

**SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

612



FROM: Housing Authority

SUBMITTAL DATE:
January 28, 2016

SUBJECT: Approve Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing Issued by Bank of America, N.A., a national banking association to March Veterans Village, L.P., a California limited partnership; Approve Housing Assistance Payments Contract; March Air Reserve Base; District 5, [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing (Consent to Assignment) to be executed by the Housing Authority of the County of Riverside (Housing Authority) in connection with an assignment between March Veterans Village, L.P., a California limited partnership (as assignor, borrower), and Bank of America N.A., a national banking association, (as assignee, lender), relating to 75 U.S. Housing and Urban Development (HUD) Veterans Affairs Supportive Housing (VASH) project based vouchers;

(Continued)

Robert Field
Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 2015/16	

C.E.O. RECOMMENDATION:

APPROVE

BY:

Imelda Delos Santos

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

On motion of Commissioner Jeffries, seconded by Commissioner Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: February 9, 2016
xc: Housing Authority

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

Prev. Agn. Ref.:
10.3 of 9/15/2015; 10.2 of 6/30/2015

District: 5

Agenda Number:

10-3

FORM APPROVED COUNTY COUNSEL
DATE 1/25/16
BY: GREGORY P. PRIAMOS

A-30 Positions Added
4/5 Change Order
Vote

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

Housing Authority

FORM 11: Approve Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing Issued by Bank of America, N.A., a national banking association to March Veterans Village, L.P., a California limited partnership; Approve Housing Assistance Payments Contract; March Air Reserve Base; District 5, [\$0]

DATE: January 28, 2016

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RECOMMENDED MOTION:

(Continued)

2. Authorize the Executive Director of the Housing Authority, or designee, to execute the attached Consent to Assignment;
3. Approve the attached form of Housing Assistance Payments Contract (HAP Contract) to be entered into between the Housing Authority and March Veterans Village, L.P., a California limited partnership relating to relating to 75 U.S. Housing and Urban Development (HUD) Veterans Affairs Supportive Housing (VASH) project based vouchers;
4. Authorize the Executive Director of the Housing Authority, or designee, to execute a HAP Contract substantially conforming in form and substance to the attached form of HAP Contract, subject to approval by County Counsel;
5. Authorize the Executive Director of the Housing Authority, or designee, to make all necessary technical revisions and amendments to recorded and unrecorded documents related to the March Veterans Village Apartments project (Project) to ensure consistency with the parcel map for the Project approved by the March Joint Powers Authority including, but not limited to, amendments to (i) legal descriptions and surveys, (ii) descriptions of infrastructure improvements and/or road projects, and (iii) easements and right of way agreements, subject to approval by County Counsel; and
6. Authorize the Executive Director of the Housing Authority or designee to take all necessary steps to implement the Consent to Assignment and HAP Contract, including, but not limited to (A) reviewing and approving/disapproving an assignment and assumption agreement to be entered into between March Village, L.P. and Bank of America N.A. as contemplated in the Consent to Assignment, and (B) signing subsequent necessary and relevant documents and additional security documents reasonably requested by financial lenders provided such security documents do not (i) adversely affect the receipt of any benefit or right of the Housing Authority under the HAP or AHAP contracts (including any attachments), or (ii) increase any Housing Authority obligation or liability under HAP or AHAP contracts (including any attachments), subject to approval by County Counsel.

BACKGROUND:

Summary

In October of 2014 the Housing Authority of the County of Riverside (HACR) received 75 U.S. Housing and Urban Development (HUD) Veterans Affairs and Supportive Housing (VASH) project based vouchers through a competitive grant to subsidize 75 efficiency rental units to be constructed as part of the March Veterans Village development in Moreno Valley (Housing Project). HUD requires HACR and a project owner enter into an AHAP Contract prior to the release of the HUD VASH project based vouchers. On September 15, 2015, the Board of Commissioners approved the Project Based Voucher Agreement to Enter into Housing Assistance Payments Contract (AHAP Contract) between the HACR and March Veterans Village, L.P. (Developer) to commit 75 Project Based Vouchers upon the completion of the Housing Project.

(Continued)

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

Housing Authority

FORM 11: Approve Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing Issued by Bank of America, N.A., a national banking association to March Veterans Village, L.P., a California limited partnership; Approve Housing Assistance Payments Contract; March Air Reserve Base; District 5, [\$0]

DATE: January 28, 2016

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BACKGROUND: (Continued)

Summary

As stated in the AHAP contract, Developer will construct a 138 unit multi-family housing project, with associated infrastructure and tenant services.

The March Veterans Village housing development site is located on the March Air Reserve Base, specifically the southwest corner of N Street and 6th Street, Moreno Valley, CA 92551, identified as Assessor Parcel Numbers: 294-080-006, 007 and 008. Currently, the Developer is processing a parcel map through the March Joint Powers Authority (JPA). The March JPA is the land use authority for development and construction projects within the boundary of the March JPA. The parcel map was a requirement of the March JPA. The goal of the parcel map is to vacate 5th Street and to properly record the public streets on 4th Street, N Street, and 6th Street. HACR staff recommends that the Executive Director or designee is authorized to make necessary and required technical revisions and amendments to recorded and unrecorded Housing Project documents to ensure consistency with the parcel map approved by the JPA including, but not limited to, amendments to (i) legal descriptions and surveys, (ii) descriptions of infrastructure improvements and/or road projects, and (iii) easements and right of way agreements, subject to approval by County Counsel; and

The 75 HUD VASH project based vouchers will serve as a rental subsidy for veterans referred to the HACR by the Veterans Affairs Loma Linda. Under the AHAP Contract, Developer agreed to develop the 75 efficiency rental units in accordance with HUD requirements, and HACR agreed that upon timely completion of such development in accordance with the terms of the AHAP Contract, the HACR will enter into a Housing Assistance Payments (HAP) Contract with Developer. The proposed form of the HAP Contract is attached. The proposed HAP Contract sets forth rights and duties of the HACR and Developer with respect to the project and the housing assistance payments. The housing assistance payments made under the HAP contract are payments to the Developer to assist eligible families leasing assisted units. The amount of the housing assistance payment made to the Developer for an assisted unit leased to an eligible family is equal to the difference between the contract rent for the unit and the tenant rent payable by the family.

On December 1, 2015, Developer requested the HACR consent to an assignment of Developer's rights and obligations under the AHAP Contract and the proposed HAP Contract to Bank of America, N.A., the construction lender, to secure Developer's prompt payment and performance of its obligations under Bank of America's construction loan documents. The granting of the security interest will satisfy a construction financing condition required by Bank of America, N.A. prior to Bank of America, N.A. closing the loan and advancing construction funds. Financing the project will not be financially feasible without the construction loan. A copy of the proposed Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing (Consent to Assignment) to be executed by HACR is attached. The assignment and assumption agreement to be entered into between the Developer (as assignor, borrower), and Bank of America N.A. (as assignee, lender), shall provide for the assignment of Developer's rights and obligations in and under the AHAP and HAP Contracts to Bank of America N.A.; provided, however, Bank of America shall not be entitled to exercise such rights until such time as Developer defaults in the performance of any obligations under the construction loan documents. The assignment and assumption agreement between Developer and Bank of America will not amend or modify in any way the terms of the AHAP Contract and the proposed HAP Contract, nor will it modify or amend the rights and obligations of HUD, the HACR or Developer thereunder.

(Continued)

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

Housing Authority

FORM 11: Approve Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing Issued by Bank of America, N.A., a national banking association to March Veterans Village, L.P., a California limited partnership; Approve Housing Assistance Payments Contract; March Air Reserve Base; District 5, [\$0]

DATE: January 28, 2016

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BACKGROUND: (Continued)

Summary

The proposed Consent to Assignment and the proposed HAP Contract, which are the subjects of this Board Action, only relate to the subsidy of 75 of efficiency units to be developed as part of the 138 rental unit March Veterans Village development which were already evaluated under Environmental Impact Report No. 2008071021 dated November 2, 2011, as such no further action under the California Environmental Quality Act (CEQA) is required.

In addition, pursuant to the National Environmental Policy Act (NEPA), on June 30, 2015, the Board of Commissioners adopted the Environmental Assessment prepared by the County of Riverside Economic Development Agency as the Responsible Entity, in connection with the 75 HUD VASH project based vouchers, which found that the proposed project would not have a significant effect on the environment.

County Counsel has reviewed and approved as to form the attached Consent to Assignment and the form of HAP Contract. Staff recommends approval of the attached Consent to Assignment and the form of HAP Contract.

Impact on Citizens and Businesses

The seventy-five (75) HUD VASH project based vouchers will have a positive impact on citizens and businesses they will provide much needed housing subsidies and supportive services for veterans as well as assist with the creation of jobs for local residents. The assignment of Developer's rights and obligations under the AHAP and HAP Contract to Bank of America, N.A., will ensure that Bank of America, N.A., is granted a security interest in the HAP contract by the Developer and the project receives the construction financing.

Attachments:

- Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing
- Form of Housing Assistance Payments Contract (HAP Contract)

**U.S. Department Of Housing and Urban Development
Office of Public and Indian Housing**

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 1 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

1. CONTRACT INFORMATION

a. Parties

This housing assistance payments (HAP) contract is entered into between:

_____ (PHA) and

_____ (owner).

b. Contents of contract

The HAP contract consists of Part 1, Part 2 and the contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP contract includes the following exhibits:

EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR 983.203 for required items.) If this is a multi-stage project, this exhibit must include a description of the units in each completed phase.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

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EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

ADDITIONAL EXHIBITS

d. Single-Stage and Multi-Stage Contracts (Check the applicable box.)

1. **Single-Stage Project**

This is a single-stage project.

For all contract units, the effective date of the HAP contract is:

_____.

The PHA enters the effective date, and executes the HAP contract, after completion and PHA acceptance of all units in the single stage project.

2. **Multi-Stage Project**

This is a multi-stage project. The units in each completed stage are designated in Exhibit A.

The PHA enters the effective date for each stage after completion and PHA acceptance of all units in that stage. The PHA enters the effective date for each stage in the "Execution of HAP contract for contract units completed in stages" (starting on page 8).

The annual anniversary date of the HAP contract for all contract units in this multi-stage project is the anniversary of the effective date of the HAP contract for the contract units included in the first stage. The expiration date of the HAP contract for all of the contract units completed in stages must be concurrent with the end of the HAP contract term for the units included in the first stage. (See 24 CFR 983.206(c).)

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HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

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e. Term of the HAP contract

1. Beginning of Term

The PHA may not enter into a HAP contract for any contract unit until the PHA has determined that the unit complies with the housing quality standards. The term of the HAP contract for any unit begins on the effective date of the HAP contract.

2. Length of initial term

a. Subject to paragraph 2.b, the initial term of the HAP contract for any contract units is:

_____.

b. The initial term of the HAP contract for any unit may not be less than one year, nor more than fifteen years.

3. Extension of term

The PHA and owner may agree to enter into an extension of the HAP contract at the time of initial HAP contract execution or any time prior to expiration of the contract. Any extension, including the term of such extension, must be in accordance with HUD requirements.

A PHA must determine that any extension is appropriate to achieve long-term affordability of the housing or expand housing opportunities.

4. Requirement for sufficient appropriated funding

a. The length of the initial term and any extension term shall be subject to availability, as determined by HUD, or by the PHA in accordance with HUD requirements, of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the PHA's annual contributions contract (ACC) with HUD, to make full payment of housing assistance payments due to the owner for any contract year in accordance with the HAP contract.

b. The availability of sufficient funding must be determined by HUD or by the PHA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, the PHA has the right to terminate the HAP contract by notice to the owner for all or any of the contract units. Such action by the PHA shall be implemented in accordance with HUD requirements.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

f. Occupancy and payment

1. Payment for occupied unit

During the term of the HAP contract, the PHA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the calendar month when the family moves out ("move-out month"). However, the owner may not keep the payment if the PHA determines that the vacancy is the owner's fault.

2. Vacancy payment

THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH f.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.

- a. If an assisted family moves out of a contract unit, the PHA may provide vacancy payments to the owner for a PHA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.
- b. The vacancy payment to the owner for each month of the maximum two-month period will be determined by the PHA, and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit). Any vacancy payment may only cover the period the unit remains vacant.
- c. The PHA may only make vacancy payments to the owner if:
 - 1. The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner's knowledge and belief);
 - 2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
 - 3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and

4. The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.
- d. The PHA must take every reasonable action to minimize the likelihood and length of vacancy.
- e. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.
- f. The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payments.

3. PHA is not responsible for family damage or debt to owner

Except as provided in this paragraph f (Occupancy and Payment), the PHA will not make any other payment to the owner under the HAP contract. The PHA will not make any payment to owner for any damages to the unit, or for any other amounts owed by a family under the family's lease.

g. Income-mixing requirement

1. Except as provided in paragraphs g.2 and 3, the PHA will not make housing assistance payments under the HAP contract for more than 25 percent of the total number of dwelling units (assisted or unassisted) in any project. The term "project" means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land assisted under this HAP contract.
2. The limitation in paragraph g.1 does not apply to single-family buildings.
3. In referring eligible families to the owner for admission to the number of contract units in any project exceeding the 25 percent limitation under paragraph g.1, the PHA shall give preference to elderly or disabled families, or to families receiving supportive services, for the number of contract units designated for occupancy by such families. The owner shall rent the designated number of contract units to such families referred by the PHA from the PHA waiting list.
4. The PHA and owner must comply with all HUD requirements regarding income mixing.

5. The following specifies the number of contract units (if any):
- a. Designated for occupancy by disabled families;
 - b. Designated for occupancy by elderly families;
 - c. Designated for occupancy by elderly or disabled families; or
 - d. Designated for occupancy by families receiving supportive services.

Check this box if any contract units are designated for disabled families.

The following number of contract units shall be rented to disabled families: _____.

Check this box if any contract units are designated for elderly families.

The following number of contract units shall be rented to elderly families: _____.

Check this box if any contract units are designated for elderly or disabled families.

The following number of contract units shall be rented to elderly or disabled families: _____.

Check this box if any contract units are designated for families receiving supportive services.

The following number of contract units shall be rented to families receiving supportive services: _____.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

EXECUTION OF HAP CONTRACT FOR SINGLE-STAGE PROJECT

PUBLIC HOUSING AGENCY (PHA)

Name of PHA (Print)

By:

Signature of authorized representative

Name and official title (Print)

Date

OWNER

Name of Owner (Print)

By:

Signature of authorized representative

Name and title (Print)

Date

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

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EXECUTION OF HAP CONTRACT FOR CONTRACT UNITS COMPLETED AND ACCEPTED IN STAGES

(For multi-stage projects, at acceptance of each stage, the PHA and the owner sign the HAP contract execution for the completed stage.)

STAGE NO. 1. The Contract is hereby executed for the contract units in this stage.
STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:
PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)
By:
Signature of authorized representative
Name and official title (Print)
Date
OWNER Name of Owner (Print)
By:
Signature of authorized representative
Name and title (Print)
Date

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

<p>STAGE NO. 2. The Contract is hereby executed for the contract units in this stage.</p> <p>STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:</p>
<p>PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and official title (Print) Date</p>
<p>OWNER Name of Owner (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and title (Print) Date</p>

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

STAGE NO. 3. The Contract is hereby executed for the contract units in this stage.

STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:

PUBLIC HOUSING AGENCY (PHA)

Name of PHA (Print)

By:

Signature of authorized representative

Name and official title (Print)

Date

OWNER

Name of Owner (Print)

By:

Signature of authorized representative

Name and title (Print)

Date

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HAP Contract for New Construction or Rehabilitation**

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<p>STAGE NO. ____ The Contract is hereby executed for the contract units in this stage. STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:</p>
<p>PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and official title (Print) Date</p>
<p>OWNER Name of Owner (Print)</p>
<p>By: Signature of authorized representative</p>
<p>Name and title (Print)</p>
<p>Date</p>

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HAP Contract for New Construction or Rehabilitation**

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**U.S. Department Of Housing and Urban Development
Office of Public and Indian Housing**

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 2 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

2. DEFINITIONS

Agreement. Agreement to enter into HAP Contract between the owner and the PHA. The HAP contract was entered into following new construction or rehabilitation of the contract units by the owner pursuant to an Agreement.

Contract units. The housing units covered by this HAP contract. The contract units are described in Exhibit A.

Family. The persons approved by the PHA to reside in a contract unit with assistance under the program.

HAP contract. This housing assistance payments contract between the PHA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP contract).

Housing assistance payment. The monthly assistance payment by the PHA for a contract unit, which includes: (1) a payment to the owner for rent to the owner under the family's lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.

Household. The family and any PHA-approved live-in aide.

Housing quality standards (HQS). The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

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HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives.

Newly constructed housing. Housing units that do not exist on the proposal selection date and are developed after the date of selection pursuant to an Agreement between the PHA and owner for use under the project-based voucher program.

Owner. Any person or entity who has the legal right to lease or sublease a unit to a participant.

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP contract, or in any proceeds or benefits arising from the HAP contract.

Program. The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

PHA. Public Housing Agency. The agency that has entered into the HAP contract with the owner. The agency is a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Proposal selection date. The date the PHA gives written notice of proposal selection to the owner whose proposal is selected in accordance with the criteria established in the PHA's administrative plan.

Rehabilitated housing. Housing units that exist on the proposal selection date, but do not substantially comply with the HQS at that date, and are developed, pursuant to an Agreement between the PHA and owner, for use under the project-based voucher program.

Rent to owner. The total monthly rent payable to the owner under the lease for a contract unit. Rent to owner includes payment for any housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

Tenant. The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

Tenant rent. The portion of the rent to owner payable by the family, as determined by the PHA in accordance with HUD requirements. The PHA is not responsible for paying any part of the tenant rent.

3. PURPOSE

- a. This is a HAP contract between the PHA and the owner.
- b. The purpose of the HAP contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the owner.
- c. The PHA must make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible families during the HAP contract term. HUD provides funds to the PHA to make housing assistance payments to owners for eligible families.

4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to owner

The initial rent to owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP contract. At the beginning of the HAP contract term, and until rent to owner is adjusted in accordance with section 5 of the HAP contract, the rent to owner for each bedroom size (number of bedrooms) shall be the initial rent to owner amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP contract, the rent to owner may in no event exceed the amount authorized in accordance with HUD requirements. The PHA has the right to reduce the rent to owner, at any time, to correct any errors in establishing or adjusting the rent to owner in accordance with HUD requirements. The PHA may recover any overpayment from the owner.

c. PHA payment to owner

1. Each month the PHA must make a housing assistance payment to the owner for a unit under lease to and occupied by an eligible family in

accordance with the HAP contract.

2. The monthly housing assistance payment to the owner for a contract unit is equal to the amount by which the rent to owner exceeds the tenant rent.
3. Payment of the tenant rent is the responsibility of the family. The PHA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The PHA is only responsible for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract.
4. The owner will be paid the housing assistance payment under the HAP contract on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.
5. To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract. Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.
6. If the PHA determines that the owner is not entitled to the payment or any part of it, the PHA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner, including amounts due under any other housing assistance payments contract.
7. The owner will notify the PHA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

d. Termination of assistance for family

The PHA may terminate housing assistance for a family under the HAP contract in accordance with HUD requirements. The PHA must notify the owner in writing of its decision to terminate housing assistance for the family in such case.

5. ADJUSTMENT OF RENT TO OWNER

a. PHA determination of adjusted rent

1. At each annual anniversary during the term of the HAP contract, the PHA

shall adjust the amount of rent to owner, upon request to the PHA by the owner, in accordance with law and HUD requirements. In addition, the PHA shall adjust the rent to owner when there is a five percent or greater decrease in the published, applicable Fair Market Rent in accordance with 24 CFR 983.302.

2. The adjustment of rent to owner shall always be determined in accordance with all HUD requirements. The amount of the rent to owner may be adjusted up or down, in the amount defined by the PHA in accordance with HUD requirements.

b. Reasonable rent

The rent to owner for each contract unit, as adjusted by the PHA in accordance with 24 CFR 983.303, may at no time exceed the reasonable rent charged for comparable units in the private unassisted market. The reasonable rent shall be determined by the PHA in accordance with HUD requirements.

c. No special adjustments

The PHA will not make any special adjustments of the rent to owner.

d. Owner compliance with HAP contract

The PHA shall not approve, and the owner shall not receive, any increase of rent to owner unless all contract units are in accordance with the HQS, and the owner has complied with the terms of the assisted leases and the HAP contract.

e. Notice of rent adjustment

Rent to owner shall be adjusted by written notice by the PHA to the owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

6. OWNER RESPONSIBILITY

The owner is responsible for:

- a. Performing all management and rental functions for the contract units.
- b. Maintaining the units in accordance with HQS.

- c. Complying with equal opportunity requirements.
- d. Enforcing tenant obligations under the lease.
- e. Paying for utilities and housing services (unless paid by the family under the lease).
- f. Collecting from the tenant:
 - 1. Any security deposit;
 - 2. The tenant rent; and
 - 3. Any charge for unit damage by the family.

7. OWNER CERTIFICATION

The owner certifies that at all times during the term of the HAP contract:

- a. All contract units are in good and tenantable condition. The owner is maintaining the premises and all contract units in accordance with the HQS.
- b. The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- c. Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements.
- d. To the best of the owner's knowledge, the members of the family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- e. The owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- f. The amount of the housing assistance payment is the correct amount due under the HAP contract.
- g. The rent to owner for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.

- h. Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payments or other consideration (from the family, the PHA, HUD, or any other public or private source) for rental of the contract unit.
- i. The family does not own, or have any interest in the contract unit. If the owner is a cooperative, the family may be a member of the cooperative.

8. CONDITION OF UNITS

a. Owner maintenance and operation

The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

b. PHA inspections

- 1. The PHA must inspect each contract unit before execution of the HAP contract. The PHA may not enter into a HAP contract covering a unit until the unit fully complies with the HQS.
- 2. Before providing assistance to a new family in a contract unit, the PHA must inspect the unit. The PHA may not provide assistance on behalf of the family until the unit fully complies with the HQS.
- 3. At least annually during the term of the HAP contract, the PHA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.
- 4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the PHA must reinspect 100 percent of the contract units in the building.
- 5. The PHA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the owner is providing

maintenance, utilities, and other services in accordance with the HAP contract. The PHA must take into account complaints and any other information that comes to its attention in scheduling inspections.

c. Violation of the housing quality standards

1. If the PHA determines a contract unit is not in accordance with the HQS, the PHA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP contract.
2. The PHA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
3. The PHA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

d. Maintenance and replacement—owner's standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

9. LEASING CONTRACT UNITS

a. Selection of tenants

1. During the term of the HAP contract, the owner must lease all contract units to eligible families selected and referred by the PHA from the PHA waiting list. (See 24 CFR 983.251.)
2. The owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to perform the lease obligations.
3. Consistent with HUD requirements, the owner may apply its own admission procedures in determining whether to admit a family referred

by the PHA for occupancy of a contract unit. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.

4. The owner must promptly notify in writing any rejected applicant of the grounds for rejection.
5. The PHA must determine family eligibility in accordance with HUD requirements.
6. The contract unit leased to each family must be appropriate for the size of the family under the PHA's subsidy standards.
7. If a contract unit was occupied by an eligible family at the time the unit was selected by the PHA, or is so occupied on the effective date of the HAP contract, the owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP contract.
8. The owner is responsible for screening and selecting tenants from the families referred by the PHA from its waiting list.

b. Vacancies

1. The owner must promptly notify the PHA of any vacancy in a contract unit. After receiving the owner notice, the PHA shall make every reasonable effort to refer a sufficient number of families for owner to fill the vacancy.
2. The owner must rent vacant contract units to eligible families on the PHA waiting list referred by the PHA.
3. The PHA and the owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.
4. If any contract units have been vacant for a period of 120 or more days since owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the PHA to fill such vacancies), the PHA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

10. TENANCY

a. Lease

The lease between the owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

b. Termination of tenancy

1. The owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The owner must give the PHA a copy of any owner eviction notice to the tenant at the same time that the owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

c. Family payment

1. The portion of the monthly rent to owner payable by the family ("tenant rent") will be determined by the PHA in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.
2. The amount of the tenant rent as determined by the PHA is the maximum amount the owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the owner in accordance with the HAP contract and the lease.
3. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess rent payment to the tenant.
4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of the PHA housing assistance payment.

5. The PHA is only responsible for making the housing assistance payments to the owner on behalf of the family in accordance with the HAP contract. The PHA is not responsible for paying the tenant rent, or any other claim by the owner.

d. Other owner charges

1. Except as provided in paragraph 2, the owner may not require the tenant or family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.
2. In assisted living developments receiving project-based voucher assistance, owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.
3. The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

e. Security deposit

1. The owner may collect a security deposit from the family.
2. The owner must comply with HUD and PHA requirements, which may change from time to time, regarding security deposits from a tenant.
3. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted families.
4. When the family moves out of the contract unit, the owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the owner, the owner must

promptly refund the full amount of the balance to the family.

5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the owner may seek to collect the balance from the family. However, the PHA has no liability or responsibility for payment of any amount owed by the family to the owner.

11. FAMILY RIGHT TO MOVE

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate (with a copy to the PHA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the PHA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the PHA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the PHA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

The PHA subsidy standards determine the appropriate unit size for the family size and composition. The PHA and owner must comply with the requirements in 24 CFR 983.259.

13. PROHIBITION OF DISCRIMINATION

- a. The owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.
- b. The owner must comply with the following requirements: The Fair Housing Act (42 U.S.C. 3601–19) and implementing regulations at 24 CFR part 100 *et seq.* ; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959–1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the

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Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.* ; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964–1965 Comp., p. 339; 3 CFR, 1966–1970 Comp., p. 684; 3 CFR, 1966–1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971–1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

- c. The PHA and the owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

14. PHA DEFAULT AND HUD REMEDIES

If HUD determines that the PHA has failed to comply with the HAP contract, or has failed to take appropriate action to HUD's satisfaction or as directed by HUD, for enforcement of the PHA's rights under the HAP contract, HUD may assume the PHA's rights and obligations under the HAP contract, and may perform the obligations and enforce the rights of the PHA under the HAP contract.

15. OWNER DEFAULT AND PHA REMEDIES

a. Owner default

Any of the following is a default by the owner under the HAP contract:

1. The owner has failed to comply with any obligation under the HAP contract, including the owner's obligations to maintain all contract units in accordance with the housing quality standards.
2. The owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

3. The owner has committed any fraud or made any false statement to the PHA or HUD in connection with the HAP contract.
4. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
 - A. The owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
 - B. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
6. The owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. PHA remedies

1. If the PHA determines that a breach has occurred, the PHA may exercise any of its rights or remedies under the HAP contract.
2. The PHA must notify the owner in writing of such determination. The notice by the PHA to the owner may require the owner to take corrective action (as verified by the PHA) by a time prescribed in the notice.
3. The PHA's rights and remedies under the HAP contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP contract.

c. PHA remedy is not waived

The PHA's exercise or non-exercise of any remedy for owner breach of the HAP contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

**16. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS
REQUIRED BY HUD OR PHA**

a. Required information

The owner must prepare and furnish any information pertinent to the HAP contract as may reasonably be required from time to time by the PHA or HUD. The owner shall furnish such information in the form and manner required by the PHA or HUD.

b. PHA and HUD access to premises

The owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the owner to the extent necessary to determine compliance with the HAP contract, including the verification of information pertinent to the housing assistance payments or the HAP contract.

17. PHA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of owner action or failure to act

The PHA has no responsibility for or liability to any person injured as a result of the owner's action or failure to act in connection with the implementation of the HAP contract, or as a result of any other action or failure to act by the owner.

b. Legal relationship

The owner is not the agent of the PHA. The HAP contract does not create or affect any relationship between the PHA and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with the implementation of the HAP contract.

c. Exclusion of third party claims

Nothing in the HAP contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the PHA or the owner under the HAP contract.

d. Exclusion of owner claims against HUD

Nothing in the HAP contract shall be construed as creating any right of the owner to assert any claim against HUD.

18. PHA-OWNED UNITS

Notwithstanding Section 17 of this HAP contract, a PHA may own units assisted under the project-based voucher program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units.

19. CONFLICT OF INTEREST

a. Interest of members, officers, or employees of PHA, members of local governing body, or other public officials

1. No present or former member or officer of the PHA (except tenant-commissioners), no employee of the PHA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP contract.
2. HUD may waive this provision for good cause.

b. Disclosure

The owner has disclosed to the PHA any interest that would be a violation of the HAP contract. The owner must fully and promptly update such disclosures.

c. Interest of member of or delegate to Congress

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP contract or to any benefits arising from the contract.

20. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

The owner must comply with and is subject to requirements of 2 CFR part 2424.

b. Disclosure

The owner certifies that:

1. The owner has disclosed to the PHA the identity of the owner and any principal or interested party.
2. Neither the owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

21. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

1. The owner agrees that neither the HAP contract nor the property may be transferred without the advance written consent of the PHA in accordance with HUD requirements.
2. "Transfer" includes:
 - A. Any sale or assignment or other transfer of ownership, in any form, of the HAP contract or the property;
 - B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP contract;
 - C. The creation of a security interest in the HAP contract or the property;
 - D. Foreclosure or other execution on a security interest; or
 - E. A creditor's lien, or transfer in bankruptcy.

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HAP Contract for New Construction or Rehabilitation**

3. If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the PHA pursuant to paragraph a for transfer of a passive and non-controlling interest in the ownership entity (such as a stock transfer or transfer of the interest of a limited partner), if any interests so transferred cumulatively represent less than half the beneficial interest in the HAP contract or the property. The owner must obtain advance consent pursuant to paragraph a for transfer of any interest of a general partner.

b Transferee assumption of HAP contract

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP contract, or to exercise any rights or remedies under the HAP contract, unless the PHA has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the PHA in accordance with HUD requirements, to assume the obligations of the owner under the HAP contract, and to comply with all the terms of the HAP contract.

c Effect of consent to transfer

1. The creation or transfer of any security interest in the HAP contract is limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.
2. The PHA's consent to transfer of the HAP contract or the property does not to change the terms of the HAP contract in any way, and does not change the rights or obligations of the PHA or the owner under the HAP contract.
3. The PHA's consent to transfer of the HAP contract or the property to any transferee does not constitute consent to any further transfers of the HAP contract or the property, including further transfers to any successors or assigns of an approved transferee.

d When transfer is prohibited

The PHA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the

U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. SUBSIDY LAYERING

a. Owner disclosure

The owner must disclose to the PHA, in accordance with HUD requirements, information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

b. Limit of payments

Housing assistance payments under the HAP contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide affordable housing after taking account of such related assistance. The PHA will adjust in accordance with HUD requirements the amount of the housing assistance payments to the owner to compensate in whole or in part for such related assistance.

23. OWNER LOBBYING CERTIFICATIONS

a. The owner certifies, to the best of owner's knowledge and belief, that:

1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP contract, or the extension, continuation, renewal, amendment, or modification of the HAP contract.
2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP contract, the owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in

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accordance with its instructions.

- b. This certification by the owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. COMPLETION AND ACCEPTANCE OF CONTRACT UNITS

The owner certifies that the contract units have been completed in accordance with the Agreement. Completion and acceptance of the units is subject to the provisions of the Agreement.

25. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS

The HAP contract may be terminated upon at least 30 days notice to the owner by the PHA or HUD if the PHA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

26. NOTICES AND OWNER CERTIFICATIONS

- a. Where the owner is required to give any notice to the PHA pursuant to the HAP contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the PHA.
- b. Any certification or warranty by the owner pursuant to the HAP contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

27. ENTIRE AGREEMENT; INTERPRETATION

- a. The Agreement and the HAP contract, including the exhibits, is the entire agreement between the PHA and the owner.
- b. The Agreement and the HAP contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP contract. The owner agrees to comply with all such laws and HUD requirements.

**Tenancy Addendum
Section 8 Project-based
Voucher Program**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

OMB Approval No. 2577-0169
(exp. 04/30/2018)

Instructions for use of Tenancy Addendum

This tenancy addendum is used in the Section 8 project-based voucher (PBV) program. Under the program, HUD provides funds to a public housing agency (PHA) for rent subsidy on behalf of eligible families. The main regulation for this program is 24 Code of Federal Regulations Part 983.

Privacy Act Statement. The Department of Housing and Urban Development (HUD) is authorized to collect the information required on this form by Section 8 of the U.S. Housing Act of 1937 (42 U.S.C. 1437f). Collection of the family members' names, unit address, and owner name is mandatory. The information is used to provide Section 8 project-based assistance under the Section 8 Project-based Voucher program in the form of housing assistance payments. The information also specifies what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the tenant. HUD may disclose this information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside of HUD, except as permitted or required by law. Failure to provide any of the information may result in delay or rejection of family or owner participation in the Section 8 Project-based Voucher program.

The tenancy addendum has two parts:

Part A: Tenancy Addendum Information (fill-ins).

See section by section instructions.

Part B: Tenancy addendum.

How to fill in Part A

Section by Section Instructions.

Section 2: Tenant

Enter full name of tenant.

Section 3. Contract Unit

Enter address of unit, including apartment number, if any.

Section 4. Household Members

Enter full names of all PHA-approved household members. Specify if any such person is a live-in aide, which is a person approved by the PHA to reside in the unit to provide supportive services for a family member who is a person with disabilities.

Section 5. Initial Lease Term

Enter first date and last date of initial lease term.

(The initial lease term must be for at least one year. 24 CFR § 983.256(f).)

Section 6. Initial Rent to Owner

Enter the amount of the monthly rent to owner during the initial lease term.

Section 7. Initial Tenant Rent.

Enter the initial monthly amount of tenant rent.

Section 8. Housing Assistance Payment

Enter the initial amount of the monthly housing assistance payment.

Section 9. Utilities and Appliances

The lease must specify what utilities and appliances are to be supplied by the owner, and what utilities and appliances are to be supplied by the tenant. Fill in section 9 to show who is responsible to provide or pay for utilities and appliances.

**Tenancy Addendum
Section 8 Project-based
Voucher Program**

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

Part A of the Tenancy Addendum

(Fill out all of the information in Part A.)

1. Contents of Tenancy Addendum

This Tenancy Addendum has two parts:

Part A: Tenancy Addendum Information

Part B: Tenancy Addendum

2. Tenant

3. Contract Unit

4. Household

The following persons may reside in the unit. Other persons may not be added to the household without prior written approval of the owner and the PHA.

5. Initial Lease Term

The initial lease term begins on (mm/dd/yyyy): _____

The initial lease term ends on (mm/dd/yyyy): _____

6. Initial Rent to Owner

The initial rent to owner is: \$ _____

7. Initial Tenant Rent

The initial tenant rent is: \$ _____ per month. The amount of the tenant rent is subject to change by the PHA during the term of the lease in accordance with HUD requirements.

8. Initial Housing Assistance Payment

At the beginning of the Housing Assistance Payments (HAP) contract term, the amount of the housing assistance payment by the PHA to the owner is \$ _____ per month. The amount of the monthly housing assistance payment by the PHA to the owner is subject to change during the HAP contract term in accordance with HUD requirements.

9. Utilities and Appliances

The owner shall provide or pay for the utilities and appliances indicated below by an "O". The tenant shall provide or pay for the utilities and appliances indicated below by a "T". Unless otherwise specified below, the owner shall pay for all utilities and appliances provided by the owner.

Item	Specify fuel type			Provided by	Paid by
Heating	<input type="checkbox"/> Natural gas	<input type="checkbox"/> Bottle gas	<input type="checkbox"/> Oil or Electric	<input type="checkbox"/> Coal or Other	
Cooking	<input type="checkbox"/> Natural gas	<input type="checkbox"/> Bottle gas	<input type="checkbox"/> Oil or Electric	<input type="checkbox"/> Coal or Other	
Water Heating	<input type="checkbox"/> Natural gas	<input type="checkbox"/> Bottle gas	<input type="checkbox"/> Oil or Electric	<input type="checkbox"/> Coal or Other	
Other Electric					
Water					
Sewer					
Trash Collection					
Air Conditioning					
Refrigerator					
Range/Microwave					
Other (specify)					

**Signatures:
Owner**

Tenant

Print or Type Name of Owner

Print or Type Name of Family Representative

Signature

Signature

Print or Type Name and Title of Signatory

Print or Type Name of Family Representative

Date

Signature

Date

Tenancy Addendum
Section 8 Project-based
Voucher Program
(To be attached to Tenant Lease)

**U.S. Department of Housing
and Urban Development**
Office of Public and Indian Housing

Part B: Tenancy Addendum

1. Section 8 Project-based Voucher (PBV) Program

- a. The owner is leasing the contract unit to the tenant for occupancy by the tenant's family with assistance for a tenancy under the Section 8 PBV program of the United States Department of Housing and Urban Development (HUD).
- b. The owner has entered into a Housing Assistance Payments Contract (HAP contract) with the public housing agency (PHA) under the PBV program. Under the HAP contract, the PHA will make housing assistance payments to the owner to assist the tenant in leasing the unit from the owner.

2. Lease

- a. The owner has given the PHA a copy of the lease, including any revisions agreed to by the owner and the tenant. The owner certifies that the terms of the lease are in accordance with HUD requirements and the lease includes the tenancy addendum.
- b. The tenant shall have the right to enforce the tenancy addendum against the owner. If there is any conflict between the tenancy addendum and any other provisions of the lease, the language of the tenancy addendum shall control.

3. Use of Contract Unit

- a. During the lease term, the family will reside in the contract unit with assistance under the PBV program.
- b. The composition of the household must be approved by the PHA. The family must promptly inform the PHA of the birth, adoption or court-awarded custody of a child. Other persons may not be added to the household without prior written approval of the owner and the PHA.
- c. The contract unit may only be used for residence by the PHA-approved household members. The unit must be the family's only residence. Members of the household may engage in legal profit making activities incidental to primary use of the unit for residence by members of the family.
- d. The tenant may not sublease or let the unit.
- e. The tenant may not assign the lease or transfer the unit.

4. Rent to Owner

- a. The initial and redetermined rent to owner are established in accordance with HUD requirements.
- b. During the term of the lease (including the initial term of the lease and any extension term), the rent to owner may at no time exceed:
 - (1) The reasonable rent for the unit as most recently determined or redetermined by the

PHA in accordance with HUD requirements,
or

- (2) Rent charged by the owner for comparable unassisted units in the premises.

5. Family Payment to Owner

- a. The tenant rent is the portion of the monthly rent to owner paid by the family. The PHA determines the tenant rent in accordance with HUD requirements. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.
- b. Each month, the PHA will make a housing assistance payment to the owner on behalf of the family in accordance with the HAP contract. The amount of the monthly housing assistance payment will be determined by the PHA in accordance with HUD requirements for a tenancy under the Section 8 PBV program.
- c. The monthly housing assistance payment shall be credited against the monthly rent to owner for the contract unit.
- d. The tenant is not responsible for paying the portion of rent to owner covered by the PHA housing assistance payment under the HAP contract between the owner and the PHA. A PHA failure to pay the housing assistance payment to the owner is not a violation of the lease. The owner may not terminate the tenancy for nonpayment of the PHA housing assistance payment.
- e. The owner may not charge or accept, from the family or from any other source, any payment for rent of the unit in addition to the rent to owner. The rent to owner includes all housing services, maintenance, utilities and appliances to be provided and paid by the owner in accordance with the lease. The rent to owner does not include charges for non-housing services such as food, furniture or supportive services provided by the owner.
- f. The owner must immediately return any excess rent payment to the tenant.

6. Other Fees and Charges

- a. With the exception of families receiving PBV assistance in assisted living developments (see paragraph b. below), the owner may not require the tenant or family members to pay charges for any meals or supportive services which may be provided by the owner. Nonpayment of any such charges is not grounds for termination of tenancy.
- b. In assisted living developments receiving project-based assistance, the owner may charge tenants, family members, or both for meals or supportive services. Any such charges must be specified in the lease. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of the

reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in assisted living developments.

- d. The owner may not charge the tenant extra amounts for items customarily included in rent to owner in the locality, or provided at no additional cost to unsubsidized tenants in the premises.

7. Maintenance, Utilities, and Other Services

a. Maintenance

- (1) The owner must maintain the unit and premises in accordance with the HQS.
- (2) Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

b. Utilities and Appliances

- (1) The owner must provide all utilities needed to comply with the HQS.
- (2) The owner is not responsible for a breach of the HQS caused by the tenant's failure to:
 - (a) Pay for any utilities that are to be paid by the tenant.
 - (b) Provide and maintain any appliances that are to be provided by the tenant.

- c. **Family Damage.** The owner is not responsible for a breach of the HQS because of damages beyond normal wear and tear caused by any member of the household or by a guest.

- d. **Housing Services.** The owner must provide all housing services as agreed to in the lease.

8. Termination of Tenancy by Owner

- a. **Requirements.** The owner may only terminate the tenancy in accordance with the lease and HUD requirements.

- b. **Grounds.** During the term of the lease (the initial term of the lease or any extension term), the owner may only terminate the tenancy because of:

- (1) Serious or repeated violation of the lease;
- (2) Violation of Federal, State, or local law that imposes obligations on the tenant in connection with the occupancy or use of the unit and the premises;
- (3) Criminal activity or alcohol abuse (as provided in paragraph c);
- (4) Failure of a family in a supportive service excepted unit to complete its Family Self-Sufficiency (FSS) Contract of Participation or other supportive services requirement without good cause; or
- (5) Other good cause (as provided in paragraph d).

c. Criminal Activity or Alcohol Abuse

- (1) The owner may terminate the tenancy during the term of the lease if any member of the household, a guest or another person under a resident's control commits any of the following types of criminal activity:

- (a) Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of the premises by, other residents (including property management staff residing on the premises);

- (b) Any criminal activity that threatens the health or safety of, or the right to peaceful enjoyment of their residences by, persons residing in the immediate vicinity of the premises;

- (c) Any violent criminal activity on or near the premises; or

- (d) Any drug-related criminal activity on or near the premises.

- (2) The owner may terminate the tenancy during the term of the lease if any member of the household is:

- (a) Fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees, or that, in the case of the State of New Jersey, is a high misdemeanor; or

- (b) Violating a condition of probation or parole under Federal or State law.

- (3) The owner may terminate the tenancy for criminal activity by a household member in accordance with this section if the owner determines that the household member has committed the criminal activity, regardless of whether the household member has been arrested or convicted for such activity.

- (4) The owner may terminate the tenancy during the term of the lease if any member of the household has engaged in abuse of alcohol that threatens the health, safety or right to peaceful enjoyment of the premises by other residents.

d. Other Good Cause for Termination of Tenancy

- (1) During the initial lease term, other good cause for termination of tenancy must be something the family did or failed to do.

- (2) During the initial lease term or during any extension term, other good cause includes:

- (a) Disturbance of neighbors,

- (b) Destruction of property, or

- (c) Living or housekeeping habits that cause damage to the unit or premises.

- (3) After the initial lease term, such good cause includes the tenant's failure to accept the owner's offer of a new lease or revision.

e. Lease Expiration

Upon lease expiration, an owner may renew the lease or refuse to renew the lease for good cause. In addition, the owner may refuse to renew the lease without good cause, in which case the PHA will provide the family with a tenant-based voucher, and the unit will be removed from the PBV HAP contract.

f. **Protections for Victims of Abuse**

- (1) Incidents or threats of abuse will not be construed as serious or repeated violations of the lease or other "good cause" for termination of the assistance, tenancy, or occupancy rights of a victim of abuse.
- (2) Criminal activity directly relating to abuse, engaged in by a member of a tenant's household or any guest or other person under the tenant's control, shall not be cause for termination of assistance, tenancy, or occupancy rights if the tenant or an immediate member of the tenant's family is the victim or threatened victim of that abuse.
- (3) Notwithstanding any restrictions on admission, occupancy, or terminations of occupancy or assistance, or any Federal, State or local law to the contrary, a PHA, owner or manager may "bifurcate" a lease, or otherwise remove a household member from a lease, without regard to whether a household member is a signatory to the lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others. This action may be taken without evicting, removing, terminating assistance to, or otherwise penalizing the victim of the violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the housing choice voucher program.
- (4) Nothing in this section may be construed to limit the authority of a PHA, owner, or manager, when notified, to honor court orders addressing rights of access or control of the property, including civil protection orders issued to protect the victim and issued to address the distribution or possession of property among the household members in cases where a family breaks up.
- (5) Nothing in this section limits any otherwise available authority of an owner or manager to evict or the PHA to terminate assistance to a tenant for any violation of a lease not premised on the act or acts of violence in question against the tenant or a member of the tenant's household, provided that the owner, manager, or PHA does not subject an individual who is or has been a victim of domestic violence, dating violence, or stalking to a more demanding standard than other tenants in determining whether to evict or terminate.
- (6) Nothing in this section may be construed to limit the authority of an owner or manager to evict, or the PHA to terminate assistance, to any tenant if the owner, manager, or PHA can demonstrate an actual and imminent threat to other tenants or those employed at or providing service to the property if

the tenant is not evicted or terminated from assistance.

- (7) Nothing in this section shall be construed to supersede any provision of any Federal, State, or local law that provides greater protection than this section for victims of domestic violence, dating violence, or stalking.

g. **Eviction by Court Action.** The owner may only evict the tenant by a court action.

h. **Owner Notice of Grounds**

- (1) At or before the beginning of a court action to evict the tenant, the owner must give the tenant a notice that specifies the grounds for termination of tenancy. The notice may be included in or combined with any owner eviction notice.
- (2) The owner must give the PHA a copy of any owner eviction notice at the same time the owner notifies the tenant.
- (3) Eviction notice means a notice to vacate, or a complaint or other initial pleading used to begin an eviction action under State or local law.

9. **PHA Termination of Assistance**

The PHA may terminate program assistance for the family for any grounds authorized in accordance with HUD requirements. If the PHA terminates program assistance for the family, the lease terminates automatically.

10. **Lease: Relation to HAP Contract**

If the HAP contract terminates for any reason, the lease terminates automatically.

11. **Family Right to Move**

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate (with a copy to the PHA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the PHA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the PHA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the PHA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

12. **Security Deposit**

- a. The owner may collect a security deposit from the tenant. (However, the PHA may prohibit the owner from collecting a security deposit in excess of private market practice, or in excess of amounts charged by the owner to unassisted tenants.)
- b. When the family moves out of the contract unit, the owner, subject to State and local law, may use the

security deposit, including any interest on the deposit, as reimbursement for any unpaid rent payable by the tenant, any damages to the unit or any other amounts that the tenant owes under the lease.

- c. The owner must give the tenant a list of all items charged against the security deposit, and the amount of each item. After deducting the amount, if any, used to reimburse the owner, the owner must promptly refund the full amount of the unused balance to the tenant.
- d. If the security deposit is not sufficient to cover amounts the tenant owes under the lease, the owner may collect the balance from the tenant.

13. Prohibition of Discrimination

In accordance with applicable equal opportunity statutes, Executive Orders, and regulations, the owner must not discriminate against any person because of race, color, religion, sex, national origin, age, familial status or disability in connection with the lease.

14. Conflict with Other Provisions of Lease

- a. The terms of the tenancy addendum are prescribed by HUD in accordance with Federal law and regulation, as a condition for Federal assistance to the tenant and tenant's family under the Section 8 PBV program.
- b. In case of any conflict between the provisions of the tenancy addendum as required by HUD, and any other provisions of the lease or any other agreement between the owner and the tenant, the requirements of the HUD-required tenancy addendum shall control.

15. Changes in Lease and Rent

- a. The tenant and the owner may not make any change in the tenancy addendum. However, if the tenant and the owner agree to any other changes in the lease, such changes must be in writing, and the owner must immediately give the PHA a copy of such changes. The lease, including any changes, must be in accordance with the requirements of the tenancy addendum.
- b. The owner must notify the PHA in advance of any proposed change in lease requirements governing the allocation of tenant and owner responsibilities for utilities. Such changes may be made only if approved by the PHA and if in accordance with the terms of the lease relating to its amendment. The PHA must redetermine reasonable rent in accordance with HUD requirements, based on any changes in the allocation of responsibility for utilities between the owner and tenant, and the redetermined reasonable rent shall be used in the calculation of the rent to owner from the effective date of the change.

16. Written Notices

Any notice under the lease by the tenant to the owner or by the owner to the tenant must be in writing.

17. Definitions

Contract unit. The housing unit rented by the tenant with assistance under the program.

Excepted Unit. A contract unit not counted against the 25 percent per-project cap on PBV assistance.

Family. The persons who may reside in the unit with assistance under the program.

HAP contract. The housing assistance payments contract between the PHA and the owner. The PHA pays housing assistance payments to the owner in accordance with the HAP contract.

Household. The persons who may reside in the contract unit. The household consists of the family and any PHA-approved live-in aide. (A live-in aide is a person who resides in the unit to provide necessary supportive services for a member of the family who is a person with disabilities.)

Housing quality standards (HQS). The HUD minimum quality standards for housing assisted under the Section 8 PBV program.

HUD. The U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements for the Section 8 PBV program. HUD requirements are issued by HUD headquarters as regulations, Federal Register notices or other binding program directives. The Lease Addendum shall be interpreted and implemented in accordance with HUD requirements.

Lease. The written agreement between the owner and the tenant for the lease of the contract unit to the tenant. The lease includes the tenancy addendum prescribed by HUD.

PHA. Public Housing Agency.

Premises. The building or complex in which the contract unit is located, including common areas and grounds.

Program. The Section 8 project-based voucher program.

Rent to owner. The total monthly rent payable to the owner for the contract unit. The rent to owner is the sum of the portion of rent payable by the tenant plus the PHA housing assistance payment to the owner.

Section 8. Section 8 of the United States Housing Act of 1937 (42 United States Code 1437f).

Tenant. The family member (or members) who leases the unit from the owner.

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

**CONSENT TO ASSIGNMENT
OF AHAP CONTRACT AND HAP CONTRACT
AS SECURITY FOR FINANCING**

I. IDENTIFICATION OF AHAP CONTRACT

Annual Contribution Contract Number: _____

OMB Approval Number: 2577-0169 _____

Project Name: March Veterans Village Apartments _____

Project Location:

The housing development site is located on the March Air Reserve Base, specifically the southwest corner of N Street and 6th Street, Moreno Valley, CA 92551, identified as Assessor Parcel Numbers: 294-080-006, 007 and 008.

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294-2-130587

II. NAMES

Contract administrator

Housing Authority of the County of Riverside, a public entity, corporate and politic

Contract administrator address

5555 Arlington Avenue, Riverside, CA 92504-2506

Attention: Heidi Marshall, Deputy Executive Director

Owner March Veterans Village, L.P., a California limited partnership

Owner address

c/o The Coachella Valley Housing Coalition

45-701 Monroe Street, Suite G

Indio, California 92201

Attention: Executive Director

Lender California Municipal Finance Authority

Lender address

c/o Bank of America, N.A., a national banking association

2001 Clayton Road, 2nd Floor

Concord, California 94520-2405

Attention: Loan Administration Manager

III. DEFINITIONS

ACC. Annual Contributions Contract.

AHAP Contract. The Project Based Voucher Agreement to Enter into Housing Assistance Payments Contract entered into between Owner and the Housing Authority dated September 15, 2015 pursuant to which the Housing Authority agreed to enter into a HAP Contract, subject to the satisfaction of certain conditions precedent, pursuant to the terms and conditions set forth therein.

ASSIGNMENT AS SECURITY. The creation of a security interest in the owner's interest pursuant to the AHAP Contract, and/or HAP Contract once executed, and a transfer of such security interest to an assignee secured party.

CONSENT TO ASSIGNMENT. This Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing executed by the Housing Authority of the County of Riverside and March Veterans Village, L.P.

CONTRACT ADMINISTRATOR. HUD or a PHA acting as contract administrator under an ACC with HUD, including the Housing Authority.

FULL ASSIGNMENT. An assignment of the AHAP contract or the HAP Contract other than an assignment as security. "Full Assignment" includes a sale, conveyance or other transfer of the AHAP Contract or the HAP Contract, voluntary or involuntary, to an assignee or successor in interest.

HAP CONTRACT. The Housing Assistance Payments Contract for units in the Project. The HAP Contract shall be entered into between the Owner and the Contract Administrator pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) and the terms and conditions set forth in the AHAP Contract.

HOUSING AUTHORITY. Housing Authority of the County of Riverside, a public entity, corporate and politic.

LENDER. California Municipal Finance Authority, a joint exercise of powers agency.

OWNER. March Veterans Village, L.P., a California limited partnership.

PHA. Public Housing Agency, the Housing Authority of the County of Riverside, a public entity corporate and politic.

PROJECT. The project identified in section I of this Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing.

SECURED PARTY. A party that holds a security interest in the Owner's interest under the AHAP Contract and/or the HAP Contract, including the Lender and an assignee of Lender that is a financial institution or bank assuming the construction loan and/or permanent loan for the Project from Lender.

IV. BACKGROUND

Pursuant to the terms of the AHAP Contract, neither the AHAP Contract nor the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) may be assigned without the prior written consent of the Housing Authority and HUD.

The Owner has advised the Housing Authority that the Owner wants to grant the Lender a security interest in the AHAP Contract and the HAP Contract, as security for a loan by the Lender to the Owner with respect to the Project.

V. CONSENT TO ASSIGNMENT AS SECURITY

By execution of this Consent to Assignment as security, the Housing Authority consents to the assignment as security of the AHAP Contract and the HAP Contract, once executed, by the Owner to the Lender as security for a loan by the Lender to the Owner with respect to the Project subject to the conditions set forth in Section VII below. The Housing Authority's consent herein shall not be construed to relieve or release Owner from its duty to comply with any of its obligations under the AHAP Contract and the HAP Contract and any related agreements.

This Consent to Assignment is not consent for any other or further assignment of the AHAP Contract and the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) by the Owner or Lender to any other assignee, transferee or successor in interest, except for an assignee, transferee or successor in interest, that is a financial institution or bank assuming the construction loan and/or permanent loan for the Project from Lender, and the Housing Authority has received written documentation evidencing such assignment, transfer or succession in interest to the subject loan.

Except as provided in the aforementioned paragraph, any subsequent transfers of the Lender's security interest to successor secured parties will require prior written consent from the Housing Authority in its reasonable discretion.

VI. EFFECT OF CONSENT TO ASSIGNMENT

Neither HUD nor the Housing Authority is a party to the Lender loan or the loan documents, nor to any assignment of the AHAP Contract or the HAP Contract by the Owner to the Lender as security for the loan, or to any transfer or assignment of the AHAP Contract or the HAP Contract or the loan by the Lender. Issuance of this consent to assignment by the Housing Authority does not signify that HUD or the Housing Authority has reviewed, approved or

agreed to the terms of any financing or refinancing; to any term of the Lender loan documents; or to the terms of any assignment of the AHAP Contract or the HAP Contract by the Owner to the Lender as security for the Lender's loan, or by the Lender to any transferee of the loan.

This Consent to Assignment of the AHAP Contract and the HAP Contract, once executed, does not change the terms of the AHAP Contract or HAP Contract in any way, and does not change the rights or obligations of HUD, the Housing Authority or the Owner under the AHAP Contract or the HAP Contract. The creation or transfer of any security interest in the AHAP Contract to Lender and the HAP Contract, once executed, is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.

Any assignment granted by Owner to Lender of Owner's rights under the AHAP Contract and/or HAP Contract shall be valid and effective until such time as all of Owner's obligations under the Lender loan documents are otherwise fulfilled or fully performed and all loan documents and loan commitments have terminated, after which time such assignment shall terminate.

Except as otherwise specifically provided herein, the grant of consent by the Housing Authority to assignment of the HAP Contract and the AHAP Contract by the Owner to the Lender does not constitute consent to any further assignment or other transfer of the HAP Contract and/or AHAP Contract or of any interest in the Property, including any further assignment or transfer to any assignee, transferee or successor in interest.

VII. EXERCISE OF SECURITY INTEREST - ASSIGNEE ASSUMPTION OF AHAP AND HAP CONTRACT OBLIGATIONS

Notwithstanding the Housing Authority's grant of consent to assignment by the Owner of a security interest in the HAP Contract and AHAP Contract to the Lender as security for the Lender loan (and the further assignment of such security interest by Lender to an assignee, transferee, or successor in interest, that is a financial institution or bank assuming the construction loan and/or permanent loan for the Property from Lender) the Housing Authority's execution of this Consent to Assignment does not constitute consent to a full assignment of the AHAP Contract and HAP Contract to any entity, including the Lender or any successor Secured Party.

A Secured Party may not exercise any rights or remedies against the Housing Authority or HUD under the AHAP Contract and/or the HAP Contract and shall not have any right to receive housing assistance payments that may be payable to the Owner under the HAP Contract, until and unless the following

conditions precedent are satisfied:

- The Housing Authority and HUD, if required, have approved in writing, the Secured Party as successor to the Owner pursuant to the AHAP contract and the HAP Contract, and
- The Secured Party seeking to exercise such rights or remedies, or to receive such payments, has executed and delivered, in a form first approved by the Housing Authority, County Counsel, and HUD, in accordance with HUD requirements, an agreement by the Secured Party to (i) comply with all the terms of the AHAP Contract and the HAP Contract, and (ii) assume all obligations of the Owner under the AHAP Contract and the HAP Contract.

VIII. PAYMENT TO SECURED PARTY

Subject to a Secured Party's satisfaction of the conditions precedent set forth in the second paragraph of Section VII. above, when a Secured Party notifies the Housing Authority in writing, that housing assistance payments payable pursuant to the HAP Contract should be directed to the Secured Party (in accordance with paragraph VII above), the Housing Authority may make such payments to the Secured Party instead of the Owner provided the Secured Party provides written evidence to the Housing Authority of Owner's default, after notice and opportunity to cure, under the Secured Party's loan documents. Any payments by the Housing Authority to the Secured Party shall be credited against amounts payable by the Housing Authority to the Owner pursuant to the AHAP Contract and the HAP Contract.

IX. WHEN ASSIGNMENT IS PROHIBITED

This Consent to Assignment as security shall be void ab initio if HUD determines that any assignee, or any principal or interested party of the assignee, is debarred, suspended or subject to a limited denial of participation under 24 CFR part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

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X. GENERAL PROVISIONS

a) Defaults and Remedies

1. Defaults - General

Failure or delay by Owner and/or Lender to perform any term or provision of this Consent to Assignment constitutes a default under this Consent to Assignment. Owner and/or Lender must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence. The Housing Authority shall give written notice of default to the party in default, specifying the default complained of by the Housing Authority. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Consent to Assignment, any failures or delays by the Housing Authority 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 the Housing Authority in asserting any of its rights and remedies shall not deprive the Housing Authority 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.

If a monetary or non-monetary event of default occurs, prior to exercising any remedies hereunder, the Housing Authority shall give the party in default written notice of such default. The party in default shall have a period of ninety (90) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the injured party.

2. Institution of Legal Actions

Subject to the notice and cure provisions above, in addition to any other rights or remedies, the Housing Authority may institute legal action to cure, correct or remedy any default, to recover damages for any default, or to obtain any other remedy consistent with the purpose of this Consent to Assignment. Such legal actions must be instituted in the Superior Court of the County of Riverside, State of California.

3. The rights and remedies of the Housing Authority provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or this Consent to Assignment.

b) Independent Capacity. Owner and Lender shall act at all times in an independent capacity during the term of this Consent to Assignment, and shall not act as, shall not be, nor shall they in any manner be construed or deemed to be agents, officers, or employees of the Housing Authority.

c) Severability. Each paragraph and provision of this Consent to Assignment is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect.

d) Notices. Each notice, request, demand, consent, approval or other communication (hereinafter in this Section referred to collectively as "notices" and referred to singly as a "notice") which the parties are required or permitted to give to the other party pursuant to this Consent to Assignment shall be in writing and shall be deemed to have been duly and sufficiently given if: (a) personally delivered with proof of delivery thereof (any notice so delivered shall be deemed to have been received at the time so delivered (or upon recipient's refusal to accept delivery)); or (b) sent by Federal Express (or other similar national overnight courier) (any notice so delivered shall be deemed to have been received on the next business day following delivery by the courier (or upon recipient's refusal to accept delivery)); or (c) sent by United States registered or certified mail, return receipt requested, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice so sent shall be deemed to have been received two days after mailing in the United States), addressed to the respective parties as follows:

Housing Authority: Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, California 92504
Attention: Heidi Marshall, Deputy Executive Director

Owner: c/o The Coachella Valley Housing Coalition
45-701 Monroe Street, Suite G
Indio, California 92201
Attention: Executive Director

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with a copy to: Gubb & Barshay
505 14th Street
Suite 1050
Oakland, California 94612
Attention: Natalie Gubb, Esq.

Lender: Bank of America, N.A.
Mail Code #CA4-702-02-29
2001 Clayton Road, 2nd Floor
Concord, California 94520
Attention: Loan Administration Manager

with a copy to: Bank of America, N.A.
555 California Street
San Francisco, California 94104
Attention: Gabriel Speyer

or such other address as a party may designate in writing to the other parties.

e) Governing Law; Jurisdiction, and Venue. This Consent to Assignment shall be governed by and construed in accordance with the laws of the State of California. The parties agree that any legal action related to the performance or interpretation of this Consent to Assignment shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Consent to Assignment is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

f) Binding Effect. This Consent to Assignment, and the terms, provisions, promises, covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. All covenants and agreements of Owner and Lender shall be joint and several.

g) No Third Party Beneficiaries. The parties to this Consent to Assignment acknowledge and agree that the provisions of this Consent to Assignment are for the sole benefit of Housing Authority, Owner and Lender, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein.

h) Modifications or Amendments. This Consent to Assignment shall not be modified or amended except in a written document signed by authorized representatives of both the Housing Authority, Owner and Lender.

i) Forbearance by Housing Authority not a Waiver. Any waiver by the Housing Authority of any breach of any one or more of the terms of this Consent to Assignment shall not be construed to be a waiver of any subsequent or other breach of the same or of any term thereof. Failure on the part of the Housing Authority to require exact, full, and complete compliance with any terms of this Consent to Assignment shall not be construed as in any manner changing the terms hereof, or estopping the Housing Authority from enforcement hereof.

j) Nonliability of Housing Authority Officials and Employees. No member, official, employee or consultant of the Housing Authority shall be personally liable to the Owner or Lender, or any successor in interest, in the event of any default or breach by the Housing Authority or for any amount which may become due to the Owner or Lender or to their respective successors, or on any obligations under the terms of this Consent to Assignment.

k) Further Assurances. The Owner and Lender shall execute any further documents consistent with the terms of this Consent to Assignment, including documents in recordable form, as the Housing Authority may from time to time find necessary or appropriate to effectuate its purposes in entering into this Consent to Assignment.

l) No Partnership. Nothing contained in this Consent to Assignment shall be deemed or construed to create a lending partnership, other partnership, joint venture, or any other relationship between the parties hereto other than lender and borrower according to the provisions contained herein, or cause Housing Authority to be responsible in any way for the debts or obligations of Owner, Lender or any other party.

m) Entire Consent to Assignment. It is expressly agreed that this Consent to Assignment embodies the entire Consent to Assignment of the parties in relation to the subject matter hereof, and that no other Consent to Assignment or understanding, verbal or otherwise, relative to this subject matter, exists between the parties at the time of execution.

n) Effective Date. The effective date of this Consent to Assignment is the date the Housing Authority executes this Consent to Assignment.

**CONTRACT ADMINISTRATOR/HOUSING
AUTHORITY**

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,
a public entity, corporate and politic

By: Heidi Marshall
Heidi Marshall
Deputy Executive Director

Date: 2/18/2016

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

By: Jhaila R. Brown
Jhaila R. Brown
Deputy County Counsel

[Owner and Lender Acknowledgment on Following Page]

**OWNER AND LENDER ACKNOWLEDGMENT OF CONSENT
TO ASSIGNMENT OF AHAP CONTRACT AND HAP
CONTRACT AS SECURITY**

March Veterans Village, L.P., a California limited partnership ("Owner") and Bank of America, N.A., a national banking association ("Lender") hereby acknowledge, approve and accept all of the terms and conditions set forth in the Consent to Assignment of AHAP Contract and HAP Contract as Security for Financing dated _____, 2016 ("Consent to Assignment") and executed by the Housing Authority of the County of Riverside, a public entity, corporate and politic ("Housing Authority"). In consideration for the Housing Authority's grant of such consent to assignment, the Owner and Lender agree to all the terms and conditions set forth in the Consent to Assignment, and agree that any assignment by Owner of its' interest under the AHAP and HAP Contracts to Lender is subject to all the terms and conditions contained therein.

BORROWER:

MARCH VETERANS VILLAGE, L.P.,
a California limited partnership

By: March Veterans Village LLC,
a California limited liability company,
its General Partner

By: The Coachella Valley Housing Coalition,
a California nonprofit public benefit corporation,
its Managing Member

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

Date: JANUARY 22, 2016


LENDER:

CALIFORNIA MUNICIPAL FINANCE AUTHORITY,
a joint exercise of powers agency

By:

Name:

Title:


Edward J. BECKER
EXECUTIVE DIRECTOR

Date:

1/25/16