

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

520



FROM: Economic Development Agency

SUBMITTAL DATE:
October 15, 2015

SUBJECT: Approve the Loan Agreement for the Use of HOME Funds for Vista Rio Apartments Affordable Rental Housing Project Located in the City of Jurupa Valley Between the County of Riverside and Jurupa Valley Vista Rio Partners, L.P., District 2, [\$1,000,000], HOME Investment Partnership Act Funds 100%, Finding of No Further CEQA Requirement and Affirming Finding of No Significant Impact

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm that the environmental effects of the Loan Agreement for the use of HOME funds for Vista Rio Apartments (Project) will not have a significant effect on the environment. Any potential significant effects of the project have been adequately analyzed and addressed in Initial Study/Mitigated Negative Declaration Schedule # EA1206001902 adopted by the Board of Supervisors on May 24, 2011. No substantial changes to the Project or circumstances under which the Project will be undertaken have occurred necessitating further environmental documentation;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

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

SOURCE OF FUNDS: HOME Investment Partnership Act Funds 100%
Budget Adjustment: No
For Fiscal Year: 2015/16-2073/74

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, Washington and Ashley
 Nays: None
 Absent: Benoit
 Date: October 27, 2015
 xc: EDA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.: 3-21 of 6/30/15; 3-6 of 7/7/15

District: 2

Agenda Number:

3-2

FORM APPROVED COUNTY COUNSEL
BY:
DATE: 10-7-15
ANITA C. WILLIS

FISCAL PROCEDURES APPROVED
PAUL LANGULO, CPA, AUDITOR-CONTROLLER
BY:
Susana Garcia-Bocanegra
Departmental Concurrence

- A-30
- 4/5 Vote
- Positions Added
- 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 Vista Rio Apartments Affordable Rental Housing Project Located in the City of Jurupa Valley Between the County of Riverside and Jurupa Valley Vista Rio Partners, L.P., District 2, [\$1,000,000], HOME Investment Partnership Act Funds 100%, Finding of No Further CEQA Requirement and Affirming Finding of No Significant Impact

DATE: October 15, 2015

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RECOMMENDED MOTION: (Continued)

2. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on June 30, 2015 concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations at 24 CFR Parts 50 and 58;
3. Approve the attached Loan Agreement for the Use of HOME Funds (Loan Agreement), including all attachments, thereto, between the County of Riverside and Jurupa Valley Vista Rio Partners L.P., a California Limited Partnership, providing a loan derived from the HOME Investment Partnerships Program in the amount of \$1,000,000 (HOME Loan), to be used for the development of a multi-family affordable rental housing project in the City of Jurupa Valley;
4. Approve the attached HOME Loan Deed of Trust, 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 HOME Loan Deed of Trust to a Deed of Trust for the benefit of the construction financing lender in an amount up to \$10,000,000, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of a permanent financing lender in an amount up to \$2,000,000, subject to approval by County Counsel;
8. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the Housing Authority of the County of Riverside securing a loan for the project in an amount up to \$1,898,214, which includes \$398,214 in already expended predevelopment expenses;
9. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, HOME Loan Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
10. Direct County of Riverside Economic Development Agency Staff to file a Notice of Determination with the County Clerk within five days of the approval of the loan agreement.

BACKGROUND:

Summary (Commences on Page 3)

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 Vista Rio Apartments Affordable Rental Housing Project Located in the City of Jurupa Valley Between the County of Riverside and Jurupa Valley Vista Rio Partners, L.P., District 2, [\$1,000,000], HOME Investment Partnership Act Funds 100%, Finding of No Further CEQA Requirement and Affirming Finding of No Significant Impact

DATE: October 15, 2015

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BACKGROUND:

Summary

On February 10, 2015 the Board of Commissioners of the Housing Authority of the County of Riverside (HACR) approved Resolution Number 2015-002 authorizing an amount not to exceed \$2,500,000 of financial assistance from the Low Moderate Income Housing Asset funds (LMIHAF) to Jurupa Valley Vista Rio Partners, a California Limited Partnership (Developer), for the construction of the Vista Rio Apartments (Project).

At the time the LMIHAF funds were committed, the Project was not eligible for federal HOME Investment Partnership Act (HOME) funds as all sources of financing for construction of the Project were not committed. However, on June 10, 2015 the Developer was notified by the California Tax Credit Allocation Committee that the Project was awarded tax credits which secured all sources of financing necessary for the construction of the Project. In an effort to leverage state and federal resources, the County of Riverside (County) staff recommends the County enter into the proposed Loan Agreement for Use of HOME Funds (HOME Loan Agreement) with the Developer to utilize \$1,000,000 (HOME Loan) in HOME funds to pay a portion of the construction costs for the Project. The HOME Loan will offset \$1,000,000 of the LMIHAF committed to the Project. The proposed HOME Loan Agreement, including exhibits, is attached. The HOME Loan will be secured by a residual receipts promissory note and secured by a deed trust. The term of the HOME Loan will be 55 years.

The HACR and Developer entered into a Ground Lease on June 17, 2014, which was amended on February 10, 2015 (Ground Lease) wherein the HACR conveyed to Developer, a leasehold interest in approximately 3.87 acres of land located at 3901 Briggs Street, located in the City of Jurupa Valley between Mission Boulevard and Tilton Avenue, APN: 181-041-015-4 (Project Site). The Project will be located on the Project Site and consist of 39 units comprised of 27 two-bedroom units and 12 three-bedroom units. One two bedroom unit will be set aside as a manager's unit. The two bedroom units are approximately 979 square feet and the three bedroom units are approximately 1257 square feet. The apartment units will be rented to and occupied by qualified low-income and very-low income households. All units will be equipped with energy star appliances. On-site amenities will include a 3,093 square foot community room, computer lab, exercise facility, game room, media room and a pool. On-site services will include literacy classes, computer training, after school programs and nutrition and wellness programs. The proposed HOME Loan Agreement restricts the affordability of 11 units within the Project for a period of no less than 55 years. The proposed Covenant Agreement, attached hereto, shall memorialize the aforementioned affordability restrictions.

The estimated total cost for the Project is \$11,788,744. In addition to the LMIHAF in the amount of \$1,500,000, and HOME funds in the amount of \$1,000,000, other sources of financing include Tax Credit Equity in the amount of \$8,538,390, predevelopment funds in the amount of \$398,214 from the former Redevelopment Agency for the County of Riverside to facilitate all entitlement work (these funds have been expended in full and will be repaid by Developer as part of the promissory note securing the LMIHAF's which will total \$1,898,214), and a waiver of Developer Impact Fees by the City of Jurupa Valley in the amount of \$430,800.

The Housing Authority of the County of Riverside and the construction lender (collectively, Senior Lenders) each require, as a condition precedent to the funding of their respective loans, that the County HOME Loan is subordinated to their respective liens. Subordination of the County HOME Loan is necessary since an economically feasible alternative method of financing the Project on comparable terms is not available without subordination. As a result of such subordinations, the County's HOME Loan will be in a junior lien position to the loans from the Senior Lenders. All subordination agreements shall be approved as to form by County Counsel.

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 Vista Rio Apartments Affordable Rental Housing Project Located in the City of Jurupa Valley Between the County of Riverside and Jurupa Valley Vista Rio Partners, L.P., District 2, [\$1,000,000], HOME Investment Partnership Act Funds 100%, Finding of No Further CEQA Requirement and Affirming Finding of No Significant Impact

DATE: October 15, 2015

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BACKGROUND: (Continued)

Summary

The Project activity was included in the 2014/15 One-Year Action Plan which included the allocation of \$1,000,000 for project costs and \$100,000 for direct staffing.

The County also took into effect all potential negative impacts and findings directly relating to the Project in the Initial Study/Mitigated Negative Declaration, Schedule # EA1206001902 (CEQA), which was adopted by the Board of Supervisors on May 24, 2011 and again by the Board of Commissioners on June 17, 2014. A Notice of Determination will be filed with the County Clerk within five business days of approval of the HOME Loan Agreement.

The County is also the Responsible Entity for the National Environmental Policy Act (NEPA) and the environmental procedures cited in 24 CFR 58.5 and 58.6, and the County found that the proposed Project would not have a significant effect on the environment. The Finding of No Significant Impact on the environment for the NEPA was adopted by the Board of Supervisors on June 30, 2015.

County Counsel has reviewed and approved as to form the HOME Loan Agreement, including all exhibits. Staff recommends approval of the attached HOME Loan Agreement, including all exhibits.

Impact on Citizens and Businesses

The development and construction of the 39 unit multi-family affordable housing complex will have a positive impact on citizens and businesses. The project is expected to generate construction, maintenance, and property management jobs and provide affordable housing for residents in the County of Riverside.

Attachments:

Loan Agreement for the Use of HOME funds
Deed of Trust
Promissory Note
Covenant Agreement
Notice of Determination
Site Map

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 October, 2015 by and between the COUNTY OF
17 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and Jurupa
18 Valley Vista Rio Partners, LP., a California limited partnership, ("BORROWER"). The
19 COUNTY and BORROWER may be individually referred to herein as a "Party" and
20 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, Borrower's administrative general partner is PC Jurupa Valley
3 Vista Rio Developers LLC, a California limited liability company, and whose managing
4 general partner is Housing Corporation of America, a Utah nonprofit corporation.

5 WHEREAS, BORROWER has proposed to develop and construct an affordable
6 rental housing apartment complex, eleven (11) units of which will be rented to and occupied
7 by low-income and very low households for an affordable HOME rent as more specifically set
8 forth herein in and in Exhibit A attached hereto and incorporated herein by this reference
9 ("Project"). The project shall be developed and constructed on that certain real property
10 located in the City of Jurupa Valley, 3901 Briggs Street, between Mission Boulevard and
11 Tilton Avenue, Assessor's Parcel Number: 181-041-015-4, legally described in Exhibit A
12 attached hereto and incorporated herein by this reference ("Property");

13 WHEREAS, the purpose of this Agreement is, among other things, for the County to
14 reserve and commit up to One Million Dollars (\$1,000,000.00) of HOME funds, to provide
15 financial assistance to Borrower to pay a portion of the construction and development costs
16 related to the Project, as more fully described herein; and

17 WHEREAS, the HOME-assisted activities described herein comply with the
18 objectives as required under 24 CFR Part 92 and are consistent with the County's Consolidated
19 Plan.

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

23 1. PURPOSE. COUNTY has agreed to lend up to One Million Dollars
24 (\$1,000,000) of HOME funds to BORROWER upon the satisfaction of the terms and
25 conditions set forth herein (the "HOME Loan"). Subject to **Section 50** hereof, Project
26 Financing Contingency, BORROWER shall undertake and complete the HOME activities
27 required herein and as set forth in Exhibit A, and shall utilize such HOME funds as required
28 herein and pursuant to the HOME program. Once the Project is completed, during the

1 Affordability Period (as defined in Section 14 below) of this Agreement, the Project's HOME
2 units shall be rented to and occupied by households that qualify as very low income and/or
3 low income households (as required herein) pursuant to 24 CFR Section 92.2 ("Qualified
4 Household") for an affordable rent pursuant to 24 CFR Section 92.252 and as provided in
5 Exhibit A ("Affordable Rent"). To remain a Qualified Household, such household shall
6 occupy their respective unit within the Project as their principal residence.

7 The Project shall include a total of eleven (11) affordable rental apartment units
8 described as follows, four 3-bedroom units and seven 2-bedroom units, which shall be rented
9 to and occupied by low-income households as more specifically described in Section 18 below,
10 Exhibit A and Covenant Agreement attached hereto as Exhibit G, and incorporated herein by
11 this reference (collectively, "County HOME Assisted Units")

12 2. BORROWER'S OBLIGATIONS. BORROWER hereby agrees to
13 undertake and complete the following activities within the time periods set forth herein and in
14 Exhibit A:

- 15 a. Develop the Project in accordance with the timeline set forth in
16 **Exhibit "A"**.
- 17 b. Obtain a tax credit allocation from the California Tax Credit
18 Allocation Committee ("CTCAC") in accordance with the timeline
19 set forth in **Exhibit "A"**.
- 20 c. Obtain equity financing in a sufficient amount to complete the
21 Project pursuant to the County approved sources and uses.
- 22 d. Operate the Project in such a manner so that its HOME units will
23 remain affordable to Qualified Households for the Affordability
24 Period as defined in **Section 14** herein without regard to (i) the term
25 of the promissory note or (ii) transfer of ownership.
- 26 e. Maintain the Project in compliance with applicable local, state,
27 federal laws, codes and regulations unit the expiration of this
28 Agreement and the Affordability Period.

- 1 f. Provide the COUNTY the Data Universal Number as assigned by
2 the Data Universal Number System (DUNS) assigned to
3 BORROWER as required by the Federal Funding Accountability
4 and Transparency Act of 2006.
- 5 g. During construction of the Project, BORROWER must erect a sign
6 in an area that is unobstructed and visible to the public. The sign
7 must include the County, EDA, and Housing Authority logos.
8 Additionally the sign must list the five County supervisorial districts
9 and Supervisor's. BORROWER shall submit construction signage
10 design and dimensions for COUNTY's review.
- 11 h. BORROWER must work with the Riverside County Work Force
12 Development Center (WDC) and post all jobs created as a result of
13 this Project with the WDC. Evidence that this requirement has been
14 met shall be submitted to the COUNTY prior to start of construction.

15 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
16 complete the following activities, subject to its receipt of HOME funds from U.S. Department
17 of Housing and Urban Development ("HUD and Borrower's satisfactory completion of the
18 conditions precedent to disbursement of HOME funds set forth below:

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

24 4. HOME Loan. Subject to the satisfaction of the conditions precedent to
25 disbursement of the HOME Loan set forth in **Section 13** below, County shall provide financing
26 to Borrower in the form of a loan in the amount of \$1,000,000 ("HOME Loan"), pursuant to
27 the following terms and conditions:

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

1 (i) July 1, 2073 or (ii) fifty-five (55) years from the recordation of
2 the Notice of Completion for the last building for which construction
3 is completed for the Project (the "HOME Loan Term"). The term,
4 "Official Records" used herein shall mean the Official Records of
5 the Recorder's Office of the County of Riverside.

6 b. Principal. The principal of the HOME Loan shall not exceed the
7 amount identified in **Section 1** and shall be evidenced by a
8 Promissory Note, substantially conforming in form and substance to
9 the Promissory Note attached hereto as **Exhibit C** and incorporated
10 herein by this reference ("HOME Note"), which note shall be
11 secured by a Deed of Trust with Assignment of Rents, substantially
12 conforming in form and substance to the Deed of Trust with
13 Assignment of Rents attached hereto as **Exhibit B** and incorporated
14 herein by this reference ("HOME Deed of Trust").

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

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

18 1. That the HOME Loan will accrue simple interest at a rate of
19 three percent (3.00%) per annum, except in the case of an
20 event of default as hereinafter provided, and shall be repaid on
21 an annual basis from the Project's Residual Receipts (defined
22 below). Interest will begin to accrue 30 days from the
23 recordation of the Notice of Completion in the Official
24 Records.

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

26 i) Fifty percent (50%) of the Project's Residual
27 Receipts shall be used towards the payment of the
28 Residual Receipts loans secured by the Project, and

1 the payment shall be prorated based on the
2 percentage of each respective loan amount based
3 upon the total amount of all such loans, until the
4 HOME note is repaid in full, the Residual Receipts
5 payment split calculation is County HOME loan
6 35% and the Housing Authority of the County of
7 Riverside loan 65% of the 50%; and

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

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

26 4. The term Project's Residual Receipts as used herein shall mean
27 gross receipts, not including interest on required reserve
28 accounts, less the following:

- 1 i) auditing and accounting fees;
- 2 ii) a reasonable property management fee not to
- 3 exceed \$55 per unit per month, increased annually
- 4 by an amount equal to the increase in the
- 5 Consumer Price Index ("CPI"), for the Los
- 6 Angeles-Riverside-Orange County, CA Area;
- 7 iii) operating expenses (any expense reasonably and
- 8 normally incurred in carrying out the Project's
- 9 day-to-day activities, which shall include
- 10 administration, on-site management, utilities, on-
- 11 site staff payroll, payroll taxes, and maintenance);
- 12 iv) replacement reserves, established in a separate
- 13 account from operating reserves in an annual
- 14 amount up to \$13,650;
- 15 v) operating reserves, in an annual amount up to
- 16 \$84,795;
- 17 vi) a General Partner management fee, which shall be
- 18 in the initial amount of \$25,000;
- 19 vii) a limited partner asset management fee not to
- 20 exceed \$4,000 per year increased annually by an
- 21 amount equal to the increase of the Consumer
- 22 Price Index (CPI) for the Los Angeles-Riverside-
- 23 Orange County, CA area;
- 24 viii) payments of principal and interest on amortized
- 25 loans and indebtedness senior to the HOME Loan,
- 26 which have been approved by COUNTY
- 27 (collectively, the "Senior Debt"); and
- 28 ix) The Housing Authority of the County of

1 Riverside's annual monitoring fee for ground lease
2 in the amount of \$3900, increased annually by an
3 amount equal to the increase of the Consumer
4 Price Index (CPI), as more specifically discussed
5 in Section 29; and

6 x) Deferred developer fee, if any.

7 e. Security. The HOME Deed of Trust and the terms of this Agreement
8 shall be in third priority junior to: 1) a Deed of Trust executed by
9 Borrower for the benefit of securing a construction loan in a
10 principal amount up to \$10,000,000, and (2) a Deed of Trust
11 executed by Borrower for the benefit of the Housing Authority of the
12 County of Riverside securing a loan in an amount up to \$1,858,214
13 and related regulatory agreement, (collectively, the "Senior Loans").
14 COUNTY agrees to execute documents necessary to effectuate
15 subordination of this Agreement and the HOME Deed of Trust to the
16 deeds of trust securing the Senior Loans upon BORROWER'S
17 request, provided such subordination agreements are in a form and
18 substance first approved in writing by the COUNTY.

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

23 5. PRIOR COUNTY APPROVAL. BORROWER shall obtain COUNTY'S
24 written approval, through the Assistant County Executive Office of its Economic Development
25 Agency ("EDA"), of all items requiring such approvals as described in this Agreement.

26 6. TERM OF AGREEMENT. This Agreement shall become effective upon
27 the effective date as discussed in **Section 55** below, and unless terminated earlier pursuant to
28 the terms hereof, shall continue in full force and effect until the last to occur of (i) fifty-five

1 (55) years from and after the recordation of the Notice of Completion for the last building for
2 which construction is completed for the Project or (ii) July 1, 2073.

3 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
4 warrants to COUNTY as follows:

- 5 a. Authority. BORROWER is a duly organized limited partnership,
6 in good standing under the laws of the State of California, whose
7 administrative general partner is PC Jurupa Valley Vista Rio
8 Developers LLC, a California limited liability company, whose
9 sole member is Palm Communities. The copies of the documents
10 evidencing the organization of BORROWER, which have been
11 delivered to COUNTY, are true and complete copies of the
12 originals, amended to the date of this Agreement. BORROWER
13 has full right, power and lawful authority to undertake all
14 obligations as provided herein and the execution, performance
15 and delivery of this Agreement by BORROWER has been fully
16 authorized by all requisite actions on the part of BORROWER.
- 17 b. No Conflict. To the best of BORROWER's knowledge,
18 BORROWER's execution, delivery and performance of its
19 obligations under this Agreement will not constitute a default or a
20 breach under contract, agreement or order to which BORROWER
21 is a party or by which it is bound.
- 22 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
23 proceeding.
- 24 d. Prior to Closing. BORROWER shall upon learning of any fact or
25 condition which would cause any of the warranties and
26 representations in this **Section 7** not to be true as of Closing,
27 immediately give written notice of such fact or condition to
28 COUNTY. Such exception(s) to a representation shall not be

1 deemed a breach by BORROWER hereunder, but shall constitute
2 an exception which COUNTY shall have the right to approve or
3 disapprove if such exception would have an effect on the value
4 and/or operation of the Project Site.

5 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
6 with the implementation schedule ("Implementation Schedule") set forth in **Exhibit "A,"** (as
7 such schedule may be amended pursuant to **Section 10**) and subject to Force Majeure Delays,
8 as defined in **Section 9**.

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

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

1 Force Majeure prevents BORROWER from performing such obligations.

2 10. EXTENSION OF TIME. COUNTY may grant an extension to the
3 Implementation Schedule for the purpose of completing BORROWER's activities which
4 cannot be completed as outlined in **Exhibit "A."** BORROWER shall request said extension in
5 writing, stating the reasons therefore, which extension must be first approved in writing by the
6 COUNTY in its reasonable discretion. The Assistant County Executive Officer/Economic
7 Development Agency CEO/EDA or designee, on behalf of the COUNTY and without referring
8 such matter to the County's Board of Supervisor's may extend all pending deadlines in the
9 Implementation Schedule and Performance on two (2) or fewer occasions, so long as the
10 aggregate duration of such administrative time extensions is no greater than ninety (90) days.
11 Every term, condition, covenant, and requirement of this Agreement shall continue in full force
12 and effect during the period of any such extension.

13 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN
14 FUNDS. COUNTY, through its EDA, shall: (1) make payments of the HOME funds to
15 BORROWER as designated in **Exhibit A**, and (2) monitor the Project to ensure compliance
16 with applicable federal regulations and the terms of this Agreement. County shall not disburse
17 any HOME funds pursuant to this Agreement until the following conditions precedent have
18 been satisfied:

19 a. BORROWER executes this Agreement and delivers to County for
20 recordation in Official Records.

21 b. BORROWER submits written evidence to the County that Borrower
22 has obtained sufficient financing commitments necessary to undertake the construction of
23 project as required herein

24 c. BORROWER provides the County with the Data Universal Number
25 as assigned by the Data Universal Number System assigned to Borrower a required by the
26 Federal Accountability and Transparency Act of 2006.

27 d. BORROWER provides evidence of insurance as required herein.

28 e. BORROWER executes the HOME Deed of Trust, substantially

1 conforming in form and substance to the Deed of Trust with
2 Assignment of Rents attached hereto as **Exhibit B**, and in recordable
3 form, and delivers such document to the County for recordation in
4 the Official Records.

5 f. BORROWER executes the HOME Note, substantially conforming in
6 form and substance to the Promissory Note attached hereto as
7 **Exhibit C** and delivers to the County.

8 g. BORROWER executes the Covenant Agreement, substantially
9 conforming in form and substance to the Covenant Agreement
10 attached hereto as **Exhibit G** and incorporated herein by this
11 reference, in recordable form, and delivers to the County for
12 recordation in the Official Records.

13 h. BORROWER executes, records, and delivers the Request for Notice
14 as shown in **Exhibit H**.

15 i. BORROWER provides, at its expense, an ALTA lender's policy, in
16 favor of the County, insuring the HOME Deed of Trust, as a third
17 priority lien upon the close of escrow.

18 j. BORROWER provides documentation showing that matching funds
19 of not less than twenty-five percent (25%) of the total HOME funds
20 allocated under this Agreement have been provided.

21 k. BORROWER provides satisfactory evidence that it has all the
22 financing documents required to cause the proceeds of the
23 construction loan and the equity investment from the investor to be
24 committed and available, in an amount sufficient, when combined
25 with the HOME Loan, Housing Authority of the County of Riverside
26 Loan.

27 l. Borrower is not in default under the terms of this Agreement.

28 m. COUNTY will retain ten percent (10%) of the total HOME Loan

1 amount and release final draw down of HOME funds upon receipt of
2 all of the following:

- 3 1) Conditional lien release from general contractor;
- 4 2) recorded Notice of Completion;
- 5 3) Certificate of Occupancy;
- 6 4) architect certification identifying units that are accessible
7 to individuals with mobility impairments and units that are
8 accessible to individuals with sensory impairments in
9 compliance with Section 504 of the Rehabilitation Act of
10 1973, as described in **Section 17(i)**;
- 11 5) final Contract and Subcontract Activity report, Minority
12 Business Enterprise/Women Business Enterprise
13 ("MBE/WBE") report, HUD form 2516;
- 14 6) submission of documentation that shows compliance with
15 the Uniform Relocation Assistance and Real Property
16 Acquisition Policies Act of 1970 and 24 CFR Part 42.
- 17 7) submission of a Project completion report including
18 Tenant Checklist as shown in **Exhibit "F"** which is
19 attached hereto and by this reference incorporated herein;
- 20 8) Affirmative Fair Housing Marketing Plan – Multifamily
21 Housing, HUD form 935.2A, as described in **Section**
22 **17(c)**;
- 23 9) Tenant Selection Policy;
- 24 10) Management Plan;
- 25 11) final development costs; and
- 26 12) final sources and uses of funds. A final Certified Public
27 Accountant's construction cost certification must be
28 provided within 6 months of the Notice of Completion

1 (but not as a condition to release HOME Loan retention).

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

15 o. **NOT USED.**

16 p. BORROWER provides a copy of the final, executed construction
17 contract for the Project and documentation of a Payment and
18 Performance Bond or letter of credit to secure performance under the
19 construction contract for the Project issued by a bonding company or
20 financial institution reasonably approved by COUNTY. The bonds
21 shall name COUNTY as Co-Obligee.

22 q. BORROWER provides satisfactory evidence that it has satisfied all
23 conditions precedent to the issuance of all permits necessary for the
24 construction of the development and all such permits are available
25 for issuance, other than payment of fees.

26 r. If Davis Bacon and/or prevailing wages are required to be paid,
27 BORROWER hires a qualified professional firm to review and
28 monitor Davis Bacon and/or prevailing wage compliance for all

1 submissions of contractors certified payrolls to COUNTY. In the
2 event that the Project requires prevailing wages, BORROWER shall
3 comply with any applicable labor regulations and all other State
4 Laws in connection with the construction of the improvements which
5 compromise the Project, including if applicable, requirements
6 relating to prevailing wages. BORROWER agrees and acknowledges
7 that it is the responsibility of BORROWER to obtain legal
8 determination, at BORROWER's sole cost and expense, as to
9 whether prevailing wages must be paid during the construction of the
10 Project. If the Project is subject to prevailing wage, then
11 BORROWER shall be solely responsible to pay its contractors and
12 subcontractors the required prevailing wage rates. BORROWER
13 agrees to indemnify, defend, and hold COUNTY harmless from and
14 against any and all liability arising out of and related to
15 BORROWER's failure to comply with any and all applicable Davis
16 Bacon and/or prevailing wage requirements.

17 s. Irrespective of events (a) through (e), BORROWER is allowed to
18 draw down up to Nine Hundred Thousand Dollard (\$900,000)
19 Dollars for eligible soft costs incurred for the Project. Should the
20 Project be cancelled, all funds drawn down are to be paid back by
21 BORROWER within thirty (30) calendar days after receiving a
22 request for payment from the COUNTY.

23 t. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
24 BORROWER, and its principals, or any/all persons, contractors,
25 consultants, businesses, etc. ("Developer Associates"), that
26 BORROWER is conducting business with, are not presently
27 debarred, proposed for debarment, suspended, declared ineligible, or
28 voluntarily excluded from participation or from receiving federal

1 contracts or federally approved subcontracts or from certain types of
2 federal financial and nonfinancial assistance and benefits with the
3 Excluded Parties Listing System (“EPLS”). EPLS records are
4 located at www.sam.gov.

5 u. BORROWER shall search and provide a single comprehensive list
6 of Developer Associates (individuals and firms) and print and
7 maintain evidence of the search results of each Developer Associate
8 as verification of compliance with this requirement as provided in
9 **Exhibit “I”**, which is attached hereto and by this reference
10 incorporated herein.

11 v. Not Used

12 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
13 Construction Start Deadline as set forth in **Section 49(a)**; (2) the Completion Deadline as set
14 forth in **Section 49(b)**; (3) the Lease Deadline as set forth in **Section 19(a)**, or (4) the Project
15 Financing Contingency in **Section 50**, all of which are herein (collectively, the “Performance
16 Deadlines”), subject to the notice and cure periods as set forth in **Section 32** herein, then the
17 funds allocated, reserved, or placed in a HOME Investment Trust Fund may be reallocated by
18 COUNTY after at least thirty (30) days’ prior written notice is given to BORROWER. Upon
19 such reallocation and repayment of funds, this Agreement shall be terminated and be of no
20 further force and effect and Borrower shall be released and discharged from any obligations
21 under this Agreement, except as to those obligations which survive termination by their terms.

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

1 HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of
2 conditions set forth in **Section 11**. COUNTY shall pay BORROWER the sum specified in
3 **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized
4 schedule shown in **Exhibit "A"**:

5 a. Up to fifty percent (90%) of the HOME Loan at the
6 commencement of construction.

7 b. COUNTY shall release final draw down of ten percent (10%) of
8 the HOME Loan following receipt of all of the items listed in
9 **Section 11(i)**.

10 14. TERMS OF AFFORDABILITY. The Project, including the COUNTY
11 HOME-Assisted Units, shall remain affordable to qualified very low income and low-income
12 households until the later of (i) fifty-five (55) years from the recordation of the Notice of
13 Completion in the Official Records for the last building for which construction is completed
14 for the Project, or (ii) July 1, 2073, ("Affordability Period").

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

19 a. Worker's Compensation Insurance.

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

1 b. Commercial General Liability Insurance.

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

16 c. Vehicle Liability Insurance.

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

1 Risk Manager.

2 d. General Insurance Provisions – All Lines.

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

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

22 3) BORROWER shall cause BORROWER's insurance
23 carrier(s) to furnish the County of Riverside with copies of the
24 Certificate(s) of Insurance and Endorsements effecting coverage
25 as required herein, and 2) if requested to do so orally or in writing
26 by COUNTY Risk Manager, provide copies of policies including
27 all Endorsements and all attachments thereto, showing such
28 insurance is in full force and effect. Further, said Certificate(s)

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

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

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

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

8 6) BORROWER shall pass down the insurance obligations
9 contained herein to all tiers of subcontractors working under this
10 Agreement.

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

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

17 16. FINANCIAL RECORDS. BORROWER shall maintain financial,
18 programmatic, statistical, and other supporting records of its operations and financial activities
19 in accordance with the requirements of the HOME Investment Partnerships Program Final
20 Rule, and the regulations as amended promulgated thereunder, which records shall be open to
21 inspection and audit by authorized representatives of COUNTY, HUD, and the Comptroller
22 General of the United States during regular working hours. COUNTY, HUD, and the
23 Comptroller General, or any of their representatives, have the right of access with at least forty-
24 eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of
25 BORROWER, in order to make audits, examinations, excerpts, and transcripts. Said records
26 shall be retained for such time as may be required by the regulations of the HOME Program,
27 but in no event no less than five (5) years after the Project completion date; except that records
28 of individual tenant income verifications, project rents, and project inspections must be

1 retained for the most recent five (5) year period, until five (5) years after the Affordability
2 Period terminates. If any litigation, claim, negotiation, audit, or other action has been started
3 before the expiration of the regular period specified, the records must be retained until
4 completion of the action and resolution of all issues which arise from it, or until the end of the
5 regular period, whichever is later.

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

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

13 b. Section 92.350 Other Federal requirements and
14 nondiscrimination. As set forth in 24 CFR part 5, sub part A,
15 BORROWER is required to include the following requirements:
16 nondiscrimination and equal opportunity under Section 282 of the
17 Act; disclosure; debarred, suspended, or ineligible contractors;
18 and drug-free workplace.

19 a. Section 92.351 Affirmative marketing and minority outreach
20 program. BORROWER must adopt affirmative marketing
21 procedures and requirements. These must include:

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

28 (2) Requirements and practices that BORROWER must

1 adhere to in order to carry out the affirmative marketing
2 procedures and requirements (e.g., use of commercial
3 media, use of community contacts, use of the Equal
4 Housing Opportunity logotype or slogan, and display of
5 fair housing poster).

6 (3) Procedures to be used by BORROWER to inform and
7 solicit applications from persons in the housing market
8 area who are not likely to apply without special outreach
9 (e.g., use of community organizations, employment
10 centers, fair housing groups, or housing counseling
11 agencies).

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

15 (5) A description of how BORROWER will annually assess
16 the success of affirmative marketing actions and what
17 corrective actions will be taken where affirmative
18 marketing requirements are not met.

19 (6) BORROWER must prescribe procedures to establish and
20 oversee a minority outreach program to ensure the
21 inclusion, to the maximum extent possible, of minorities
22 and women, and entities owned by minorities and women,
23 including, without limitation, real estate firms,
24 construction firms, appraisal firms, management firms,
25 financial institutions, investment banking firms,
26 underwriters, accountants, and providers of legal services,
27 in all contracts entered into by BORROWER with such
28 persons or entities, public and private, in order to facilitate

1 the activities of COUNTY to provide affordable housing
2 authorized under this Act or any other Federal housing
3 law. Section 24 CFR 85.36(e) provided affirmative steps
4 to assure that minority business enterprises and women
5 business enterprises are used when possible in the
6 procurement of property and services. The steps include:

- 7 (i) Placing qualified small and minority businesses
8 and women's business enterprises on solicitation
9 lists.
- 10 (ii) Assuring that small and minority businesses, and
11 women's business enterprises are solicited
12 whenever they are potential sources.
- 13 (iii) Dividing total requirements, when economically
14 feasible, into smaller tasks or quantities to permit
15 maximum participation by small and minority
16 business, and women's business enterprises.
- 17 (iv) Establishing delivery schedules, where the
18 requirement permits, which encourage
19 participation by small and minority business, and
20 women's business enterprises.
- 21 (v) Using the services and assistance of the Small
22 Business Administration, and the Minority
23 Business Development Agency of the Department
24 of Commerce.
- 25 (vi) Requiring the prime contractor, if subcontracts are
26 to be let, to take the affirmative steps listed in (i)
27 through (v) above of this section.

28 b. Section 92.352 Environmental review. The environmental effects

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

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

14 d. Section 92.354 Lead-based paint. Housing assisted with HOME
15 funds is subject to the lead-based paint requirements of 24 CFR
16 Part 35 issued pursuant to the Lead-Based Paint Poisoning
17 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
18 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
19 (j)(1)(i), also apply, irrespective of the applicable property
20 standard under §92.251.

21 e. Section 92.354 Labor. Every contract for the construction of
22 housing that includes twelve (12) or more units assisted with
23 HOME funds must contain a provision requiring the payment of
24 not less than the wages prevailing in the locality, as predetermined
25 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
26 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
27 the development of any part of the housing. Such contracts must
28 also be subject to the overtime provisions, as applicable, of the

1 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
2 332). BORROWER must apply most current wage rate
3 determination at the date of execution of this Agreement.

4 f. Section 92.356 Conflict of Interest. In the procurement of
5 property and services by BORROWER, the conflict of interest
6 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively shall
7 apply. Section 92.356 shall cover all cases not governed by 24
8 CFR 85.36 and 24 CFR 84.42.

9 g. Section 504 of the Rehabilitation Act of 1973; Housing
10 accessibility requirement at 24 CFR Part 8, implementing Section
11 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
12 design and construction of multi-family dwellings as defined at 24
13 CFR 100.201 must comply with the requirements set forth in 24
14 CFR 100.205 implementing the Fair Housing Act. Dwelling units
15 must be designed and constructed in accordance with the Uniform
16 Federal Accessibility Standards (UFAS) will be deemed to
17 comply with the Section 504 regulation.

18 (1) 24 CFR Part 8.22 New construction—housing
19 facilities. For new construction of multi-family
20 projects, 5 percent (5%) of the units (but not less
21 than one unit) must be accessible to individuals
22 with mobility impairments, and an additional 2
23 percent (2%) of the units (but not less than one
24 unit) must be accessible to individuals with
25 sensory impairments.

26 (2) 24 CFR Part 8.23 Alterations of existing housing
27 facilities. If alterations are undertaken to a project
28 that has 15 or more units and the cost of the

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

28 h. Model Energy Code published by the Council of American

1 Building Officials.

2 i. Section 3 of the Housing and Urban Development Act of 1968. To
3 the greatest extent feasible, opportunities for training and
4 employment arising from HOME funds will be provided to low-
5 income persons residing in the program service area. To the greatest
6 extent feasible, contracts for work to be performed in connection with
7 HOME funds will be awarded to business concerns that are located in
8 or owned by persons residing in the program service area as outlined
9 in the Riverside County EDA Section 3 Contract Requirements
10 attached hereto as **Exhibit "D"**. Contracts funded from Section 3
11 covered funding sources must abide by the Section 3 Clause
12 prescribed at 24 CFR 135.38. All contracts subject to the
13 requirements of Section 3 must include the Section 3 Clause verbatim
14 that is contained at 24 CFR 135.38 attached hereto as **Exhibit E**,
15 which is attached hereto and by this reference incorporated herein.

16 j. Section 92.358 Consultant Activities. No person providing
17 consultant services in an employer-employee type relationship
18 shall receive more than a reasonable rate of compensation for
19 personal services paid with HOME funds.

20 k. BORROWER shall carry out its activity pursuant to this
21 Agreement in compliance with all federal laws and regulations
22 described in Subpart E of Part 92 of the Code of Federal
23 Regulations, except that:

24 (1) BORROWER does not assume COUNTY'S
25 environmental responsibilities described at 24 CFR Part
26 92.352; and

27 (2) BORROWER does not assume COUNTY's responsibility
28 for initiating the review process under the provisions of 24

CFR Part 92.352

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- l. Uniform Administrative Requirements of 24 CFR 92.505 Part 84 and 85 “Common Rule”, OMB Circular Nos. A-87 (for government entities), A-122 (for non-profit organizations), and the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities), and the following §§84.2, 84.5, 84.13 through 84.16, 84.21, 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37, 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and 84.73 (for non-profit organizations). Federal awards expended as a recipient or a subrecipient, as defined by HUD, would be subject to single audit. The payments received for goods or services provided as a vendor would not be considered Federal awards.
 - m. BORROWER shall include written agreements that include all provisions of **Section 17** if BORROWER provides HOME funds to for-profit owners or developers, non-profit owners or developers, sub-recipients, homeowners, homebuyers, tenants receiving tenant-based rental assistance, or contractors.
 - n. Immigration requirements of Federal Register, Vol. 62, No. 221, Department of Justice Interim Guidance on Verification of Citizenship, Qualified Alien Status and Eligibility Under Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (“PRWORA”). Final Attorney General’s Order issued pursuant to PRWORA is specified under Federal Register Vol. 66, No. 10, Department of Justice Final Specification of Community Programs Necessary for Protection of Life or Safety Under Welfare Reform Legislation.

1 aside and designate eleven (11) units (7 – 2 Bedroom and 4 – 3 Bedroom) of the Project to be
2 designated as “ COUNTY Floating Units” Low HOME rent units, as defined under 24 CFR
3 92.252(j) and which is more fully described in **Exhibit A** (the “ COUNTY HOME-Assisted
4 Units”). All eleven (11) of the COUNTY HOME-Assisted Units shall be limited to households
5 whose incomes do not exceed fifty percent (50%) of the median family income for the County
6 of Riverside, adjusted by family size at the time of occupancy.

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

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

17 Within twelve (12) months from the recordation of the Notice of
18 Completion (the “Lease Deadline”), if a COUNTY HOME-Assisted Unit remains
19 unoccupied or not leased to an eligible tenant, then BORROWER agrees to repay
20 HOME funds for any COUNTY HOME-Assisted Unit that is not rented to eligible tenants.
21 BORROWER may request an extension of the Lease Deadline from COUNTY if
22 BORROWER can provide to COUNTY evidence showing efforts of aggressive marketing
23 efforts and proof that the circumstances that led to the failure to lease the COUNTY HOME-
24 Assisted Unit(s) by the Lease Deadline were beyond the BORROWER’s control. The
25 extension and time of extension is subject to COUNTY’s approval and not guaranteed. The
26 Assistant County Executive Officer/EDA, or designee, has the authority, at his or her
27 discretion, to consent to an extension of the Lease Deadline.
28



1 Assistant County Executive Officer/EDA, or designee, has the authority, at his or her
2 discretion, to consent to an extension of the Lease Deadline.

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

11 a. Low HOME Rent Limitations: Effective June 1, 2015, HUD
12 published Low HOME rents for the County of Riverside. Low
13 HOME rent for 2 bedroom units is \$753 and \$871 for 3 bedroom
14 units. In order to calculate net rent to be charged, an applicable
15 utility allowance must be subtracted from the gross rents listed. The
16 BORROWER shall use the California Utility Allowance Calculator
17 to establish maximum monthly allowances for utilities and services
18 to be used by the BORROWER in calculating Rents. The
19 BORROWER shall submit to the COUNTY for review and written
20 approval the rents proposed by the BORROWER for all of the
21 COUNTY Home Assisted Units. Rent limitations for COUNTY
22 HOME-assisted units shall be as set forth under 24 CFR 92.252 and
23 such units shall be rented and occupied by income qualified
24 applicants at the HOME rent levels for the County of Riverside,
25 which are published periodically by HUD.

26 b. Initial rent schedule and utility allowance: The BORROWER shall
27 use the California Utility Allowance Calculator to establish
28 maximum monthly allowances for utilities and services to be used by

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

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

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

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

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

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

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

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

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

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

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

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

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

27 (9) Mandatory supportive services. Agreement by the tenant
28 (other than a tenant in transitional housing) to accept

1 supportive services that are offered.

2 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
3 113-4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes
4 and amends the Violence Against Women Act of 1994, as previously
5 amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C.
6 13925 et seq.) VAWA 2013, among other things, bars eviction and
7 termination due to a tenant’s status as a victim of domestic violence,
8 dating violence, or stalking, and requires landlords to maintain
9 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
10 is a survivor of domestic violence, dating violence, sexual assault,
11 and stalking from being denied assistance, tenancy, or occupancy
12 rights based solely on criminal activity related to an act of violence
13 committed against them. It extends housing protections to survivors
14 of sexual assault, and adds “intimate partner” to the list of eligible
15 relationships in the domestic violence definition. Protections also
16 now cover an “affiliated individual,” which includes any lawful
17 occupant living in the survivor’s household, or related to the survivor
18 by blood or marriage including the survivor’s spouse, parent,
19 brother, sister, child, or any person to whom the survivor stands in
20 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
21 lawful occupant who engages in criminal activity directly relating to
22 domestic violence, dating violence, sexual assault, or stalking against
23 an affiliated individual or other individual, or others may be evicted
24 or removed without evicting or removing or otherwise penalizing a
25 victim who is a tenant or lawful occupant. If victim cannot establish
26 eligibility, BORROWER must give a reasonable amount of time to
27 find new housing or establish eligibility under another covered
28 housing program. A Notice of Rights under VAWA 2013 for tenants

1 must be provided at the time a person applies for housing, when a
2 person is admitted as a tenant of a housing unit, and when a tenant is
3 threatened with eviction or termination of housing benefits. Tenants
4 must request an emergency transfer and reasonably believe that they
5 are threatened with imminent harm from further violence if the
6 tenant remains in the same unit. The provisions of VAWA 2013 that
7 are applicable to HUD programs are found in title VI of VAWA
8 2013, which is entitled "Safe Homes for Victims of Domestic
9 Violence, Dating Violence, Sexual Assault, and Stalking." Section
10 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
11 14043e et seq.) to add a new chapter entitled "Housing Rights."

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

15 22. REPAYMENT INCOME. COUNTY must record the receipt and
16 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR
17 92.503.

18 23. SALE , ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.

19 (a) Until the full reconveyance of the HOME loan BORROWER shall not to sell,
20 assign, transfer or otherwise dispose of the HOME loan, Project, Leasehold, or any portion
21 thereof, without first obtaining the prior written consent of COUNTY. County approval of any
22 such sale, assignment, transfer or other disposition, shall be conditioned upon County's receipt
23 and approval as to form and substance of reasonable written evidence satisfactory to COUNTY
24 in its sole discretion, including but not limited to an assignment and assumption agreement,
25 that transferee has assumed in full, and is reasonably capable of performing and complying
26 with, all of BORROWER's duties and obligations under this Agreement. As of the effective
27 date of such County approved instrument effectuating the sale, assignment, transfer or other
28 disposition, BORROWER shall be released of all obligations hereunder which accrue from

1 and after the date of such sale, assignment, transfer or other disposition.

2
3 b) Notwithstanding anything to the contrary contained herein, upon
4 prior written notice to COUNTY, BORROWER may, without the COUNTY's consent,
5 perform the following transfers (i) conveyance of a security interest in the Leasehold in
6 connection with any Senior Loan and any transfer of title by foreclosure, deed or other
7 conveyance in lieu of foreclosure in connection therewith; (ii) admit limited partners to
8 BORROWER, and provide for the purchase of any such limited partnership interest or interests
9 by BORROWER's general partner; (iii) remove BORROWER's general partner, and replace
10 with an affiliate of the BORROWER's limited partner, provided that any replacement general
11 partner for BORROWER who is not an affiliate with the BORROWER's limited partner will
12 require the written consent of the County, which consent will not be unreasonably withheld;
13 (iv) the lease for occupancy of all or any of the Units; (v) the granting of easements or permits
14 to facilitate the development of the Property in accordance with this HOME Loan Agreement;
15 and (vi) the withdrawal and/or replacement of any limited partner of BORROWER,
16 (collectively a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable
17 review of documentation by the COUNTY. The term "affiliate" as used in this section means,
18 as to any Person (as defined below), any general partnership, limited partnership, corporation,
19 joint venture, trust, business trust, cooperative, association, limited liability company or
20 individual (collectively, a "Person") that (A) directly or indirectly controls or is controlled by
21 (such as any partnership or limited liability company in which the Person, directly or
22 indirectly, serves as a general partner or managing member, respectively) or is under common
23 control with the specified Person; (B) is an officer or director of, commissioner of, partner in,
24 member of or trustee of, or serves in a similar capacity with respect to, the specified Person or
25 of which the Specified Person is an officer, director, member, partner or trustee, or with respect
26 to which the specified Person serves in a similar capacity; or (C) is the beneficial owner,
27 directly or indirectly, of 10% or more of any class of equity securities of the specified Person
28 or of which the specified Person is directly or indirectly the owner of 10% or more of any class

1 of equity securities. The term "control" (including the term "controlled by" and "under
2 common control with") as used herein means the possession, direct or indirect, of the power to
3 direct or cause the direction of the management and policies of a Person, whether through the
4 ownership of voting securities, by contract or otherwise.

5 COUNTY's approval of the transfers in **Section 23** shall not be unreasonably
6 withheld and COUNTY's Assistant County Executive Officer/Economic Development Agency
7 or designee(s) are authorized to execute such written instruments necessary or appropriate to
8 evidence approval of the transfers in **Section 23**.

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

13 25. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
14 which requires that no person in the United States shall on the grounds of race, color, national
15 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
16 subjected to discrimination under any program or activity receiving Federal financial assistance
17 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
18 against discrimination on the basis of age under the Age Discrimination Act and the
19 prohibitions against discrimination on the basis of disability under Section 504 shall apply to
20 programs or activities receiving Federal financial assistance under Title I programs. The
21 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR
22 Part 6. In addition, BORROWER shall not discriminate on the basis of race, gender, religion,
23 national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection,
24 hiring or treatment of any contractors or consultants, to participate in
25 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
26 violation of this clause shall be considered a material breach of this Lease and may result in
27 termination, debarment or other sanctions. This language shall be incorporated into all
28 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,

1 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
2 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
3 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
4 issued pursuant to said Acts and Orders with respect to its use of the Property.

5 BORROWER herein covenants by and for itself, its successors and assigns, and all
6 persons claiming under or through them, that this Covenant is made and accepted upon and
7 subject to the following conditions: There shall be no discrimination against or segregation of
8 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
9 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
10 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of
11 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
12 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
13 establish or permit any such practice or practices of discrimination or segregation with reference
14 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
15 or vendees of the Property.

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

22 a) In deeds: "The grantee herein covenants by and for himself or herself, his
23 or her heirs, executors, administrators, and assigns, and all persons claiming under or
24 through them, that there shall be no discrimination against or segregation of, any person
25 or group of persons on account of any basis listed in subdivision (a) or (d) of Section
26 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
27 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
28 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,

1 tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person
2 claiming under or through him or her, establish or permit any practice or practices of
3 discrimination or segregation with reference to the selection, location, number, use or
4 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
5 conveyed. The foregoing covenants shall run with the land.”

6 b) In leases: “The lessee herein covenants by and for himself or herself, his
7 or her heirs, executors, administrators, and assigns, and all persons claiming under or
8 through him or her, and this lease is made and accepted upon and subject to the following
9 conditions: 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 12955
11 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
12 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
13 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
14 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
15 or any person claiming under or through him or her, establish or permit any such practice
16 or practices of discrimination or segregation with reference to the selection, location,
17 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
18 premises herein leased.”

19 c) In contracts: “There shall be no discrimination against or segregation of
20 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of
21 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
22 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
23 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
24 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
25 claiming under or through him or her, establish or permit any such practice or practices of
26 discrimination or segregation with reference to the selection, location, number, use, or
27 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”
28

1 In addition to the obligations and duties of BORROWER set forth herein, BORROWER
2 shall, upon notice from County, promptly pay to County all fees and costs, including
3 administrative and attorneys' fees, incurred by County in connection with responding to or
4 defending any discrimination claim brought by any third party and/or local, state or federal
5 government entity, arising out of or in connection with this Agreement or the Covenant
6 Agreement attached hereto.

7 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 8 a. BORROWER and its assigns, employees, agents, consultants, officers
9 and elected and appointed officials shall become familiar with and
10 shall comply with the conflict of interest provisions in OMB Circular
11 A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR 92.356 and Policy
12 Manual #A-11, attached hereto as **Exhibit "E"** and by this reference
13 incorporated herein.
- 14 b. BORROWER understands and agrees that no waiver or exception can be
15 granted to the prohibition against conflict of interest except upon
16 written approval of HUD pursuant to 24 CFR 92.356(d). Any
17 request by BORROWER for an exception shall first be reviewed by
18 COUNTY to determine whether such request is appropriate for
19 submission to HUD. In determining whether such request is
20 appropriate for submission to HUD, COUNTY will consider the
21 factors listed in 24 CFR 92.356(e).
- 22 c. Prior to any funding under this Agreement, BORROWER shall provide
23 COUNTY with a list of all employees, agents, consultants, officers
24 and elected and appointed officials who are in a position to
25 participate in a decision-making process, exercise any functions or
26 responsibilities, or gain inside information with respect to the
27 HOME activities funded under this Agreement. BORROWER shall
28 also promptly disclose to COUNTY any potential conflict, including

1 even the appearance of conflict that may arise with respect to the
2 HOME activities funded under this Agreement.

3 d. Any violation of this section shall be deemed a material breach of this
4 Agreement, and the Agreement shall be immediately terminated by
5 COUNTY.

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

19 28. PROJECT MONITORING AND EVALUATION.

20 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist
21 Form to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
22 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
23 composition, number and percentage of very low-income and low-income households who are
24 tenants of the COUNTY HOME-Assisted Units. The Tenant Checklist Form shall be submitted
25 upon completion of the construction and thereafter, on a semi-annual basis on or before March
26 31 and September 30. BORROWER shall maintain financial, programmatic, statistical and
27 other supporting records of its operations and financial activities in accordance with the
28 requirements of the HOME Program under 24 CFR 92.508, including the submission of Tenant

1 Checklist Form. Except as otherwise provided for in this Agreement, BORROWER shall
2 maintain and submit records to COUNTY within ten business days of COUNTY's request
3 which clearly documents BORROWER's performance under each requirement of the HOME
4 Program. A list of document submissions and timeline are shown in **Exhibit A** and such list
5 may be amended from time to time subject to HUD and COUNTY reporting requirements.

6 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii),
7 during the period of affordability, COUNTY must perform on-site inspections of COUNTY
8 HOME-assisted rental housing to determine compliance with the property standards of §92.251
9 and to verify the information submitted by the owners in accordance with the requirements of
10 §92.252. The inspections must be in accordance with the inspection procedures that the
11 participating jurisdiction establishes to meet the inspection requirements of §92.251. The on-
12 site inspections must occur within 12 months after Notice of Completion and at least once
13 every 3 years thereafter during the period of affordability. If there are observed deficiencies
14 for any of the inspectable items in the property standards established by COUNTY, in
15 accordance with the inspection requirements of §92.251, a follow-up on-site inspection to
16 verify that deficiencies are corrected must occur within 12 months. COUNTY may establish a
17 list of non-hazardous deficiencies for which correction can be verified by third party
18 documentation (e.g., paid invoice for work order) rather than re-inspection. Health and safety
19 deficiencies must be corrected immediately, in accordance with §92.251. COUNTY must
20 adopt a more frequent inspection schedule for properties that have been found to have health
21 and safety deficiencies. The property owner must annually certify to the COUNTY that each
22 building and all HOME- assisted units in the project are suitable for occupancy, taking into
23 account State and local health, safety, and other applicable codes, ordinances, and
24 requirements, and the ongoing property standards established by the participating jurisdiction
25 to meet the requirements of §92.251. Inspections must be based on a statistically valid sample
26 of units appropriate for the size of the COUNTY HOME-Assisted project, as set forth by HUD
27 through notice. For projects with one-to-four COUNTY HOME-Assisted Units, COUNTY
28 must inspect 100 percent of the COUNTY HOME-Assisted Units and the inspectable items

1 (site, building exterior, building systems, and common areas) for each building housing
2 COUNTY HOME-assisted units.

3 29. MONITORING FEE. BORROWER shall be responsible for paying an
4 annual Compliance Monitoring fee to the Housing Authority of the County of Riverside
5 (HACR) in the amount of \$3,900 as stated in the Ground Lease Executed by BORROWER and
6 HACR on June 17, 2014 and as amended on February 10, 2015. In the event that Ground Lease
7 is terminated BORROWER shall then pay County an annual compliance monitoring fee in the
8 amount of \$3900, due and payable on the first July 1st after termination of Ground Lease. This
9 amount is to be adjusted, not to exceed the CPI, every year for the Los Angeles-Riverside-
10 Orange County, CA area. In the event of a decrease in the applicable CPI, the Monitoring Fee
11 currently in effect shall remain the same and shall not decrease.

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

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

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

- 1 b. Non-Monetary Default - Operation. (1) Discrimination by
2 BORROWER or BORROWER's agent on the basis of
3 characteristics prohibited by this Agreement or applicable law; (2)
4 the imposition of any encumbrances or liens on the Project
5 without COUNTY's prior written approval that are prohibited
6 under this Agreement or that have the effect of reducing the
7 priority or invalidating the HOME Deed of Trust unless Borrower
8 (1) agrees in writing to the payment of the obligation secured by
9 the lien in a manner acceptable to County; (2) contests in good
10 faith the lien by, or defends against enforcement of the lien in
11 legal proceedings which in the County's opinion operate to
12 prevent the enforcement of the lien; or (3) bond around the lien
13 (4) secures from the holder of the lien an agreement satisfactory
14 to Lender subordinating the lien to the Deed of Trust, Except for
15 the liens approved herein, if County determines that any part of
16 the property is subject to a lien which may attain priority over this
17 Deed of Trust, County may give Borrower a notice identifying the
18 lien. Borrower shall satisfy such lien or take one or more of the
19 actions set forth above within 30 days of delivery of written
20 notice; (3) BORROWER's failure to obtain and maintain the
21 insurance coverage required under this Agreement; (4) any
22 material default under this Agreement the HOME Loan Deed of
23 Trust, Covenant Agreement, HOME Loan Note or any document
24 executed by the County in connection with this Agreement, and
25 /or (5) default under the terms of any Senior Loan documents or
26 any other instrument or document secured against the Property;
27 c. General Performance of Loan Obligations. Any substantial or
28 continuous or repeated breach by BORROWER or

1 BORROWER's agents of any material obligations on
2 BORROWER imposed in this Agreement;

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

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

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

23 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
24 general partner and co-general partner of BORROWER's (1)
25 filing for bankruptcy, dissolution, or reorganization, or failure to
26 obtain a full dismissal of any such involuntary filing brought by
27 another party before the earlier of final relief or ninety (90) days
28 after such filing; (2) making a general assignment for the benefit

1 of creditors; (3) applying for the appointment of a receiver,
2 trustee, custodian, or liquidator, or failure to obtain a full
3 dismissal of any such involuntary application brought by another
4 party before the earlier of final relief or ninety (90) days after
5 such filing; (4) insolvency; or (5) failure, inability or admission in
6 writing of its inability to pay its debts as they become due.

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

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

- 24 a. Terminate this Agreement, in which event the entire amount as
25 well as any other monies advanced to BORROWER by COUNTY
26 under this Agreement including administrative costs, shall
27 immediately become due and payable at the option of COUNTY.
28 b. Bring an action in equitable relief (1) seeking the specific

1 performance by BORROWER of the terms and conditions of this
2 Agreement, and/or (2) enjoining, abating, or preventing any
3 violation of said terms and conditions, and/or (3) seeking
4 declaratory relief.

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

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

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

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

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

- 23 a. Demand payment from COUNTY of any sums due BORROWER; and/or
24 b. Bring an action in equitable relief seeking the specific performance by
25 COUNTY of the terms and conditions of this Agreement; and/or
26 c. Pursue any other remedy allowed at law or in equity.

27 35. BORROWER'S WARRANTIES. BORROWER represents and warrants
28 (1) that it has access to professional advice and support to the extent necessary to enable

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

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

- 11 a. No federally appropriated funds have been paid or will be paid, by or
12 on behalf of the undersigned, to any person for influencing or
13 attempting to influence an officer or employee of any agency, a
14 member of Congress, an officer or employee of Congress, or an
15 employee of a member of Congress in connection with the awarding
16 of any federal contract, the making of any federal grant, the making
17 of any federal loan, the entering into of any cooperative agreement,
18 and the extension, continuation, review, amendment, or modification
19 of any federal contract, grant, loan, or cooperative agreement.
- 20 b. If any funds other than federally appropriated funds have been paid or
21 will be paid to any person for influencing or attempting to influence
22 an officer or employee of any agency, a member of Congress, an
23 officer or employee of Congress, or an employee of a member of
24 Congress in connection with this federal contract, grant, loan, or
25 cooperative agreement, the undersigned shall complete and submit
26 Standard Form-LLL, "Disclosure Form to Report Lobbying," in
27 accordance with its instructions.
- 28 c. The undersigned shall require that the language of this certification be

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

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

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

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

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

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

10 38. TERMINATION.

11 a. BORROWER. BORROWER may terminate this Agreement consistent
12 with the applicable HOME Program regulations, and 24 CFR 85.44. BORROWER may
13 terminate this agreement in accordance with **Section 50** of this agreement at any time prior to
14 closing.

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

- 18 (1) In the event BORROWER fails to perform the covenants
19 herein contained at such times and in such manner as
20 provided in this Agreement after the applicable notice and
21 cure provision hereof; or
22 (2) In the event there is a conflict with any federal, state or
23 local law, ordinance, regulation or rule rendering any
24 material provision, in the judgment of COUNTY of this
25 Agreement invalid or untenable; or
26 (3) In the event the funding from HUD to in **Section 1** above is
27 terminated or otherwise becomes unavailable.

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

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

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

11 39. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER
12 hereby declare their express intent that the restrictions set forth in this Agreement shall
13 continue in full force and effect for a period of time no less than (i) fifty-five (55) years from
14 the recordation of the Notice of Completion in the Official Records for the last building for
15 which construction is complete for the Project, or (ii) July 1, 2073, and shall bind all successors
16 in title to the Property until the expiration of this Agreement. Each and every contract, deed or
17 other instrument hereafter executed covering and conveying the Property or any portion thereof
18 shall be held conclusively to have been executed, delivered and accepted subject to such
19 restrictions, regardless of whether such restrictions are set forth in such contract, deed or other
20 instrument. Borrower shall execute and record as a lien against the Property, a Covenant
21 Agreement, substantially conforming in form and substance to the Covenant Agreement
22 attached hereto as **Exhibit J** and incorporated herein by this reference, setting forth in the
23 affordability and income restriction required in this Agreement.

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

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

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

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

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

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

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

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

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

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

18 49. CONDITIONAL HOME COMMITMENT.

19 a. Construction. Pursuant to 24 CFR 92.2, under the definition of
20 Commitment, all necessary financing has been secured, a budget and schedule have been
21 established, and underwriting has been completed and under which construction is scheduled to
22 start within twelve (12) months of the agreement date ("Construction Start Deadline"). If
23 BORROWER cannot start construction or provide evidence such as construction permits within
24 twelve (12) months of the agreement date, then COUNTY and BORROWER mutually agree
25 that this Agreement will self-terminate and any HOME Loan funds drawn to date shall be
26 returned within thirty (30) calendar days. Upon such termination, this Agreement shall become
27 null and void. COUNTY and BORROWER shall be released and discharged respectively from
28 its obligations under this Agreement, except for those provisions which by their terms survive

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

2 b. Completion. The Project must be completed and a Notice of
3 Completion shall have been recorded in the Official Records within two (2) years from the date
4 of this Agreement (the "Completion Deadline"). BORROWER may request a one year
5 extension of the Completion Deadline from COUNTY, in County's sole and absolute discretion,
6 if the BORROWER can provide proof of the circumstances that led to the failure to complete
7 the Project by the Completion Deadline were beyond the BORROWER's control. The one year
8 extension is subject to COUNTY's approval and not guaranteed. The Assistant County
9 Executive Officer/EDA, or designee, has the authority, at his or her discretion, to consent to an
10 extension of the Completion Deadline. If BORROWER is unable to meet the condition as
11 required by this **Section 49**, then COUNTY and BORROWER mutually agree that this
12 Agreement will self-terminate and any HOME Loan funds drawn to date shall be returned
13 within thirty (30) calendar days. Upon such termination, this Agreement shall become null and
14 void. COUNTY and BORROWER shall be released and discharged respectively from their
15 obligations under this Agreement, except for those provisions which by their terms survive
16 termination. All cost incurred by each party on the Project will be assumed respectively.

17 c. Tenant Leases. BORROWER shall comply with the initial
18 occupancy requirements set forth in Section 19(a) of this Agreement.

19 50. PROJECT FINANCING CONTINGENCY. This Agreement is
20 expressly conditioned upon BORROWER's receipt, on or prior to **January 01, 2016** of (i) such
21 binding loan commitments for new loans as may be required by BORROWER, on terms and
22 conditions acceptable to BORROWER and COUNTY, including, without limitation, (a) any
23 conventional construction and/or permanent financing, including without limitation, a
24 construction and permanent loan from an institutional construction lender either COUNTY or
25 BORROWER may elect to terminate this Agreement with ten (10) days written notice to the
26 other party if BORROWER fails to acquire the project financing as required by this **Section 50**.
27 Upon such termination, this Agreement shall be null and void, and:

28 a. If BORROWER elects to terminate this Agreement,

1 BORROWER shall be released and discharged by COUNTY
2 from its obligations under this Agreement; or

- 3 b. If COUNTY elects to terminate this Agreement, COUNTY shall
4 be released and discharged by BORROWER from its
5 obligations under this Agreement.

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

8 51. NONRECOURSE OBLIGATION. Subject to the provisions and
9 limitations of this Section, the obligation to repay the Note Amount is a nonrecourse obligation
10 of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability
11 for repayment of the Note Amount, except as provided in this Section. The sole recourse of the
12 County shall be the exercise of its rights against the Property (or any portion thereof) and any
13 related security for the HOME Loan; provided, however, that the foregoing shall not (i)
14 constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit
15 the right of the COUNTY to name Borrower as a party defendant in any action or suit for
16 judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding
17 hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or
18 taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent
19 or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative
20 defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy
21 against the mortgaged Property or any other instrument securing this Note or as prescribed by
22 law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from
23 exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for
24 relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds,
25 condemnation awards or other monies or other collateral or letters of credit securing this Note;
26 or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or
27 any of the obligations evidenced and secured by this Note and the Deed of Trust.
28 Notwithstanding the first sentence of this Section 20, the COUNTY may recover directly from

1 Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any
2 damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation
3 or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee
4 of Borrower, or of any member or general or limited partner of Borrower, or of any general or
5 limited partner of such member or general or limited partner; (b) any damages, costs and
6 expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay
7 costs as described in the HOME Loan Agreement, rents and revenues from the operation of the
8 Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation
9 of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could
10 create statutory liens on the Project and that are payable or applicable prior to any foreclosure
11 under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed
12 or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all
13 amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement
14 and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the
15 HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees
16 reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

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

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

26 54. NOTICES. All notices, requests, demands and other communication
27 required or desired to be served by either party upon the other shall be addressed to the
28

1 respective parties as set forth below or to such other address or such other person as either party
2 may from time to time hereafter specify to the other in writing delivered in the manner provided
3 herein. Any notice, request, demand or other communication to be given or made hereunder may
4 (except to the extent otherwise required by law) be given or made by registered or certified U.S.
5 mail, return receipt requested with postage prepaid, or by personal service (including service by a
6 reputable overnight courier service, such as FedEx, DHL or other comparable courier). Unless
7 otherwise expressly stipulated in this Agreement, notices shall be deemed to have been given or
8 made on the documented date of receipt, in the case of notice by certified mail on the date
9 reflected on the return receipt, or in the case of delivery by courier, on the date signed received
10 by the addressee of the courier's delivery receipt.

11 COUNTY

12 Assistant Director, Housing
13 Riverside County
14 Economic Development Agency
15 5555 Arlington Avenue
16 Riverside, CA 92504

17 BORROWER

18 Jurupa Valley Vista Rio Partners, LP
19 Attn: Danavon Horn, President
20 15635 Alton Parkway, Suite 375
21 Irvine, CA 92618

22 Administrative General Partner

23 PC Jurupa Valley Vista Rio Developers, LLC
24 Attn: Larry Haynes, Executive Director
25 P.O. Box 1905
26 Santa Ana, CA 92702

27 Managing General Partner

28 Housing Corporation of America, a Utah non-profit corporation
1592 South 1100 East
Salt Lake City, UT 84105

BCCC, Inc.

c/o Boston Capital Partners
One Boston Place, Suite 2100
Boston, MA 02108

1 Attn: Vista Rio Asset Management

2 Holland and Knight, LLP

3 10 St. James Avenue

4 Boston, MA 02116

5 Attn: Douglas W. Clapp, ESQ.

6 County's failure to provide a duplicate copy to BCCC Inc. and Holland and Knight will not be a
7 breach by the County, nor will it toll the cure periods provided herein, or impair the County's
8 remedies in any way.

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

12 56. EFFECTIVE DATE. The effective date of this Agreement is the date the
13 parties execute the Agreement. If the parties execute the Agreement on more than one date, then
14 the last date the Agreement is executed by a party shall be the effective date.

15 (SIGNATURES ON THE NEXT PAGE)

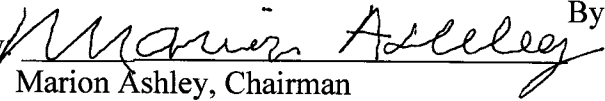
1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of
2 the dates written below.

3 COUNTY:

BORROWER:


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

Jurupa Valley Vista Rio Partners, LP
a California limited partnership

6
7 By: 
8 Marion Ashley, Chairman
9 Board of Supervisors

By: PC Jurupa Valley Vista Rio Developers, LLC.
a California limited liability company,
its Administrative General Partner

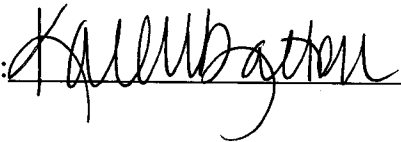
10 Date: OCT 27 2015

By: 
Danavon L. Horn, Executive Director

11
12 Date: 10/15/15

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

By: Housing Corporation of America,
a Utah non-profit corporation,
its Managing General Partner

16
17 By: 

By: _____
Ronald H. Olson, President

18
19 Date: OCT 27 2015

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

23
24 By: 
25 Jhaila R. Brown, Deputy County Counsel

26
27 (Signatures need to be notarized)
28

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 October 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 ACKNOWLEDGEMENT

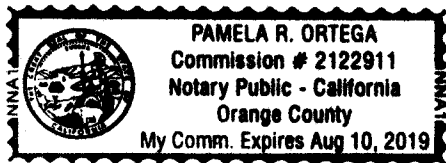
STATE OF CALIFORNIA }
COUNTY OF Orange }

On Oct. 5, 2015, before me, Pamela R. Ortega, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Danavon L. Horn
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.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature Pamela R. Ortega
Signature of Notary Public

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

3 COUNTY:

BORROWER:

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

Jurupa Valley Vista Rio Partners, LP
a California limited partnership

6
7 By: _____
8 Marion Ashley, Chairman
9 Board of Supervisors

By: PC Jurupa Valley Vista Rio Developers, LLC.
a California limited liability company,
its Administrative General Partner

10 Date: _____

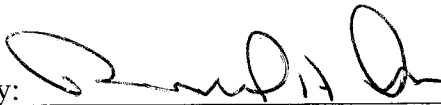
By: _____
Danavon L. Horn, Executive Director

11
12 Date: _____

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

By: Housing Corporation of America,
a Utah non-profit corporation,
its Managing General Partner

16
17 By: _____

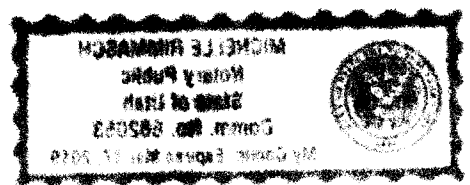
By: 
Ronald H. Olson, President

18
19 Date: _____

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

23
24 By: _____
25 Jhaila R. Brow, Deputy County Counsel

26
27 **(Signatures need to be notarized)**



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

3 COUNTY:

BORROWER:

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

Jurupa Valley Vista Rio Partners, LP
a California limited partnership

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7 By: _____
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9 Board of Supervisors

By: PC Jurupa Valley Vista Rio Developers, LLC.
a California limited liability company,
its Administrative General Partner

10 Date: _____

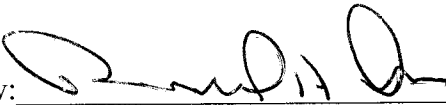
By: _____
Danavon L. Horn, Executive Director

11
12 Date: _____

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

By: Housing Corporation of America,
a Utah non-profit corporation,
its Managing General Partner

16
17 By: _____

By: 
Ronald H. Olson, President

18
19 Date: _____

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

23
24 By: _____
25 Jhaila R. Brow, Deputy County Counsel

26
27 (Signatures need to be notarized)

Utah
~~CALIFORNIA~~ ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF Utah ~~CALIFORNIA~~ }

COUNTY OF Salt Lake }

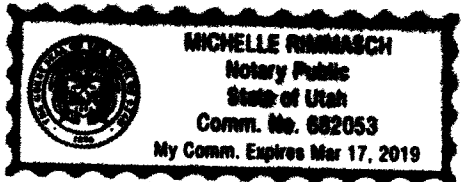
On October 5, 2015, before me, Michelle Rimmasch, notary public
Date Here Insert Name and Title of the Officer

personally appeared Ronald H Olson
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 Utah ~~California~~ that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal Above

Signature Michelle Rimmasch
Signature of Notary Public

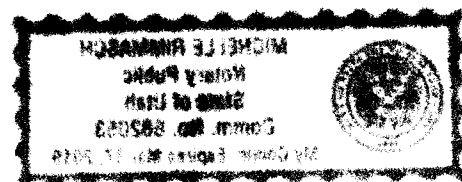


EXHIBIT "A"

Borrower: Jurupa Valley Vista Rio Partners, LP
Address: 15635 Alton Parkway, Suite 375
Irvine, CA 92618
Project Title: Vista Rio Apartments
Location: 3901 Briggs Street, located in the City of Jurupa Valley between Mission Boulevard and Tilton Avenue, APN: 181-041-015-4.

Description:

Jurupa Valley Vista Rio Partners, LP (Borrower), a California limited partnership, will utilize \$1,000,000 in HOME funds for the development and construction of a 39-unit apartment complex. The project will consist of 27 two-bedroom units and 12 three-bedroom units. The two bedroom units are approximately 979 square feet and the three bedroom units are approximately 1257 square feet. One two-bedroom unit will be set-aside as a manager's unit. The apartments will be rented to eligible low-income households.

A total of eleven (11) units (4 – 3 Bedroom and 7 – 2 Bedroom) will be designated as "Floating" Low HOME rent units ("COUNTY HOME-Assisted Units"). All eleven (11) of the HOME-Assisted Units shall be limited to households whose incomes do not exceed fifty percent (50%) of the area median family income for the County of Riverside, adjusted by family size at the time of occupancy. 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.

All units will be equipped with energy star appliances. On site amenities will include a 3,093 square foot community room, computer lab, exercise facility, game room, media room and a pool. On-site services will include literacy classes, computer training, after school programs and nutrition and wellness programs.

LEGAL DESCRIPTION OF PROPERTY

**EXHIBIT "A" - LEGAL DESCRIPTION
LOT LINE ADJUSTMENT NO. 05411**

PARCEL B

Those portions of Lots 5, 6 and 7, of T. M. Parson's Survey of a portion of the Jurupa Rancho, as shown by map on file in Book 1 of Maps at page 68 thereof, Records of San Bernardino County, California, **together with** portions of Lot "A". Lot "E" and Lot 1 and all of Lot "B" and Lot 2 of Mayfair Square Unit 1, as shown by map on file in Book 39 of Maps at pages 50 and 51, Records of Riverside County, California, said portions being more particularly described as follows:

COMMENCING at the most northerly corner of Lot "D" (Alley, 20.00 feet in width) of said Mayfair Square Unit 1, said corner being on the southeasterly line of said Lot 7 of T. M. Parson's Survey;

Thence North $33^{\circ}53'22''$ East along said southeasterly line, a distance of 177.36 feet to the most northerly corner of that certain parcel of land conveyed to the Redevelopment Agency for the County of Riverside by Grant Deed recorded May 15, 2007 as Document No. 2007-0322534, Official Records of Riverside County, California;

Thence South $56^{\circ}27'20''$ East along the northeasterly line of said parcel so conveyed, a distance of 50.85 feet more or less to a point 308.00 feet distant from the northeasterly corner of said parcel so conveyed, said point also being the **TRUE POINT OF BEGINNING**;

Thence leaving said northeasterly line North $33^{\circ}26'24''$ East, a distance of 142.02 feet to the beginning of a tangent curve, concave to the west, having a radius of 300.00 feet;

Thence northeasterly and northerly along said curve, to the left, through a central angle of $32^{\circ}44'43''$, an arc distance of 171.45 feet;

Thence South $89^{\circ}21'45''$ East, a distance of 37.00 feet;

Thence South $58^{\circ}54'06''$ East, a distance of 450.49 feet to the beginning of a non-tangent curve, concave to the south, having a radius of 52.00 feet, the radial line to said point bears North $20^{\circ}52'30''$ West;

Thence easterly along said curve, to the right, through a central angle of $27^{\circ}11'09''$, an arc distance of 24.67 feet more or less to a point on the northwesterly right of way line of Briggs Street (Lot "E", 36.00 feet in half width) of said Mayfair Square Unit 1;

Thence North $33^{\circ}46'10''$ East along said northwesterly right of way line, a distance of 5.61 feet to the northwesterly corner of said Lot "E";

Thence South $56^{\circ}27'10''$ East along the northeasterly line of said Lot "E", a distance of 36.00 feet to a point of intersection with the centerline of said Briggs Street;

Thence South $33^{\circ}46'10''$ West along said centerline, a distance of 373.03 feet to a point of intersection with the southeasterly prolongation of the southwesterly line of said Lot 2 of Mayfair Square Unit 1;

Thence North $56^{\circ}29'50''$ West along said southeasterly prolongation and along the southwesterly line of said Lot 2, a distance of 178.00 feet to the most westerly corner of said Lot 2, said corner being on the southeasterly line of said parcel so conveyed to the Redevelopment Agency for the County of Riverside;

Thence North $33^{\circ}46'10''$ East along the northwesterly line of said Lot 2 and along said southeasterly line of said parcel so conveyed, a distance of 8.03 feet to the northeasterly corner of parcel so conveyed;

Thence North $56^{\circ}27'20''$ West along the northeasterly line of said parcel so conveyed, a distance of 308.00 feet to the **TRUE POINT OF BEGINNING**.

Containing 3.87 acres, more or less.

Vista Rio Apartments



Legend

- Display Parcels
- City Boundaries
- Cities
- roads
- highways
- HWY
- INTERCHANGE
- INTERSTATE
- OFFRAMP
- ONRAMP
- USHWY
- counties
- cities
- hydrographylines
- waterbodies
- Lakes
- Rivers



Notes

"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.



0 472

944 Feet



REPORT PRINTED ON... 9/4/2015 10:50:57 AM

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Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	1,000,000
Low-Moderate Income Housing Asset Fund Loan	\$	1,898,214
Tax Credit Equity	\$	8,538,390
Deferred Developer Fee	\$	<u>352,140</u>
Total Sources	\$	11,788,744

Uses:

Land & Acquisition	\$	23,000
Insurance	\$	170,210
Architecture and Engineering	\$	1,255,282
Permit and Impact Fees	\$	692,342
Furniture Fixtures and Equipment	\$	75,000
Construction Contract	\$	6,808,408
Soft Cost	\$	404,756
Loan Fees and Interest	\$	348,632
Legal Costs	\$	186,146
Operating Reserves	\$	54,795
Developer Fee	\$	96,782
Development Impact Fees	\$	1,338,117
Project Contingency	\$	<u>432,056</u>
Total Uses	\$	11,788,744

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

HOME Match:

Matching funds in a minimum amount of twenty-five percent (25%) of the total HOME allocation (\$100,000) are required. The HOME match in the amount of \$100,000 will be satisfied from the Low-Moderate Income Housing Asset Fund Loan in the amount of \$1,500,000.

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

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Letter Confirmation of CTCAC award due to COUNTY	August 2015
2. Permanent Financing Commitment	December 2015
3. Building Permit	December 2015
4. Project Financing Contingency (Section 50)	January 2016
5. Construction Start Deadline	January 2016
6. Marketing & Affirmative Action	February 2017
7. Lease Agreement, Proposed Rents, and Utilities	April 2017
8. Certificate of Occupancy	January 2018
9. Lease Deadline	12 months from Notice of Completion
10. Submission of Final actual project costs and Sources and Uses of Funds	January 2018
11. Submission of income & ethnic characteristics report	January 2018

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT "B"

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

LEASEHOLD DEED OF TRUST

This DEED OF TRUST is made this day of _____, 2015 by Jurupa Valley Vista Rio Partners, LP, a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 15635 Alton Parkway, Suite 375, Irvine, CA 92618, to First American Title Company, (hereinafter called "Trustee"), for the benefit of 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 City of Jurupa Valley, County of Riverside, State of California more particularly described in Exhibit "A" 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 Trustorship, 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 on 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 _____, 2015 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 DOLLARS AND NO CENTS (\$1,000,000.00) (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, 2073 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. Third Priority Position. This Deed of Trust shall be recorded in a third priority position junior in priority to the following instruments, (i) Deed of Trust executed by Borrower for the benefit of a Construction Lender ("Senior Lender" or "Senior Lienholder") securing a construction loan in a principal amount up to \$10,000,000 ("Senior Loan") and (2) a Deed of Trust executed by Borrower for the benefit of the Housing Authority of the County of Riverside securing a loan in an amount up to \$1,898,214. 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. Not used

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 construction period 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.

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 Lien Holder waives, postpones, extends, reduces, or modifies any provisions of the Senior Lien Holder Deeds of Trust 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:

Jurupa Valley Vista Rio Partners, LP,
a California limited partnership

By: PC Jurupa Valley Vista Rio Developers, LLC
a California limited liability company,
its Administrative General Partner

By: 

Danavon Horn, President

Date: 10/15/15

By: Housing Corporation of America,
a Utah non-profit corporation,
its Managing General Partner

By: _____
Ronald H. Olson, President

Date: _____

(TRUSTOR signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }

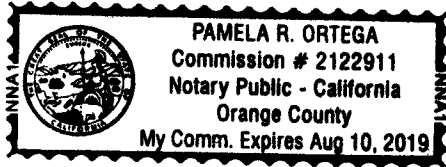
COUNTY OF Orange }

On Oct. 5, 2015, before me, Pamela R. Ortega, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Daraven L. Horn
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 Pamela R. Ortega
Signature of Notary Public

Place Notary Seal Above

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

TRUSTOR:

Jurupa Valley Vista Rio Partners, LP,
a California limited partnership

By: PC Jurupa Valley Vista Rio Developers, LLC
a California limited liability company,
its Administrative General Partner

By: _____
Danavon Horn, President

Date: _____

By: Housing Corporation of America,
a Utah non-profit corporation,
its Managing General Partner

By:  _____
Ronald H. Olson, President

Date: _____

(TRUSTOR signature needs to be notarized)

Utah
~~CALIFORNIA~~ ALL-PURPOSE ACKNOWLEDGEMENT

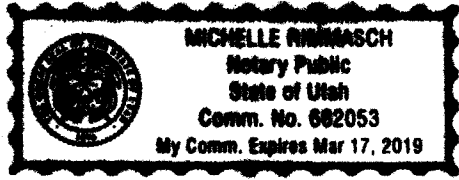
STATE OF Utah ~~CALIFORNIA~~ }
COUNTY OF Salt Lake }

On October 5, 2015, before me, Michelle Rimmasch, notary public
Date Here Insert Name and Title of the Officer

personally appeared Ronald H Olson
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 Utah ~~California~~ that the foregoing paragraph is true and correct.



Place Notary Seal Above

WITNESS my hand and official seal.

Signature Michelle Rimmasch
Signature of Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "A" - LEGAL DESCRIPTION LOT LINE ADJUSTMENT NO. 05411

PARCEL B

Those portions of Lots 5, 6 and 7, of T. M. Parson's Survey of a portion of the Jurupa Rancho, as shown by map on file in Book 1 of Maps at page 68 thereof, Records of San Bernardino County, California, **together with** portions of Lot "A". Lot "E" and Lot 1 and all of Lot "B" and Lot 2 of Mayfair Square Unit 1, as shown by map on file in Book 39 of Maps at pages 50 and 51, Records of Riverside County, California, said portions being more particularly described as follows:

COMMENCING at the most northerly corner of Lot "D" (Alley, 20.00 feet in width) of said Mayfair Square Unit 1, said corner being on the southeasterly line of said Lot 7 of T. M. Parson's Survey;

Thence North $33^{\circ}53'22''$ East along said southeasterly line, a distance of 177.36 feet to the most northerly corner of that certain parcel of land conveyed to the Redevelopment Agency for the County of Riverside by Grant Deed recorded May 15, 2007 as Document No. 2007-0322534, Official Records of Riverside County, California;

Thence South $56^{\circ}27'20''$ East along the northeasterly line of said parcel so conveyed, a distance of 50.85 feet more or less to a point 308.00 feet distant from the northeasterly corner of said parcel so conveyed, said point also being the **TRUE POINT OF BEGINNING**;

Thence leaving said northeasterly line North $33^{\circ}26'24''$ East, a distance of 142.02 feet to the beginning of a tangent curve, concave to the west, having a radius of 300.00 feet;

Thence northeasterly and northerly along said curve, to the left, through a central angle of $32^{\circ}44'43''$, an arc distance of 171.45 feet;

Thence South $89^{\circ}21'45''$ East, a distance of 37.00 feet;

Thence South $58^{\circ}54'06''$ East, a distance of 450.49 feet to the beginning of a non-tangent curve, concave to the south, having a radius of 52.00 feet, the radial line to said point bears North $20^{\circ}52'30''$ West;

Thence easterly along said curve, to the right, through a central angle of $27^{\circ}11'09''$, an arc distance of 24.67 feet more or less to a point on the northwesterly

right of way line of Briggs Street (Lot "E", 36.00 feet in half width) of said Mayfair Square Unit 1;

Thence North $33^{\circ}46'10''$ East along said northwesterly right of way line, a distance of 5.61 feet to the northwesterly corner of said Lot "E";

Thence South $56^{\circ}27'10''$ East along the northeasterly line of said Lot "E", a distance of 36.00 feet to a point of intersection with the centerline of said Briggs Street;

Thence South $33^{\circ}46'10''$ West along said centerline, a distance of 373.03 feet to a point of intersection with the southeasterly prolongation of the southwesterly line of said Lot 2 of Mayfair Square Unit 1;

Thence North $56^{\circ}29'50''$ West along said southeasterly prolongation and along the southwesterly line of said Lot 2, a distance of 178.00 feet to the most westerly corner of said Lot 2, said corner being on the southeasterly line of said parcel so conveyed to the Redevelopment Agency for the County of Riverside;

Thence North $33^{\circ}46'10''$ East along the northwesterly line of said Lot 2 and along said southeasterly line of said parcel so conveyed, a distance of 8.03 feet to the northeasterly corner of parcel so conveyed;

Thence North $56^{\circ}27'20''$ West along the northeasterly line of said parcel so conveyed, a distance of 308.00 feet to the **TRUE POINT OF BEGINNING**.

Containing 3.87 acres, more or less.