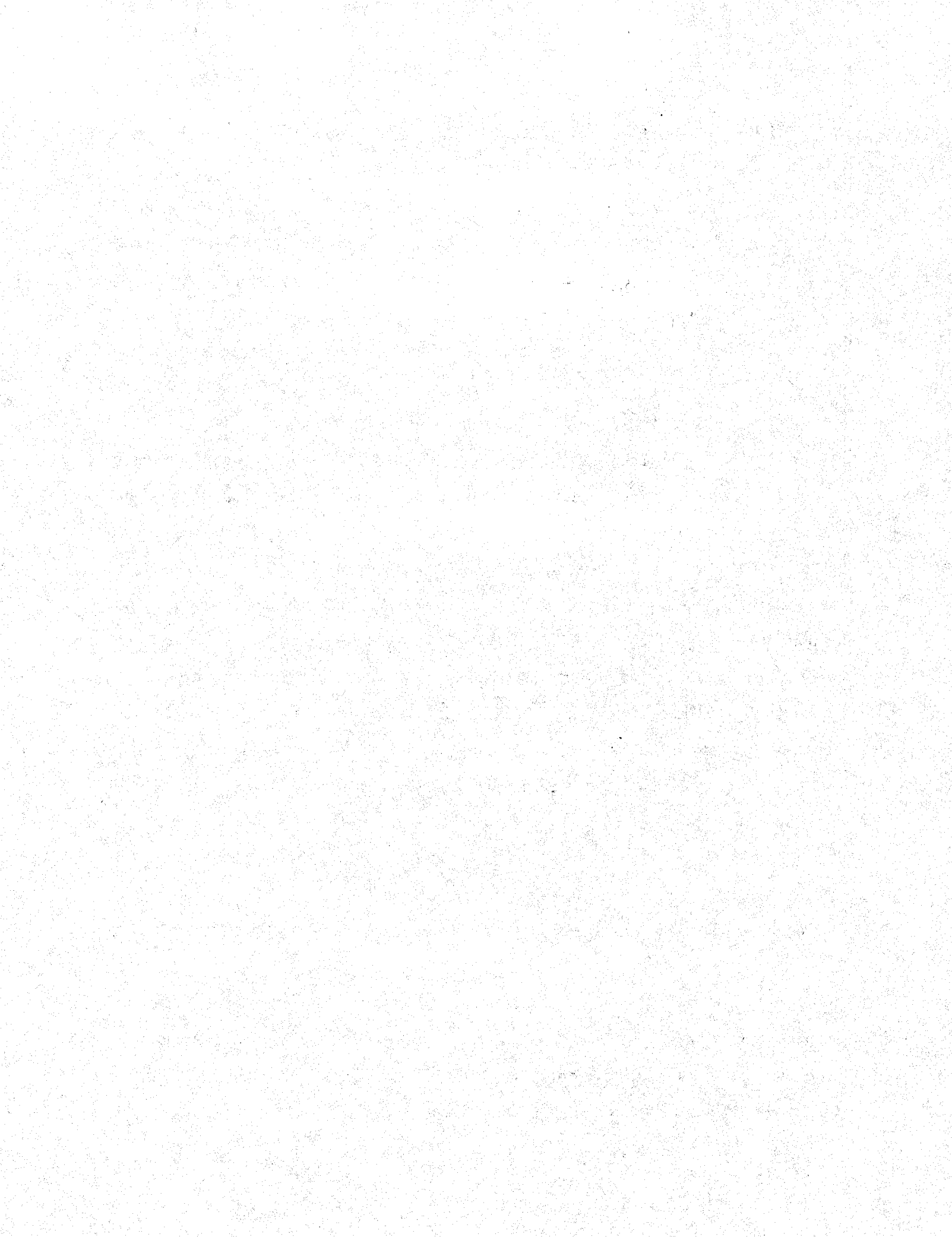
23 2. RHDC'S insurance carrier(s) must declare its insurance
24 self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such
25 retentions shall have the prior written consent of COUNTY Risk Manager before the
26 commencement of operations under this Agreement. Upon notification of self-insured retention
27 unacceptable to COUNTY, and at the election of COUNTY'S Risk Manager, RHDC'S carriers
28 shall either: (a) reduce or eliminate such self-insured retention as respects this Agreement with

1 COUNTY, or (b) procure a bond which guarantees payment of losses and related
2 investigations, claims administration, and defense costs and expenses.

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

21 4. It is understood and agreed to by the parties hereto that
22 RHDC's insurance shall be construed as primary insurance, and COUNTY's insurance and/or
23 deductibles and/or self-insured retention's or self-insured programs shall not be construed as
24 contributory.

25 5. If, during the term of this Agreement or any extension
26 thereof, there is a material change in the scope of services; or, there is a material change in the
27 equipment to be used in the performance of the scope of work which will add additional
28 exposures (such as the use of aircraft, watercraft, cranes, etc.); or, the term of this Agreement,



1 including any extensions thereof, exceeds five (5) years COUNTY reserves the right to adjust
2 the types of insurance required under this Agreement and the monetary limits of liability for
3 the insurance coverage's currently required herein, if; in COUNTY Risk Manager's reasonable
4 judgment, the amount or type of insurance carried by RHDC has become inadequate.

5 6. RHDC shall pass down the insurance obligations
6 contained herein to all tiers of subcontractors working under this Agreement.

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

9 8. RHDC agrees to notify COUNTY of any claim by a third
10 party or any incident or event that may give rise to a claim arising from the performance of this
11 Agreement.

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

28 18. COMPLIANCE WITH LAWS AND REGULATIONS. By executing

1 this Agreement, RHDC hereby certifies that it will adhere to and comply with all federal, state
2 and local laws, regulations and ordinances. In particular, RHDC shall comply with the
3 following as they may be applicable to RHDC of funds granted pursuant to the HOME
4 Program:

5 a. The HOME Program and its implementing regulations set forth in
6 the Final Rule, as it now exists and may hereafter be amended.

7 b. Section 92.350 Other Federal requirements and
8 nondiscrimination. As set forth in 24 CFR part 5, sub part A, RHDC is required to include the
9 following requirements: nondiscrimination and equal opportunity under Section 282 of the Act;
10 disclosure; debarred, suspended, or ineligible contractors; and drug-free workplace.

11 c. Section 92.351 Affirmative marketing and minority outreach
12 program. RHDC must adopt affirmative marketing procedures and requirements. These must
13 include:

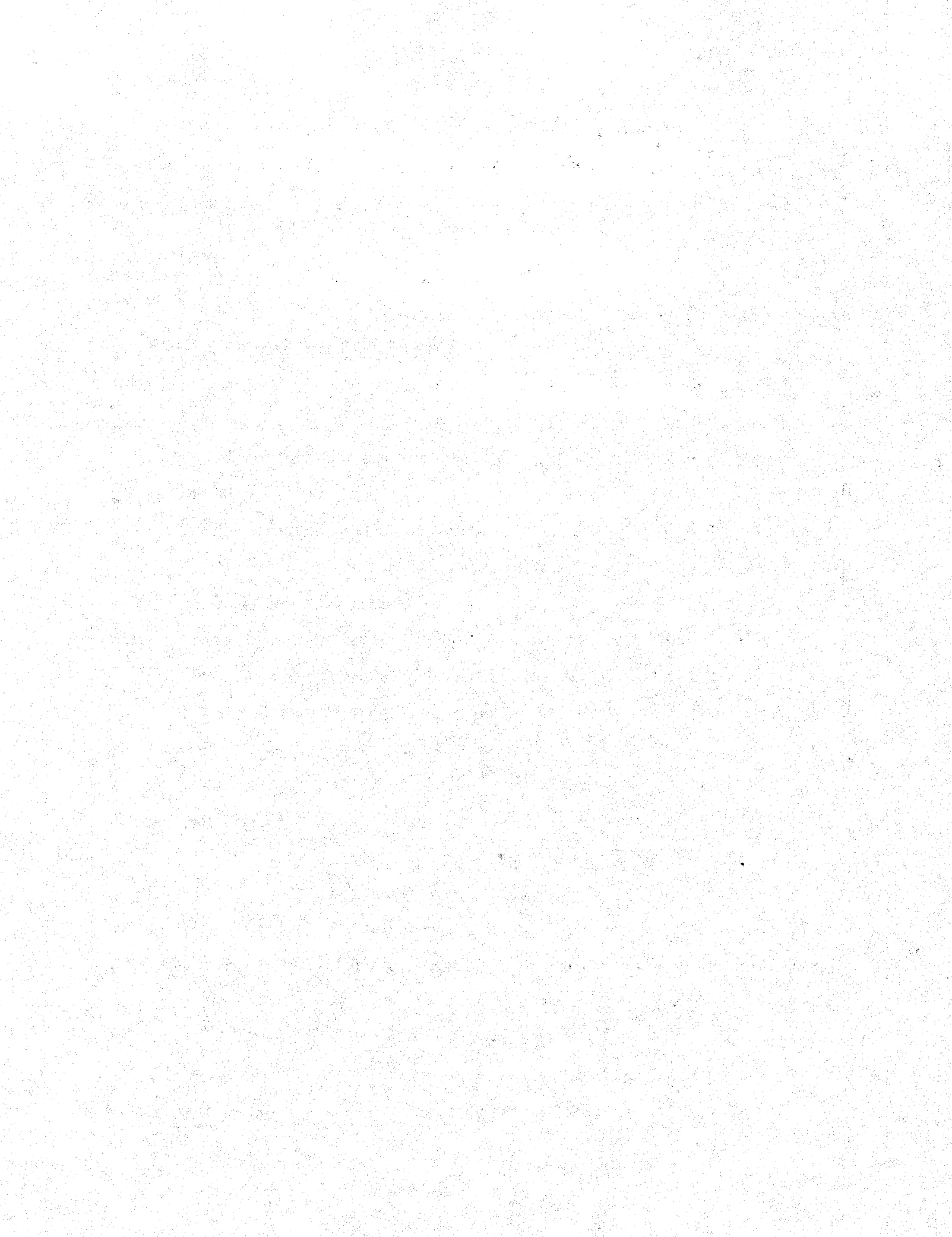
14 1. Methods for informing the public, owners, and potential
15 tenants about Federal fair housing laws and the affirmative marketing policy (e.g., the use of
16 the Equal Housing Opportunity logotype or slogan in press releases and solicitations for
17 owners, and written communication to fair housing and other groups).

18 2. Requirements and practices that RHDC must adhere to in
19 order to carry out the affirmative marketing procedures and requirements (e.g., use of
20 commercial media, use of community contacts, use of the Equal Housing Opportunity logotype
21 or slogan, and display of fair housing poster).

22 3. Procedures to be used by RHDC to inform and solicit
23 applications from persons in the housing market area who are not likely to apply without
24 special outreach (e.g., use of community organizations, employment centers, fair housing
25 groups, or housing counseling agencies).

26 4. Records that will be kept describing actions taken by
27 RHDC to affirmatively market units and records to assess the results of these actions.

28 5. A description of how RHDC will annually assess the



1 success of affirmative marketing actions and what corrective actions will be taken where
2 affirmative marketing requirements are not met.

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

13 (i) Placing qualified small and minority businesses
14 and women's business enterprises on solicitation lists.

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

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

20 (iv) Establishing delivery schedules, where the
21 requirement permits, which encourage participation by small and minority business, and
22 women's business enterprises.

23 (v) Using the services and assistance of the Small
24 Business Administration, and the Minority Business Development Agency of the Department
25 of Commerce.

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

28 d. Section 92.352 Environmental review. The environmental effects

1 of each activity carried out with HOME funds must be assessed in accordance with the
2 provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the
3 related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.

4 e. Section 92.353 Displacement, relocation, and acquisition. The
5 relocation requirements of Title II and the acquisition requirements of Title III of the Uniform
6 Relocation Assistance and Real Property Acquisition Policies Act of 1970, and the
7 implementing regulations at 24 CFR Part 42. RHDC must ensure that it has taken all
8 reasonable steps to minimize the displacement of persons as a result of this project assisted
9 with HOME Funds.

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

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

22 h. Section 92.356 Conflict of Interest. In the procurement of
23 property and services by RHDC, the conflict of interest provisions in 24 CFR 85.36 and 24
24 CFR 85.42, respectively shall 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 504 of the Rehabilitation Act
28 of 1973 (29 U.S.C. 794). The design and construction of multi-family dwellings as defined at

1 24 CFR 100.201 must comply with the requirements set forth in 24 CFR 100.205
2 implementing the Fair Housing Act. Dwelling units must be designed and constructed in
3 accordance with the Uniform Federal Accessibility Standards (UFAS) will be deemed to
4 comply with the Section 504 regulation.

5 1. 24 CFR Part 8.22 New construction—housing facilities.

6 For new construction of multi-family projects, 5 percent (5%) of the units (but not less than
7 one unit) must be accessible to individuals with mobility impairments, and an additional 2
8 percent (2%) of the units (but not less than one unit) must be accessible to individuals with
9 sensory impairments.

10 2. 24 CFR Part 8.23 Alterations of existing housing facilities.

11 If alterations are undertaken to a project that has 15 or more units and the cost of the alterations
12 is 75 percent or more of the replacement cost of the completed facility, then the provisions of
13 §8.22 shall apply. Alterations to dwelling units in a multifamily housing project shall, to the
14 maximum extent feasible, be made to be readily accessible to and usable by individuals with
15 handicaps. If alterations of single elements or spaces of a dwelling unit, when considered
16 together, amount to an alteration of a dwelling unit, the entire dwelling unit shall be made
17 accessible. Once 5 percent (5%) of the dwelling units in a project are readily accessible to and
18 usable by individuals with mobility impairments, then no additional elements of dwelling units,
19 or entire dwelling units, are required to be accessible under this paragraph. Alterations to
20 common areas or parts of facilities that affect accessibility of existing housing facilities shall,
21 to the maximum extent feasible, be made to be accessible to and usable by individuals with
22 handicaps. For purposes of this paragraph, the phrase to the maximum extent feasible shall not
23 be interpreted as requiring that a recipient make a dwelling unit, common area, facility or
24 element thereof accessible if doing so would impose undue financial and administrative
25 burdens on the operation of the multifamily housing project.

26 j. Model Energy Code published by the Council of American
27 Building Officials.

28 k. Section 3 of the Housing and Urban Development Act of 1968.



1 To the greatest extent feasible, opportunities for training and employment arising from HOME
2 funds will be provided to low-income persons residing in the program service area. To the
3 greatest extent feasible, contracts for work to be performed in connection with HOME funds
4 will be awarded to business concerns that are located in or owned by persons residing in the
5 program service area as outlined in the Riverside County EDA Section 3 Contract
6 Requirements attached hereto as **Exhibit D**. Contracts funded from Section 3 covered funding
7 sources must abide by the Section 3 Clause prescribed at 24 CFR 135.38. All contracts subject
8 to the requirements of Section 3 must include the Section 3 Clause verbatim that is contained at
9 24 CFR 135.38 attached hereto as **Exhibit E**, which is attached hereto and by this reference
10 incorporated herein.

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

14 m. RHDC shall carry out its activity pursuant to this Agreement in
15 compliance with all federal laws and regulations described in Subpart E of Part 92 of the Code
16 of Federal Regulations, except that:

17 (1) RHDC does not assume COUNTY'S environmental
18 responsibilities described at 24 CFR Part 92.352; and

19 (2) RHDC does not assume COUNTY's responsibility for
20 initiating the review process under the provisions of 24 CFR Part 92.352

21 n. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
22 and 85 "Common Rule", OMB Circular Nos. A-87 (for government entities), A-122 (for non-
23 profit organizations), and the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
24 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities), and the following §§84.2, 84.5,
25 84.13 through 84.16, 84.21, 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
26 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and 84.73 (for non-profit
27 organizations). Federal awards expended as a recipient or a subrecipient, as defined by HUD,
28 would be subject to single audit. The payments received for goods or services provided as a

1 vendor would not be considered Federal awards.

2 o. RHDC shall include written agreements that include all provisions
3 of **Section 18** if RHDC provides HOME funds to for-profit owners or developers, non-profit
4 owners or developers, sub-recipients, homeowners, homebuyers, tenants receiving tenant-
5 based rental assistance, or contractors.

6 p. Immigration requirements of Federal Register, Vol. 62, No. 221,
7 Department of Justice Interim Guidance on Verification of Citizenship, Qualified Alien Status
8 and Eligibility Under Title IV of the Personal Responsibility and Work Opportunity
9 Reconciliation Act of 1996 ("PRWORA"). Final Attorney General's Order issued pursuant to
10 PRWORA is specified under Federal Register Vol. 66, No. 10, Department of Justice Final
11 Specification of Community Programs Necessary for Protection of Life or Safety Under
12 Welfare Reform Legislation.

13 q. RHDC shall comply with all applicable local, state and federal
14 laws in addition to the above mentioned laws.

15 19. INCOME TARGETING REQUIREMENTS. RHDC shall set aside and
16 designate all three (3) units of the Project as "HOME-Assisted Units" as defined under 24 CFR
17 92.252 and which is more fully described in **Exhibit A**.

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

23 a. Initial Occupancy of Vacant Units: Within four (4) months from
24 the recordation of the Notice of Completion, if a HOME-Assisted Unit remains unoccupied or
25 not leased to an eligible tenant, RHDC must provide to COUNTY information about current
26 marketing efforts and an enhanced plan for marketing the unit so that it is leased as quickly as
27 possible.

28 Within twelve (12) months from the recordation of the Notice of Completion (the

1 “Lease Deadline”), if a HOME-Assisted Unit remains unoccupied or not leased to an eligible
2 tenant, then RHDC agrees to repay HOME funds for any HOME-Assisted Unit that is not
3 rented to eligible tenants. RHDC may request an extension of the Lease Deadline from
4 COUNTY if RHDC can provide to COUNTY evidence showing efforts of aggressive
5 marketing efforts and proof that the circumstances that led to the failure to lease the HOME-
6 Assisted Unit(s) by the Lease Deadline were beyond the RHDC’s control. The extension and
7 time of extension is subject to COUNTY’s approval and not guaranteed. The Assistant County
8 Executive Officer/EDA, or designee, has the authority, at his or her discretion, to consent to an
9 extension of the Lease Deadline.

10 The amount of HOME funds to be repaid is based on the HOME Loan, defined
11 in Section 1, prorated by the number of HOME-Assisted Units that are or are not rented to
12 eligible tenants. If all HOME-Assisted Units are not rented to eligible tenants, then COUNTY
13 and RHDC mutually agree that this Agreement will self-terminate and any HOME Loan funds
14 drawn shall be returned within thirty (30) calendar days. Upon such termination, this
15 Agreement shall become null and void. COUNTY and RHDC shall be released
16 and discharged respectively from their obligations under this Agreement. All cost
17 incurred by each party on the Project will be assumed respectively.



18 b. Low HOME and High HOME Rent Limitations: Effective May
19 1, 2014, HUD published the Low HOME rents for the County of Riverside. Low HOME rent
20 for 2 bedroom units is \$717. High HOME rent for 2 bedroom units is \$958. In order to
21 calculate net rent to be charged, an applicable utility allowance must be subtracted from the
22 gross rents listed. Rent limitations for HOME-Assisted Units shall be as set forth under 24
23 CFR 92.252 and such units shall be rented and occupied by income qualified applicants at the
24 HOME rent levels for the County of Riverside, which are published periodically by HUD.

25 c. Initial rent schedule and utility allowance: The maximum monthly
26 allowances for utilities and services (excluding telephone) shall not exceed the utility
27 allowance as set by the Housing Authority of the County of Riverside. COUNTY shall review
28 and approve rents proposed by RHDC for HOME-Assisted Units subject to the maximum rent

1 limitations to ensure that the rents do not exceed the maximum rent minus the monthly
2 allowances for utilities and services.

3 21. TENANT PROTECTIONS. RHDC shall provide protection to the
4 tenants of the HOME-Assisted Units in accordance to the requirements set forth at 24 CFR
5 92.253 and described as follows:

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

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

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

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

22 (3) *Excusing RHDC from responsibility.* Agreement by the
23 tenant not to hold RHDC or RHDC's agents legally responsible for any action or failure to act,
24 whether intentional or negligent;

25 (4) *Waiver of notice.* Agreement of the tenant that RHDC may
26 institute a lawsuit without notice to the tenant;

27 (5) *Waiver of legal proceeding.* Agreement by the tenant that
28 the RHDC may evict the tenant or household members without instituting a civil court

1 proceeding in which the tenant has the opportunity to present a defense, or before a court
2 decision on the rights of the parties;

3 (6) *Waiver of a jury trial.* Agreement by the tenant to waive
4 any right to a trial by jury;

5 (7) *Waiver of right to appeal court decision.* Agreement by
6 the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court
7 decision in connection with the lease;

8 (8) *Tenant chargeable with cost of legal actions regardless of*
9 *outcome.* Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant
10 wins in a court proceeding by RHDC against the tenant. The tenant, however, may be
11 obligated to pay costs if the tenant loses; and

12 (9) *Mandatory supportive services.* Agreement by the tenant
13 (other than a tenant in transitional housing) to accept supportive services that are offered.

14 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
15 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence
16 Against Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L.
17 103-322, 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and
18 termination due to a tenant's status as a victim of domestic violence, dating violence, or
19 stalking, and requires landlords to maintain survivor-tenant confidentiality. VAWA 2013
20 prohibits a tenant who is a survivor of domestic violence, dating violence, sexual assault, and
21 stalking from being denied assistance, tenancy, or occupancy rights based solely on criminal
22 activity related to an act of violence committed against them. It extends housing protections to
23 survivors of sexual assault, and adds "intimate partner" to the list of eligible relationships in
24 the domestic violence definition. Protections also now cover an "affiliated individual," which
25 includes any lawful occupant living in the survivor's household, or related to the survivor by
26 blood or marriage including the survivor's spouse, parent, brother, sister, child, or any person
27 to whom the survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a
28 tenant or lawful occupant who engages in criminal activity directly relating to domestic

1 violence, dating violence, sexual assault, or stalking against an affiliated individual or other
2 individual, or others may be evicted or removed without evicting or removing or otherwise
3 penalizing a victim who is a tenant or lawful occupant. If victim cannot establish eligibility,
4 RHDC must give a reasonable amount of time to find new housing or establish eligibility under
5 another covered housing program. A Notice of Rights under VAWA 2013 for tenants must be
6 provided at the time a person applies for housing, when a person is admitted as a tenant of a
7 housing unit, and when a tenant is threatened with eviction or termination of housing benefits.
8 Tenants must request an emergency transfer and reasonably believe that they are threatened
9 with imminent harm from further violence if the tenant remains in the same unit. The
10 provisions of VAWA 2013 that are applicable to HUD programs are found in title VI of
11 VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence, Dating
12 Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N of
13 VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

14 22. FEDERAL REQUIREMENTS. RHDC shall comply with the provisions
15 of the HOME Program and any amendments thereto and all applicable federal regulations and
16 guidelines now or hereafter enacted pursuant to the Act.

17 23. REPAYMENT INCOME. COUNTY must record the receipt and
18 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
19 92.503.

20 24. SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT. RHDC
21 hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of the Project or
22 any portion thereof, without obtaining the prior written consent of the COUNTY, which
23 consent shall be conditioned upon (a) a County determination that transferee is a CHDO or is
24 otherwise eligible as a wholly-owned subsidiary or partnership of a CHDO and determined by
25 County to be HUD-eligible to receive an allocation of CHDO HOME Set Aside funds pursuant
26 to the requirements set forth in 24 CFR 92.300(a); and (b) receipt by the COUNTY of
27 reasonable evidence satisfactory to the COUNTY, in its sole discretion, that transferee has
28 assumed in writing and in full, and is reasonably capable of performing and complying with

1 the RHDC's duties and obligations under this Agreement , provided, however RHDC shall not
2 be released of all obligations hereunder which accrue from and after the date of such sale.

3 25. INDEPENDENT CONTRACTOR. RHDC and its agents, servants and
4 employees shall act at all times in an independent capacity during the term of this Agreement,
5 and shall not act as, shall not be, nor shall they in any manner be construed to be agents,
6 officers, or employees of COUNTY.

7 26. NONDISCRIMINATION. RHDC shall abide by 24 CFR 570.602 which
8 requires that no person in the United States shall on the grounds of race, color, national origin,
9 religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to
10 discrimination under any program or activity receiving Federal financial assistance made
11 available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions against
12 discrimination of the basis of age under the Age Discrimination Act and the prohibitions
13 against discrimination of the basis of disability under Section 504 shall apply to programs or
14 activities receiving Federal financial assistance under Title I programs. The policies and
15 procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR Part 6.

16 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

17 a. RHDC and its assigns, employees, agents, consultants, officers
18 and elected and appointed officials shall become familiar with and shall comply with the
19 conflict of interest provisions in OMB Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR
20 92.356 and Policy Manual #A-11, attached hereto as **Exhibit F** and by this reference
21 incorporated herein.

22 b. RHDC understands and agrees that no waiver or exception can be
23 granted to the prohibition against conflict of interest except upon written approval of HUD
24 pursuant to 24 CFR 92.356(d). Any request by RHDC for an exception shall first be reviewed
25 by COUNTY to determine whether such request is appropriate for submission to HUD. In
26 determining whether such request is appropriate for submission to HUD, COUNTY will
27 consider the factors listed in 24 CFR 92.356(e).

28 c. Prior to any funding under this Agreement, RHDC shall provide.

1 COUNTY with a list of all employees, agents, consultants, officers and elected and appointed
2 officials who are in a position to participate in a decision-making process, exercise any
3 functions or responsibilities, or gain inside information with respect to the HOME activities
4 funded under this Agreement. RHDC shall also promptly disclose to COUNTY any potential
5 conflict, including even the appearance of conflict that may arise with respect to the HOME
6 activities funded under this Agreement.

7 d. Any violation of this section shall be deemed a material breach of
8 this Agreement shall be immediately terminated by COUNTY.

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

22 29. PROJECT MONITORING AND EVALUATION.

23 a. Tenant Checklist. RHDC shall submit a Tenant Checklist Form to
24 COUNTY, as shown in **Exhibit G** which is attached hereto and by this reference is
25 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
26 composition, number and percentage of very low-income and low-income households who are
27 tenants of the HOME-Assisted Units. The Tenant Checklist Form shall be submitted upon
28 completion of the construction and thereafter, on a semi-annual basis on or before March 31

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

9 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the period
10 of affordability, COUNTY must perform on-site inspections of HOME-assisted rental housing
11 to determine compliance with the property standards of §92.251 and to verify the information
12 submitted by the owners in accordance with the requirements of §92.252. The inspections must
13 be in accordance with the inspection procedures that the participating jurisdiction establishes to
14 meet the inspection requirements of §92.251. The on-site inspections must occur within 12
15 months after Notice of Completion and at least once every 3 years thereafter during the period
16 of affordability. If there are observed deficiencies for any of the inspectable items in the
17 property standards established by COUNTY, in accordance with the inspection requirements of
18 §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur
19 within 12 months. COUNTY may establish a list of non-hazardous deficiencies for which
20 correction can be verified by third party documentation (e.g., paid invoice for work order)
21 rather than re-inspection. Health and safety deficiencies must be corrected immediately, in
22 accordance with §92.251. COUNTY must adopt a more frequent inspection schedule for
23 properties that have been found to have health and safety deficiencies. The property owner
24 must annually certify to the COUNTY that each building and all HOME- assisted units in the
25 project are suitable for occupancy, taking into account State and local health, safety, and other
26 applicable codes, ordinances, and requirements, and the ongoing property standards established
27 by the participating jurisdiction to meet the requirements of §92.251. Inspections must be
28 based on a statistically valid sample of units appropriate for the size of the HOME-Assisted

1 project, as set forth by HUD through notice. For projects with one-to-four HOME-Assisted
2 Units, COUNTY must inspect 100 percent of the HOME-Assisted Units and the inspectable
3 items (site, building exterior, building systems, and common areas) for each building housing
4 HOME-assisted units.

5 30. MONITORING FEE. RHDC shall be responsible for paying an annual
6 compliance monitoring fee to the COUNTY in the amount of \$400 due on July 1st of each year
7 for the monitoring period of July 1st to June 30th commencing July 1, 2016 (the "Monitoring
8 Fee"). The Monitoring Fee is to be adjusted upwards annually, increased by an amount equal
9 to the increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of
10 a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same
11 and shall not decrease.

12 31. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
13 to visit the Project site at all reasonable times, and upon completion of the Project upon
14 reasonable written notice to RHDC, to review the operation of the Project in accordance with
15 this Agreement.

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

18 a. Monetary Default. (1) RHDC's failure to pay when due any sums
19 payable under the HOME Note or any advances made by COUNTY under this Agreement, (2)
20 RHDC's or any agent of RHDC's use of HOME funds for costs other than costs or for uses
21 inconsistent with terms and restrictions set forth in this Agreement, (3) RHDC's or any agent
22 of RHDC's failure to make any other payment of any assessment or tax due under this
23 Agreement, and /or (4) default under the terms of any Junior Loan documents or any other
24 instrument or document secured against the Property;

25 b. Non-Monetary Default - Operation. (1) Discrimination by RHDC
26 or RHDC's agent on the basis of characteristics prohibited by this Agreement or applicable
27 law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior
28 written approval, including, but not limited to those liens or encumbrances expressly prohibited

1 under this Agreement or that have the effect of reducing the priority or invalidating the HOME
2 Deed of Trust, (3) RHDC's failure to obtain and maintain the insurance coverage required
3 under this Agreement, (4) any material default under this Agreement, and/or (5) default under
4 the terms of any Junior Loan documents or any other instrument or document secured against
5 the Property;

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

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

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

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

23 g. Bankruptcy, Dissolution and Insolvency. RHDC's or any general
24 partner of RHDC's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain
25 a full dismissal of any such involuntary filing brought by another party before the earlier of
26 final relief or sixty (60) days after such filing; (2) making a general assignment for the benefit
27 of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or
28 failure to obtain a full dismissal of any such involuntary application brought by another party

1 before the earlier of final relief or seventy-five (75) days after such filing; (4) insolvency; or
2 (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

3 33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
4 monetary and non-monetary Events of Default, the COUNTY shall give written notice to
5 RHDC, at the address listed in Section 53 below, of any Event of Default by specifying: (a) the
6 nature of the Event of Default or the deficiency giving rise to the default, (b) the action
7 required to cure the deficiency, if an action to cure is possible, and (c) a date, which shall not
8 be more than sixty (60) calendar days from the date of the mailing of the notice, by which such
9 action to cure must be taken. RHDC shall have the right to cure any and all defaults under this
10 Agreement no later than sixty (60) calendar days from the date of the mailing of the notice of
11 default.

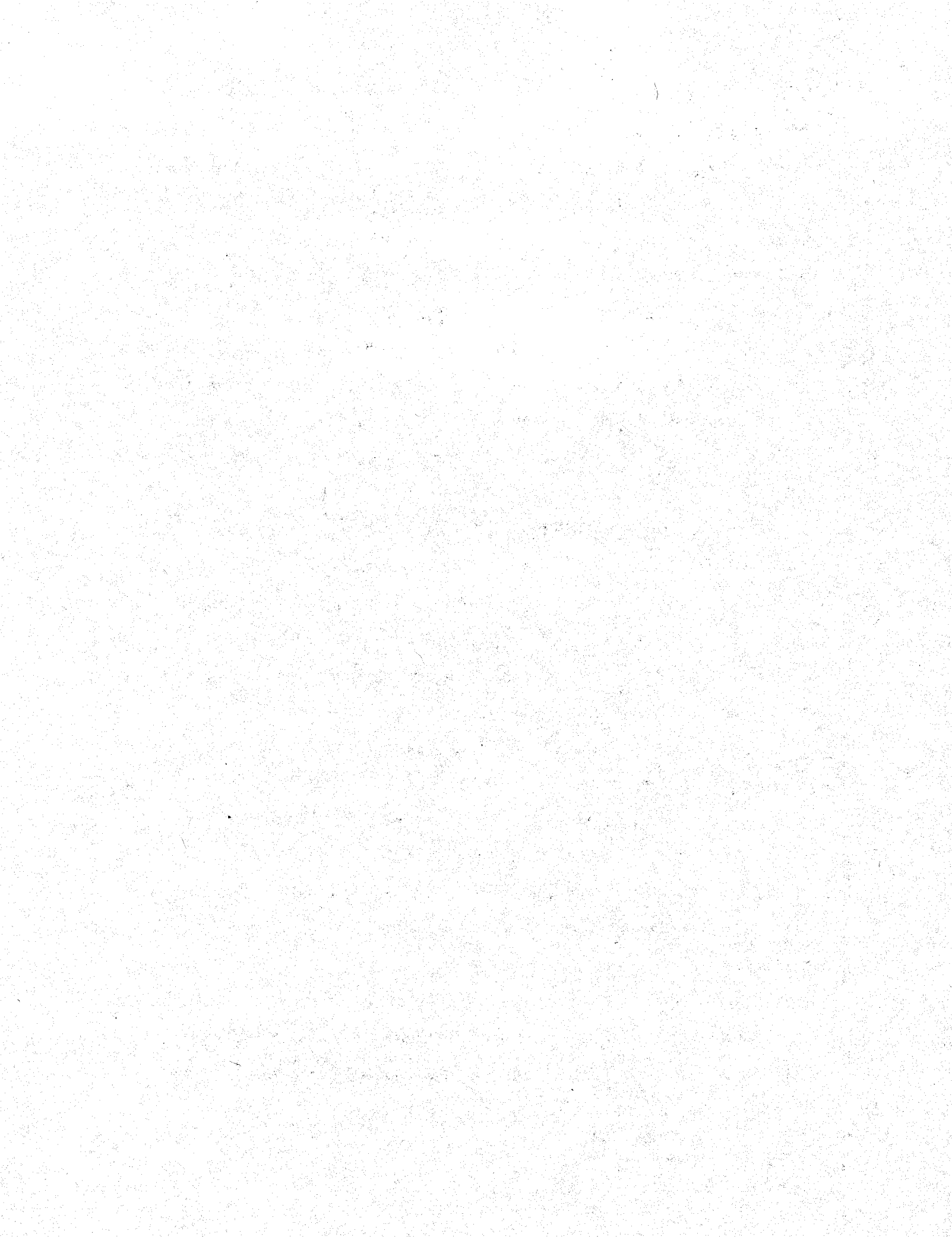
12 34. COUNTY REMEDIES. Upon the occurrence of an Event of Default and
13 a failure by RHDC to cure said default within the time period specified in the notice of default
14 (if an action to cure is specified in said notice), COUNTY's obligation to disburse HOME
15 funds shall terminate, and COUNTY may also in addition to other rights and remedies
16 permitted by this Agreement or applicable law, proceed with any or all of the following
17 remedies in any order or combination COUNTY may choose in its sole discretion:

18 a. Terminate this Agreement, in which event the entire amount as
19 well as any other monies advanced to RHDC by COUNTY under this Agreement including
20 administrative costs, shall immediately become due and payable at the option of COUNTY.

21 b. Bring an action in equitable relief (1) seeking the specific
22 performance by RHDC of the terms and conditions of this Agreement, and/or (2) enjoining,
23 abating, or preventing any violation of said terms and conditions, and/or (3) seeking
24 declaratory relief.

25 c. Accelerate the HOME Loan, and demand immediate full payment
26 of the principal payment outstanding and all accrued interest under the HOME Note, as well as
27 any other monies advanced to RHDC by COUNTY under this Agreement.

28 d. Enter the Project and take any remedial actions necessary in its



1 judgment with respect to hazardous materials that COUNTY deems necessary to comply with
2 hazardous materials laws or to render the Project suitable for occupancy.

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

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

9 35. Intentionally Blank.

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

20 37. RHDC'S CERTIFICATION. RHDC certifies, to the best of its
21 knowledge and belief, that:

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

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

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

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

26 With respect to any action or claim subject to indemnification herein by RHDC,
27 RHDC shall, at their sole cost, have the right to use counsel of their own choice and shall have
28 the right to adjust, settle, or compromise any such action or claim without the prior consent of

1 COUNTY; provided, however, that any such adjustment, settlement or compromise in no
2 manner whatsoever limits or circumscribes RHDC'S indemnification to COUNTY as set forth
3 herein.

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

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

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

14 39. TERMINATION.

15 a. RHDC. RHDC may terminate this Agreement consistent with the
16 applicable HOME Program regulations, and 24 CFR 85.44.

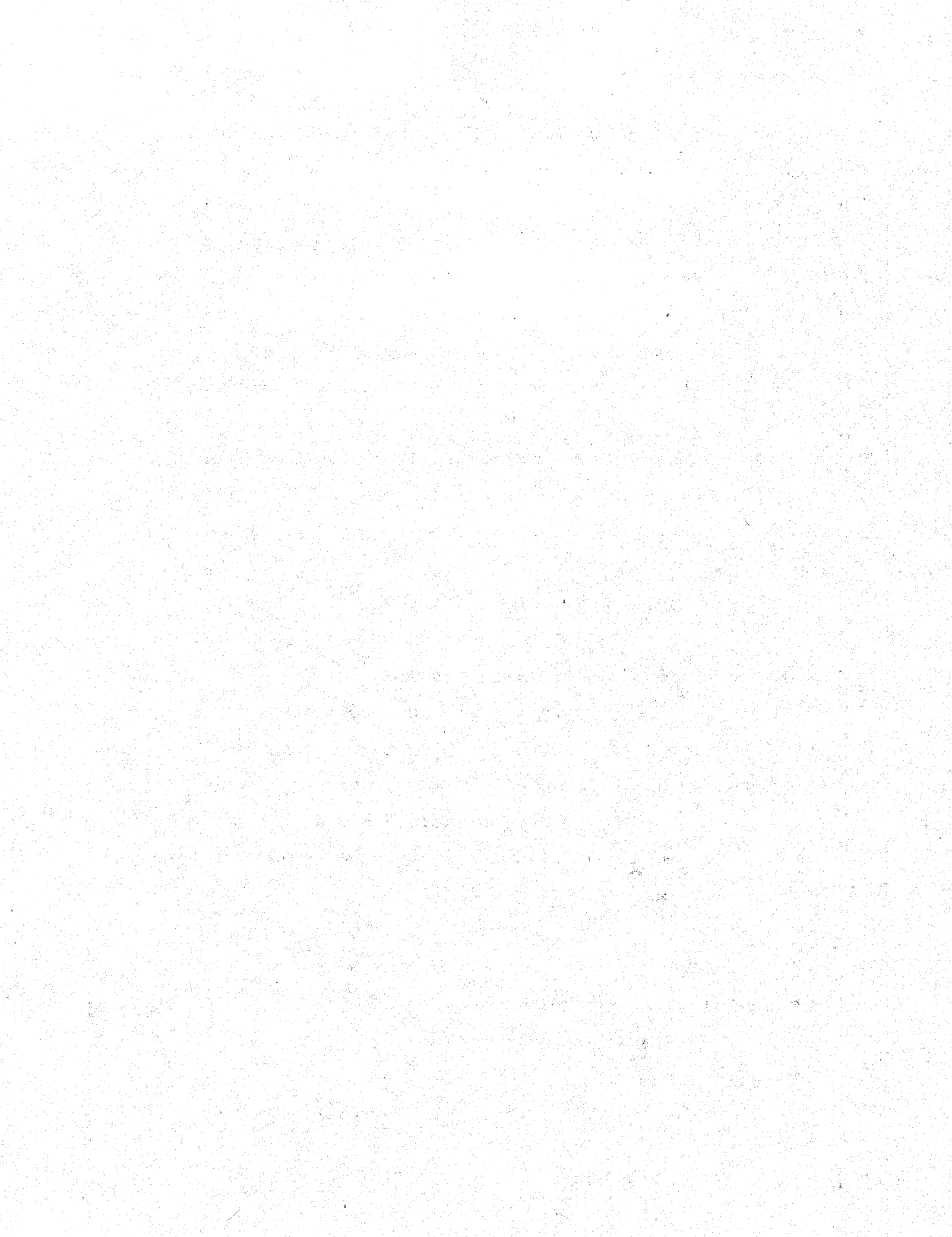
17 b. COUNTY. Notwithstanding the provisions of Section 39(a),
18 COUNTY may suspend or terminate this Agreement upon written notice to RHDC of the action
19 being taken and the reason for such action in the event one of the following events occur:

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

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

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

28 c. This Agreement may be terminated or funding suspended in whole



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

7 d. Upon expiration of this Agreement, RHDC shall transfer to
8 COUNTY any unexpended HOME funds in its possession at the time of expiration of this
9 Agreement as well as any accounts receivable held by RHDC which are attributable to the use
10 of HOME funds awarded pursuant to this Agreement.

11 40. AFFORDABILITY RESTRICTIONS. COUNTY and RHDC hereby
12 declare their express intent that the restrictions set forth in this Agreement shall continue in full
13 force and effect for a period of fifty-five (55) years from and after the recordation of the Notice
14 of Completion for the Project without regard to the HOME Loan Term, the Agreement Term,
15 repayment of the HOME investment, or the transfer of ownership, and shall bind all successors
16 in title to the property. Each and every contract, deed or other instrument hereafter executed
17 covering and conveying the Property or any portion thereof shall be held conclusively to have
18 been executed, delivered and accepted subject to such restrictions, regardless whether such
19 restrictions are set forth in such contract, deed or other instrument. RHDC shall execute and
20 record as a lien against the Property, a Covenant Agreement, substantially conforming in form
21 and substance to the Covenant Agreement attached hereto as **Exhibit J** and incorporated
22 herein by this reference, setting forth in the affordability and income restriction required in this
23 Agreement.

24 41. MECHANICS LIENS AND STOP NOTICES. If any claim of
25 mechanics lien is filed against the Project or a stop notice affecting the HOME Loan is served
26 on COUNTY, RHDC must, within twenty (20) days of such filing or service, either pay and
27 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
28 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other

1 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
2 discharged.

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

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

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

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

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

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

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

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

18 50. MEDIA RELEASES. RHDC agrees to allow COUNTY to provide input
19 regarding all media releases regarding the Project. Any publicity generated by RHDC for the
20 Project must make reference to the contribution of COUNTY in making the Project possible.
21 COUNTY's name shall be prominently displayed in all pieces of publicity generated by
22 RHDC, including flyers, press releases, posters, signs, brochures, and public service
23 announcements. RHDC agrees to cooperate with COUNTY in any COUNTY-generated
24 publicity or promotional activities with respect to the Project.

25 51. CONDITIONAL HOME COMMITMENT.

26 a. Acquisition. If RHDC cannot acquire the Property by the
27 Acquisition Deadline as set forth in the Implementation Schedule in **Exhibit A** of this
28 Agreement, then COUNTY and RHDC mutually agree that this Agreement will self-terminate

1 HOME Loan funds drawn to date shall be returned within thirty (30) calendar days. Upon such
2 termination, this Agreement shall become null and void. COUNTY and RHDC shall be
3 released and discharged respectively from their obligations under this
4 Agreement, except for those provisions which by their terms survive
5 termination. All cost incurred by each party on the Project will be assumed
6 respectively.



7 d. Tenant Leases. RHDC shall comply with the initial occupancy
8 requirements set forth in Section 20(a) of this Agreement.

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

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

17	<u>COUNTY</u>	<u>RHDC</u>
18	Assistant Director, Housing	Executive Director
19	Riverside County	Riverside Housing Development Corporation
20	Economic Development Agency	4250 Brockton Avenue
21	5555 Arlington Avenue	Riverside, CA 92501
	Riverside, CA 92504	

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

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

28 ///

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

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

RHDC:
Riverside Housing Development Corporation,
a California nonprofit public benefit corporation,

7 By: _____
8 Jeff Stone, Chairman
9 Board of Supervisors

By: 
Bruce Kulpa, Executive Director

10 Date: _____

Date: 5/13/14

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

14
15 By: _____
16 Deputy

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

20
21 By: _____
22 Jhaila R. Brown, Deputy County Counsel

23
24
25
26 **(COUNTY and RHDC signatures need to be notarized)**
27
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On 5-13-14, before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kulpa
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal.

Signature Jean Barry
Signature of Notary Public

Place Notary Seal Above

JEAN BARRY
Commission # 180348
Notary Public - California
Riverside County
My Comm. Expires Dec 18, 2012



1 IN WITNESS WHEREOF, COUNTY and RHDC have executed this Agreement

2 as of the date first above written.

3 COUNTY:

RHDC:

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

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation,

6
7 By: Jeff Stone
8 Jeff Stone, Chairman
9 Board of Supervisors

By: _____
Bruce Kulpa, Executive Director

10 Date: 4/13/14

Date: _____

11 ATTEST:

12 KECIA HARPER-IHEM
13 Clerk of the Board

14
15 By: [Signature]
16 Deputy

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

20
21 By: Jhila R. Brown
22 Jhila R. Brown, Deputy County Counsel

23
24
25
26 (COUNTY and RHDC signatures need to be notarized)

