

EXHIBIT "C"

PROMISSORY NOTE

\$1,000,000

Riverside, CA

In installments as hereafter stated, for value received, Jurupa Valley Vista Rio Partners, LP, a California Limited Partnership ("Borrower") promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of One Million Dollars (U.S. \$1,000,000.00) (the "HOME Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the "Note") is given in accordance with that certain Loan Agreement for the Use of HOME Funds executed by COUNTY and Borrower, dated as of _____ recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith (the "HOME Loan Agreement"). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the HOME Loan Agreement. The Note is secured by a Deed of Trust executed by Borrower for the benefit of the County recorded on or about the date hereof in the Official Records of the County of Riverside (the "HOME Deed of Trust"). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are 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"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County ("Official Records"), between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount based upon the total amount of all such loans, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.
- (4) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be the first to occur of (i) July 1, 2072 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "HOME Loan Term"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the

Notice of Completion for the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until sooner of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above.

- (5) The Project's Residual Receipts are defined as gross receipts, less the following, but not including the Monitoring Fee: i) auditing and accounting fees; ii) property management fee not to exceed \$55 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year; iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); iv) replacement reserves in an annual amount up to \$13,650; v) operating reserves in an annual amount up to \$84,795 vi) a General Partner management fee, which shall be in the initial amount of \$25,000; and vii) a Limited Partnership asset management fee not to exceed \$4,000 per year, increased annually by an amount equal to the increase of the Consumer Price Index (CPI); viii) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and ix) the Housing Authority of the County of Riverside's Annual Monitoring Fee in the amount of \$3,900, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the County's annual monitoring fee shall remain the same as the immediate preceding year; and x) the deferred developer fee, if any.
- (6) The HOME Loan evidenced by this Note is secured by that certain Deed of Trust executed by Borrower for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the

exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section 20, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

(9) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the HOME Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of a construction lender securing a construction loan in a principal amount up to \$10,000,000; and/or (ii) that certain 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 \$1,858,952; (collectively the "Permitted Deeds of Trust"); and/or (iv) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval, including, but not limited to those liens or encumbrances expressly prohibited under the HOME Loan Agreement or that have the effect of reducing the priority or invalidating the Deed of Trust, (3) Borrower's failure to obtain and maintain the

insurance coverage required under the HOME Loan Agreement, (4) any material default under the HOME Loan Agreement, and/or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of a construction lender securing a construction loan in a principal amount up to \$10,000,000; and/or (ii) that certain 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 \$1,858,952; and/or and/or (iii) any other instrument or document secured against the Property;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the HOME Loan Agreement; and

d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.

- (10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Borrower shall have sixty (60) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HOME Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of

the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note 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.
- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) In no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the HOME Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (19) Except as to the Permitted Deeds of Trust identified herein, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21) (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

(b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 5555 Arlington Avenue, Riverside, California 92504, Attention: Assistant Director of Housing. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.

(c) The address of Borrower for purposes of receiving notices pursuant to this Note is 15635 Alton Parkway, Suite 375, Irvine, CA 92618, Attention: Danavon Horn.

(22) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.

(23) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.

(24) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

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[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first set forth above.

BORROWER:

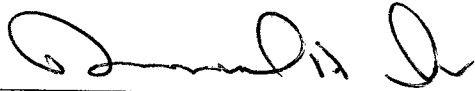
Jurupa Valley Vista Rio Partners LP
a California limited partnership

By: PC Jurupa Valley Vista Rio Developers LLC
a California limited liability company

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: _____

IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first set forth above.

BORROWER:

Jurupa Valley Vista Rio Partners LP
a California limited partnership

By: PC Jurupa Valley Vista Rio Developers LLC
a California limited liability company

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: _____

EXHIBIT "D"

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

**SECTION 3
24 CFR PART 135**

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and

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

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

- A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.
 - (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;

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

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

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

SECTION 135.38 Section 3 Clause.

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

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

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

- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.

- C. Other business related economic opportunities:
 - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.

 - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and

training in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

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

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

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

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

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

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

Section 3 resident means:

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

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

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

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
 (print business name)

- _____ is not a Section 3 business. (Please complete the bottom section.)
- _____ is a Section 3 business **because** (check one of the following:)
- _____ *51 percent or more is owned by Section 3 residents; or*
- _____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*
- _____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

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

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

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

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective FY 2014 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family	\$34,000	\$38,850	\$43,700	\$48,550	\$52,450	\$56,350	\$60,250	\$64,100

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

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

- g. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- h. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive

generally the same interests or benefits as are being made available or provided to the group or class;

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

Owners/Participants and Developers.

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

- (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

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

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

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

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

Exhibit F: Sample Tenant Checklist

Insert a check mark for each item that is relevant to the family below

Project Name: Address:		Insert a check mark for each item that is relevant to the family below																								
Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recent. Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N.Haw Pc Isian	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races		

Prepared by:

Title:

Phone Number:

Problems or questions please call Stephanie Adams at 951-343-5455

If you would like this form prepared on Microsoft Excel e-mailed to you, please contact sjadams@rivcoeda.org

EXHIBIT "G"

Covenant Agreement

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

13 **COVENANT AGREEMENT**

14 **(Vista Rio Apartments)**

15 This Covenant Agreement (Vista Rio Apartments) ("Covenant") is made and entered into
16 as of the day of _____, 2015 by and between the COUNTY OF RIVERSIDE, a
17 political subdivision of the State of California ("COUNTY"), and Jurupa Valley Vista Rio
18 Partners, LP, a California Limited Partnership ("Vista Rio, L.P.") whose administrative general
19 partner is PC Jurupa Valley Vista Rio Developers LLC ("Vista Rio, LLC", a California limited
20 liability company and managing general partner is Housing Corporation of America, a Utah
21 nonprofit corporation.

22 **RECITALS**

23 WHEREAS, Vista Rio L.P. has entered into a ground lease with the Housing Authority
24 of the County of Riverside on June 17, 2014 and as amended on February 10, 2015 to lease that
25 certain real property located at 3901 Briggs Street, in the City of Jurupa Valley, between Mission
26 Boulevard and Tilton Avenue, APN: 181-041-015-4, legally described in Exhibit A attached
27 hereto and incorporated herein by this reference (the "Property");

28 WHEREAS, on _____, 2015, COUNTY and Vista Rio, L.P.
entered into that certain Loan Agreement for the Use of HOME Funds recorded in the Official
Records ("Official Records") of the County of Riverside concurrently herewith (the "HOME

1 Loan Agreement”) which provides for, among other things, the development and construction on
2 the Property of an affordable multi-family housing complex identified as “Vista Rio
3 Apartments,” a portion of which will be for low and very low-income families (the “Project”).
4 Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan
5 Agreement;

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

16 WHEREAS, pursuant to the HOME Loan Agreement, County loaned to Vista Rio, L.P.,
17 \$1,000,000 of HOME funds (“HOME Loan”), to provide financial assistance to Vista Rio, L.P.,
18 to pay a portion of the costs related to the Project, as more fully described in the HOME Loan
19 Agreement. The HOME Loan is evidenced by a Promissory Note executed by Vista Rio, L.P., in
20 favor of the COUNTY dated on or about the date hereof (“HOME Loan Note”) and secured by
21 that certain Deed of Trust executed by Vista Rio, L.P., for the benefit of COUNTY and recorded
22 in the Official Records concurrently herewith (“HOME Loan Deed of Trust”); and

23 WHEREAS, pursuant to the HOME Loan Agreement, Vista Rio, L.P. has agreed to
24 develop and construct a 39-unit apartment complex on the Property, and reserve eleven (11)
25 units to be rented to and occupied by qualified low income households pursuant to the HOME
26 Program (“HOME-Assisted Units”) in accordance with Title 24 Code of Federal Regulations
27 (CFR), section 92.252, Qualification as affordable housing: Rental housing, and as set forth
28

1 below;

2 WHEREAS, pursuant to the HOME Loan Agreement, the Project, including the HOME
3 Assisted Units, shall remain affordable to qualified low-income tenants for the later of (i) fifty-
4 five (55) years from the recordation of the Notice of Completion in the Official Records for the
5 last building for which construction is complete for the Project , or (ii) July 1, 2073, without
6 regard to the term of the HOME Loan Agreement, repayment of the HOME Loan, or the transfer
7 of ownership; and

8 WHEREAS, the parties desire to memorialize Vista Rio, L.P.'s obligation to maintain the
9 affordability of the HOME assisted units pursuant to the HOME Program regulations, more
10 specifically set forth below.

11 NOW, THEREFORE, in consideration of the mutual covenants and agreements
12 contained in this Covenant, and for other good and valuable consideration, the receipt and
13 sufficiency of which are hereby acknowledged, Vista Rio, L.P., on behalf of itself and its
14 successors, assigns, and each successor in interest to the Property or any part thereof, hereby
15 declares as follows:

16 1) RESTRICTIONS. This Covenant shall continue in full force and effect for the
17 later of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last
18 building for which construction is completed for the Project on the Property, or (ii) July 1, 2073
19 ("Term"), for itself and on behalf of its successors and assigns and acknowledges and agrees that
20 for the duration of the term, the Property shall be held, sold and conveyed, subject to the
21 following covenants, conditions, and restrictions:

22 a) Eleven (11) units of the Project shall be designated as floating Low
23 HOME rent units ("COUNTY HOME-Assisted Units") as defined under 24 CFR 92.252 as
24 published by the United States Departments of Housing and Urban Development ("HUD"). All
25 eleven (11) of the HOME-Assisted Units shall only be rented and occupied by households whose
26 incomes do not exceed fifty percent (50%) of the area median family income for the County of
27 Riverside, adjusted by family size at the time of occupancy. The COUNTY HOME Assisted
28

1 Units shall be a "floating" designation such that the requirements of this Agreement will be
2 satisfied so long as the total number of COUNTY HOME Assisted Units remains the same
3 throughout the Affordability Period and each substituted COUNTY HOME Assisted Unit is
4 comparable in terms of size, features, and number of bedrooms to the originally designated
5 COUNTY HOME Assisted Units;

6 b) Four low income three-bedroom units shall be limited to households
7 whose incomes do not exceed fifty percent (50%) of the median family income for the County of
8 Riverside, adjusted by family size at the time of occupancy. Seven low income two-bedroom
9 units shall be limited to households whose incomes do not exceed fifty percent (50%) of the
10 median family income for the County of Riverside, adjusted by family size at the time of
11 occupancy;

12 c) Rent limitations are set forth under 24 CFR 92.252 and the COUNTY
13 HOME Assisted Units shall be rented to income qualified applicants at the Low HOME rent
14 levels for the County of Riverside, which are published periodically by HUD; and

15 d) Vista Rio, L.P., shall comply with the terms of the HOME Loan
16 Agreement, HOME Loan Note, HOME Loan Deed of Trust and any other instrument secured
17 against the Property.

18 2) SUBORDINATION. This Covenant Agreement shall be recorded in the third
19 position junior to the following liens (1) a construction loan from . a construction lender in a
20 principal amount up to \$10,000,000, and (2) a loan from the Housing Authority of the County of
21 Riverside in an amount up to \$1,858,294.

22 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
23 Covenant, Vista Rio, L.P. for itself and on behalf itself and of its successors, assigns, and each
24 successor in interest to the Property shall adhere to and comply with all federal, state and local
25 laws, regulations and ordinances., including, but not limited to the following:

26 a) The HOME Investment Partnership Program as enacted under Title II of
27 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
28

1 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time,
2 including, but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252,
3 24 CFR 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing
4 regulations set forth in the Final Rule, as it now exists and may hereafter be amended.

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

9 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach
10 program. Vista Rio, L.P. must adopt affirmative marketing procedures and requirements.
11 These must include:

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

16 (8) Requirements and practices that Vista Rio, L.P. must
17 adhere to in order to carry out the affirmative marketing procedures and requirements (e.g., use
18 of commercial media, use of community contacts, use of the Equal Housing Opportunity
19 logotype or slogan, and display of fair housing poster).

20 (9) Procedures to be used by Vista Rio, L.P. to inform and
21 solicit applications from persons in the housing market area who are not likely to apply without
22 special outreach (e.g., use of community organizations, employment centers, fair housing
23 groups, or housing counseling agencies).

24 (10) Records that will be kept describing actions taken by Vista
25 Rio, L.P. to affirmatively market units and records to assess the results of these actions.

26 (11) A description of Vista Rio, L.P. will annually assess the
27 success of affirmative marketing actions and what corrective actions will be taken where
28

1 affirmative marketing requirements are not met.

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

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

27 4) TENANT PROTECTIONS. Vista Rio, L.P. shall provide protection to the tenants
28

1 of the COUNTY HOME Assisted Units in accordance with the requirements set forth at 24 CFR
2 92.253 and described as follows:

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

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

10 (9) *Agreement to be sued*. Agreement by the tenant to be sued, to
11 admit guilt or to a judgment in favor of Jurupa Valley Vista Rio
12 Partners, L.P. in a lawsuit brought in connection with the lease.

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

21 (11) *Excusing Vista Rio, L.P. from responsibility*. Agreement by the
22 tenant not to hold Vista Rio, L.P. or Vista Rio, L.P.'s agents
23 legally responsible for any action or failure to act, whether
24 intentional or negligent.

25 (12) *Waiver of notice*. Agreement of the tenant that Vista Rio, L.P.
26 may institute a lawsuit without notice to the tenant.

27 (13) *Waiver of legal proceeding*. Agreement by the tenant that the
28

1 Vista Rio, L.P. may evict the tenant or household members
2 without instituting a civil court proceeding in which the tenant has
3 the opportunity to present a defense, or before a court decision on
4 the rights of the parties.

5 (14) *Waiver of a jury trial.* Agreement by the tenant to waive any right
6 to a trial by jury.

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

10 (16) *Tenant chargeable with cost of legal actions regardless of*
11 *outcome.* Agreement by the tenant to pay attorneys' fees or other
12 legal costs even if the tenant wins in a court proceeding by Vista
13 Rio, L.P. against the tenant. The tenant, however, may be
14 obligated to pay costs if the tenant loses.

15 (17) *Mandatory supportive services.* Agreement by the tenant (other
16 than a tenant in transitional housing) to accept supportive services
17 that are offered.

18 c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4,
19 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against
20 Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322,
21 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due
22 to a tenant's status as a victim of domestic violence, dating violence, or stalking, and requires
23 landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a
24 survivor of domestic violence, dating violence, sexual assault, and stalking from being denied
25 assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of
26 violence committed against them. It extends housing protections to survivors of sexual assault,
27 and adds "intimate partner" to the list of eligible relationships in the domestic violence
28

1 definition. Protections also now cover an "affiliated individual," which includes any lawful
2 occupant living in the survivor's household, or related to the survivor by blood or marriage
3 including the survivor's spouse, parent, brother, sister, child, or any person to whom the
4 survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful
5 occupant who engages in criminal activity directly relating to domestic violence, dating
6 violence, sexual assault, or stalking against an affiliated individual or other individual, or
7 others may be evicted or removed without evicting or removing or otherwise penalizing a
8 victim who is a tenant or lawful occupant. If victim cannot establish eligibility, Vista Rio, L.P.
9 must give a reasonable amount of time to find new housing or establish eligibility under
10 another covered housing program. A Notice of Rights under VAWA 2013 for tenants must be
11 provided at the time a person applies for housing, when a person is admitted as a tenant of a
12 housing unit, and when a tenant is threatened with eviction or termination of housing benefits.
13 Tenants must request an emergency transfer and reasonably believe that they are threatened
14 with imminent harm from further violence if the tenant remains in the same unit. The
15 provisions of VAWA 2013 that are applicable to HUD programs are found in title VI of
16 VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence, Dating
17 Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N of
18 VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

19 5) MAINTENANCE OF THE IMPROVEMENTS. Vista Rio, L.P., on behalf of
20 itself and its successors, assigns, and each successor in interest to the Property and Project or any
21 part thereof hereby covenants to and shall protect, maintain, and preserve the Property in
22 compliance with all applicable federal and state law and regulations and local ordinances. In
23 addition, Vista Rio, L.P., its successors and assigns, shall maintain the improvements on the
24 Property in the same aesthetic and sound condition (or better) as the condition of the Property at
25 the time of the recordation of the Notice of Completion for the Project, reasonable wear and tear
26 excepted. This standard for the quality of maintenance of the Property shall be met whether or
27 not a specific item of maintenance is listed below. However, representative items of maintenance
28

1 shall include frequent and regular inspection for graffiti or damage or deterioration or failure,
2 and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc.,
3 as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks
4 adjacent to the Property, on-site walks and paved areas and washing-down as necessary to
5 maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition,
6 including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a
7 regular basis; painting the buildings on a regular program and prior to the deterioration of the
8 painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a
9 leak-free and weather-tight condition; maintaining security devices in good working order. In the
10 event Vista Rio, L.P., its successors or assigns fails to maintain the Property in accordance with
11 the standard for the quality of maintenance, the County or its designee shall have the right but
12 not the obligation to enter the Property upon reasonable notice to Vista Rio, L.P., correct any
13 violation, and hold Vista Rio, L.P., or such successors or assigns responsible for the cost thereof,
14 and such cost, until paid, shall constitute a lien on the Property.

15 6) NONDISCRIMINATION. Vista Rio, L.P. shall not discriminate on the basis of
16 race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the
17 solicitation, selection, hiring or treatment of any contractors or consultants, to participate in
18 subcontracting/subconsulting opportunities. Vista Rio, L.P. understands and agrees that violation
19 of this clause shall be considered a material breach of this Lease and may result in termination,
20 debarment or other sanctions. This language shall be incorporated into all contracts between
21 Vista Rio, L.P. and any contractor, consultant, subcontractor, subconsultants, vendors and
22 suppliers. Vista Rio, L.P. shall comply with the provisions of the California Fair Employment
23 and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of
24 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued pursuant
25 to said Acts and Orders with respect to its use of the Property.

26 Vista Rio, L.P. herein covenants by and for itself, its successors and assigns, and all
27 persons claiming under or through them, that this Covenant is made and accepted upon and
28

1 subject to the following conditions: There shall be no discrimination against or segregation of
2 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
3 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
4 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of
5 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
6 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
7 establish or permit any such practice or practices of discrimination or segregation with reference
8 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
9 or vendees of the Property.

10 Vista Rio, L.P., its successors and assigns, shall refrain from restricting the rental, sale, or
11 lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex,
12 sexual orientation, marital status, national origin, or ancestry of any person. Every deed, lease,
13 and contract entered into with respect to the Property, or any portion thereof, after the date of this
14 Agreement shall contain or be subject to substantially the following nondiscrimination or
15 nonsegregation clauses:

16 a) In deeds: "The grantee herein covenants by and for himself or herself, his
17 or her heirs, executors, administrators, and assigns, and all persons claiming under or
18 through them, that there shall be no discrimination against or segregation of, any person
19 or group of persons on account of any basis listed in subdivision (a) or (d) of Section
20 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
21 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
22 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
23 tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person
24 claiming under or through him or her, establish or permit any practice or practices of
25 discrimination or segregation with reference to the selection, location, number, use or
26 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
27 conveyed. The foregoing covenants shall run with the land."

1 b) In leases: “The lessee herein covenants by and for himself or herself, his
2 or her heirs, executors, administrators, and assigns, and all persons claiming under or
3 through him or her, and this lease is made and accepted upon and subject to the following
4 conditions: That there shall be no discrimination against or segregation of any person or
5 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
6 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
7 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
8 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
9 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
10 or any person claiming under or through him or her, establish or permit any such practice
11 or practices of discrimination or segregation with reference to the selection, location,
12 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
13 premises herein leased.”

14 c) In contracts: “There shall be no discrimination against or segregation of
15 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of
16 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
17 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
18 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
19 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
20 claiming under or through him or her, establish or permit any such practice or practices of
21 discrimination or segregation with reference to the selection, location, number, use, or
22 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

23 In addition to the obligations and duties of Vista Rio, L.P. set forth herein, Vista Rio, L.P.
24 shall, upon notice from County, promptly pay to County all fees and costs, including
25 administrative and attorneys’ fees, incurred by County in connection with responding to
26 or defending any discrimination claim brought by any third party and/or local, state or
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1 federal government entity, arising out of or in connection with the Agreement or this
2 Covenant.

3 7) INSURANCE. Without limiting or diminishing Vista Rio, L.P.'s obligation to
4 indemnify or hold County harmless, Vista Rio, L.P. shall procure and maintain or cause to be
5 maintained, at its sole cost and expense, the following insurance coverage's during the term of
6 this Covenant.

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

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

25 c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance
26 of the obligations under this Covenant, then Vista Rio, L.P. shall maintain liability
27 insurance for all owned, non-owned or hired vehicles so used in an amount not less than
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1 \$1,000,000 per occurrence combined single limit. If such insurance contains a general
2 aggregate limit, it shall apply separately to this agreement or be no less than two (2) times
3 the occurrence limit. Policy shall name the County of Riverside, its Agencies, Districts,
4 Special Districts, and Departments, their respective directors, officers, Board of
5 Supervisors, employees, elected or appointed officials, agents or representatives as
6 Additional Insured or provide similar evidence of coverage approved by County's Risk
7 Manager ("Risk Manager").

8 d) General Insurance Provisions – All Lines.

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

14 ii) Vista Rio, L.P.'s insurance carrier(s) must declare its insurance self-insured
15 retentions. If such self-insured retentions exceed \$500,000 per occurrence
16 such retentions shall have the prior written consent of Risk Manager. Upon
17 notification of self-insured retention unacceptable to County, and at the
18 election of Risk Manager, Vista Rio, L.P.'s carriers shall either: (a) reduce or
19 eliminate such self-insured retention, or (b) procure a bond which guarantees
20 payment of losses and related investigations, claims administration, and
21 defense costs and expenses.

22 iii) Vista Rio, L.P. shall cause Vista Rio, L.P.'s insurance carrier(s) to furnish the
23 County of Riverside with copies of the Certificate(s) of Insurance and
24 Endorsements effecting coverage as required herein, and 2) if requested to do
25 so orally or in writing by Risk Manager, provide copies of policies including
26 all Endorsements and all attachments thereto, showing such insurance is in
27 full force and effect. Further, said Certificate(s) and policies of insurance
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1 shall contain the covenant of the insurance carrier(s) that thirty (30) days
2 written notice shall be given to the County of Riverside prior to any material
3 modification, cancellation, expiration or reduction in coverage of such
4 insurance. Vista Rio, L.P. shall not continue operations until County has been
5 furnished Certificate(s) of Insurance and copies of endorsements and if
6 requested, copies of policies of insurance including all endorsements and any
7 and all other attachments as required herein. An individual authorized by the
8 insurance carrier to do so, on its behalf, shall sign the original endorsements
9 for each policy and the Certificate of Insurance.

10 iv) It is understood and agreed to by the parties hereto that Vista Rio, L.P.'s
11 insurance shall be construed as primary insurance, and County's insurance
12 and/or deductibles and/or self-insured retention's or self-insured programs
13 shall not be construed as contributory.

14 v) If, during the term of this Covenant or any extension thereof, there is a
15 material change in the scope of services or there is a material change in the
16 equipment to be used in the performance of the scope of work which will add
17 additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then
18 County reserves the right to adjust the types of insurance required under this
19 Covenant and the monetary limits of liability for the insurance coverage's
20 currently required herein, if; in Risk Manager's reasonable judgment, the
21 amount or type of insurance carried by Vista Rio, L.P. has become inadequate.

22 vi) Vista Rio, L.P. shall pass down the insurance obligations contained herein to
23 all tiers of subcontractors.

24 vii) Vista Rio, L.P. agrees to notify County in writing of any claim by a third party
25 or any incident or event that may give rise to a claim arising from the
26 performance of the Agreement.

27 8) HOLD HARMLESS/INDEMNIFICATION. Vista Rio, L.P. shall indemnify and
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1 hold harmless the County of Riverside, its Agencies, Districts, Special Districts and
2 Departments, their respective directors, officers, Board of Supervisors, elected and appointed
3 officials, employees, agents and representatives (individually and collectively hereinafter
4 referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of
5 Vista Rio, L.P., its officers, employees, subcontractors, agents or representatives arising out of or
6 in any way relating to this Agreement, including but not limited to property damage, bodily
7 injury, or death or any other element of any kind or nature whatsoever arising from the
8 performance of Vista Rio, L.P., its officers, employees, subcontractors, agents or representatives
9 Indemnitors from this Agreement. Vista Rio, L.P. shall defend, at its sole expense, all costs and
10 fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or
11 awards, the Indemnitees in any claim or action based upon such alleged acts or omissions. With
12 respect to any action or claim subject to indemnification herein by Vista Rio, L.P., shall, at their
13 sole cost, have the right to use counsel of their own choice and shall have the right to adjust,
14 settle, or compromise any such action or claim without the prior consent of County; provided,
15 however, that any such adjustment, settlement or compromise in no manner whatsoever limits or
16 circumscribes Vista Rio, L.P.'s indemnification to Indemnitees as set forth herein. Vista Rio,
17 L.P.'s obligation hereunder shall be satisfied when Vista Rio, L.P. has provided to County the
18 appropriate form of dismissal relieving County from any liability for the action or claim
19 involved. The specified insurance limits required in this Agreement shall in no way limit or
20 circumscribe Vista Rio, L.P.'s obligations to indemnify and hold harmless the Indemnitees
21 herein from third party claims. In the event there is conflict between this clause and California
22 Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such
23 interpretation shall not relieve the Vista Rio, L.P. from indemnifying the Indemnitees to the
24 fullest extent allowed by law.

25 9) NOTICES. All Notices provided for in this Covenant shall be deemed received
26 when personally delivered, or two (2) days following mailing by certified mail, return receipt
27 requested. All mailing shall be addressed to the respective parties at their addresses set forth
28

1 below, or at such other address as each party may designate in writing and give to the other
2 party:

3
4 COUNTY

5 Assistant Director, Housing
6 Riverside County
7 Economic Development Agency
8 5555 Arlington Avenue
9 Riverside, CA 92504

Vista Rio L.P.

c/o Jurupa Valley Vista Rio Partners LP
Attn: Danavon Horn
15635 Alton Parkway, Suite 375
Irvine, CA 92618

10 10) REMEDIES. County shall have the right, in the event of any breach of any such
11 agreement or covenant, to exercise all available rights and remedies, and to maintain any actions
12 at law or suit in equity or other proper proceedings to enforce the curing of such breach of
13 agreement or covenant.

14 11) TERM. The non-discrimination covenants, conditions and restrictions contained
15 in Section 6 of this Covenant shall remain in effect in perpetuity. Every other covenant,
16 condition and restriction contained in this Covenant shall continue in full force and effect for the
17 Term, as defined in Section 1 of this Covenant.

18 12) NOTICE AND CURE. Prior to exercising any remedies hereunder, the County
19 shall give Vista Rio, L.P. notice of such default pursuant to section 9 above. Any monetary
20 default shall be cured within seven (7) days of delivery of written notice. Except as otherwise set
21 forth herein, if a non-monetary default is reasonably capable of being cured within sixty (60)
22 days of delivery of such notice of default, Vista Rio, L.P. shall have such period to effect a cure
23 prior to exercise of remedies by County. If the non-monetary default is such that it is not
24 reasonably capable of being cured within sixty (60) days of delivery of such notice of default,
25 and Vista Rio, L.P. (a) initiates corrective action within said period, and (b) diligently,
26 continually, and in good faith works to effect a cure as soon as possible, then Vista Rio, L.P.
27 shall have such additional time as is reasonably necessary to cure the default prior to exercise of
28 any remedies by the County; but in no event no later than ninety (90) days from delivery of such

1 notice of default.

2 County, upon providing Vista Rio, L.P. with any notice of default under this Covenant,
3 shall, within a reasonable time, provide a copy of such default notice to a Permitted Lender who
4 has given written notice to County of its interest in the Property and Project. From and after
5 such notice has been delivered to a Permitted Lender, such Permitted Lender shall have the
6 same period for remedying the default complained of as the cure period provided to Vista Rio
7 Partners, L.P. pursuant to this section 12. County shall accept performance by a Permitted
8 Lender as if the same had been done by Vista Rio Partners, L.P.

9 If a violation of any of the covenants or provisions of this Covenant remains uncured
10 after the respective time period set forth in this Section 12, County and its successors and
11 assigns, without regard to whether County or its successors and assigns is an owner of any land
12 or interest therein to which these covenants relate, may institute and prosecute any proceedings
13 at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to
14 compel specific performance by Vista Rio, L.P. of its obligations hereunder. No delay in
15 enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the
16 right of any party entitled to enforce the provisions hereof or to obtain relief against or recover
17 for the continuation or repetition of such breach or violations or any similar breach or violation
18 hereof at any later time.

19 13) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

20 Vista Rio, L.P. hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of
21 the Project, the Property or any portion thereof, without obtaining the prior written consent of
22 County, in its sole discretion. Any sale, assignment, or transfer of the Project or Property, shall
23 be memorialized an assignment and assumption agreement the form and substance of which have
24 been first approved in writing by the County in its sole discretion. Such assignment and
25 assumption agreement shall, among other things, provide that the transferee has assumed in
26 writing and in full, and is reasonably capable of performing and complying with Vista Rio,
27 L.P.'s duties and obligations under the Agreement and this Covenant, provided, however Vista
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1 Rio, L.P. shall not be released of all obligations under the HOME Loan Agreement and this
2 Covenant.

3 14) AMENDMENTS OR MODIFICATIONS. This Covenant may be changed or
4 modified only by a written amendment signed by authorized representatives of both parties.

5 15) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
6 governed by the laws of the State of California. Any legal action related to the performance or
7 interpretation of this Covenant shall be filed only in the Superior Court of the State of California
8 located in Riverside, California, and the parties waive any provision of law providing for a
9 change of venue to another location. In the event any provision in this Covenant is held by a
10 court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions
11 will nevertheless continue in full force without being impaired or invalidated in any way

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

14 17) PERMITTED MORTGAGES. No violation or breach of the covenants,
15 conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or
16 render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted
17 by the Agreement or the lien or charge of a deed of trust made by the Vista Rio, L.P. for the
18 benefit of any lender first approved in writing by the County (each, a "Permitted Lender") and
19 nothing herein or in the Agreement shall prohibit or otherwise limit the exercise of a Permitted
20 Lender's rights and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure
21 and subsequent transfer thereafter.

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

26 19) PROJECT MONITORING AND EVALUATION.

27 a) Tenant Checklist. Vista Rio, L.P. shall submit a Tenant Checklist Form to COUNTY, as
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1 shown in **Exhibit F** which is attached hereto and incorporated herein by this reference,
2 and may be revised by COUNTY, summarizing the racial/ethnic composition, number
3 and percentage of very low-income households who are tenants of the HOME-assisted
4 units. The Tenant Checklist Form shall be submitted upon completion of the
5 construction and thereafter, on a semi-annual basis on or before March 31 and
6 September 30. Vista Rio, L.P. shall maintain financial, programmatic, statistical and
7 other supporting records of its operations and financial activities in accordance with the
8 requirements of the HOME Program under 24 CFR 92.508, including the submission of
9 Tenant Checklist Form. Except as otherwise provided for in this Covenant and in the
10 Agreement, Vista Rio, L.P. shall maintain and submit records to COUNTY within ten
11 (10) business days of COUNTY's request which clearly documents Vista Rio, L.P.'s
12 performance under each requirement of the HOME Program.

- 13 b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability,
14 COUNTY must perform on-site inspections of HOME-assisted rental housing to
15 determine compliance with the property standards of §92.251 and to verify the
16 information submitted by the owners in accordance with the requirements of §92.252.
17 The inspections must be in accordance with the inspection procedures that the
18 participating jurisdiction establishes to meet the inspection requirements of §92.251. The
19 on-site inspections must occur at least once every 3 years thereafter during the period of
20 affordability. If there are observed deficiencies for any of the inspectable items in the
21 property standards established by COUNTY, in accordance with the inspection
22 requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are
23 corrected must occur within 12 months. COUNTY may establish a list of non-hazardous
24 deficiencies for which correction can be verified by third party documentation (e.g., paid
25 invoice for work order) rather than re-inspection. Health and safety deficiencies must be
26 corrected immediately, in accordance with §92.251. COUNTY must adopt a more
27 frequent inspection schedule for properties that have been found to have health and
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1 safety deficiencies. The property owner must annually certify to the COUNTY that each
2 building and all HOME- assisted units in the project are suitable for occupancy, taking
3 into account State and local health, safety, and other applicable codes, ordinances, and
4 requirements, and the ongoing property standards established by the participating
5 jurisdiction to meet the requirements of §92.251. Inspections must be based on a
6 statistically valid sample of units appropriate for the size of the HOME-Assisted project,
7 as set forth by HUD through notice. For projects with one-to-four HOME-Assisted
8 Units, COUNTY must inspect 100 percent of the HOME-Assisted Units and the
9 inspectable items (site, building exterior, building systems, and common areas) for each
10 building housing HOME-assisted units.

11 20) ACCESS TO PROJECT SITE. Representatives of the COUNTY and HUD shall
12 have the right of access to the Property, upon 24 hours' written notice to Vista Rio, L.P. (except
13 in the case of an emergency, in which case COUNTY and/or HUD shall provide such notice as
14 may be practical under the circumstances), without charges or fees, during normal business hours
15 to review the operation of the Project in accordance with this Covenant and the Agreement.

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

19 22) This Covenant and the Agreement set forth and contain the entire understanding
20 and agreement of the parties hereto. There are no oral or written representations,
21 understandings, or ancillary covenants, undertakings or agreements, which are not contained or
22 expressly referred to within this Covenant, and the Agreement, including all amendments and
23 modifications to the Agreement.

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26 ///

27 [remainder of page intentionally blank]
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(SIGNATURES ON THE NEXT PAGE)

1 IN WITNESS WHEREOF, COUNTY and Vista Rio, L.P. have executed this Covenant as of
2 the dates written below.

3 COUNTY:

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: Marion Ashley
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: [Signature]
Danavon Horn, President

11 Date: 10/15/15

12
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 By: Kellie Dyer, Deputy

17 By: _____
18 Ronald H. Olson, President

19 Date: _____

20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel
22 Clerk of the Board

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

25
26 (Signatures need to be notarized)

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.

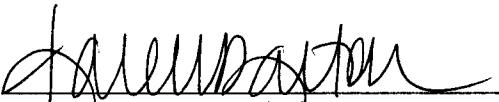
STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } §

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 }

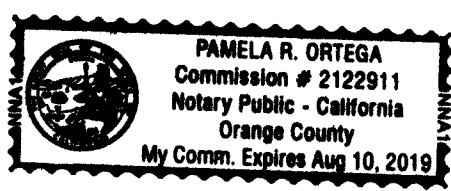
On Oct. 5, 2015, before me, Pamela R. Ortega, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Daravon 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.



Place Notary Seal Above

Signature Pamela R. Ortega
Signature of Notary Public

Utah
~~CALIFORNIA~~ ALL-PURPOSE ACKNOWLEDGEMENT

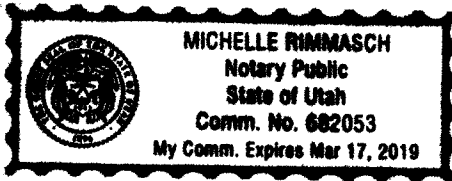
Utah
STATE OF ~~CALIFORNIA~~ }
COUNTY OF Salt Lake }

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.

EXHIBIT "H"

Request for Notice

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated July 21, 2015 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Jurupa Valley Vista Rio Partners LP, a California Limited Partnership, as Trustor in which _____ is named as Beneficiary, and First American Title Company located at 3281 E. Guasti Road, Suite 440, Ontario, CA 91761 as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

See attached Legal Description

All notices to be mailed to Riverside County EDA, Housing Division, Attention Assistant Director at 5555 Arlington Avenue, Riverside, California 92504.

Request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust **NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.**

Dated _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE } S.S.

On _____, before me, _____ a Notary Public, personally appeared John Aguilar 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

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY

John Aguilar, Deputy Director

(This area for official notarial seal)

Signature _____



Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors/vendors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

In July 2012, all records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

The County of Riverside requires that each contractor/vendor hold the required federal/state/local license for the service provided.

Please complete the following verification process for each contractor/vendor:

- STEP 1: Visit <https://www.sam.gov/portal/public/SAM/>
- STEP 2: Under "Search Records", enter the company name and press enter.
- STEP 3: Click "Print" on the Search Results page.
- STEP 4: Repeat steps 2 & 3 for variations of the name of contractor/vendor (individual last name or firm).
- STEP 5: Attach print out of search results to this certification as supporting documentation.
- STEP 6: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below NSP Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

DEVELOPER SIGNATURE