

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

801



FROM: Economic Development Agency

SUBMITTAL DATE:

January 14, 2015

SUBJECT: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom III Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$1,265,000], HOME Investment Partnership Act Funds 100%; Project is Exempt Under CEQA

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);
2. 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 58.359(a) and in accordance with the National Environmental Policy Action of 1969;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 1,265,000	\$ 0	\$ 1,265,000	\$ 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: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione and Ashley
Nays: None
Absent: Benoit
Date: January 27, 2015
xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.:

District: 3

Agenda Number:

3-3

FORM APPROVED COUNTY COUNSEL
DATE 1/14/15
BY: GREGORY P. PRIAMOS

Departmental Concurrence

FISCAL PROCEDURES APPROVED
1/9/15
PAUL ANGLUCCI CPA AUDITOR-CONTROLLER
BY: Esteban Hernandez

- 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: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom III Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$1,265,000], HOME Investment Partnership Act Funds 100%; Project is Exempt Under CEQA

DATE: January 14, 2015

PAGE: 2 of 4

RECOMMENDED MOTION: (Continued)

3. Approve the attached Loan Agreement for the Use of HOME Funds, including all attachments thereto (Loan Agreement), in the amount of \$1,265,000, between the County of Riverside and Riverside Housing Development Corporation, to pay a portion of the acquisition and rehabilitation costs for the Orange Blossom III Apartments in the Community of Valley Vista in the unincorporated area of the County of Riverside;
4. Approve the attached Deed of Trust with Assignment of Rent , HOME Loan Promissory Note and Covenant Agreement;
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 execute a Subordination Agreement subordinating the County's Deed of Trust with Assignment of Rents to a Deed of Trust for the benefit of the Community Development Financial Institution Fund securing a permanent loan for the project in an amount up to \$225,000, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, Deed of Trust with Assignment of Rent, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
8. Direct Riverside County EDA staff to file the Notice of Exemption within five working days.

BACKGROUND:

Summary

Riverside Housing Development Corporation, a California nonprofit public benefit corporation (RHDC), participates in the development and operation of housing that is affordable to low and moderated income people within the County of Riverside, combating community deterioration, and eliminating neighborhood blight. RHDC currently owns and operates 16 of 20 rental properties located on Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside (Orange Blossom Properties). Prior to RHDC acquiring the Orange Blossom Properties, Orange Blossom Lane, formerly known as Marine Drive, consisted of significant health and safety issues, including sub-standard housing, crime and gang activity. Since RHDC's acquisition of the Orange Blossom Properties, the health and safety issues within the immediate area have been drastically reduced and are non-existent on the properties owned by RHDC. Historically, the County of Riverside has assisted RHDC in the acquisition of these properties through funding from the former Redevelopment Agency and with HOME Investment Partnership Program (HOME) funds.

(Continued)

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

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom III Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$1,265,000], HOME Investment Partnership Act Funds 100%; Project is Exempt Under CEQA

DATE: January 14, 2015

PAGE: 3 of 4

BACKGROUND:

Summary (Continued)

RHDC is now proposing to utilize \$1,265,000 in HOME funds (HOME Loan) to acquire and rehabilitate two of the four remaining sub-standard rental properties located on Orange Blossom Lane. If approved, the HOME Loan would be evidenced by a Promissory Note in favor of the County (HOME Loan Note), which would be secured by a Deed of Trust with Assignment of Rents for the benefit of the County (HOME Loan Deed of Trust). The proposed HOME Loan Deed of Trust and HOME Loan Note are attached hereto.

The proposed third phase will be located at 41933 and 41883 Orange Blossom Lane, Hemet, CA 92544 (Community of Valle Vista) (Property) and will consist of the acquisition and rehabilitation of two existing buildings, one building consisting of three units (one 3-bedroom and two 2-bedroom units) and one building consisting of four units (four 2-bedroom units) ("Proposed Project"). All units will be designated as HOME assisted units pursuant to HOME regulations. Two 2-bedroom units will be restricted for occupancy and rent by households whose incomes do not exceed 50% of the area median income for the County of Riverside with respect to household size and four 2-bedroom units and one 3-bedroom unit will be restricted for occupancy and rent by households whose incomes do not exceed 60% of the area median income for the County of Riverside. The use and occupancy of the Property and the HOME-assisted units located thereon will be restricted for the following period, the earlier to occur of (i) July 1, 2072 or (ii) fifty-five (55) years from the recordation of the Notice of Completion for the last building for which rehabilitation is completed for the Project. The aforementioned use and occupancy restrictions will be set forth in a recorded covenant agreement.

The total development cost for the Proposed Project is estimated to be \$1,490,000 which will be partially funded by a \$225,000 loan from the Community Development Financial Institution (CDFI) evidenced by a Promissory Note and secured by a Deed of Trust which will be recorded against the Property in a first priority lien position. The proposed County HOME Loan Deed of Trust will be in second position behind the CDFI loan Deed of Trust. The terms of the proposed HOME Loan and obligations of RHDC and the County are memorialized in the proposed Loan Agreement for the Use of HOME Funds attached hereto ("HOME Loan Agreement").

The proposed activities meet the conditions of 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 2014/2015 One-Year Action Plan on January 13, 2015. In addition, pursuant to the California Environmental Quality Act (CEQA), the HOME Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project, the HOME Loan Agreement, involves the loan of HOME funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment. A Notice of Exemption will be filed with the County Clerk upon approval of the HOME Loan Agreement.

(Continued)

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

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom III Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$1,265,000], HOME Investment Partnership Act Funds 100%; Project is Exempt Under CEQA

DATE: January 14, 2015

PAGE: 4 of 4

BACKGROUND:

Summary (Continued)

County Counsel has reviewed and approved the attached HOME 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 HOME Loan Agreement for the Use of HOME funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement.

Impact on Citizens and Businesses

The acquisition and rehabilitation of the two additional properties on Orange Blossom Lane will have a positive impact on residents and businesses as it will continue to lessen health and safety issues in that area making Orange Blossom Lane a decent and safe place for residents to live. The project is also expected to create jobs in construction, property maintenance and property management.

Attachments:

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

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103
3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

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

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 **LOAN AGREEMENT FOR THE USE OF HOME FUNDS**

15 This Loan Agreement for the Use of HOME Funds ("Agreement") is made and
16 entered into this 27th day of January, 2015 by and between the COUNTY OF
17 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and Riverside
18 Housing Development Corporation, a California non-profit public benefit corporation
19 ("BORROWER"). The COUNTY and BORROWER may be individually referred to herein as
20 a "Party" and collectively as the "Parties."

21 WITNESSETH:

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

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

10 WHEREAS, BORROWER desires to perform the following in the Community
11 of Valle Vista, collectively referred to herein as the “Project” (i) acquire that certain real
12 property known as 41933 Orange Blossom Lane, Hemet, CA 92544, identified as Assessor
13 Parcel Number 438-110-060 located in the Community of Valle Vista, as more specifically
14 described in the legal description and depicted on the site map attached hereto as **Exhibit A**
15 and incorporated herein by this reference (“Property A”) and rehabilitate thereon the existing
16 three (3) unit apartment complex (one 3-bedroom unit and two 2-bedroom units) which shall
17 be rented to and occupied by very low and low income households, and (ii) acquire that
18 certain real property known as 41883 Orange Blossom Lane, Hemet, CA 92544, identified as
19 Assessor Parcel Number 438-110-056 (“Property B”) and rehabilitate thereon the existing four
20 (4) unit apartment complex (four 2-bedroom units) which shall be rented to and occupied by
21 very low and low income households. The Project will consist of a total of seven (7) units.
22 Property A and Property B are collectively referred to herein as the “Property;”

23 WHEREAS, the purpose of this Agreement is, among other things, for the
24 County to reserve and commit up to One Million Two Hundred and Sixty Five Thousand
25 Dollars (\$1,265,000) consisting of HOME CHDO set-aside funds, to provide financial
26 assistance to Borrower to pay a portion of the acquisition and rehabilitation costs related to the
27 Project, as more fully described herein; and

28 WHEREAS, the HOME-assisted activities described herein comply with the

1 objectives as required under 24 CFR Part 92 and are consistent with the County's Consolidated
2 Plan.

3 NOW, THEREFORE, based upon the foregoing Recitals and for good and
4 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
5 COUNTY and BORROWER hereby agree as follows:

6 1. PURPOSE. COUNTY has agreed to lend up to One Million Two
7 Hundred and Sixty Five Thousand Dollars (\$1,265,000) of HOME funds to BORROWER
8 upon the satisfaction of the terms and conditions set forth herein ("HOME Loan"). Subject to
9 **Sections 49 and 50** below, BORROWER shall undertake and complete the HOME activities
10 required herein and as set forth in **Exhibit A** attached hereto and incorporated herein by this
11 reference, and shall utilize the HOME funds, as required herein and pursuant to the HOME
12 Program. Once the Project is completed, during the Affordability Period (as defined in Section
13 14 below), the Project shall be rented to and occupied by households that qualify as very low
14 income and low income households pursuant to 24 CFR Section 92.2 ("Qualified Household")
15 for an affordable rent pursuant to 24 CFR Section 92.252 and as specifically provided in
16 **Exhibit A** ("Affordable Rent"). To remain a Qualified Household, such household shall
17 occupy their respective unit within the Project as their principal residence.

18 The Project shall consist of a total of seven (7) affordable rental apartment units
19 described as follows, (i) one 3-bedroom unit and two 1-bedroom units on Property A which
20 shall be rented to and occupied by low income households ; and (ii) four 2-bedroom units
21 located on Property B which shall be rented to and occupied by very low and low income
22 households, as more specifically described in **Section 18** below, **Exhibit A** and the Covenant
23 Agreement attached hereto as **Exhibit H** and incorporated herein by this reference
24 (collectively, "County HOME Assisted Units").

25 2. BORROWER'S OBLIGATIONS. Upon the commencement of the
26 Effective Date (defined in **Section 56** below), BORROWER hereby agrees to undertake and
27 complete the following activities within the time periods set forth herein and in **Exhibit A**:

28 a. Develop the Project in accordance with the timeline set forth in

1 **Exhibit A.**

- 2 b. Acquire fee title to the Property no later than the date set forth in
- 3 **Exhibit A**, including any County approved extensions thereto.
- 4 c. Operate the Project in such a manner so that it will remain affordable
- 5 to Qualified Households for the Affordability Period as defined in
- 6 **Section 14** herein without regard to (i) the term of the promissory
- 7 note or (ii) transfer of ownership.
- 8 d. Maintain the Project in compliance with applicable local, state,
- 9 federal laws, codes and regulations until the expiration of the term of
- 10 this Agreement and the Affordability Period.
- 11 e. Provide the COUNTY the Data Universal Number as assigned by the
- 12 Data Universal Number System (DUNS) assigned to BORROWER as
- 13 required by the Federal Funding Accountability and Transparency
- 14 Act of 2006.
- 15 f. Cooperate with the Riverside County Work Force Development
- 16 Center (WDC) and post all jobs created as a result of this Project with
- 17 the WDC. Evidence that this requirement has been met shall be
- 18 submitted to the COUNTY prior to start of construction.

19 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and

20 complete the following activities, subject to its receipt of HOME funds from U.S. Department

21 of Housing and Urban Development ("HUD") and Borrower's satisfactory completion of the

22 conditions precedent to disbursement of HOME funds set forth in this Agreement:

- 23 a. Provide the HOME Loan to Borrower in the amount identified in
- 24 **Section 1**, to be used to pay a portion of the acquisition costs and
- 25 HOME-eligible rehabilitation/construction costs for the Project.
- 26 b. Comply with all of its obligations as participating jurisdiction under
- 27 the applicable regulations set forth in 24 CFR Part 92.

28 4. HOME Loan. Subject to the satisfaction of the conditions precedent to

1 disbursement of the HOME Loan set forth in **Section 11** below, County shall provide financing
2 to Borrower in the form of a loan in the amount of \$1,265,000 (“HOME Loan”), pursuant to
3 the following terms and conditions:

4 a. Term. The maturity of the HOME Loan shall be the later to occur of
5 (i) July 1, 2072 or (ii) fifty-five (55) years from the recordation of the
6 Notice of Completion in the Official Records for the last building for
7 which rehabilitation is completed for the Project (the “HOME Loan
8 Term”). The term, “Official Records” used herein shall mean the
9 Official Records of the Recorder’s Office of the County of Riverside.

10 b. Principal. The principal of the HOME Loan shall not exceed
11 \$1,265,000, and shall be evidenced by a Promissory Note,
12 substantially conforming in form and substance to the Promissory
13 Note attached hereto as **Exhibit C** and incorporated herein by this
14 reference (“HOME Note”), which note shall be secured by a Deed of
15 Trust with Assignment of Rents, substantially conforming in form
16 and substance to the Deed of Trust with Assignment of Rents
17 attached hereto as **Exhibit B** and incorporated herein by this
18 reference (“HOME Deed of Trust”).

19 c. Interest. The interest rate shall be zero percent (0%) simple interest
20 per annum.

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

22 1) That the HOME Loan will accrue simple interest at a rate of
23 zero percent (0%) per annum, except in the case of an event of
24 default as hereinafter provided wherein a higher default
25 interest rate shall apply as more specifically set forth in the
26 Promissory Note, and shall be repaid on an annual basis from
27 the Project’s Residual Receipts (defined below). Interest will
28 begin to accrue 30 days from the recordation of the Notice of

1 Completion in the Official Records.

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

3 i) Fifty percent (50%) of the Project's Residual
4 Receipts shall be used towards the payment of the
5 Residual Receipts loans secured by the Project, and
6 the payment shall be prorated based on the
7 percentage of each respective loan amount based
8 upon the total amount of all such loans, until the
9 HOME Note is repaid in full; and

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

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

28 4) The term Project's Residual Receipts as used herein shall

1 mean gross receipts, not including interest on required reserve
2 accounts, less the following:

- 3 i) auditing and accounting fees;
- 4 ii) a reasonable property management fee not to
5 exceed \$55 per unit per month, increased annually
6 by an amount equal to the increase in the
7 Consumer Price Index for Los Angeles-Riverside-
8 Orange County, CA area ("CPI");
- 9 iii) operating expenses (any expense reasonably and
10 normally incurred in carrying out the Project's
11 day-to-day activities, which shall include
12 administration, on-site management, utilities, on-
13 site staff payroll, payroll taxes, and maintenance);
- 14 iv) replacement reserves, established in a separate
15 account from operating reserves, limited to \$400
16 per Unit, as defined in **Exhibit A**, increased
17 annually by an amount equal to the increase in
18 CPI;
- 19 v) Operating Reserves in an amount up to \$25,000;
- 20 vi) payments of principal and interest on amortized
21 loans and indebtedness senior to the HOME Loan,
22 which have been approved by COUNTY
23 (collectively, the "Senior Debt"); and
- 24 vii) COUNTY's Annual Monitoring Fee in the amount
25 of \$100 per all Project units (\$700 annual total),
26 increased annually by an amount equal to the
27 increase of the Consumer Price Index (CPI), as
28 more specifically discussed in **Section 29**.

1 e. Security. The HOME Deed of Trust and the terms of this Agreement
2 shall be in second priority, junior to a Deed of Trust for the benefit of
3 Clearinghouse Community Development Financial Institution or
4 another other lender mutually agreed upon by the Parties in writing
5 (“Clearinghouse CDFI” or the “Senior Loan”). Borrower shall cause
6 Clearinghouse CDFI or any other approved senior lender to execute
7 and record in the Official records, a Subordination Agreement,
8 substantially in a form and of substance approved by the County,
9 which, among other things, grants the County notice and opportunity
10 to cure events of default under the Senior Loan documents.

11 f. Prepayment. Prepayment of principal and/or interest under the
12 HOME Note may occur at any time without penalty; provided,
13 however (i) the requirements of **Section 17**, Compliance with Laws
14 and Regulations, shall remain in full force and effect for the term of
15 the Agreement specified in **Section 6** below; and (ii) the affordability
16 requirements set forth in the Covenants shall remain in effect until the
17 expiration of the Affordability Period.

18 5. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY’S
19 written approval, through the Assistant County Executive Officer for the Economic
20 Development Agency or his designee (“Assistant CEO/EDA”), of all items requiring such
21 approvals as described in this Agreement.

22 6. TERM OF AGREEMENT. This Agreement shall become effective upon
23 the Effective Date, as defined in **Section 55** below, and unless terminated earlier pursuant to
24 the terms hereof, shall continue in full force and effect until the later to occur of (i) July 1,
25 2072 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the
26 Official Records for the last building for which rehabilitation is completed for the Project
27 (“term of Agreement”)

28 7. BORROWER’S REPRESENTATIONS. BORROWER represents and

1 warrants to COUNTY as follows:

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

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

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

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

1 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
2 with the implementation schedule (“Implementation Schedule”) set forth in **Exhibit A**, (as
3 such schedule may be amended pursuant to **Section 10**) and subject to Force Majeure Delays,
4 as defined in **Section 9**.

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

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

26 10. EXTENSION OF TIME. COUNTY may grant an extension to the
27 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's
28 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request

1 said extension in writing, stating the reasons therefore, which extension must be first approved
2 in writing by the COUNTY in its reasonable discretion. The Assistant County Executive
3 Officer/ Economic Development Agency (“Assistant CEO/EDA”) or designee, on behalf of the
4 COUNTY and without referring such matter to the County’s Board of Supervisor’s may extend
5 all pending deadlines in the Implementation Schedule on two (2) or fewer occasions, so long as
6 the aggregate duration of such administrative time extensions is no greater than ninety (90)
7 days. Every term, condition, covenant, and requirement of this Agreement shall continue in
8 full force and effect during the period of any such extension.

9 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN.

10 COUNTY, through its EDA, shall: (1) make payments of the HOME funds to BORROWER
11 as designated in **Exhibit A** subject to Borrower’s satisfaction so of the conditions precedent set
12 forth below, and (2) monitor the Project to ensure compliance with applicable federal
13 regulations and the terms of this Agreement. County shall not disburse any HOME funds
14 pursuant to this Agreement until the following conditions precedent have been satisfied:

- 15 a. BORROWER executes this Agreement and delivers to County for
16 recordation in the Official Records;
- 17 b. Borrower submits written evidence to the County that Borrower has
18 obtained sufficient financing commitments necessary to undertake the
19 acquisition and rehabilitation of the project as required herein;
- 20 c. BORROWER provides the County with the Data Universal Number
21 as assigned by the Date Universal Number System assigned to
22 Borrower as required by the Federal Accountability and Transparency
23 Act of 2006;
- 24 d. BORROWER provides County with evidence of insurance as
25 required herein;
- 26 e. BORROWER executes the HOME Deed of Trust, substantially
27 conforming in form and substance to the Deed of Trust with
28 Assignment of Rents attached hereto as **Exhibit B**, in recordable

- 1 form, and delivers such document to the County for recordation in the
2 Official records;
- 3 f. BORROWER executes the HOME Note, substantially conforming in
4 form and substance to the Promissory Note attached hereto as **Exhibit**
5 **C** and delivers to the County;
- 6 g. BORROWER executes the Covenant Agreement, substantially
7 conforming in form and substance to the Covenant Agreement
8 attached hereto as **Exhibit H** and incorporated herein by this
9 reference, in recordable form, and delivers to the County for
10 recordation in the Official Records;
- 11 h. County executes and records the Request for Notice of Default
12 conforming in form and substance to **Exhibit I** attached hereto;
- 13 i. BORROWER provides, at its expense, an ALTA lender's policy in
14 favor of the County, insuring the HOME Deed of Trust as a second
15 priority lien against the Property junior only to the Senior Loan;
- 16 j. BORROWER provides satisfactory evidence that it has all the
17 financing documents required to cause the proceeds of the CDFI
18 Loan, when combined with the HOME Loan, to pay for acquisition
19 and rehabilitation costs;
- 20 k. Borrower is not in default under the terms of this Agreement;
- 21 l. BORROWER submits evidence that all jobs created as a result of this
22 project shall be posted with the Riverside County Workforce
23 Development Center (WDC).
- 24 m. BORROWER provides satisfactory evidence that it has secured any
25 and all land use entitlements, permits, approvals which may be
26 required for construction of the Project pursuant to the applicable
27 rules and regulations of, COUNTY, or any other governmental
28 agency affected by such construction work. BORROWER shall,

1 without limitation, secure all entitlement, change of zone, lot line
2 adjustment, any and all necessary studies required including but not
3 limited to archaeological, cultural, environmental, traffic studies and
4 lead-based paint surveys, as applicable, and required, and pay all
5 costs, charges and fees associated therewith, all conditions precedent
6 to the issuance of all permits necessary for the construction of the
7 development and all such permits are available for issuance, other
8 than payment of fees;

- 9 n. BORROWER provides duly executed documents and instruments
10 evidencing that Borrower owns fee title to the Property;
- 11 o. BORROWER provides satisfactory evidence that it has satisfied all
12 conditions precedent to the issuance of all permits necessary for the
13 rehabilitation of the development and all such permits are available
14 for issuance, other than payment of fees;
- 15 p. If Davis Bacon and/or prevailing wages are required to be paid,
16 BORROWER hires a qualified professional firm to review and
17 monitor Davis Bacon and/or prevailing wage compliance for all
18 submissions of contractors certified payrolls to COUNTY. In the
19 event that the Project requires prevailing wages, BORROWER shall
20 comply with any applicable labor regulations and all other State Laws
21 in connection with the construction of the improvements which
22 compromise the Project, including if applicable, requirements relating
23 to prevailing wages. BORROWER agrees and acknowledges that it is
24 the responsibility of BORROWER to obtain legal determination, at
25 BORROWER's sole cost and expense, as to whether prevailing
26 wages must be paid during the construction of the Project. If the
27 Project is subject to prevailing wage, then BORROWER shall be
28 solely responsible to pay its contractors and subcontractors the

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

6 q. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
7 BORROWER, and its principals, or any/all persons, contractors,
8 consultants, businesses, etc. ("Developer Associates"), that
9 BORROWER is conducting business with, are not presently debarred,
10 proposed for debarment, suspended, declared ineligible, or voluntarily
11 excluded from participation or from receiving federal contracts or
12 federally approved subcontracts or from certain types of federal
13 financial and nonfinancial assistance and benefits with the Excluded
14 Parties Listing System ("EPLS"). EPLS records are located at
15 www.sam.gov; and

16 r. BORROWER shall search and provide a single comprehensive list of
17 Developer Associates (individuals and firms) and print and maintain
18 evidence of the search results of each Developer Associate as
19 verification of compliance with this requirement as provided in
20 **Exhibit J**, which is attached hereto and by this reference incorporated
21 herein.

22 COUNTY shall retain ten percent (10%) of the total HOME Loan amount and
23 release final draw down of HOME funds upon receipt of all of the following:

- 24 1) Conditional lien release from general contractor;
- 25 2) recorded Notice of Completion;
- 26 3) Certificate of Occupancy;
- 27 4) architect certification identifying units that are accessible
28 to individuals with mobility impairments and units that are

1 accessible to individuals with sensory impairments in
2 compliance with Section 504 of the Rehabilitation Act of
3 1973, as described in **Section 17(i)**;

4 5) final Contract and Subcontract Activity report, Minority
5 Business Enterprise/Women Business Enterprise
6 (“MBE/WBE”) report, HUD form 2516;

7 6) submission of documentation that shows compliance with
8 the Uniform Relocation Assistance and Real Property
9 Acquisition Policies Act of 1970 and 24 CFR Part 42.

10 7) submission of a Project completion report including
11 Tenant Checklist as shown in **Exhibit G** which is attached
12 hereto and by this reference incorporated herein;

13 8) Affirmative Fair Housing Marketing Plan – Multifamily
14 Housing, HUD form 935.2A, as described in **Section**
15 **17(c)**;

16 9) Tenant Selection Policy;

17 10) Management Plan;

18 11) final development costs; and

19 12) final sources and uses of funds for the project.

20 Provided Borrower has executed this Agreement and this Agreement has been recorded
21 in the Official Records, BORROWER shall be permitted to draw down no more than Five
22 Thousand (\$5,000) Dollars in HOME Loan funds for eligible soft costs incurred for the Project
23 prior to satisfaction of the remaining conditions precedent to distribution of the HOME Loan
24 funds set forth in this **Section 11** above. Should the Project be cancelled, all funds drawn
25 down shall be paid back by BORROWER to County within thirty (30) calendar days after
26 receiving a request for payment from the COUNTY.

27 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
28 acquisition deadline set forth in the Implementation Schedule in **Exhibit A**, (2) the

1 Construction Start Deadline as set forth in **Section 49(a)**; (3) the Completion Deadline as set
2 forth in **Section 49(b)**; (4) the Lease Deadline as set forth in **Section 19(a)**, and/or or (5) the
3 Project Financing Contingency in **Section 50**, all of which are herein (collectively, the
4 "Performance Deadlines"), subject to the notice and cure periods as set forth in **Section 32**
5 herein, then the funds allocated, reserved, or placed in a HOME Investment Trust Fund may be
6 reallocated by COUNTY after at least thirty (30) days' prior written notice is given to
7 BORROWER. Upon such reallocation and repayment of funds, this Agreement shall be
8 terminated and be of no further force and effect and Borrower shall be released and discharged
9 from any obligations under this Agreement, except as to those obligations which survive
10 termination by their terms.

11 12a.) CHDO DESIGNATION. Pursuant to 24 CFR 92.300(a), the
12 Project is funded using HOME CHDO set aside ("Set-Aside") funds as
13 that term is defined in 24 CFR 92.300(a). Borrower hereby understands
14 and agrees that the HOME CHDO Set Aside funds provided by County
15 for this Project pursuant to this Agreement must be allocated only for
16 housing developed, sponsored or owned by a CHDO, its subsidiary or
17 partnership of which it or its subsidiary is the managing general partner.
18 Borrower represents that since BORROWER is the sole owner and
19 manager of the Project, it is eligible to receive HOME funds and conduct
20 activities pursuant to this Agreement. Any proposed sale, assignment or
21 other transfer of the Project shall be subject to the provisions set forth in
22 **Section 24**, Sale or Transfer of the Project, herein.

23 13. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
24 established in the United States Treasury is managed through HUD, Integrated Disbursement
25 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS
26 System is a computerized system which manages, disburses, collects, and reports information
27 on the use of HOME funds in the United States Treasury Account. Disbursement of HOME
28 funds shall occur upon the satisfactory receipt of copies of invoices and conditional (upon

1 receipt of payment) lien releases for construction costs to be paid with the proceeds of the
2 HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of
3 conditions set forth in **Section 11**. COUNTY shall disburse to BORROWER the sum specified
4 in **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized
5 schedule shown in **Exhibit A**:

- 6 a. Up to \$600,000 will be funded in escrow for the acquisition of
7 properties as described in **Exhibit A**.
- 8 b. Up to fifty percent (50%) of the HOME Loan at the
9 commencement of construction.
- 10 c. Up to ninety percent (90%) of the HOME Loan upon fifty-one
11 percent (51%) completion of Project, as certified and documented
12 by the project architect/engineer or owner.
- 13 d. COUNTY shall release final draw down of ten percent (10%) of
14 the HOME Loan following receipt of all of the items listed in
15 **Section 11(i)**.

16 14. TERMS OF AFFORDABILITY. The Project, including the COUNTY
17 HOME-Assisted Units, shall remain affordable to qualified very low income and low-income
18 households until the later of (i) fifty-five (55) years from the recordation of the Notice of
19 Completion in the Official Records for the last building for which construction is completed
20 for the Project, or (ii) July 1, 2072, ("Affordability Period").

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

- 25 a. Worker's Compensation Insurance.

26 If BORROWER has employees as defined by the State of
27 California, BORROWER shall maintain statutory Workers'
28 Compensation Insurance (Coverage A) as prescribed by the laws

1 of the State of California. Policy shall include Employers'
2 Liability (Coverage B) including Occupational Disease with
3 limits not less than \$1,000,000 per person per accident. The
4 policy shall be endorsed to waive subrogation in favor of The
5 County of Riverside, and, if applicable, to provide a Borrowed
6 Servant/Alternate Employer Endorsement.

7 b. Commercial General Liability Insurance.

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

22 c. Vehicle Liability Insurance.

23 If vehicles or mobile equipment are used in the performance of
24 the obligations under this Agreement, then BORROWER shall
25 maintain liability insurance for all owned, non-owned or hired
26 vehicles so used in an amount not less than \$1,000,000 per
27 occurrence combined single limit. If such insurance contains a
28 general aggregate limit, it shall apply separately to this agreement

1 or be no less than two (2) times the occurrence limit. Policy shall
2 name the County of Riverside, its Agencies, Boards, Districts,
3 Special Districts, and Departments, their respective directors,
4 officers, Board of Supervisors, employees, elected or appointed
5 officials, agents or representatives as Additional Insured or
6 provide similar evidence of coverage approved by COUNTY's
7 Risk Manager.

8 d. General Insurance Provisions – All Lines.

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

16 2) BORROWER's insurance carrier(s) must declare its
17 insurance self-insured retentions. If such self-insured retentions
18 exceed \$500,000 per occurrence such retentions shall have the
19 prior written consent of COUNTY Risk Manager before the
20 commencement of operations under this Agreement. Upon
21 notification of self-insured retention unacceptable to COUNTY,
22 and at the election of COUNTY's Risk Manager, BORROWER's
23 carriers shall either: (a) reduce or eliminate such self-insured
24 retention as respects this Agreement with COUNTY, or (b)
25 procure a bond which guarantees payment of losses and related
26 investigations, claims administration, and defense costs and
27 expenses.

28 3) BORROWER shall cause BORROWER's insurance

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

25 4) It is understood and agreed to by the parties hereto that
26 BORROWER's insurance shall be construed as primary
27 insurance, and COUNTY's insurance and/or deductibles and/or
28 self-insured retention's or self-insured programs shall not be

1 construed as contributory.

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

14 6) BORROWER shall pass down the insurance obligations
15 contained herein to all tiers of subcontractors working under this
16 Agreement.

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

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

23 16. FINANCIAL RECORDS. BORROWER shall maintain financial,
24 programmatic, statistical, and other supporting records of its operations and financial activities
25 in accordance with the requirements of the HOME Investment Partnerships Program Final
26 Rule, and the regulations as amended promulgated thereunder, which records shall be open to
27 inspection and audit by authorized representatives of COUNTY, HUD, and the Comptroller
28 General of the United States during regular working hours. COUNTY, HUD, and the

1 Comptroller General, or any of their representatives, have the right of access with at least forty-
2 eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of
3 BORROWER, in order to make audits, examinations, excerpts, and transcripts. Said records
4 shall be retained for such time as may be required by the regulations of the HOME Program,
5 but in no event no less than five (5) years after the Project completion date; except that records
6 of individual tenant income verifications, project rents, and project inspections must be
7 retained for the most recent five (5) year period, until five (5) years after the Affordability
8 Period terminates. If any litigation, claim, negotiation, audit, or other action has been started
9 before the expiration of the regular period specified, the records must be retained until
10 completion of the action and resolution of all issues which arise from it, or until the end of the
11 regular period, whichever is later.

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

- 17 a. The HOME Program and its implementing regulations set forth in
18 the Final Rule, as it now exists and may hereafter be amended.
- 19 b. Section 92.350 Other Federal requirements and
20 nondiscrimination. As set forth in 24 CFR part 5, sub part A,
21 BORROWER is required to include the following requirements:
22 nondiscrimination and equal opportunity under Section 282 of the
23 Act; disclosure; debarred, suspended, or ineligible contractors;
24 and drug-free workplace.
- 25 c. Section 92.351 Affirmative marketing and minority outreach
26 program. BORROWER must adopt affirmative marketing
27 procedures and requirements. These must include:
28 (1) Methods for informing the public, owners, and potential

1 tenants about Federal fair housing laws and the affirmative
2 marketing policy (e.g., the use of the Equal Housing
3 Opportunity logotype or slogan in press releases and
4 solicitations for owners, and written communication to fair
5 housing and other groups).

6 (2) Requirements and practices that BORROWER must
7 adhere to in order to carry out the affirmative marketing
8 procedures and requirements (e.g., use of commercial
9 media, use of community contacts, use of the Equal
10 Housing Opportunity logotype or slogan, and display of
11 fair housing poster).

12 (3) Procedures to be used by BORROWER to inform and
13 solicit applications from persons in the housing market
14 area who are not likely to apply without special outreach
15 (e.g., use of community organizations, employment
16 centers, fair housing groups, or housing counseling
17 agencies).

18 (4) Records that will be kept describing actions taken by
19 BORROWER to affirmatively market units and records to
20 assess the results of these actions.

21 (5) A description of how BORROWER will annually assess
22 the success of affirmative marketing actions and what
23 corrective actions will be taken where affirmative
24 marketing requirements are not met.

25 (6) BORROWER must prescribe procedures to establish and
26 oversee a minority outreach program to ensure the
27 inclusion, to the maximum extent possible, of minorities
28 and women, and entities owned by minorities and women,

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

- 13 (i) Placing qualified small and minority businesses
14 and women's business enterprises on solicitation
15 lists.
- 16 (ii) Assuring that small and minority businesses, and
17 women's business enterprises are solicited
18 whenever they are potential sources.
- 19 (iii) Dividing total requirements, when economically
20 feasible, into smaller tasks or quantities to permit
21 maximum participation by small and minority
22 business, and women's business enterprises.
- 23 (iv) Establishing delivery schedules, where the
24 requirement permits, which encourage
25 participation by small and minority business, and
26 women's business enterprises.
- 27 (v) Using the services and assistance of the Small
28 Business Administration, and the Minority

1 Business Development Agency of the Department
2 of Commerce.

- 3 (vi) Requiring the prime contractor, if subcontracts are
4 to be let, to take the affirmative steps listed in (i)
5 through (v) above of this section.
- 6 d. Section 92.352 Environmental review. The environmental effects
7 of each activity carried out with HOME funds must be assessed in
8 accordance with the provisions of the National Environmental
9 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
10 authorities listed in HUD's implementing regulations at 24 CFR
11 Parts 50 and 58.
- 12 e. Section 92.353 Displacement, relocation, and acquisition. The
13 relocation requirements of Title II and the acquisition
14 requirements of Title III of the Uniform Relocation Assistance
15 and Real Property Acquisition Policies Act of 1970, and the
16 implementing regulations at 24 CFR Part 42. BORROWER must
17 ensure that it has taken all reasonable steps to minimize the
18 displacement of persons as a result of this project assisted with
19 HOME Funds.
- 20 f. Section 92.354 Lead-based paint. Housing assisted with HOME
21 funds is subject to the lead-based paint requirements of 24 CFR
22 Part 35 issued pursuant to the Lead-Based Paint Poisoning
23 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
24 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
25 (j)(1)(i), also apply, irrespective of the applicable property
26 standard under §92.251.
- 27 g. Section 92.354 Labor. Every contract for the construction of
28 housing that includes twelve (12) or more units assisted with

1 HOME funds must contain a provision requiring the payment of
2 not less than the wages prevailing in the locality, as predetermined
3 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
4 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
5 the development of any part of the housing. Such contracts must
6 also be subject to the overtime provisions, as applicable, of the
7 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
8 332). BORROWER must apply most current wage rate
9 determination at the date of execution of this Agreement.

10 h. Section 92.356 Conflict of Interest. In the procurement of
11 property and services by BORROWER, the conflict of interest
12 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively shall
13 apply. Section 92.356 shall cover all cases not governed by 24
14 CFR 85.36 and 24 CFR 84.42.

15 i. Section 504 of the Rehabilitation Act of 1973; Housing
16 accessibility requirement at 24 CFR Part 8, implementing Section
17 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
18 design and construction of multi-family dwellings as defined at 24
19 CFR 100.201 must comply with the requirements set forth in 24
20 CFR 100.205 implementing the Fair Housing Act. Dwelling units
21 must be designed and constructed in accordance with the Uniform
22 Federal Accessibility Standards (UFAS) will be deemed to
23 comply with the Section 504 regulation.

24 (1) 24 CFR Part 8.22 New construction—housing
25 facilities. For new construction of multi-family
26 projects, 5 percent (5%) of the units (but not less
27 than one unit) must be accessible to individuals
28 with mobility impairments, and an additional 2

1 percent (2%) of the units (but not less than one
2 unit) must be accessible to individuals with
3 sensory impairments.

4 (2) 24 CFR Part 8.23 Alterations of existing housing
5 facilities. If alterations are undertaken to a project
6 that has 15 or more units and the cost of the
7 alterations is 75 percent or more of the replacement
8 cost of the completed facility, then the provisions
9 of §8.22 shall apply. Alterations to dwelling units
10 in a multifamily housing project shall, to the
11 maximum extent feasible, be made to be readily
12 accessible to and usable by individuals with
13 handicaps. If alterations of single elements or
14 spaces of a dwelling unit, when considered
15 together, amount to an alteration of a dwelling unit,
16 the entire dwelling unit shall be made accessible.
17 Once 5 percent (5%) of the dwelling units in a
18 project are readily accessible to and usable by
19 individuals with mobility impairments, then no
20 additional elements of dwelling units, or entire
21 dwelling units, are required to be accessible under
22 this paragraph. Alterations to common areas or
23 parts of facilities that affect accessibility of
24 existing housing facilities shall, to the maximum
25 extent feasible, be made to be accessible to and
26 usable by individuals with handicaps. For purposes
27 of this paragraph, the phrase to the maximum
28 extent feasible shall not be interpreted as requiring

1 that a recipient make a dwelling unit, common
2 area, facility or element thereof accessible if doing
3 so would impose undue financial and
4 administrative burdens on the operation of the
5 multifamily housing project.

6 j. Model Energy Code published by the Council of American
7 Building Officials.

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

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

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

27 m. BORROWER shall carry out its activity pursuant to this
28 Agreement in compliance with all federal laws and regulations

1 described in Subpart E of Part 92 of the Code of Federal
2 Regulations, except that:

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

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

9 n. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
10 and 85 "Common Rule", OMB Circular Nos. A-87 (for
11 government entities), A-122 (for non-profit organizations), and
12 the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
13 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities),
14 and the following §§84.2, 84.5, 84.13 through 84.16, 84.21,
15 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
16 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and
17 84.73 (for non-profit organizations). Federal awards expended as
18 a recipient or a subrecipient, as defined by HUD, would be
19 subject to single audit. The payments received for goods or
20 services provided as a vendor would not be considered Federal
21 awards.

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

27 p. Immigration requirements of Federal Register, Vol. 62, No. 221,
28 Department of Justice Interim Guidance on Verification of

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

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

10 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set
11 aside and designate all seven (7) units (six 2 Bedrooms and one – 3 Bedroom) of the Project
12 to be designated as “ COUNTY Floating Units.” Two (2) 2-bedroom units located on Property
13 B shall be Low HOME rent units, as defined under 24 CFR 92.252(j) and which is more fully
14 described in **Exhibit A** and shall be limited to households whose incomes do not exceed fifty
15 percent (50%) of the median family income for the County of Riverside, adjusted by family
16 size at the time of occupancy. The remaining four (4) two-bedroom units and one 3-bedroom
17 unit located on Property A shall be High HOME rent units, limited to households whose
18 incomes do not exceed sixty percent (60%) of the median family income for the County of
19 Riverside, adjusted by family size at the time of occupancy.

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

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

1 it is leased as quickly as possible.

2 Within twelve (12) months from the recordation of the Notice of
3 Completion (the "Lease Deadline"), if a COUNTY HOME-Assisted Unit remains
4 unoccupied or not leased to an eligible tenant, then BORROWER agrees to repay
5 HOME funds for any COUNTY HOME-Assisted Unit that is not rented to eligible tenants.
6 BORROWER may request an extension of the Lease Deadline from COUNTY if
7 BORROWER can provide to COUNTY evidence showing efforts of aggressive marketing
8 efforts and proof that the circumstances that led to the failure to lease the COUNTY HOME-
9 Assisted Unit(s) by the Lease Deadline were beyond the BORROWER's control. The
10 extension and time of extension is subject to COUNTY's approval and not guaranteed. The
11 Assistant County Executive Officer/EDA, or designee, has the authority, at his or her
12 discretion, to consent to an extension of the Lease Deadline.



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

21 a. HOME Rent Limitations: Effective May 1, 2014, HUD published
22 HOME Rent Limits for the County of Riverside. Low HOME rent for
23 2 bedroom units is \$753 and \$958 for High HOME rent. For three (3)
24 bedroom units the high HOME rent limit is \$1099. In order to
25 calculate net rent to be charged, an applicable utility allowance must
26 be subtracted from the gross rents listed. The BORROWER shall use
27 the California Utility Allowance Calculator to establish maximum
28 monthly allowances for utilities and services to be used by the

1 BORROWER in calculating Rents. In the event that the California
2 Utility Allowance Calculator is unavailable Borrower may use the
3 Housing Authority of the County of Riverside established utility
4 allowance. The BORROWER shall submit to the COUNTY for
5 review and written approval the rents proposed by the BORROWER
6 for all of the COUNTY Home Assisted Units. Rent limitations for
7 COUNTY HOME-assisted units shall be as set forth under 24 CFR
8 92.252 and such units shall be rented and occupied by income
9 qualified applicants at the HOME rent levels for the County of
10 Riverside, which are published periodically by HUD. Upon initial
11 occupancy all HOME units set at the High HOME rent shall be
12 limited to households whose incomes do not exceed 60% of the Area
13 Median Income. If during the re-certification process a households
14 income falls between 61% and 80% Area Median Income then the
15 High HOME rent limit shall apply. If during the recertification
16 process a households income falls above 80% of the Area Median
17 Income then household shall pay the lesser of 30% of the adjusted
18 income or Market rent.

- 19 b. Initial rent schedule and utility allowance: The BORROWER shall
20 use the California Utility Allowance Calculator to establish maximum
21 monthly allowances for utilities and services to be used by the
22 BORROWER in calculating Rents. COUNTY shall review and
23 approve rents proposed by BORROWER for COUNTY HOME-
24 Assisted Units subject to the maximum rent limitations to ensure that
25 the rents do not exceed the maximum rent minus the monthly
26 allowances for utilities and services.

27 20. TENANT PROTECTIONS. BORROWER shall provide protection to the
28 tenants of the COUNTY HOME-Assisted Units in accordance to the requirements set forth at

1 24 CFR 92.253 and described as follows:

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

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

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

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

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

28 (4) Waiver of notice. Agreement of the tenant that

1 BORROWER may institute a lawsuit without notice to the
2 tenant.

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

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

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

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

20 (9) Mandatory supportive services. Agreement by the tenant
21 (other than a tenant in transitional housing) to accept
22 supportive services that are offered.

23 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
24 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes
25 and amends the Violence Against Women Act of 1994, as previously
26 amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C.
27 13925 et seq.) VAWA 2013, among other things, bars eviction and
28 termination due to a tenant's status as a victim of domestic violence,

1 dating violence, or stalking, and requires landlords to maintain
2 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
3 is a survivor of domestic violence, dating violence, sexual assault,
4 and stalking from being denied assistance, tenancy, or occupancy
5 rights based solely on criminal activity related to an act of violence
6 committed against them. It extends housing protections to survivors
7 of sexual assault, and adds "intimate partner" to the list of eligible
8 relationships in the domestic violence definition. Protections also
9 now cover an "affiliated individual," which includes any lawful
10 occupant living in the survivor's household, or related to the survivor
11 by blood or marriage including the survivor's spouse, parent,
12 brother, sister, child, or any person to whom the survivor stands in
13 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
14 lawful occupant who engages in criminal activity directly relating to
15 domestic violence, dating violence, sexual assault, or stalking against
16 an affiliated individual or other individual, or others may be evicted
17 or removed without evicting or removing or otherwise penalizing a
18 victim who is a tenant or lawful occupant. If victim cannot establish
19 eligibility, BORROWER must give a reasonable amount of time to
20 find new housing or establish eligibility under another covered
21 housing program. A Notice of Rights under VAWA 2013 for tenants
22 must be provided at the time a person applies for housing, when a
23 person is admitted as a tenant of a housing unit, and when a tenant is
24 threatened with eviction or termination of housing benefits. Tenants
25 must request an emergency transfer and reasonably believe that they
26 are threatened with imminent harm from further violence if the
27 tenant remains in the same unit. The provisions of VAWA 2013 that
28 are applicable to HUD programs are found in title VI of VAWA

1 2013, which is entitled "Safe Homes for Victims of Domestic
2 Violence, Dating Violence, Sexual Assault, and Stalking." Section
3 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
4 14043e et seq.) to add a new chapter entitled "Housing Rights."

5 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
6 provisions of the HOME Program and any amendments thereto and all applicable federal
7 regulations and guidelines now or hereafter enacted pursuant to the Act.

8 22. REPAYMENT INCOME. COUNTY must record the receipt and
9 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
10 92.503.

11 23. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
12 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
13 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
14 which consent shall be conditioned upon (a) a County determination that transferee is a CHDO
15 or is otherwise eligible as a wholly-owned subsidiary or partnership of a CHDO and
16 determined by County to be HUD-eligible to receive an allocation of CHDO HOME Set Aside
17 funds pursuant to the requirements set forth in 24 CFR 92.300(a): and (b) solely upon (a)
18 receipt by the COUNTY of reasonable evidence satisfactory to the COUNTY in its sole
19 discretion, that transferee has assumed in writing and in full, and is reasonably capable of
20 performing and complying with the BORROWER's duties and obligations under this
21 Agreement , provided, however Borrower shall not be released of all obligations hereunder
22 which accrue from and after the date of such sale. Notwithstanding anything to the contrary
23 contained herein, upon written notice to COUNTY, BORROWER may, without the
24 COUNTY's consent (i) admit limited partners to BORROWER, and provide for the purchase
25 of any such limited partnership interest or interests by BORROWER's general partner; (ii)
26 remove BORROWER's general partner, and replace with an affiliate of the BORROWER's
27 limited partner, provided that any replacement general partner for BORROWER who is not an
28 affiliate with the BORROWER's limited partner will require the written consent of the County,

1 which consent will not be unreasonably withheld; (iii) the lease for occupancy of all or any of
2 the Units; (iv) the granting of easements or permits to facilitate the development of the
3 Property in accordance with this HOME Loan Agreement; and (v) the withdrawal and/or
4 replacement of any limited partner of BORROWER, (collectively a "Permitted Transfer"). All
5 Permitted Transfers shall be subject to reasonable review of documentation by the COUNTY.
6 The parties hereto acknowledge that "affiliate" for purposes of this section means, as to any
7 Person (as defined below), any general partnership, limited partnership, corporation, joint
8 venture, trust, business trust, cooperative, association, limited liability company or individual
9 (collectively, a "Person") that (A) directly or indirectly controls or is controlled by (such as any
10 partnership or limited liability company in which the Person, directly or indirectly, serves as a
11 general partner or managing member, respectively) or is under common control with the
12 specified Person; (B) is an officer or director of, commissioner of, partner in, member of or
13 trustee of, or serves in a similar capacity with respect to, the specified Person or of which the
14 Specified Person is an officer, director, member, partner or trustee, or with respect to which the
15 specified Person serves in a similar capacity; or (C) is the beneficial owner, directly or
16 indirectly, of 10% or more of any class of equity securities of the specified Person or of which
17 the specified Person is directly or indirectly the owner of 10% or more of any class of equity
18 securities. The term "control" (including the term "controlled by" and "under common control
19 with") means the possession, direct or indirect, of the power to direct or cause the direction of
20 the management and policies of a Person, whether through the ownership of voting securities,
21 by contract or otherwise.

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

26 25. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
27 which requires that no person in the United States shall on the grounds of race, color, national
28 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be

1 subjected to discrimination under any program or activity receiving Federal financial assistance
2 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
3 against discrimination on the basis of age under the Age Discrimination Act and the
4 prohibitions against discrimination on the basis of disability under Section 504 shall apply to
5 programs or activities receiving Federal financial assistance under Title I programs. The
6 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR
7 Part 6. In addition, BORROWER shall not discriminate on the basis of race, gender, religion,
8 national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection,
9 hiring or treatment of any contractors or consultants, to participate in
10 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
11 violation of this clause shall be considered a material breach of this Lease and may result in
12 termination, debarment or other sanctions. This language shall be incorporated into all
13 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,
14 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
15 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
16 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
17 issued pursuant to said Acts and Orders with respect to its use of the Property.

18 BORROWER herein covenants by and for itself, its successors and assigns, and all
19 persons claiming under or through them, that this Covenant is made and accepted upon and
20 subject to the following conditions: There shall be no discrimination against or segregation of
21 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
22 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
23 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of
24 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
25 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
26 establish or permit any such practice or practices of discrimination or segregation with reference
27 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
28 or vendees of the Property.

1 BORROWER, its successors and assigns, shall refrain from restricting the rental, sale, or
2 lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex,
3 sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease,
4 and contract entered into with respect to the Property, or any portion thereof, after the date of this
5 Agreement shall contain or be subject to substantially the following nondiscrimination or
6 nonsegregation clauses:

7 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,
8 executors, administrators, and assigns, and all persons claiming under or through
9 them, that there shall be no discrimination against or segregation of, any person or
10 group of persons on account of any basis listed in subdivision (a) or (d) of Section
11 12955 of the Government Code, as those bases are defined in Sections 12926,
12 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
13 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
14 occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the
15 grantee or any person claiming under or through him or her, establish or permit any
16 practice or practices of discrimination or segregation with reference to the selection,
17 location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or
18 vendees in the premises herein conveyed. The foregoing covenants shall run with the
19 land."

20 b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs,
21 executors, administrators, and assigns, and all persons claiming under or through him
22 or her, and this lease is made and accepted upon and subject to the following
23 conditions: That there shall be no discrimination against or segregation of any person
24 or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
25 12955 of the Government Code, as those bases are defined in Sections 12926,
26 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
27 Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use,
28 occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee

1 himself or herself, or any person claiming under or through him or her, establish or
2 permit any such practice or practices of discrimination or segregation with reference
3 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees,
4 subtenants, or vendees in the premises herein leased.”

- 5 c) In contracts: “There shall be no discrimination against or segregation of any person or
6 group of persons, on account of any basis listed in subdivision (a) or (d) of Section
7 12955 of the Government Code, as those bases are defined in Sections 12926,
8 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
9 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
10 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any
11 person claiming under or through him or her, establish or permit any such practice or
12 practices of discrimination or segregation with reference to the selection, location,
13 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of
14 the land.”

15 In addition to the obligations and duties of BORROWER set forth herein, BORROWER
16 shall, upon notice from County, promptly pay to County all fees and costs, including
17 administrative and attorneys’ fees, incurred by County in connection with responding to or
18 defending any discrimination claim brought by any third party and/or local, state or federal
19 government entity, arising out of or in connection with this Agreement or the Covenant
20 Agreement attached hereto.

21 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 22 a. BORROWER and its assigns, employees, agents, consultants, officers
23 and elected and appointed officials shall become familiar with and
24 shall comply with the conflict of interest provisions in OMB Circular
25 A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR 92.356 and Policy
26 Manual #A-11, attached hereto as **Exhibit E** and by this reference
27 incorporated herein.
28 b. BORROWER understands and agrees that no waiver or exception can

1 be granted to the prohibition against conflict of interest except upon
2 written approval of HUD pursuant to 24 CFR 92.356(d). Any request
3 by BORROWER for an exception shall first be reviewed by
4 COUNTY to determine whether such request is appropriate for
5 submission to HUD. In determining whether such request is
6 appropriate for submission to HUD, COUNTY will consider the
7 factors listed in 24 CFR 92.356(e).

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

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

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

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

5 28. PROJECT MONITORING AND EVALUATION.

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

20 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the period of
21 affordability, COUNTY must perform on-site inspections of COUNTY HOME-assisted rental
22 housing to determine compliance with the property standards of §92.251 and to verify the
23 information submitted by the owners in accordance with the requirements of §92.252. The
24 inspections must be in accordance with the inspection procedures that the participating
25 jurisdiction establishes to meet the inspection requirements of §92.251. The on-site inspections
26 must occur within 12 months after Notice of Completion and at least once every 3 years
27 thereafter during the period of affordability. If there are observed deficiencies for any of the
28 inspectable items in the property standards established by COUNTY, in accordance with the

1 inspection requirements of §92.251, a follow-up on-site inspection to verify that deficiencies
2 are corrected must occur within 12 months. COUNTY may establish a list of non-hazardous
3 deficiencies for which correction can be verified by third party documentation (e.g., paid
4 invoice for work order) rather than re-inspection. Health and safety deficiencies must be
5 corrected immediately, in accordance with §92.251. COUNTY must adopt a more frequent
6 inspection schedule for properties that have been found to have health and safety deficiencies.
7 The property owner must annually certify to the COUNTY that each building and all HOME-
8 assisted units in the project are suitable for occupancy, taking into account State and local
9 health, safety, and other applicable codes, ordinances, and requirements, and the ongoing
10 property standards established by the participating jurisdiction to meet the requirements of
11 §92.251. Inspections must be based on a statistically valid sample of units appropriate for the
12 size of the COUNTY HOME-Assisted project, as set forth by HUD through notice. For
13 projects with one-to-four COUNTY HOME-Assisted Units, COUNTY must inspect 100
14 percent of the COUNTY HOME-Assisted Units and the inspectable items (site, building
15 exterior, building systems, and common areas) for each building housing COUNTY HOME-
16 assisted units.

17 c. Income Certification. The income of a tenant must be determined
18 initially and each sixth year of affordability in accordance with 24 CFR 92.203 (a)(1)(i). In
19 addition, annually between each sixth year of affordability BORROWER must re-examine
20 each tenants annual income under 24 CFR 92.203 (a) (1) (ii).

21 29. MONITORING FEE. BORROWER shall be responsible for paying an
22 annual compliance monitoring fee to the COUNTY in the amount of \$700 (\$100 per project
23 unit) ("Monitoring Fee"). The first Monitoring Fee payment is due on July 1st of each year for
24 the monitoring period of July 1st to June 30th commencing July 1, 2016. The monitoring fee
25 will be due on July 1st thereafter and will continue through the affordability period of the
26 project. The Monitoring Fee is to be adjusted upwards annually, increased by an amount
27 equal to the increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In the
28 event of a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain

1 the same and shall not decrease.

2 30. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
3 to visit the Project site at all reasonable times, and upon completion of the Project upon
4 reasonable written notice to BORROWER, to review the operation of the Project in accordance
5 with this HOME Agreement.

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

8 a. Monetary Default. (1) BORROWER's failure to pay when due
9 any sums payable under the HOME Note or any advances made
10 by COUNTY under this Agreement; (2) BORROWER's or any
11 agent of BORROWER's use of HOME funds for costs other than
12 those costs permitted under this Agreement or for uses
13 inconsistent with terms and restrictions set forth in this
14 Agreement; (3) BORROWER's or any agent of BORROWER's
15 failure to make any other payment of any assessment or tax due
16 under this Agreement, and /or (4) default under the terms of any
17 Senior Lender documents or any other instrument or document
18 secured against the Property;

19 b. Non-Monetary Default. (1) Discrimination by BORROWER or
20 BORROWER's agent(s) on the basis of characteristics prohibited
21 by this Agreement or applicable law; (2) the imposition of any
22 encumbrances or liens on the Project without COUNTY's prior
23 written approval that are prohibited under this Agreement or that
24 have the effect of reducing the priority or invalidating the lien of
25 the HOME Deed of Trust; (3) BORROWER's failure to obtain
26 and maintain the insurance coverage required under this
27 Agreement; (4) any material default under this Agreement the
28 HOME Loan Deed of Trust, Covenant Agreement, HOME Note

1 or any document executed by the County in connection with this
2 Agreement, and /or (5) a default under the terms of any Senior
3 Lender documents or any other instrument or document secured
4 against the Property or the Project;

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

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

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

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

1 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
2 general partner and co-general partner of BORROWER's (1)
3 filing for bankruptcy, dissolution, or reorganization, or failure to
4 obtain a full dismissal of any such involuntary filing brought by
5 another party before the earlier of final relief or ninety (90) days
6 after such filing; (2) making a general assignment for the benefit
7 of creditors; (3) applying for the appointment of a receiver,
8 trustee, custodian, or liquidator, or failure to obtain a full
9 dismissal of any such involuntary application brought by another
10 party before the earlier of final relief or ninety (90) days after
11 such filing; (4) insolvency; or (5) failure, inability or admission in
12 writing of its inability to pay its debts as they become due.

13 32. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
14 monetary and non-monetary Events of Default, COUNTY shall give written notice to
15 Borrower and its investor limited partner, if any, at the addresses listed in **Section 54** below,
16 of any Event of Default by specifying: (a) the nature of the Event of Default or the deficiency
17 giving rise to the default, (b) the action required to cure the deficiency, if an action to cure is
18 possible, and (c) a date, which shall not be more than sixty (60) calendar days from the date of
19 the mailing of the notice , by which such action to cure must be taken. COUNTY agrees that
20 Borrower's investor limited partner shall have the right to cure any and all defaults under this
21 Agreement no later than sixty (60) calendar days from the date of the mailing of the notice of
22 default to the investor limited partner.

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

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

24 34. BORROWER'S REMEDIES. After notice and opportunity to cure,
25 failure of the COUNTY to satisfy any of its obligations under this Agreement, BORROWER
26 may:

- 27 a. Demand payment from COUNTY of any sums due BORROWER;
28 and/or

- 1 b. Bring an action in equitable relief seeking the specific performance by
2 COUNTY of the terms and conditions of this Agreement; and/or
3 c. Pursue any other remedy allowed at law or in equity.

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

14 36. BORROWER'S CERTIFICATION. BORROWER certifies, to the best
15 of its knowledge and belief, that:

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

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

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

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

28 With respect to any action or claim subject to indemnification herein by BORROWER,

1 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
2 have the right to adjust, settle, or compromise any such action or claim without the prior consent
3 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no
4 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
5 forth herein.

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

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

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

15 38. TERMINATION.

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

18 b. COUNTY. Notwithstanding the provisions of **Section 38(a)**, COUNTY
19 may suspend or terminate this Agreement upon written notice to BORROWER of the action
20 being taken and the reason for such action in the event one of the following events occur:

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

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

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

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

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

14 39. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
15 hereby declare their express intent that the restrictions set forth in this Agreement shall
16 continue in full force and effect for a period of time no less than (i) fifty-five (55) years from
17 the recordation of the Notice of Completion in the Official Records for the last building for
18 which construction is complete for the Project, or (ii) July 1, 2072, and shall bind all successors
19 in title to the Property until the expiration of this Agreement. Each and every contract, deed or
20 other instrument hereafter executed covering and conveying the Property or any portion thereof
21 shall be held conclusively to have been executed, delivered and accepted subject to such
22 restrictions, regardless of whether such restrictions are set forth in such contract, deed or other
23 instrument. Borrower shall execute and record as a lien against the Property, a Covenant
24 Agreement, substantially conforming in form and substance to the Covenant Agreement
25 attached hereto as **Exhibit H** and incorporated herein by this reference, setting forth in the
26 affordability and income restriction required in this Agreement.

27 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
28 lien is filed against the Project or a stop notice affecting the HOME Loan is served on

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

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

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

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

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

27 45. JURISDICTION AND VENUE. Any action at law or in equity arising
28 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or

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

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

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

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

21 49. CONDITIONAL HOME COMMITMENT.

22 a. Acquisition. If Borrower cannot acquire the Property by the
23 Acquisition Deadline as set forth in the Implementation Schedule in Exhibit A of this
24 Agreement, then COUNTY and Borrower mutually agree that this Agreement
25 will self-terminate and any HOME Loan funds drawn to date shall be returned
26 within thirty (30) calendar days. Upon such termination, this Agreement shall
27 become null and void. COUNTY and Borrower shall be released and discharged respectively
28 from its obligations under this Agreement, except for those provisions which by their terms



1 survive termination. All cost incurred by each party on the Project will be assumed
2 respectively.

3 b. Construction. Pursuant to 24 CFR 92.2, under the definition of
4 Commitment, all necessary financing has been secured, a budget and schedule have been
5 established, and underwriting has been completed and under which construction is scheduled to
6 start within nine (9) months of the agreement date ("Construction Start Deadline"). If
7 BORROWER cannot start construction or provide evidence such as construction permits within
8 nine (9) months of the agreement date, then COUNTY and BORROWER mutually agree that
9 this Agreement will self-terminate and any HOME Loan funds drawn to date shall be returned
10 within thirty (30) calendar days. Upon such termination, this Agreement shall become null and
11 void. COUNTY and BORROWER shall be released and discharged respectively
12 from its obligations under this Agreement, except for those provisions which by
13 their terms survive termination. All cost incurred by each party on the Project
14 will be assumed respectively.



15 c. Completion. The Project must be completed and a Notice of
16 Completion shall have been recorded in the Official Records within one (1) years from the date
17 of this Agreement (the "Completion Deadline"). BORROWER may request a one
18 year extension of the Completion Deadline from COUNTY, in County's sole and
19 absolute discretion, if the BORROWER can provide proof of the circumstances
20 that led to the failure to complete the Project by the Completion Deadline were beyond the
21 BORROWER's control. The one year extension is subject to COUNTY's approval and not
22 guaranteed. The Assistant County Executive Officer/EDA, or designee, has the authority, at his
23 or her discretion, to consent to an extension of the Completion Deadline. If BORROWER is
24 unable to meet the condition as required by this Section 49, then COUNTY and BORROWER
25 mutually agree that this Agreement will self-terminate and any HOME Loan funds drawn to
26 date shall be returned within thirty (30) calendar days. Upon such termination, this Agreement
27 shall become null and void. COUNTY and BORROWER shall be released and discharged
28 respectively from their obligations under this Agreement, except for those provisions which by



1 their terms survive termination. All cost incurred by each party on the Project will be assumed
2 respectively.

3 d. Tenant Leases. BORROWER shall comply with the initial
4 occupancy requirements set forth in **Section 19(a)** of this Agreement.

5 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
6 conditioned upon BORROWER's receipt, on or prior to **November 30, 2015** of (i) such binding
7 loan commitments as may be required by BORROWER, on terms and conditions acceptable to
8 BORROWER and COUNTY, including, (a) any conventional construction and/or permanent
9 financing, including without limitation, a construction and permanent loan from an institutional
10 construction lender either COUNTY or BORROWER may elect to terminate this Agreement
11 with ten (10) days written notice to the other party if BORROWER fails to acquire the project
12 financing as required by this **Section 50**. Upon such termination, this Agreement shall be null
13 and void, and:

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

17 b. If COUNTY elects to terminate this Agreement, COUNTY shall
18 be released and discharged by BORROWER from its
19 obligations under this Agreement.

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

22 51. NONRECOURSE OBLIGATION. Subject to the provisions and
23 limitations of this section, the obligation to repay the HOME Loan Note amount is a
24 nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall
25 have any personal liability for repayment of the HOME Loan Note amount, except as provided
26 in this section. The sole recourse of the County shall be the exercise of its rights against the
27 Property (or any portion thereof) and any related security for the HOME Loan; provided,
28 however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced

1 by the HOME Note or the HOME Deed of Trust; (ii) limit the right of the COUNTY to name
2 Borrower as a party defendant in any action or suit for judicial foreclosure and sale under the
3 HOME Note and the HOME Deed of Trust or any action or proceeding hereunder so long as no
4 judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower;
5 (iii) release or impair either the HOME Note or the HOME Deed of Trust; (iv) prevent or in any
6 way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a
7 counterclaim or other basis for relief in respect of the exercise of, any other remedy against the
8 mortgaged Property or any other instrument securing this Note or as prescribed by law or in
9 equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or
10 constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of
11 the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation
12 awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in
13 any way the validity of any guarantee or indemnity from any person of all or any of the
14 obligations evidenced and secured by the HOME Note and the HOME Deed of Trust.
15 Notwithstanding the first sentence of this **Section 51**, the COUNTY may recover directly from
16 Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any
17 damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation
18 or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee
19 of Borrower, or of any member or general or limited partner of Borrower, or of any general or
20 limited partner of such member or general or limited partner; (b) any damages, costs and
21 expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay
22 costs as described in this Agreement, rents and revenues from the operation of the Project, or
23 proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental
24 proceeds resulting in the failure to pay taxes, assessments, or other charges that could create
25 statutory liens on the Project and that are payable or applicable prior to any foreclosure under
26 the HOME Deed of Trust; (d) the fair market value of any personal property or fixtures
27 removed or disposed of by the Borrower other than in accordance with the HOME Deed of
28 Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in this

1 Agreement and/or HOME Deed of Trust or the indemnification regarding Hazardous
2 Substances pursuant to this Agreement and/or HOME Deed of Trust, and (f) all court costs and
3 attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing
4 exceptions.

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

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

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

20
21 COUNTY
22 Assistant Director, Housing
23 Riverside County
24 Economic Development Agency
25 5555 Arlington Avenue
26 Riverside, CA 92504

21 BORROWER
22 c/o Riverside Housing Development Corp.
23 Attn: Bruce Kulpa
24 4250 Brockton Avenue
25 Riverside, CA 92501

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

28 56. EFFECTIVE DATE. The effective date of this Agreement is the date the

1 parties execute the Agreement (“Effective Date”). If the parties execute the Agreement on more
2 than one date, then the last date the Agreement is executed by a party shall be the Effective
3 Date.

4 [Remainder of Page Intentionally Blank]

5
6 [Signatures on the Following Page]

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28

1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement
2 as of the dates written below.

3 COUNTY:

BORROWER:

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: Marion Ashley
8 Marion Ashley, Chairman
Board of Supervisors

By: Bruce Kulpa
Bruce Kulpa, Executive Director

9
10 Date: JAN 27 2015

Date: 1/8/15

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

16
17 By: [Signature]
18 Deputy

19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel

22 By: Jhaina R. Brown
23 Jhaina R. Brown, Deputy County Counsel

24
25
26 (COUNTY and BORROWER Signatures need to be notarized)
27
28

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

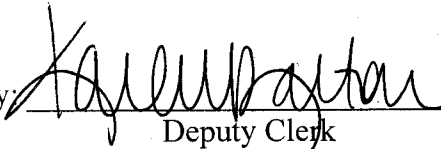
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}

On January 27, 2015, before me, Karen Barton, Board Assistant, personally appeared Marion Ashley, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

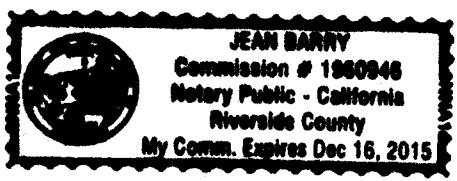
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Riverside
On 1-8-2015 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

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

JEAN BARRY
Commission # 180048
Notary Public - California
Riverside County
My Comm. Expires Dec 18, 2018



EXHIBIT A

Borrower: Riverside Housing Development Corporation
Address: 4250 Brockton Avenue
Riverside, CA 92501
Project Title: Orange Blossom III
Location: The project is located at 41933 and 41883 Orange Blossom Lane, Hemet, CA 92544 (Community of Valle Vista).

Project Description:

Riverside Housing Development Corporation (RHDC), a California nonprofit public benefit corporation will utilize \$1,265,000. Riverside Housing Development Corporation, (Borrower), a California nonprofit public benefit corporation, will utilize \$1,265,000 in HOME funds for the acquisition and rehabilitation of a two existing buildings located on Orange Blossom Lane. One building will consist of three units and one building will consist of four units. The project will consist of six 2-bedroom units and one 3-bedroom unit.

All units will be designated as HOME assisted units. The project consists of two buildings located on two non-contiguous parcels. Property "A" consists of one 3-bedroom unit and two 2-bedroom units. Property "B" consists of consists of four 2-bedroom units. Two (2) bedroom units will be set-aside for households whose incomes do not exceed 50% of the area median income for the County of Riverside with respect to household size, which shall be designated as Low HOME rent units and four 2-bedroom units and one 3-bedroom unit will be set-aside for households whose incomes do not exceed 60% of the area median income, which shall be designated as High HOME rent units.. The total seven (7) units (6 – 2 Bedrooms and 1 – 3 Bedroom) of the Project are to be designated as "Floating" HOME rent units ("COUNTY HOME-Assisted Units"). Pursuant to Section 92.252(j) of the HOME Regulations, the COUNTY HOME Assisted Units shall be a "floating" designation such that the requirements of this Agreement will be satisfied so long as the total number of COUNTY HOME Assisted Units remains the same throughout the Affordability Period and each substituted COUNTY HOME Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated COUNTY HOME Assisted Units.

LEGAL DESCRIPTION OF PROPERTY

Property A

All that certain real property situated in the County of Riverside, State of California, described as follows:

LOT 15 OF TRACT NO. 11600, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 110, PAGES 46 AND 47 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No.: 438-110-060
41933 Orange Blossom Lane, Hemet, CA 92544

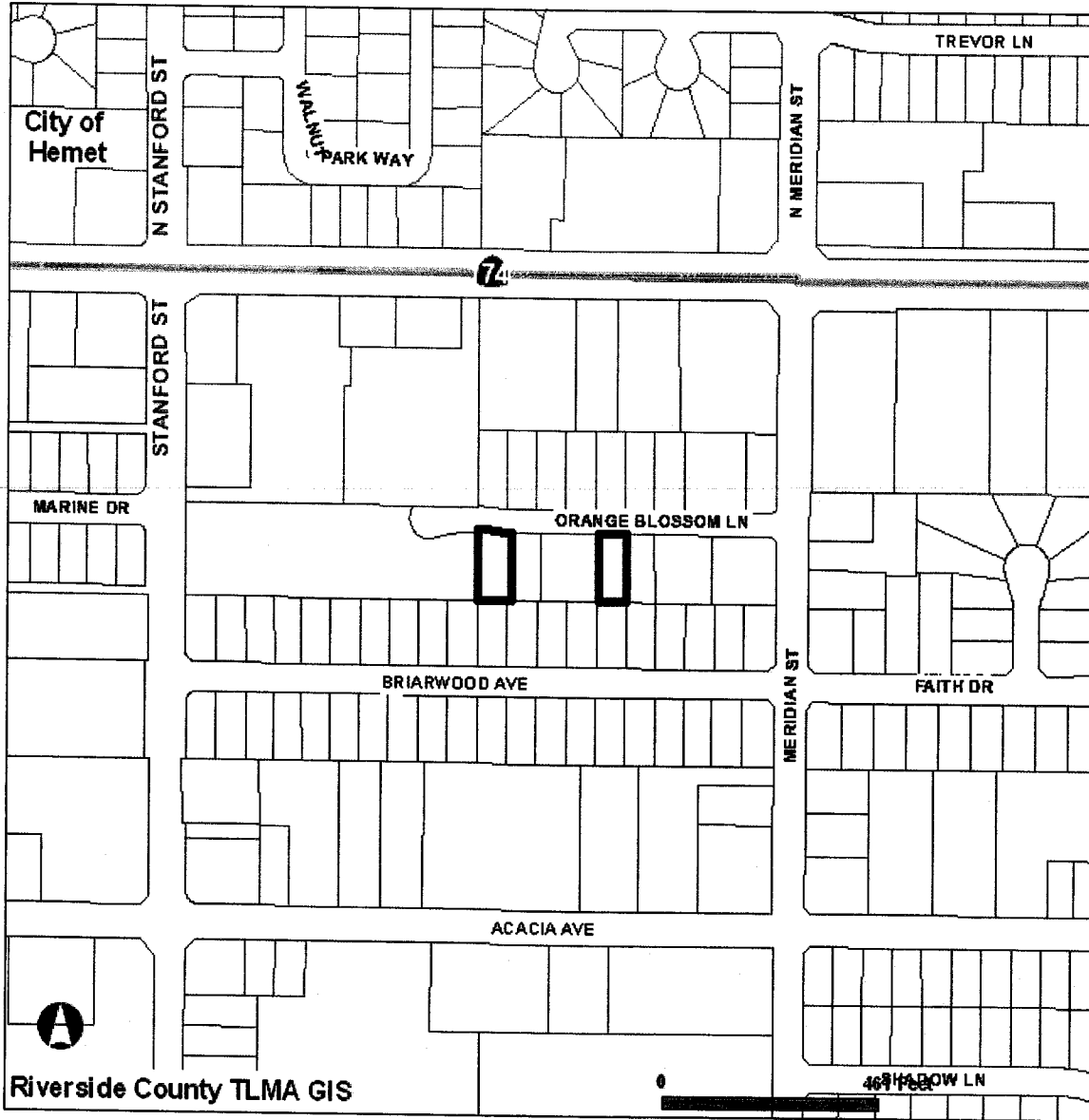
Property B

All that certain real property situated in the County of Riverside, State of California, described as follows:

LOT 11 OF TRACT NO. 11600, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 110, PAGES 46 AND 47 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, TOGETHER WITH THAT PORTION OF ORANGE BLOSSOM LANE KNOWN AS LOT "A" OF TRACT NO. 11600 IN BOOK 110, PAGE 46 OF MAPS, VACATED BY THAT CERTAIN "RESOLUTION TO VACATE NO. 2009-160" RECORDED SEPTEMBER 2, 2009 AS INSTRUMENT NO. 2009-0458809 OF OFFICIAL RECORDS, WHICH WOULD PASS BY OPERATION OF LAW UPON CONVEYANCE.

Assessor's Parcel No.: 438-110-056
41883 Orange Blossom Lane, Hemet, CA 92544

Orange Blossom III



Selected parcel(s):
 438-110-056 438-110-060

IMPORTANT

Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.

REPORT PRINTED ON...Mon Jan 05 14:36:10 2015

Version 131127

Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	1,265,000
CDFI Loan	\$	<u>225,000</u>

Total Sources \$ \$1,490,000

Uses:

Land & Acquisition	\$	600,000
Rehabilitation	\$	678,000
Construction Interest and Fees	\$	5,000
Construction Contingency	\$	20,000
Rent Reserves	\$	7,000
Permit Processing Fees	\$	10,000
Relocation Expenses	\$	90,000
Developer Overhead and Profit	\$	<u>80,000</u>

Total Uses \$ 1,490,000

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	January 2015
2. Acquisition Deadline	August 2015
3. Construction Start Deadline	9 months from date of Agreement
4. Completion Deadline	2 years from date of Agreement
5. Lease Deadline	6 months from Notice of Completion
6. Submission of Final actual project costs and Sources and Uses of Funds	January 2017
7. Submission of income & ethnic characteristics report	January 2017

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT B

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this ___ day of _____, 2015 by Riverside Housing Development Corporation, a California nonprofit public benefit corporation, (hereinafter referred to as "Trustor"), whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is _____ ("Trustee"). The beneficiary is the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the "Trust Estate"):

(A) That certain fee interest in the real property in the community of Valle Vista, in the unincorporated area of the County of Riverside, State of California more particularly described in **Exhibit A-1** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property");

(B) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements");

(C) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(D) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the Trustorship, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

(E) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership,

use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

(F) all present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the Ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary executed by Trustor ("Borrower" therein) of even date herewith (the "Note");
 - (b) that certain Loan Agreement for the Use of HOME Funds dated _____, 2014 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and
 - (c) that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").
2. payment of indebtedness of the Trustor to the Beneficiary not to exceed One Million Two Hundred and Sixty Five Thousand (\$1,265,000) (the "HOME Loan") according to the terms of the Note.

Said Note, HOME Loan Agreement and Covenant Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The Note, HOME Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, HOME Loan Agreement and Covenant Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the HOME Loan Agreement.

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Pursuant to the HOME Loan Agreement, the maturity of the HOME Loan shall be the first to occur of (i) July 1, 2072 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the HOME Loan Agreement) (the "HOME Loan Term").

TRUSTOR COVENANTS that the Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property. Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

AND TO PROTECT THE SECURITY OF THIS DEED OF TRUST, TRUSTOR COVENANTS AND AGREES:

1. That Trustor shall pay the Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the HOME Loan Agreement and Covenant Agreement at the time and in the manner respectively provided therein.

2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use set forth in the HOME Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the HOME Loan Agreement and Covenant Agreement.

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

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

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

7. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under **Sections 5 and 6** shall be applied: first, to amounts payable under **Section 2**; second, to interest due; third, to principal due; and last, to any late charges due under the Note.

8. **Prior Deeds of Trust; Charge; Liens.** Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this

Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods. Trustor shall pay these obligations in the manner provided in **Section 6**, or if not paid in that manner, Trustor shall pay them on time directly to the person owed payment. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

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

9. Second Priority Position. This Deed of Trust shall be recorded in a second priority position junior in priority to the following instruments, (i) Deed of Trust executed by Borrower for the benefit of Community Development Financial Institute Fund ("Senior Lender" or "Senior Lienholder") securing a construction loan in a principal amount up to \$225,000 ("Senior Loan"). Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel.

10. Hazard or Property Insurance. Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HOME Loan Agreement. The insurance carrier providing the insurance shall be chosen by Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.

a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the HOME Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

b. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property

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

c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 27** the Property is acquired by Beneficiary, Trustor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

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

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

a. The Trustor acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of the HOME Program. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. Protection of Beneficiary's Rights in the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

a. Any amounts disbursed by Beneficiary under this **Section 12** shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment.

13. Reserved.

14. Inspection. Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advanced notice in connection with an inspection specifying reasonable cause for the inspection.

15. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the terms of a Senior Lien Holder Deed of Trust, if any.

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

b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to

Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in **Sections 5 and 6** or change the amount of such payments.

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

17. Successors and Assigns Bound; Joint and Several Liability; Co-signers. The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.

18. Loan Charges. If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

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

20. Governing Law; Severability. This Deed of Trust shall be governed by federal law and the laws of the State of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

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

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

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

23. Trustor's Right to Reinstate. If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees;

and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

24. Sale of Note; Change of Loan Servicer. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Trustor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Trustor will be given written notice of the change in accordance with **Section 19** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

25. No Assignment. The Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent and the consent of the Senior Lender.

26. Hazardous Substances. Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

a. Trustor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Trustor has actual knowledge. If Trustor learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

b. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials, excluding household products in normal quantities. As used in this **Section 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

27. Acceleration; Remedies. Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than sixty (60) calendar days from the date of the mailing of the notice for a

monetary default, or a date, which shall not be more than ninety (90) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions then in effect, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, the investor limited partner, the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

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

28. Release. Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs. The lien of the Covenant Agreement shall not be released or reconveyed until the expiration of the term set forth therein notwithstanding the payment of all sums secured by this Deed of Trust.

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

30. Modification of Senior Loan Documents. Any agreement or arrangement, in which a Senior Lender waives, postpones, extends, reduces, or modifies any provisions of the Senior Lien Holder Deed of Trust or any other Senior Lenders loan documents, including any

provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

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

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

33. Removal, Demolition or Alteration of Personal Property and Fixtures. Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

[Remainder of Page Blank]

[Signatures on Following Page]

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

TRUSTOR:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: 
Bruce Kulpa, Executive Director

Date: 1/8/15

(TRUSTOR signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Riverside

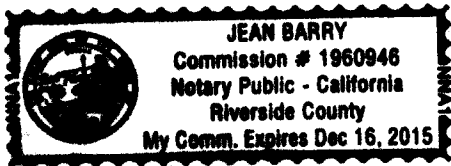
On 1-8-2015 before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

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

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

JEAN BARRY
Commission # 180046
Notary Public - California
Riverside County
My Comm. Expires Dec 18, 2012

