

FORM APPROVED COUNTY COUNSEL
 BY: *Michelle C. O'Neil* 3-16-16
 DATE

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

173



FROM: Housing Authority

SUBMITTAL DATE:
 March 17, 2016

SUBJECT: Approve the First Amendment to the Rehabilitation of Real Property Agreement and the Third Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center, District 4, [\$0]; Project is CEQA Exempt

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15061(b)(3);
2. Approve the attached First Amendment to the Rehabilitation of Real Property Agreement, including attachments, between the Housing Authority (Authority) and the Housing Authority in its capacity as housing successor (Housing Successor) to the former Redevelopment Agency for the County of Riverside (Amendment to the Rehabilitation Agreement);

(Continued)

Robert Field

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: *Rohini Dasika*
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

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

Ayes: Jeffries, Tavaglione, Benoit and Ashley
 Nays: None
 Absent: Washington
 Date: March 29, 2016
 xc: Housing Authority

Kecia Harper-Ihem
 Clerk of the Board
 By: *[Signature]*
 Deputy

- A-30
- Positions Added
- 4/5
- Change Order
- Vote

Prev. Agn. Ref.: 10.1 11/08/2005;
 4.6 02/26/2008; 4.9 06/05/2007;
 4.2 05/19/2009

District: 4

Agenda Number:

10-1

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

Economic Development Agency

FORM 11: Approve the First Amendment to the Rehabilitation of Real Property Agreement and the Third Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center, District 4, [\$0]; Project is CEQA Exempt

DATE: March 17, 2016

PAGE: 2 of 4

RECOMMENDED MOTION: (Continued)

3. Approve the attached Third Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center, including all attachments, between the Housing Authority and the Housing Authority in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside (Third Amendment to Loan Agreement);
4. Authorize the Chairman of the Housing Authority Board of Commissioners to execute the attached Amendment to the Rehabilitation Agreement, including the attached Covenant Agreement and Notice of Affordability Restrictions, and Third Amendment to the Loan Agreement, including the attached Amended and Restated Covenant Agreement and Notice of Affordability Restrictions, on behalf of the Authority and the Housing Successor; and
5. Authorize the Executive Director, or designee, to take all necessary steps to implement the Amendment to the Rehabilitation Agreement and the Third Amendment to the Loan Agreement, on behalf of the Authority and the Housing Successor, including, but not limited to signing subsequent and necessary documents, subject to approval by County Counsel.

BACKGROUND:

Summary

As a result of Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (Dissolution Act), all California redevelopment agencies were eliminated on February 1, 2012. Pursuant to the Dissolution Act the Housing Authority of the County of Riverside (Authority) assumed the housing functions and assets of the former Redevelopment Agency for the County of Riverside (former RDA). Such assets include, but are not limited to, the attached Rehabilitation of Real Property Agreement dated November 17, 2005 and entered into between the former RDA and the Authority (Rehabilitation Agreement) and the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center dated June 5, 2007 entered into between the former RDA and the Authority, as amended by the First Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center (First Amendment to the Loan Agreement) dated February 26, 2008, and the Second Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center (Second Amendment to the Loan Agreement) dated May 19, 2009 (collectively, the Loan Agreement).

The Loan Agreement and the Rehabilitation Agreement provide funding in connection with the rehabilitation and conversion of the Ripley Farm Worker Center located at 24501 School Road, Ripley, CA 92225 (Assessor's Parcel No. 872-210-023) into a 77 unit rental housing complex now known as the Desert Rose Apartments (Apartments). Of the total units, 76 are restricted to low income tenants and one is set aside for an on-site apartment manager. The Apartments are owned by the Authority and provide affordable rental housing. Rehabilitation of the Apartments was completed on July 7, 2008.

The Rehabilitation Agreement allocated \$1,000,000 (Rehabilitation Agreement Funding) in former RDA funds to the Authority for the purpose of subsidizing the costs of rehabilitating and converting the Apartments. The term of the Rehabilitation Agreement, including the low income affordability restrictions, is 55 years commencing on the date the certificate of occupancy was issued for the project. The Loan Agreement allocated \$7,500,000 in former RDA funds (Loan Agreement Funding) to the Authority for the purpose of financing the costs of completing the Apartment's renovations. The term of the Loan Agreement, including the low income affordability restrictions, is 55 years commencing June 5, 2007. The First Amendment to the Loan Agreement converted the Loan Agreement
(Continued)

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

Economic Development Agency

FORM 11: Approve the First Amendment to the Rehabilitation of Real Property Agreement and the Third Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center, District 4, [\$0]; Project is CEQA Exempt

DATE: March 17, 2016

PAGE: 3 of 4

BACKGROUND:

Summary (Continued)

Funding from a loan to a grant. The Second Amendment to the Loan Agreement granted an additional \$200,000 in former RDA funds to the Authority for the purpose of providing subsidies to, or for the benefit of, the tenants of the Apartments, increasing the grant amount at the time from \$7,500,000 to \$7,700,000.

Both the Rehabilitation Agreement and the Loan Agreement restrict occupancy to low-income households with annual incomes of not more than 80% of the area median income (AMI), adjusted for household size, as set forth by the U.S. Department of Housing and Urban Development (HUD). In addition, both agreements require that domestic farm labor households are given priority for occupancy.

From the time that renovation on the Apartments was completed, the Authority has persistently encountered difficulty in leasing the rental units, despite extensive and ongoing outreach and marketing efforts. Such efforts include advertising in newspapers and newsletters including the Palo Verde Valley Times, El Informador Del Valle, El Sol del Valle, El Lechugon, Vida en el Valle (Central Valley) and El Sol (Visalia); radio advertisements on KJMB and LUNA; advertisements in church bulletins; and marketing to local businesses in Blythe, Ripley and Arizona including 40 farms, the Blythe Chamber of Commerce, the American Legion, the Salvation Army and other local non-profits. The Authority has also contacted other local agencies in an attempt to advertise and identify potential tenants. Those agencies include the County of Riverside Department of Mental Health, the County of Riverside Office on Aging, the County of Riverside Department of Public Social Services, the City of Blythe, La Paz County, Yuma County, the City of Yuma Housing Authority, and the City of Quartzsite. Further, the Authority advertised incentives such as security deposit assistance, a move-in special of one month free rent, and 12 months of reduced rent through Authority subsidies.

Demand for housing in the project vicinity has weakened substantially as local farmers who employ farmworkers have decreased their activities or, in some cases, automated their methods to reduce the need for manual labor. Moreover, local growers recently sold their water rights to Los Angeles County. Many growers are able to meet their financial obligations with the proceeds of this sale and no longer need to farm their land. Consequently, demand for farm workers has diminished in the community of Ripley. As a result, demand for farm worker housing has also diminished.

As a result of the aforementioned circumstances and despite intensive marketing efforts, Desert Rose Apartments is and has been less than 40% occupied. The Apartments have been producing negative cash flow which the Authority is having difficulty absorbing since the operating shortfall has accumulated to approximately \$500,000. Due to these unforeseen circumstances, Authority staff is seeking solutions.

Recently, Authority staff identified a pool of potentially qualified tenants with incomes greater than 80% AMI (low income) and less than 120% AMI (moderate income), whose tenancy in the Apartments is a possible solution for the vacancy issue. Many of these potential tenants may qualify to rent a unit in the Apartments if the income restrictions were increased to 120% AMI (moderate income), which is an allowable cap pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.).

In addition to the former RDA, the United States Department of Agriculture (USDA) and the California Department of Housing and Community Development (HCD) provided financing to pay rehabilitation costs for the Apartments and also restricted income and occupancy to low income households. Authority staff reached out to the USDA and HCD and requested their consent to increase the income limits stipulated in their respective lien instruments. Both agencies agreed to increase the income limits to 120% AMI (moderate income) as requested.

(Continued)

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

Economic Development Agency

FORM 11: Approve the First Amendment to the Rehabilitation of Real Property Agreement and the Third Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center, District 4, [\$0]; Project is CEQA Exempt

DATE: March 17, 2016

PAGE: 4 of 4

BACKGROUND:

Summary (Continued)

The attached proposed First Amendment to Rehabilitation of Real Property Agreement, including attachments, (First Amendment to Rehabilitation Agreement) and the Third Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center, including attachments (Third Amendment to Loan Agreement) memorialize the increase in the income limit of eligible tenants of the Apartments from 80% AMI (low income) to 120% AMI (moderate income). Each amendment also includes a covenant agreement that will restrict income and occupancy to 120% AMI for the duration of the respective affordability periods. No additional financing will be provided and the existing term of each agreement will remain the same. Other than the changes set forth in the proposed First Amendment to Rehabilitation Agreement and the proposed Third Amendment to Loan Agreement, the existing terms and conditions of the Rehabilitation Agreement and Loan Agreement will remain unchanged.

Pursuant to the California Environmental Quality Act (CEQA), the proposed First Amendment to Rehabilitation Agreement and proposed Third Amendment to Loan Agreement (collectively the Amendments) were reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" exemption. The project, the Amendments, involves the modification of the Rehabilitation Agreement and the Loan Agreement to increase the income and occupancy restrictions of tenants from 80% AMI (low income) to 120% AMI (moderate income) to increase the tenant applicant pool for the Apartments. It can be seen with certainty that there is no possibility that the Amendments may have a significant effect on the environment, as the activities involved will have only administrative effects and will not lead to any direct or reasonably indirect physical environmental impacts. A Notice of Exemption will be filed by Authority staff with the County Clerk within 5 days of the approval of the Amendments.

County Counsel has reviewed and approved as to form the proposed First Amendment to Rehabilitation Agreement, including attachments, and proposed Third Amendment to Loan Agreement, including attachments. Staff recommends that the Authority Board of Commissioners approve the attached proposed First Amendment to Rehabilitation Agreement, including attachments, and proposed Third Amendment to Loan Agreement, including attachments.

Impact on Citizens and Businesses

Increasing the income limits on the Desert Rose Apartments will enable greater accessibility to affordable rental housing to residents in eastern Riverside County.

ATTACHMENTS:

1. First Amendment to the Rehabilitation of Real Property Agreement , including attachments
2. Third Amendment to the Loan Agreement, including attachments
3. Rehabilitation of Real Property Agreement
4. Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center (Loan Agreement)
5. First Amendment to the Loan Agreement
6. Second Amendment of the Loan Agreement

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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 Housing Authority of the County of Riverside
6 5555 Arlington Avenue
7 Riverside, CA 92504
8 Attn: Leslie Trainor

9 SPACE ABOVE THIS LINE FOR RECORDERS USE

10 **FIRST AMENDMENT TO REHABILITATION OF REAL PROPERTY AGREEMENT**

11 THIS FIRST AMENDMENT TO THE REHABILITATION OF REAL PROPERTY
12 AGREEMENT ("Amendment") is made and entered this 29th day of MARCH,
13 2016, by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a
14 public entity corporate and politic, in its capacity as housing successor to the former
15 Redevelopment Agency for the County of Riverside ("Housing Successor") and the HOUSING
16 AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic
17 ("Authority"). The Housing Successor and the Authority are collectively referred to herein as
18 the "Parties."

19 WITNESSETH:

20
21 WHEREAS, the Authority owns that certain real property located at 24-501
22 School Road, Ripley, California, also known as APN 872-210-023, as described in the legal
23 description attached hereto as Attachment No. 1 and incorporated herein by this reference
24 ("Property");

25 WHEREAS, the Authority is a California housing authority acting under the California
26 Housing Authorities Law, Part 2 of Division 4 of the Health and Safety Code ("Housing
27 Authorities Law");

MAR 29 2016

10-1

1 WHEREAS, the Redevelopment Agency for the County of Riverside (“RDA”), was
2 duly created pursuant to California Community Redevelopment Law (Health and Safety Code
3 Section 33000 et seq., the “CRL”);

4 WHEREAS, the Authority and the former RDA entered into that certain Rehabilitation
5 of Real Property Agreement dated November 17, 2005 and recorded in the Official Records of
6 the County of Riverside on December 6, 2005 as Document No. 2005-1007972 (“Agreement”),
7 which provided for, among other things, a grant to the Authority in the amount of One Million
8 Dollars (\$1,000,000) to pay a portion of the costs to rehabilitate and convert the existing
9 apartment complex located on the Property from a 100-unit rental housing complex to a 76-unit
10 housing complex now known as the Desert Rose Apartments (“Apartments”). The Apartments
11 are designated as affordable rental housing for low-income households with annual incomes of
12 not more than 80% of the area median income (“AMI”), with a priority for farm worker
13 households. The rehabilitation and conversion of the Apartments was completed on July 7,
14 2008. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the
15 Agreement;

16 WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484, added
17 parts 1.8 and 1.85 to Division 24 of the CRL. As a result, the RDA was dissolved on February
18 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and
19 Safety Code Section 34173;

20 WHEREAS, pursuant to Health and Safety Code Section 34176 (a), County of Riverside
21 Board of Supervisors Resolution No. 2012-035, and Authority Board of Commissioners
22 Resolution Nos. 2012-001 and 2012-005, all housing functions previously performed by the
23 former RDA, including related rights, powers, duties, obligations and housing assets were
24 transferred to the Housing Successor, including, but not limited to the Property, and the
25 Agreement;

26 WHEREAS, a Covenant Agreement, executed by the former RDA and
27 Authority, was attached to the Agreement as Exhibit “D” and restricted the use and occupancy
28

1 of the Property, including the Apartments, by low income households for a period of 55 years
2 (“Covenant Agreement”);

3 WHEREAS, since the tenant income levels are currently capped at low income (80% of
4 AMI), the Authority has faced many challenges in leasing the Apartments and has been unable
5 to lease more than 50% of the units despite exhaustive efforts to identify eligible tenants under
6 the current terms of the Agreement;

7 WHEREAS, the Authority has identified a pool of potentially qualified tenants with
8 income greater than 80% AMI and less than 120% AMI (moderate income), whose tenancy in
9 the Apartments may mitigate the significant financial loss currently being incurred by the
10 Authority as a result of the Apartment’s persistently low occupancy levels; and

11 WHEREAS, the Parties desire to amend the Agreement to reflect an increase in the
12 maximum allowable income of individuals and households occupying affordable housing units
13 in the Apartments from low income (80% of the AMI) to moderate income (120% of the AMI);
14 and

15 WHEREAS, the Authority has received the consent and approval of the existing
16 lienholders on the Property which include the United States Department of Agriculture (USDA)
17 and the California Department of Housing and Community Development (HCD).

18 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
19 covenants and conditions hereinafter set forth, the Housing Successor and the Authority hereby
20 agree as follows:

- 21 1. RECITALS. The aforementioned Recitals are true and correct and incorporated herein.
- 22 2. DEFINITIONS. Section 1. of the Agreement is hereby amended to delete the definition
23 of Low-Income Household in subsection b) and replace it with the following definition:
24 “b) Low or Moderate Income Household (s) shall have the meaning set forth in Health
25 and Safety Code section 50093, as it may be amended, restated, supplemented or
26 otherwise modified from time to time, for persons and families of low or moderate
27 income.”
28

- 1 3. AMENDMENT TO INCOME RESTRICTION. All references in the Agreement,
2 including all exhibits, restricting occupancy of the Apartments located on the Property to
3 “low income,” “low income households” or “Low-Income Household(s)” is hereby
4 deleted in its entirety and replaced with reference to “Low or Moderate Income
5 Household (s).”
6 Commencing upon the effective date of this Amendment, eligible tenant households shall
7 have incomes that do not exceed 120 percent of area median income, adjusted for family
8 size by the California Department of Housing and Community Development (HCD) in
9 accordance with adjustment factors adopted and amended from time to time by the
10 United States Department of Housing and Urban Development pursuant to Section 8 of
11 the United States Housing Act of 1937.
- 12 4. 55 YEAR AFFORDABILITY TERM. Section 4)a)iii)(2) of the Agreement under the
13 heading Affordable Units shall be amended to provide that the fifty-five (55) year term
14 shall commence at the time the conversion and rehabilitation of the Improvements was
15 completed which is July 7, 2008. All references in the Agreement, including any exhibits,
16 to the fifty-five (55) year term commencing upon the issuance of occupancy permits are
17 hereby deleted in their entirety and replaced with a commencement date of July 7, 2008.
- 18 5. PROJECT DESCRIPTION. The second paragraph in the Project Description attached
19 to the Agreement as Exhibit B is hereby deleted in its entirety and replaced with the
20 following:
21 “ Domestic farm labor and their families will be given priority when granting occupancy
22 of all housing units. All families will have incomes at or below 120% of the area median
23 income, adjusted for family size by the California Department of Housing and
24 Community Development (HCD) in accordance with adjustment factors adopted and
25 amended from time to time by the United States Department of Housing and Urban
26 Development pursuant to Section 8 of the United States Housing Act of 1937.”
27
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- 1 6. AMENDED AND RESTATED COVENANT AGREEMENT. The Covenant
2 Agreement attached to the Agreement as Exhibit D is hereby deleted in its entirety and
3 replaced with the Amended and Restated Covenant Agreement, attached hereto as
4 Attachment No. 2 and incorporated herein by this reference. The Amended and Restated
5 Covenant shall be executed by the appropriate parties and recorded in the Official
6 Records of the County of Riverside (“Official Records”) as a lien against the Property no
7 later than 15 days after the effective date of this Amendment.
- 8 7. NOTICE OF AFFORDABILITY. The Agreement is hereby amended to add the Notice
9 of Affordability Restrictions, attached hereto as Attachment No. 3 and incorporated
10 herein by this reference, as Exhibit I to the Agreement. The Notice of Affordability
11 Restrictions shall be executed by Housing Successor and recorded in the Official Records
12 as a lien against the Property no later than 15 days after the effective date of this
13 Amendment.
- 14 8. OFFICIAL RECORDS. This Amendment shall be recorded in the Official records no
15 later than 15 days after the effective date.
- 16 9. ENTIRE UNDERSTANDING. This Amendment and the Agreement set forth and
17 contain the entire understanding and agreement of the Parties hereto. There are no oral or
18 written representations, understandings, or ancillary covenants, undertakings or
19 agreements, which are not contained or expressly referred to within this Amendment and
20 the Agreement.
- 21 10. AGREEMENT IN FULL FORCE AND EFFECT. Except as otherwise expressly
22 modified herein, all other terms and conditions of the Agreement remain unmodified and
23 in full force and effect.
- 24 11. EFFECTIVENESS OF AMENDMENT. The Effective Date of this Amendment is the
25 date the Parties execute this Amendment. If the Parties execute this Amendment on more
26 than one date, then the last date this Amendment is executed by a Party shall be the
27 Effective Date.
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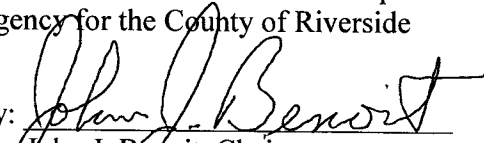
12. FURTHER ASSURANCES. The Parties agree to execute such other documents and to take such other actions as may be reasonably necessary to further the purposes of this Amendment.

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(SIGNATURES ON THE NEXT PAGE)

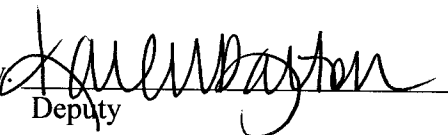
1 IN WITNESS WHEREOF, the Parties hereto have caused this Amendment to be duly
2 executed as of the dates set forth below.

3 HOUSING AUTHORITY OF THE COUNTY
4 OF RIVERSIDE, a public entity, corporate
5 and politic, in its capacity as housing
6 successor to the former Redevelopment
Agency for the County of Riverside

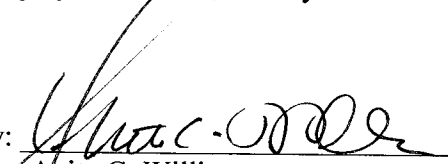
7 By: 
8 John J. Benoit, Chairman
9 Board of Commissioners

10 Date: MAR 29 2016

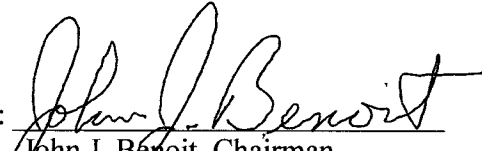
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13 ATTEST:
14 Kecia Harper-Ihem, Clerk of the Board

15 By: 
16 Deputy

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19 APPROVED AS TO FORM:
20 Gregory P. Priamos, County Counsel

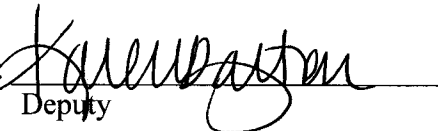
21 By: 
22 Anita C. Willis,
23 Assistant County Counsel
24

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

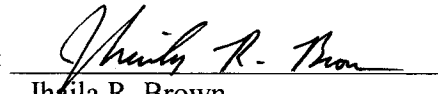
By: 
John J. Benoit, Chairman
Board of Commissioners

Date: MAR 29 2016

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos, General Counsel

By: 
Jhaila R. Brown,
Deputy General Counsel

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

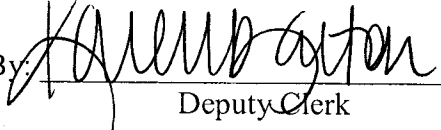
STATE OF CALIFORNIA }
 } §
COUNTY OF RIVERSIDE }

On March 29, 2016 before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy Clerk

(SEAL)

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

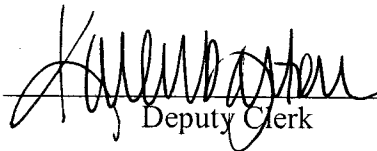
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}

On March 29, 2016 before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:  _____
Deputy Clerk

(SEAL)

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LIST OF ATTACHMENTS

- Attachment No. 1** - Legal Description
- Attachment No. 2** - Amended and Restated Covenant Agreement
- Attachment No. 3** - Notice of Affordability Restrictions

ATTACHMENT NO. 1

Legal Description of Property

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PORTION OF TRACT 179, AS SHOWN BY INDEPENDENT RESURVEY OF TOWNSHIP 7 SOUTH, RANGE 22 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AS ACCEPTED BY THE GENERAL LAND OFFICE IN 1919, LYING WESTERLY OF THE WEST BOUNDARY OF THE TOWNSITE OF RIPLEY, AS SHOWN BY MAP RECORDED IN BOOK 10, PAGE 33, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF BLOCK 7 OF SAID TOWNSITE OF RIPLEY AS SHOWN ON SAID MAP;

THENCE NORTH 0° 58' WEST, 150 FEET, ON THE WEST LINE OF SAID BLOCK, TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 89° 02' WEST, 80 FEET TO THE SOUTHEAST CORNER OF THAT PARCEL DESCRIBED IN DEED TO CHARLIE LEONARD, RECORDED APRIL 1, 1955, IN BOOK 1717 PAGE 181 AS INSTRUMENT NO. 21427 OF OFFICIAL RECORDS;

THENCE ON THE EAST, NORTH AND WEST BOUNDARIES OF THE LEONARD PARCEL, THE FOLLOWING COURSES AND DISTANCES; NORTH 50 FEET, WEST 150 FEET SOUTH 50 TO A POINT ON THE NORTH LINE OF THAT PARCEL DESCRIBED IN DEED TO PALO VERDE VALLEY UNION SCHOOL DISTRICT, RECORDED SEPTEMBER 16, 1926, IN BOOK 687, PAGE 404 AS INSTRUMENT NO. 1066 OF OFFICIAL RECORDS;

THENCE SOUTH 89° 2' WEST 1108 FEET, ON THE NORTHERLY LINE OF SAID SCHOOL DISTRICT PARCEL AND THE WESTERLY EXTENSION THEREOF, TO A POINT ON THE WEST LINE OF SAID TRACT 176;

THENCE NORTH 400.00 FEET, ON THE WEST LINE OF SAID TRACT 176, TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CALIFORNIA SOUTHERN RAILROAD COMPANY LAND AS DESCRIBED IN DEED RECORDED OCTOBER 11, 1921, IN BOOK 551, PAGE 480 OF DEEDS;

THENCE EASTERLY 1338 FEET, ON THE SOUTHERLY RIGHT OF WAY LINE OF SAID RAILROAD PARCEL, TO THE WEST LINE OF SAID TOWNSITE OF RIPLEY;

THENCE SOUTH 0° 58' EAST 400 FEET, ON SAID WEST LINE, TO THE POINT OF BEGINNING.
APN: 872-210-023

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ATTACHMENT NO. 2
AMENDED AND RESTATED COVENANT AGREEMENT
(EXHIBIT D TO AGREEMENT)

(Behind this page)

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103
3 Loan No. RD4-05-001

4 RECORDING REQUESTED BY AND
5 WHEN RECORDED MAIL TO:
6 Housing Authority of the County of Riverside
7 5555 Arlington Avenue
8 Riverside, CA 92504
9 Attn: Leslie Trainor

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11
12 **THIRD AMENDMENT TO THE LOAN AGREEMENT FOR THE REHABILITATION**
13 **OF THE RIPLEY FARM WORKER HOUSING CENTER**

14 THIS THIRD AMENDMENT TO THE LOAN AGREEMENT FOR THE REHABILITATION
15 OF THE RIPLEY FARM WORKER HOUSING CENTER ("Third Amendment") is made and
16 entered this 29th day of March, 2016, by and between the HOUSING
17 AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its
18 capacity as housing successor to the former Redevelopment Agency for the County of Riverside
19 ("Housing Successor") and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,
20 a public entity corporate and politic ("Authority"). The Housing Successor and the Authority
21 are collectively referred to herein as the "Parties."

22 WITNESSETH:

23 WHEREAS, the Authority owns that certain real property located at 24-501 School
24 Road, Ripley, California, also known as APN 872-210-023, as described in the legal description
25 attached hereto as Attachment No. 1 and incorporated herein by this reference ("Property");

26 WHEREAS, the Authority is a California housing authority acting under the California
27 Housing Authorities Law, Part 2 of Division 4 of the Health and Safety Code ("Housing
28 Authorities Law");

I:\property\jbrown\document reviews\housing authority\desert rose (leslie trainor)\third amendment to loan agreement for the rehab of ripley farmworker housing center (jrb revs 3.16.16)(final).docx

MAR 29 2016 10-1

1 WHEREAS, the Redevelopment Agency for the County of Riverside (“RDA”), was
2 duly created pursuant to California Community Redevelopment Law (Health and Safety Code
3 Section 33000 et seq., the “CRL”);

4 WHEREAS, the Authority and the former RDA entered into that certain Loan
5 Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center dated June 5,
6 2007 (attached hereto as Attachment No. 4), as amended by that certain First Amendment to
7 Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center dated
8 February 26, 2008 (attached hereto as Attachment No. 5), and that certain Second Amendment
9 to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center dated
10 June 5, 2007 and recorded on April 1, 2010 as Document No. 2010-0148937 (attached hereto as
11 Attachment No.6) (collectively the “Agreement”), which provided for, among other things, a
12 grant to the Authority in the amount of Seven Million Seven Hundred Thousand Dollars
13 (\$7,700,000) to pay a portion of the costs to rehabilitate and renovate the improvements located
14 on the Property, which resulted in the development of a 76-unit housing complex now known as
15 the Desert Rose Apartments (“Apartments”). The Apartments are designated as affordable
16 rental housing for low-income households with annual incomes of not more than 80% of the
17 area median income (“AMI”), with a priority for farm worker households. The rehabilitation of
18 the Apartments was completed on July 7, 2008. Capitalized terms not defined herein shall have
19 the meaning ascribed to such terms in the Agreement;

20 WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484, added
21 parts 1.8 and 1.85 to Division 24 of the CRL. As a result, the RDA was dissolved on February
22 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and
23 Safety Code Section 34173;

24 WHEREAS, pursuant to Health and Safety Code Section 34176 (a), County of Riverside
25 Board of Supervisors Resolution No. 2012-035, and Authority Board of Commissioners
26 Resolution Nos. 2012-001 and 2012-005, all housing functions previously performed by the
27 former RDA, including related rights, powers, duties, obligations and housing assets were

1 transferred to the Housing Successor, including, but not limited to the Property, and the
2 Agreement;

3 WHEREAS, since the tenant income levels are currently capped at low income (80% of
4 AMI), the Authority has faced many challenges in leasing the Apartments and has been unable
5 to lease more than 50% of the units despite exhaustive efforts to identify eligible tenants under
6 the current terms of the Agreement;

7 WHEREAS, the Authority has identified a pool of potentially qualified tenants with
8 income greater than 80% AMI and less than 120% AMI (moderate income), whose tenancy in
9 the Apartments may mitigate the significant financial loss currently being incurred by the
10 Authority as a result of the Apartment's persistently low occupancy levels; and

11 WHEREAS, the Parties desire to amend the Agreement to reflect an increase in the
12 maximum allowable income of individuals and households occupying affordable housing units
13 in the Apartments from low income (80% of the AMI) to moderate income (120% of the AMI);
14 and

15 WHEREAS, the Authority has received the consent and approval of the existing
16 lienholders on the Property which include the United States Department of Agriculture (USDA)
17 and the California Department of Housing and Community Development (HCD).

18 NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual
19 covenants and conditions hereinafter set forth, the Housing Successor and the Authority hereby
20 agree as follows:

- 21 1. RECITALS. The aforementioned Recitals are true and correct and incorporated herein.
- 22 2. TERMS OF AFFORDABILITY. Section 10. of the Agreement entitled, "Terms of
23 Affordability" is hereby deleted in its entirety and replaced with the following language:
24 "10. TERMS OF AFFORDABILITY. The period of affordability for the Project shall be
25 fifty-five (55) years from the date the rehabilitation of the Project was completed which
26 is July 7, 2008."

- 1 3. ASSISTED UNITS REQUIREMENTS. Section 12. of the Agreement entitled, “Assisted
2 Unit Requirements” is hereby deleted in its entirety and replaced with the following
3 language:

4 “12. ASSISTED UNIT REQUIREMENTS. HOUSING AUTHORITY agrees to
5 reserve one hundred percent (100%) of the total units for persons and families of low or
6 moderate income households at that term is defined in the California Health and Safety
7 Code section 50093, as that section may be amended, restated, supplemented or
8 otherwise modified from time to time. Such units (“Assisted Units”) shall be limited to
9 households whose incomes do not exceed one hundred and twenty percent (120%) of the
10 area median income for Riverside County.”

- 11 4. AMENDMENT TO INCOME RESTRICTIONS. All references in the Agreement,
12 including any exhibits, restricting occupancy of the Assisted Units (as defined in the
13 Agreement) to low-income households are hereby deleted in their entirety and replaced
14 with reference to low or moderate income households as defined in the California
15 Health and Safety Code section 50093, as that section may be amended, restated,
16 supplemented or otherwise modified from time to time.

17
18 Commencing upon the Effective Date of this Amendment, eligible tenant households
19 shall have incomes that do not exceed 120 percent of area median income, adjusted for
20 family size by the California Department of Housing and Community Development
21 (HCD) in accordance with adjustment factors adopted and amended from time to time by
22 the United States Department of Housing and Urban Development pursuant to Section 8
23 of the United States Housing Act of 1937.

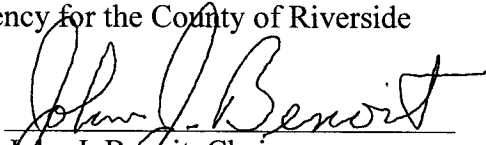
- 24
25 5. PROJECT DESCRIPTION. The Project Description attached to the Agreement as
26 Exhibit “B” is hereby amended to delete reference to “low income households” and
27 replace with reference to “low or moderate income households as defined in the
28

1 California Health and Safety Code section 50093, as that section may be amended,
2 restated, supplemented or otherwise modified from time to time.”

- 3 6. COVENANT AGREEMENT. The Agreement is hereby amended to add the Covenant
4 Agreement, attached hereto as Attachment No. 2 and incorporated herein by this
5 reference, as Exhibit “F” to the Agreement. The Covenant Agreement shall be executed
6 by the Parties and recorded concurrently herewith in the Official Records of Riverside
7 County.
- 8 7. NOTICE OF AFFORDABILITY RESTRICTIONS. The Agreement is hereby amended
9 to add the Notice of Affordability Restrictions, attached hereto as Attachment No. 3 and
10 incorporated herein by this reference, as Exhibit “G” to the Agreement. The Notice of
11 Affordability Restrictions shall be executed by the Housing Successor and recorded
12 concurrently herewith in the Official Records of Riverside County.
- 13 8. ENTIRE UNDERSTANDING. The Agreement and this Third Amendment set forth and
14 contain the entire understanding and agreement of the Parties hereto. There are no oral or
15 written representations, understandings, or ancillary covenants, undertakings or
16 agreements, which are not contained or expressly referred to within this Third
17 Amendment and the Agreement.
- 18 9. AGREEMENT IN FULL FORCE AND EFFECT. Except as otherwise expressly
19 modified herein, all other terms and conditions of the Agreement, and any amendments
20 thereto, remain unmodified and in full force and effect.
- 21 10. EFFECTIVENESS OF AMENDMENT. The Effective Date of this Third Amendment is
22 the date the Parties execute the Third Amendment. If the Parties execute this Third
23 Amendment on more than one date, then the last date this Third Amendment is executed
24 by a Party shall be the Effective Date.
- 25 11. FURTHER ASSURANCES. The Parties agree to execute such other documents and to
26 take such other actions as may be reasonably necessary to further the purposes of this
27 Third Amendment.

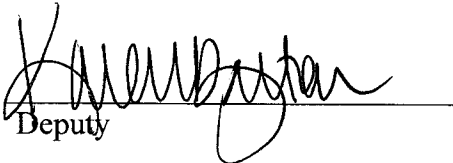
1 IN WITNESS WHEREOF, the Parties hereto have caused this Third Amendment to be
2 duly executed as of the dates set forth below.

3 HOUSING AUTHORITY OF THE COUNTY
4 OF RIVERSIDE, a public entity, corporate
5 and politic, in its capacity as housing
6 successor to the former Redevelopment
Agency for the County of Riverside

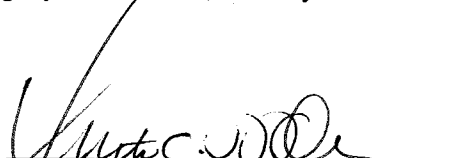
7 By: 
8 John J. Benoit, Chairman
9 Board of Commissioners

10 Date: MAR 29 2016


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13 ATTEST:
14 Kecia Harper-Ihem, Clerk of the Board

15 By: 
16 Deputy

17
18
19 APPROVED AS TO FORM:
20 Gregory P. Priamos, County Counsel

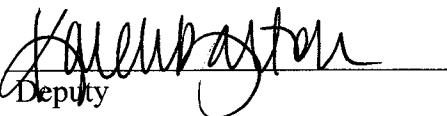
21 By: 
22 Anita C. Willis,
23 Assistant County Counsel

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

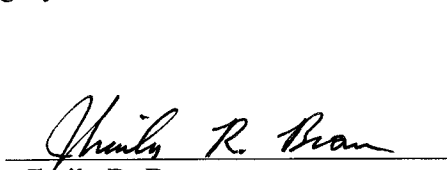
By: 
John J. Benoit, Chairman
Board of Commissioners

Date: MAR 29 2016

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos, General Counsel

By: 
Jhaila R. Brown,
Deputy General Counsel

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

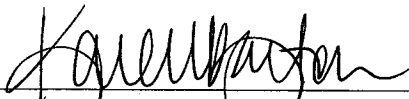
} §

On March 29, 2016 before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy Clerk

(SEAL)

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

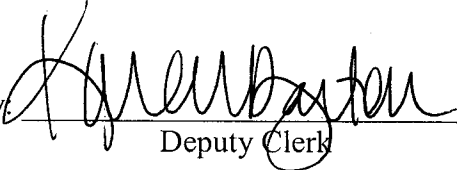
STATE OF CALIFORNIA }
 } §
COUNTY OF RIVERSIDE }

On March 29, 2016 before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By  Deputy Clerk

(SEAL)

LIST OF ATTACHMENTS

- 1
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5 ATTACHMENT NO. 1 - LEGAL DESCRIPTION
6 ATTACHMENT NO. 2 - COVENANT AGREEMENT
7 ATTACHMENT NO. 3 - NOTICE OF AFFORDABILITY RESTRICTIONS
8 ATTACHMENT NO. 4 - LOAN AGREEMENT FOR THE REHABILITATION
9 OF THE RIPLEY FARM WORKER HOUSING CENTER
10 (LOAN AGREEMENT)
11 ATTACHMENT NO. 5 - FIRST AMENDMENT TO THE LOAN AGREEMENT
12 ATTACHMENT NO. 6 - SECOND AMENDMENT TO THE LOAN
13 AGREEMENT
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1 **ATTACHMENT NO. 1**

2 **LEGAL DESCRIPTION**

3 ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE,
4 STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

5 THAT PORTION OF TRACT 179, AS SHOWN BY INDEPENDENT RESURVEY OF
6 TOWNSHIP 7 SOUTH, RANGE 22 EAST, SAN BERNARDINO BASE AND MERIDIAN,
7 IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AS ACCEPTED BY THE
8 GENERAL LAND OFFICE IN 1919, LYING WESTERLY OF THE WEST BOUNDARY
9 OF THE TOWNSITE OF RIPLEY, AS SHOWN BY MAP RECORDED IN BOOK 10,
10 PAGE 33, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID
11 COUNTY, DESCRIBED AS FOLLOWS:

12 COMMENCING AT THE SOUTHWEST CORNER OF BLOCK 7 OF SAID TOWNSITE
13 OF RIPLEY AS SHOWN ON SAID MAP;

14 THENCE NORTH 0° 58' WEST, 150 FEET, ON THE WEST LINE OF SAID BLOCK, TO
15 THE TRUE POINT OF BEGINNING;

16 THENCE SOUTH 89° 02' WEST, 80 FEET TO THE SOUTHEAST CORNER OF THAT
17 PARCEL DESCRIBED IN DEED TO CHARLIE LEONARD, RECORDED APRIL 1, 1955,
18 IN BOOK 1717 PAGE 181 AS INSTRUMENT NO. 21427 OF OFFICIAL RECORDS;

19 THENCE ON THE EAST, NORTH AND WEST BOUNDARIES OF THE LEONARD
20 PARCEL, THE FOLLOWING COURSES AND DISTANCES; NORTH 50 FEET, WEST 150
21 FEET SOUTH 50 TO A POINT ON THE NORTH LINE OF THAT PARCEL DESCRIBED
22 IN DEED TO PALO VERDE VALLEY UNION SCHOOL DISTRICT, RECORDED
23 SEPTEMBER 16, 1926, IN BOOK 687, PAGE 404 AS INSTRUMENT NO. 1066 OF
24 OFFICIAL RECORDS;

25 THENCE SOUTH 89° 2' WEST 1108 FEET, ON THE NORTHERLY LINE OF SAID
26 SCHOOL DISTRICT PARCEL AND THE WESTERLY EXTENSION THEREOF, TO A
27 POINT ON THE WEST LINE OF SAID TRACT 176;

28 THENCE NORTH 400.00 FEET, ON THE WEST LINE OF SAID TRACT 176, TO THE
SOUTHERLY RIGHT OF WAY LINE OF THE CALIFORNIA SOUTHERN RAILROAD
COMPANY LAND AS DESCRIBED IN DEED RECORDED OCTOBER 11, 1921, IN
BOOK 551, PAGE 480 OF DEEDS;

THENCE EASTERLY 1338 FEET, ON THE SOUTHERLY RIGHT OF WAY LINE OF
SAID RAILROAD PARCEL, TO THE WEST LINE OF SAID TOWNSITE OF RIPLEY;

THENCE SOUTH 0° 58' EAST 400 FEET, ON SAID WEST LINE, TO THE POINT OF
BEGINNING.

APN: 872-210-023

ATTACHMENT NO. 2

(Behind this page)

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

3
4 RECORDING REQUESTED BY AND
5 WHEN RECORDED MAIL TO:
6 Housing Authority of the County of Riverside
7 5555 Arlington Avenue
8 Riverside, CA 92504
9 Attention: Leslie Trainor

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11
12 **COVENANT AGREEMENT**

13 THIS COVENANT AGREEMENT ("Covenant Agreement") is made and entered this
14 29th day of March, 2016, by and between the HOUSING AUTHORITY OF
15 THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its capacity as housing
16 successor to the former Redevelopment Agency for the County of Riverside ("Housing
17 Successor") and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public
18 entity corporate and politic ("Authority"). The Housing Successor and the Authority are
19 collectively referred to herein as the "Parties."

20 **RECITALS**

21 WHEREAS, the Authority owns that certain real property located at 24-501 School
22 Road, Ripley, California, also known as APN 872-210-023, as described in the legal description
23 attached hereto as Attachment No. 1 and incorporated herein by this reference ("Property");

24 WHEREAS, the Authority is a California housing authority acting under the California
25 Housing Authorities Law, Part 2 of Division 4 of the Health and Safety Code ("Housing
26 Authorities Law");

27 //

1 WHEREAS, the Redevelopment Agency for the County of Riverside (“RDA”), was
2 duly created pursuant to California Community Redevelopment Law (Health and Safety Code
3 Section 33000 et seq., the “CRL”);

4 WHEREAS, the Authority and the former RDA entered into that certain Loan
5 Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center dated June 5,
6 2007, as amended by that certain First Amendment to Loan Agreement for the Rehabilitation of
7 the Ripley Farm Worker Housing Center dated February 26, 2008, that certain Second
8 Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing
9 Center dated June 5, 2007 and recorded in the Official Records of the County of Riverside
10 (“Official Records”) on April 1, 2010 as Document No. 2010-0148937, and that certain Third
11 Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing
12 Center dated or about the date hereof and recorded concurrently herewith in the Official
13 Records (collectively the “Agreement”);

14 WHEREAS, the Agreement provided for, among other things, a grant to the Authority
15 in the amount of Seven Million Seven Hundred Thousand Dollars (\$7,700,000) to pay a portion
16 of the costs to rehabilitate and renovate the improvements located on the Property, which
17 resulted in the development of a 76-unit housing complex now known as the Desert Rose
18 Apartments (“Apartments”). The Apartments are designated as affordable rental housing for
19 low or moderate income households with annual incomes of not more than 120% of the area
20 median income (“AMI”), with a priority for farm worker households. The rehabilitation and
21 conversion of the Apartments was completed on July 7, 2008. Capitalized terms not defined
22 herein shall have the meaning ascribed to such terms in the Agreement;

23 WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484,
24 added parts 1.8 and 1.85 to Division 24 of the CRL. As a result, the RDA was dissolved on
25 February 1, 2012 such that the RDA is now deemed a former redevelopment agency under
26 Health and Safety Code Section 34173;

1 WHEREAS, pursuant to Health and Safety Code Section 34176 (a), County of Riverside
2 Board of Supervisors Resolution No. 2012-035, and Authority Board of Commissioners
3 Resolution Nos. 2012-001 and 2012-005, all housing functions previously performed by the
4 former RDA, including related rights, powers, duties, obligations and housing assets were
5 transferred to the Housing Successor, including, but not limited to the Property, and the
6 Agreement;

7 WHEREAS, pursuant to the Agreement, the Apartments and the Property are required
8 to be rented to and occupied by Low or Moderate Income Households (as defined in the
9 Agreement) for a period of 55 years from the date the rehabilitation and conversion of the
10 Property was completed which is July 7, 2008; and

11 WHEREAS, the Parties desire to memorialize Authority's obligation to maintain the
12 affordability of the Apartments pursuant to the CRL and the Agreement, as more specifically set
13 forth below.

14 NOW, THEREFORE, in consideration of the mutual covenants and agreements
15 contained in this Covenant Agreement, and for other good and valuable consideration, the receipt
16 and sufficiency of which are hereby acknowledged, the Authority, on behalf of itself and its
17 successors, assigns, and each successor in interest to the Property or any part thereof, hereby
18 declares as follows:

- 19 1. RECITALS. The aforementioned Recitals are true and correct and incorporated herein.
- 20 2. USE OF THE PROPERTY. During the Term (defined below) the Property, including
21 any portion thereof including the 76 affordable housing units ("affordable housing units"
22 and "Apartments") shall be used only as specified in this Covenant Agreement, the
23 Agreement and the CRL. During the Term, the affordable units shall be rented to and
24 occupied by Low and Moderate Income Households (as defined in the Agreement and
25 Health and Safety Code section 50093) for an affordable rent as specified herein and in
26 the CRL. No change in the use of the Property shall be permitted without the prior
27 written approval of the Housing Successor.

1 3. TERM. This Covenant Agreement shall continue in full force and effect for fifty-five
2 (55) years from the date the rehabilitation and conversion of the Apartments was
3 completed which is July 7, 2008 (“Term”).

4 4. RESTRICTIONS. For the duration of the Term, the Property shall be held, sold and
5 conveyed, subject to the following covenants, conditions, and restrictions.

6 a) Income Restrictions. The Authority shall reserve affordable housing units on the
7 Property for qualified persons and families of low or moderate income, as that
8 phrase is defined in Section 50093 of the California Health and Safety Code.

9 b) Affordability Definitions. Rent for the affordable housing units shall be as
10 defined in Section 50053 of the California Health and Safety Code, which
11 dictates that the rent or cost for housing (including a reasonable utility
12 allowance) shall not exceed:

13 (i) For extremely low income households, the product of 30
14 percent times 30 percent of the area median income (AMI)
15 adjusted for family size appropriate for the unit.

16 (ii) For very low income households, the product of 30 percent
17 times 50 percent of the AMI adjusted for family size
18 appropriate for the unit.

19 (iii) For lower income households whose gross incomes exceed
20 the maximum income for very low income households, the
21 product of 30 percent times 60 percent of the AMI adjusted
22 for family size appropriate for the unit. In addition, for
23 those lower income households with gross incomes that
24 exceed 60 percent of the AMI adjusted for family size, it
25 shall be optional for the Housing Successor to require that
26 affordable rent be established at a level not to exceed 30
27 percent of gross income of the household.

1 (iv) For moderate-income households, the product of 30 percent
2 times 110 percent of the AMI adjusted for family size
3 appropriate for the unit. In addition, for those moderate-
4 income households whose gross incomes exceed 110
5 percent of the area median income adjusted for family size,
6 it shall be optional for the Housing Successor to require
7 that affordable rent be established at a level not to exceed
8 30 percent of gross income of the household.

9 c) Affordability Period. The Authority agrees that all affordable housing units on the
10 Property will remain affordable, as defined in the CRL, for the duration of the
11 Term.

12 d) The Authority shall comply with the terms of the Agreement, any amendments
13 thereto, and any other instrument secured against the Property.

14 5. MAINTENANCE OF THE PROPERTY. The Authority, on behalf of itself and its
15 successors, assigns, and each successor in interest to the Property or any portion thereof
16 hereby covenants to and shall protect, maintain, and preserve the Property in compliance
17 with all applicable federal and state law and regulations and local ordinances. In addition,
18 the Authority, its successors and assigns, shall maintain the improvements on the
19 Apartments in the same aesthetic and sound condition (or better) as the condition of the
20 Apartments at the time of the recordation of this Covenant Agreement, reasonable wear
21 and tear excepted. This standard for the quality of maintenance of the Property shall be
22 met whether or not a specific item of maintenance is listed below. However,
23 representative items of maintenance shall include frequent and regular inspection for
24 graffiti or damage or deterioration or failure, and immediate repainting or repair or
25 replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of
26 trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the
27 Property, on-site walks and paved areas and washing-down as necessary to maintain

1 clean surfaces; maintenance of all landscaping in a healthy and attractive condition,
2 including trimming, fertilizing and replacing vegetation as necessary; cleaning windows
3 on a regular basis; painting the buildings on a regular program and prior to the
4 deterioration of the painted surfaces; conducting a roof inspection on a regular basis and
5 maintaining the roof in a leak-free and weather-tight condition; maintaining security
6 devices in good working order. In the event that the Authority, its successors or assigns,
7 fails to maintain the Property in accordance with the standard for the quality of
8 maintenance, the Housing Successor or its designee shall have the right but not the
9 obligation to enter the Property upon reasonable notice to the Authority, correct any
10 violation, and hold the Authority, its successors or assigns, responsible for the cost
11 thereof, and such cost, until paid, shall constitute a lien on the Property.

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

24 a) The Authority herein covenants by and for itself, its successors and assigns, and
25 all persons claiming under or through them, that this Covenant Agreement is
26 made and accepted upon and subject to the following conditions: There shall be
27 no discrimination against or segregation of any person or group of persons, on
28

1 account of any basis listed in subdivision (a) or (d) of Section 12955 of the
2 Government Code, as those bases are defined in Sections 12926, 12926.1,
3 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
4 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer,
5 use, occupancy, tenure, or enjoyment of the Apartments, nor shall the transferee
6 itself or any person claiming under or through him or her, establish or permit any
7 such practice or practices of discrimination or segregation with reference to the
8 selection, location, number, use, or occupancy, of tenants, lessees, sublessees,
9 subtenants, or vendees of the Property.

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

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

1 discrimination or segregation with reference to the selection, location,
2 number, use or occupancy of tenants, lessees, subtenants, sublessees, or
3 vendees in the premises herein conveyed.”

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

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

4 c) In addition to the obligations and duties of the Authority set forth herein, the
5 Authority shall, upon notice from the Housing Successor, promptly pay to the
6 Housing Successor all fees and costs, including administrative and attorneys’ fees,
7 incurred by the Housing Successor in connection with responding to or defending
8 any discrimination claim brought by any third party and/or local, state or federal
9 government entity, arising out of or in connection with the Agreement and any
10 amendments thereto, or this Covenant Agreement.

11 8. INSURANCE. Without limiting or diminishing the Authority’s obligation to
12 indemnify or hold the Housing Successor harmless, the Authority shall procure
13 and maintain or cause to be maintained, at its sole cost and expense, the following
14 insurance coverage’s during the Term of this Covenant Agreement.

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

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

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

20 d) General Insurance Provisions – All Lines.

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

1 (ii) The Authority's insurance carrier(s) must declare its insurance self-insured
2 retentions. If such self-insured retentions exceed \$500,000 per
3 occurrence such retentions shall have the prior written consent of Risk
4 Manager. Upon notification of self-insured retention unacceptable to the
5 Housing Successor, and at the election of Risk Manager, the Authority's
6 carriers shall either: (a) reduce or eliminate such self-insured retention, or
7 (b) procure a bond which guarantees payment of losses and related
8 investigations, claims administration, and defense costs and expenses.

9 (iii) The Authority shall cause the Authority's insurance carrier(s) to furnish
10 the Housing Successor copies of the Certificate(s) of Insurance and
11 Endorsements effecting coverage as required herein, and 2) if requested
12 to do so orally or in writing by Risk Manager, provide copies of policies
13 including all Endorsements and all attachments thereto, showing such
14 insurance is in full force and effect. Further, said Certificate(s) and
15 policies of insurance shall contain the covenant of the insurance carrier(s)
16 that thirty (30) days written notice shall be given to the Housing
17 Successor prior to any material modification, cancellation, expiration or
18 reduction in coverage of such insurance. The Authority shall not continue
19 operations until the Housing Successor has been furnished Certificate(s)
20 of Insurance and copies of endorsements and if requested, copies of
21 policies of insurance including all endorsements and any and all other
22 attachments as required herein. An individual authorized by the
23 insurance carrier to do so, on its behalf, shall sign the original
24 endorsements for each policy and the Certificate of Insurance.

25 (iv) It is understood and agreed to by the parties hereto that the Authority's
26 insurance shall be construed as primary insurance, and the Housing
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1 Successor insurance and/or deductibles and/or self-insured retention's or
2 self-insured programs shall not be construed as contributory.

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

12 (vi) The Authority shall pass down the insurance obligations contained herein
13 to all tiers of subcontractors.

14 (vii) The Authority agrees to notify the Housing Successor in writing of any
15 claim by a third party or any incident or event that may give rise to a
16 claim arising from the performance of the Agreement, any amendments
17 thereto, or this Covenant Agreement.

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

- 22 10. NOTICES. All Notices provided for in this Covenant Agreement shall be
23 deemed received when personally delivered, or two (2) days following mailing
24 by certified mail, return receipt requested. All mailing shall be addressed to
25 the respective parties at their addresses set forth below, or at such other address
26 as each party may designate in writing and give to the other party:
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1 HOUSING SUCCESSOR:

2 Housing Authority of the
3 County of Riverside
4 5555 Arlington Avenue
5 Riverside, CA 92504

6 Attention: Deputy Executive Director

AUTHORITY:

Housing Authority of the
County of Riverside
5555 Arlington Avenue
Riverside, CA 92504

Attention: Deputy Director

7 11. REMEDIES. The Housing Successor shall have the right, in the event of any
8 breach of any such agreement or covenant, to exercise all available rights and
9 remedies, and to maintain any actions at law or suit in equity or other proper
10 proceedings to enforce the curing of such breach of agreement or covenant.

11 12. NOTICE AND CURE.

- 12 a) Prior to exercising any remedies hereunder, the Housing Successor shall give the
13 Authority notice of such default pursuant to section 11 above. Any monetary
14 default shall be cured within seven (7) days of delivery of written notice. Except
15 as otherwise set forth herein, if a non-monetary default is reasonably capable of
16 being cured within sixty (60) days of delivery of such notice of default, the
17 Authority shall have such period to effect a cure prior to exercise of remedies by
18 the Housing Successor. If the non-monetary default is such that it is not
19 reasonably capable of being cured within sixty (60) days of delivery of such
20 notice of default, and the Authority (a) initiates corrective action within said
21 period, and (b) diligently, continually, and in good faith works to effect a cure as
22 soon as possible, then the Authority shall have such additional time as is
23 reasonably necessary to cure the default prior to exercise of any remedies by the
24 Housing Successor; but in no event no later than ninety (90) days from delivery of
25 such notice of default.
- 26 b) If a violation of any of the covenants or provisions of this Covenant Agreement
27 remains uncured after the respective time period set forth in this Section 12, the
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1 Housing Successor and its successors and assigns may institute and prosecute any
2 proceedings at law or in equity to abate, prevent or enjoin any such violation or
3 attempted violation or to compel specific performance by the Authority of its
4 obligations hereunder. No delay in enforcing the provisions hereof as to any
5 breach or violation shall impair, damage or waive the right of any party entitled to
6 enforce the provisions hereof or to obtain relief against or recover for the
7 continuation or repetition of such breach or violations or any similar breach or
8 violation hereof at any later time.

9 13. SALE, ASSIGNMENT OR TRANSFER OF THE PROPERTY. Except as
10 provided in the Covenant Agreement and any amendments thereto, the Authority
11 hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of
12 the Property or any portion thereof, without obtaining the prior written consent of
13 the Housing Successor, in its sole discretion. Any sale, assignment, or transfer of
14 the Property shall be memorialized an assignment and assumption agreement the
15 form and substance of which have been first approved in writing by the Housing
16 Successor in its sole discretion. Such assignment and assumption agreement shall,
17 among other things, provide that the transferee has assumed in writing and in full,
18 and is reasonably capable of performing and complying with the Authority's
19 duties and obligations under the Agreement and this Covenant Agreement,
20 provided, however the Authority shall not be released of all obligations under the
21 Agreement and this Covenant Agreement.

22 14. AMENDMENTS OR MODIFICATIONS. This Covenant Agreement may be
23 changed or modified only by a written amendment signed by authorized
24 representatives of both Parties.

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

7 16. BINDING EFFECT. The rights and obligations of this Covenant Agreement shall
8 bind and inure to the benefit of the respective heirs, successors and assigns of the
9 parties.

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

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

24 19. ACCESS TO PROPERTY. Representatives of the Housing Successor shall have
25 the right of access to the Property, upon 24 hours' written notice to the Authority
26 (except in the case of an emergency, in which the Housing Successor shall
27 provide such notice as may be practical under the circumstances), without
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1 charges or fees, during normal business hours to review the operation of the
2 Property in accordance with this Covenant Agreement and the Agreement.

3 20. MANAGEMENT. The Authority shall be responsible for the operation of the
4 Property and the Apartments either by direct management or by contracting its
5 managerial functions to a third party property manager reasonably acceptable to
6 the Housing Successor which property manager will be charged with managing
7 the Property and Apartments on behalf of the Authority. The Housing Successor
8 shall have the right to review and approve any such entity prior to its selection
9 by the Authority. Such approval shall not be unreasonably withheld. The
10 Authority shall include in any such property management agreement a provision
11 providing for the termination of the agreement in the event that the property
12 manager violates any federal, state or local health and safety laws and
13 regulations which are not cured within thirty (30) days following the giving of
14 notice of such violations by the Housing Successor or any other governmental
15 entity; provided, however, that in the case of a violation that cannot be cured
16 within such thirty (30) day period, that such cure shall be commenced within
17 thirty (30) days of notification and shall be diligently prosecuted to completion
18 not later than sixty (60) days after notification. The Authority, its successors
19 and assigns, upon notice from the Housing Successor, shall pay any costs and
20 fees (including administrative and attorneys' fees) incurred by the Housing
21 Successor in connection with responding to or defending any discrimination
22 claim brought by any third party and/or local, state or federal government entity,
23 arising out of or in connection with the Agreement and/or this Covenant
24 Agreement.

25 21. TERM. The non-discrimination covenants, conditions and restrictions contained
26 in Section 6 of this Covenant Agreement shall remain in effect in perpetuity.
27 Every other covenant, condition and restriction contained in this Covenant shall
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1 continue in full force and effect for the Term, as defined in Section 3 of this
2 Covenant.

3 22. COUNTERPARTS. This Covenant Agreement may be signed by the different
4 Parties hereto in counterparts, each of which shall be an original, but all of which
5 together shall constitute one and the same agreement.

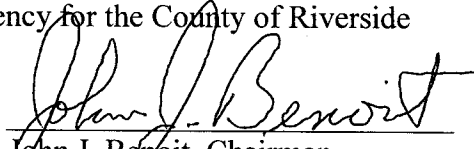
6 23. ENTIRE AGREEMENT. This Covenant Agreement and the Agreement set forth
7 and contain the entire understanding and agreement of the Parties hereto. There
8 are no oral or written representations, understandings, or ancillary covenants,
9 undertakings or agreements, which are not contained or expressly referred to
10 within this Covenant Agreement, and the Agreement, including all amendments
11 and modifications to the Agreement.

12 [REMAINDER OF PAGE INTENTIONALLY BLANK]

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14 (SIGNATURES ON THE NEXT PAGE)
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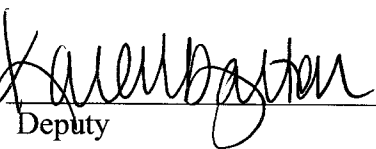
1 IN WITNESS WHEREOF, THE HOUSING SUCCESSOR AND THE AUTHORITY have
2 executed this Amended and Restated Covenants as of the dates written below.

3
4 HOUSING AUTHORITY OF THE COUNTY
5 OF RIVERSIDE, a public entity, corporate
6 and politic, in its capacity as housing
7 successor to the former Redevelopment
8 Agency for the County of Riverside

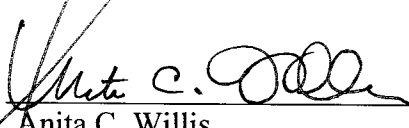
9 By: 
10 John J. Benoit, Chairman
11 Board of Commissioners

12 Date: MAR 29 2016

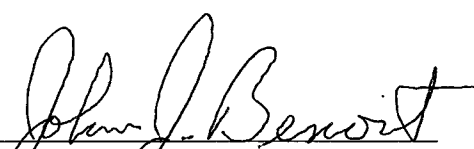
13
14 ATTEST:
15 Kecia Harper-Ihem, Clerk of the Board

16 By: 
17 Deputy

18
19 APPROVED AS TO FORM:
20 Gregory P. Priamos, County Counsel

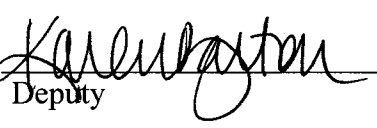
21
22 By: 
23 Anita C. Willis,
24 Assistant County Counsel

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

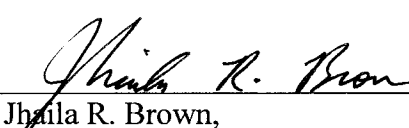
By: 
John J. Benoit, Chairman
Board of Commissioners

Date: MAR 29 2016

ATTEST:
Kecia Harper-Ihem, Clerk of the Board

By: 
Deputy

APPROVED AS TO FORM:
Gregory P. Priamos, General Counsel

By: 
Jhaila R. Brown,
Deputy General Counsel

ATTACHMENT NO. 1
Legal Description

1
2
3 ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

4 APN: 872-210-023

5 THAT PORTION OF TRACT 179, AS SHOWN BY INDEPENDENT RESURVEY OF
6 TOWNSHIP 7 SOUTH, RANGE 22 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN
7 THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AS ACCEPTED BY THE
8 GENERAL LAND OFFICE IN 1919, LYING WESTERLY OF THE WEST BOUNDARY OF
THE TOWNSITE OF RIPLEY, AS SHOWN BY MAP RECORDED IN BOOK 10, PAGE 33,
OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY,
DESCRIBED AS FOLLOWS:

9 COMMENCING AT THE SOUTHWEST CORNER OF BLOCK 7 OF SAID TOWNSITE OF
10 RIPLEY AS SHOWN ON SAID MAP;

11 THENCE NORTH 0° 58' WEST, 150 FEET, ON THE WEST LINE OF SAID BLOCK, TO
12 THE TRUE POINT OF BEGINNING;

13 THENCE SOUTH 89° 02' WEST, 80 FEET TO THE SOUTHEAST CORNER OF THAT
14 PARCEL DESCRIBED IN DEED TO CHARLIE LEONARD, RECORDED APRIL 1, 1955, IN
BOOK 1717 PAGE 181 AS INSTRUMENT NO. 21427 OF OFFICIAL RECORDS;

15 THENCE ON THE EAST, NORTH AND WEST BOUNDARIES OF THE LEONARD
16 PARCEL, THE FOLLOWING COURSES AND DISTANCES; NORTH 50 FEET, WEST 150
17 FEET SOUTH 50 TO A POINT ON THE NORTH LINE OF THAT PARCEL DESCRIBED IN
18 DEED TO PALO VERDE VALLEY UNION SCHOOL DISTRICT, RECORDED
SEPTEMBER 16, 1926, IN BOOK 687, PAGE 404 AS INSTRUMENT NO. 1066 OF
OFFICIAL RECORDS;

19 THENCE SOUTH 89° 2' WEST 1108 FEET, ON THE NORTHERLY LINE OF SAID
20 SCHOOL DISTRICT PARCEL AND THE WESTERLY EXTENSION THEREOF, TO A
21 POINT ON THE WEST LINE OF SAID TRACT 176;

22 THENCE NORTH 400.00 FEET, ON THE WEST LINE OF SAID TRACT 176, TO THE
23 SOUTHERLY RIGHT OF WAY LINE OF THE CALIFORNIA SOUTHERN RAILROAD
24 COMPANY LAND AS DESCRIBED IN DEED RECORDED OCTOBER 11, 1921, IN BOOK
551, PAGE 480 OF DEEDS;

25 THENCE EASTERLY 1338 FEET, ON THE SOUTHERLY RIGHT OF WAY LINE OF SAID
26 RAILROAD PARCEL, TO THE WEST LINE OF SAID TOWNSITE OF RIPLEY;

27 THENCE SOUTH 0° 58' EAST 400 FEET, ON SAID WEST LINE, TO THE POINT OF
28 BEGINNING.

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

STATE OF CALIFORNIA }
 } §
COUNTY OF RIVERSIDE }

On March 29, 2016 before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: Karen Barton
Deputy Clerk

(SEAL)

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

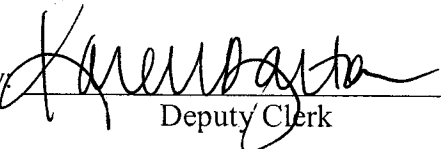
} §

On March 29, 2016 before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Housing Authority Board of Commissioners, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By 
Deputy Clerk

(SEAL)

APN: 872-210-023

ATTACHMENT NO. 3

(Behind this page)

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1 No Fee for Recording Pursuant to Government Code 6103

2 Recording Requested By:
3 Housing Authority of the County of Riverside

4 AND WHEN RECORDED MAIL TO:
5 Housing Authority of the County of Riverside
6 5555 Arlington Avenue
RIVERSIDE, CA 92504
ATTN: Leslie Trainor

7 NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF
8 PROPERTY

9 This Notice is to be recorded concurrently with recordation of affordability
10 restriction or within thirty (30) days of recording such document.

11 In accordance with the California Health and Safety Code Section 33334.3, all
12 new or substantially rehabilitated housing units developed or otherwise assisted, with
13 moneys from the Low and Moderate Income Housing Fund, shall remain available at
14 affordable housing cost to, and occupied by, persons and families of low or moderate
15 income and very low income and extremely low income households for the longest
16 feasible time, but not less than fifty-five (55) years for units that are occupied by and
affordable to very low- and low-income households.

17 A Covenant Agreement with an expiration date of not less than fifty-five (55)
18 years from the date the conversion and rehabilitation of the Property was completed
19 which is July 7, 2008, was recorded concurrently herewith, as part of that certain
20 Loan Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center
21 dated June 5, 2007, as amended by that certain First Amendment to Loan
22 Agreement for the Rehabilitation of the Ripley Farm Worker Housing Center dated
23 February 26, 2008, that certain Second Amendment to the Loan Agreement for the
24 Rehabilitation of the Ripley Farm Worker Housing Center dated June 5, 2007 and
25 recorded on April 1, 2010 as Document No. 2010-0148937, and that certain Third
26 Amendment to the Loan Agreement for the Rehabilitation of the Ripley Farm
Worker Housing Center dated on or about the date hereof and recorded
concurrently herewith in the Official Records, in the Official Records, against the
property located at 24501 School Road, Ripley, CA 92225, assessor parcel number
872-210-023, and more fully in the attached legal description as Appendix "A"
("Property").

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HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, IN CAPACITY
AS HOUSING SUCCESSOR TO THE FORMER REDEVELOPMENT AGENCY

Dated _____
John Aguilar, Deputy Director

1
2 **CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

3 STATE OF CALIFORNIA }
4 COUNTY OF RIVERSIDE } S.S.

5 On _____ before me,
6 Date

7 _____, personally appeared
8 Name and Title of the Officer

9 _____, who proved to me on the basis
10 Name(s) of signer(s)

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

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

17 WITNESS my hand and official seal.

18
19 _____
Signature of Notary Public
20
21
22

Appendix A to Notice of Affordability Restrictions

Legal Description

1 ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF
2 RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

3 THAT PORTION OF TRACT 179, AS SHOWN BY INDEPENDENT
4 RESURVEY OF TOWNSHIP 7 SOUTH, RANGE 22 EAST, SAN
5 BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE,
6 STATE OF CALIFORNIA AS ACCEPTED BY THE GENERAL LAND
7 OFFICE IN 1919, LYING WESTERLY OF THE WEST BOUNDARY OF THE
8 TOWNSITE OF RIPLEY, AS SHOWN BY MAP RECORDED IN BOOK 10,
9 PAGE 33, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF
10 SAID COUNTY, DESCRIBED AS FOLLOWS:

11 COMMENCING AT THE SOUTHWEST CORNER OF BLOCK 7 OF SAID
12 TOWNSITE OF RIPLEY AS SHOWN ON SAID MAP;

13 THENCE NORTH 0° 58' WEST, 150 FEET, ON THE WEST LINE OF SAID
14 BLOCK, TO THE TRUE POINT OF BEGINNING;

15 THENCE SOUTH 89° 02' WEST, 80 FEET TO THE SOUTHEAST CORNER
16 OF THAT PARCEL DESCRIBED IN DEED TO CHARLIE LEONARD,
17 RECORDED APRIL 1, 1955, IN BOOK 1717 PAGE 181 AS INSTRUMENT
18 NO. 21427 OF OFFICIAL RECORDS;

19 THENCE ON THE EAST, NORTH AND WEST BOUNDARIES OF THE
20 LEONARD PARCEL, THE FOLLOWING COURSES AND DISTANCES;
21 NORTH 50 FEET, WEST 150 FEET SOUTH 50 TO A POINT ON THE
22 NORTH LINE OF THAT PARCEL DESCRIBED IN DEED TO PALO VERDE
23 VALLEY UNION SCHOOL DISTRICT, RECORDED SEPTEMBER 16, 1926,
24 IN BOOK 687, PAGE 404 AS INSTRUMENT NO. 1066 OF OFFICIAL
RECORDS;

25 THENCE SOUTH 89° 2' WEST 1108 FEET, ON THE NORTHERLY LINE OF
26 SAID SCHOOL DISTRICT PARCEL AND THE WESTERLY EXTENSION
27 THEREOF, TO A POINT ON THE WEST LINE OF SAID TRACT 176;

1 THENCE NORTH 400.00 FEET, ON THE WEST LINE OF SAID TRACT 176,
2 TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CALIFORNIA
3 SOUTHERN RAILROAD COMPANY LAND AS DESCRIBED IN DEED
RECORDED OCTOBER 11, 1921, IN BOOK 551, PAGE 480 OF DEEDS;

4 THENCE EASTERLY 1338 FEET, ON THE SOUTHERLY RIGHT OF WAY
5 LINE OF SAID RAILROAD PARCEL, TO THE WEST LINE OF SAID
6 TOWNSITE OF RIPLEY;

7 THENCE SOUTH 0° 58' EAST 400 FEET, ON SAID WEST LINE, TO THE
8 POINT OF BEGINNING.

APN: 872-210-02

ATTACHMENT NO. 4

(Behind this page)

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1 Order No.
Escrow No.
2 Loan No.

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:
5 Redevelopment Agency
6 for the County of Riverside
7 5555 Arlington Avenue
8 Riverside, CA 92504
9 Attn. Laura Ballesteros
10 NO FEE FOR RECORDING PURSUANT
11 TO GOVERNMENT CODE SECTION 6103

SPACE ABOVE THIS LINE FOR RECORDERS USE

9 **LOAN AGREEMENT**
10 **FOR THE REHABILITATION OF**
11 **THE RIPLEY FARM WORKER HOUSING CENTER**

12 This Agreement is made and entered into this 5th day of June, 2007
13 by and between the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE, a
14 public body, corporate and politic (hereinafter referred to as "AGENCY") and the HOUSING
15 AUTHORITY OF THE COUNTY OF RIVERSIDE, a public agency, organized and existing
16 under the laws of the State of California (hereinafter referred to as "HOUSING
17 AUTHORITY"), for the rehabilitation of the "Ripley Farm Worker Center" (hereinafter
18 referred to as the "Project").

19 **WITNESSETH:**

20 WHEREAS, AGENCY is a redevelopment agency duly created, established and
21 authorized to transact business and exercise its powers, all under and pursuant to the provisions
22 of the California Community Redevelopment Law ("CRL"), which is Part 1 of Division 24 of
23 the California Health and Safety Code (commencing with Section 33000 et seq.); and

24 WHEREAS, AGENCY, pursuant to Section 33334.2 of the California Health
25 and Safety Code, wishes to utilize its Low- and Moderate-Income Housing Set-Aside Funds to
26 improve and increase the supply of affordable housing in the unincorporated County of
27 Riverside (hereinafter referred to as "County"); and

28 WHEREAS, the AGENCY and the HOUSING AUTHORITY entered into a

1 Rehabilitation of Real Property Agreement (the "Rehabilitation Agreement") dated November
2 8, 2005; and

3 WHEREAS, pursuant to the Rehabilitation Agreement, HOUSING
4 AUTHORITY proposed to renovate the one hundred (100) -unit Ripley Farm Worker Housing
5 Center (the "Project") for rental housing to low-income households and farm workers, located
6 at 24-501 School Road, Ripley, CA 92272 as more particularly described in the attached
7 Exhibit A (the "Project Site"); and

8 WHEREAS, the Project Site is located outside the Redevelopment Project Areas;
9 and

10 WHEREAS, the AGENCY adopted Resolution RDA 2005-35 on December
11 2005 with a finding that the use of Low- and Moderate-Income Set Aside Funds outside the
12 Redevelopment Project Area is of benefit to the Project Area; and

13 WHEREAS, the Riverside County Board of Supervisors adopted Resolution
14 2005-374 on December 20, 2005, with a similar finding; and

15 WHEREAS, the Project Site is in need of additional housing that is affordable to
16 low and very low-income families; and

17 WHEREAS, the development of affordable housing is in the vital and best
18 interests of the AGENCY and the health, safety and welfare of the citizens of the County of
19 Riverside and will alleviate a blighting condition on the Project Site as set forth in Section
20 33031 of the California Health and Safety Code; and

21 WHEREAS, the Project Area is in need of additional housing that is affordable
22 to low-income households; and

23 WHEREAS, the AGENCY endeavors to preserve, protect, improve and increase
24 the affordable housing stock and eliminate blight in the Project Area; and

25 WHEREAS, the Project will alleviate blighting condition on the Project Site as
26 set forth in Section 33031 of the California Health and Safety Code; and

27 WHEREAS, under the terms and conditions of the Rehabilitation Agreement, the
28 AGENCY has provided a grant of Redevelopment Housing Set-Aside Fund to the HOUSING

1 AUTHORITY in the amount of one million dollars (\$1,000,000) (the "RDA Grant") for
2 rehabilitation and conversion of the facility to a seventy-six (76) -unit complex; and

3 WHEREAS, the HOUSING AUTHORITY has experienced a substantial
4 increase in construction cost and operating expense; and

5 WHEREAS, the HOUSING AUTHORITY desires to borrow Seven Million Five
6 Hundred Thousand dollars (\$7,500,000) (the "RDA Loan") from the AGENCY and the
7 AGENCY is willing to grant such request; and

8 WHEREAS, concurrently with this Loan Agreement, a promissory note will be
9 executed by HOUSING AUTHORITY evidencing this loan and a deed of trust will be
10 recorded in favor of the AGENCY.

11 NOW, THEREFORE, in consideration of the foregoing, the AGENCY and
12 HOUSING AUTHORITY mutually agree as follows:

13 1. PURPOSE. The AGENCY has agreed to lend Seven Million Five
14 Hundred Thousand dollars (\$7,500,000) of AGENCY Housing Set-Aside Funds to the
15 HOUSING AUTHORITY upon the terms and conditions set forth herein (the "AGENCY
16 Loan"). HOUSING AUTHORITY promises and agrees to undertake and assist with the
17 AGENCY activities by utilizing such Redevelopment Housing Set-Aside funds, as specifically
18 identified in Exhibit "B", which is attached hereto and by this reference incorporated herein,
19 for the Project.

20 2. HOUSING AUTHORITY OBLIGATIONS. HOUSING AUTHORITY
21 hereby agrees to undertake and complete the following activities, subject to its receipt of the
22 AGENCY funds:

23 a. Compliance. Project shall remain in compliance with all
24 applicable Federal, State and local codes, laws, regulations and
25 ordinances for the duration of the Agreement.

26 b. Improvements. HOUSING AUTHORITY shall ensure all
27 improvements are completed as set forth in Exhibit "C".

28 3. AGENCY's OBLIGATIONS. The AGENCY hereby agrees to undertake

1 and complete the following activities:

- 2 a. Provide the AGENCY funds in the amount identified in Section 1
3 to HOUSING AUTHORITY for rehabilitation of the Project.

4 4. AGENCY LOAN. The HOUSING AUTHORITY shall borrow the funds
5 from the AGENCY for financing of the Project under the following terms:

- 6 a. Term. The term of the AGENCY Loan shall be fully deferred for
7 fifty-five (55) years and the loan shall be forgiven after fifty-five
8 (55) years.
- 9 b. Principal. The principal of the AGENCY Loan shall be the
10 amount identified in Section 1 and evidenced by a promissory
11 note, as specifically identified in Exhibit "E", which is attached
12 hereto and by this reference incorporated herein, executed by the
13 HOUSING AUTHORITY in favor of the AGENCY in a form
14 satisfactory to the AGENCY, hereinafter referred to as "Note".
- 15 c. Interest. The interest rate shall be zero percent (0.00%) simple
16 interest per annum.
- 17 d. Repayment. Payments shall be fully deferred throughout the term
18 of the Loan. All outstanding principal and accrued interest shall
19 be shall be forgiven after fifty-five (55) years.
- 20 e. Security. The AGENCY Loan shall be secured by a deed of trust
21 recorded against the Project (the "AGENCY Deed of Trust"). The
22 AGENCY Deed of Trust to be recorded is shown in Exhibit "D"
23 which is attached and incorporated herein. It is a requirement of
24 the AGENCY that the AGENCY Loan, the Deed of Trust, the
25 Promissory Note, and any other document evidencing the
26 financing for the Project be senior to all present loans recorded
27 against the Project. AGENCY acknowledges that HOUSING
28 AUTHORITY is seeking additional grants or loans from the State

1 of California Department of Housing and Community
2 Development (HCD) and/or from other sources to lower the
3 outstanding principal of the AGENCY Loan. Upon HOUSING
4 AUTHORITY's receipt of such funding, AGENCY will consider
5 reducing the outstanding principal of the loan identified in Section
6 1 and converting the loan to a grant.

7 f. Prepayment. Prepayment of principal or interest may occur at any
8 time without penalty.

9 5. TERM OF AGREEMENT. This Agreement shall become effective upon
10 the effective date and shall continue in full force and effect for a period of fifty-five (55) years
11 unless an amendment or extension is issued and signed by both AGENCY and HOUSING
12 AUTHORITY.

13 6. COMPLETION SCHEDULE. HOUSING AUTHORITY shall proceed
14 consistent with the completion schedule set forth in Exhibit "C".

15 7. EXTENSION OF TIME. AGENCY may grant an extension to the
16 completion schedule for the purpose of completing HOUSING AUTHORITY's activities
17 which cannot be completed as outlined in Exhibit "C". HOUSING AUTHORITY shall request
18 said extension in writing, stating the reasons therefore, and may be granted only by receiving
19 written approval from AGENCY, which approval shall not be unreasonably withheld. Every
20 term, condition, covenant, and requirement of this Agreement shall continue in full force and
21 effect during the period of any such extension.

22 8. NO CONFLICT WITH OTHER DOCUMENTS. The HOUSING
23 AUTHORITY warrants that it has not, and shall not, execute any other agreement with
24 provisions contradictory to the provisions hereof, and that, in any event, the requirements of
25 this Agreement shall be paramount and controlling as to the rights and obligations herein set
26 forth and supersede any other requirements in conflict herewith.

27 9. INSURANCE. HOUSING AUTHORITY shall procure and maintain
28 during the entire period while the AGENCY Loan to the HOUSING AUTHORITY is

1 outstanding and HOUSING AUTHORITY's general contractor during the course of
2 construction at their sole expense the following insurance coverage as a minimum:

3 a. Worker's Compensation Insurance. As prescribed by the Laws of
4 the State of California, HOUSING AUTHORITY and its
5 contractors shall require any lessee or assignee to procure and
6 maintain Worker's Compensation Insurance as required by law
7 for the employees to be engaged on the Project and, in case of any
8 work that is contracted out, shall require that the contractor(s) and
9 subcontractor(s) similarly provide Worker's Compensation
10 Insurance for all of their respective employees engaged to work
11 on the Project.

12 b. Comprehensive Broad Form General Liability Insurance.
13 HOUSING AUTHORITY and its contractors shall require any
14 lessee, assignee, contractors or subcontractors to procure and
15 maintain comprehensive broad form general liability insurance
16 coverage including but not limited to damages for premises
17 liability, contractual liability, products/completed operations,
18 personal and advertising injury (broad form) protecting AGENCY
19 from claims for damages for personal injury, including accidental
20 and wrongful deaths, as well as from claims for property damage,
21 which may arise from or out of HOUSING AUTHORITY's
22 operations, or the performance of its obligations hereunder,
23 whether such operations, use or performance be by HOUSING
24 AUTHORITY, by any subcontractor, vendor, or any one
25 employed directly or indirectly by either of them or volunteers
26 serving either of them. Such insurance shall name Redevelopment
27 Agency for the County of Riverside as additional insured and the
28 obligations hereunder with limits of not less than \$1,000,000 per

1 occurrence.

2 c. Automobile Liability Insurance. HOUSING AUTHORITY and its
3 contractors shall procure and maintain automobile liability
4 coverage from an admitted insurance carrier, for any and all
5 vehicles owned, operated and/or maintained by HOUSING
6 AUTHORITY, that shall protect HOUSING AUTHORITY from
7 claims for damages for personal injury, including, without
8 limitation, accidental and wrongful death, as well as from claims
9 for property damage, which may arise from HOUSING
10 AUTHORITY's use of the property or the performance of its
11 obligations hereunder, during the construction of the Project,
12 whether such use or conformance by HOUSING AUTHORITY,
13 by any subcontractor, or by anyone employed directly or
14 indirectly by either of them. Such insurance shall provide for
15 limits of not less than \$1,000,000 per occurrence.

16 d. Certificate of Insurance. HOUSING AUTHORITY shall furnish
17 AGENCY with certificates of insurance showing that such
18 coverage is in full force and effect, and that AGENCY is named
19 as an additional insured. Said certificates shall further contain the
20 covenant of the insurance carrier that 30 days' written notice shall
21 be given to AGENCY prior to modification, cancellation,
22 expiration, or any reduction in coverage of such insurance. In the
23 event of any such modification, cancellation, expiration or
24 reduction in coverage and on the effective date thereof, this
25 Agreement shall terminate forthwith, unless the AGENCY
26 receives prior to such effective date another properly executed
27 original Certificate of Insurance and original copies of
28 endorsements or certified original policies including all

1 endorsements and attachments thereto evidencing coverage set
2 forth herein and the insurance required herein is in full force and
3 effect.

- 4 e. All certificates, documents, and other written materials
5 establishing compliance with the above enumerated conditions
6 precedent are to be filed with AGENCY at the expense of
7 HOUSING AUTHORITY. It is understood and agreed to by the
8 parties hereto, and the insurance company(s), Certificate of
9 Insurance and policies shall so covenant and shall be construed as
10 primary and AGENCY's insurance and/or deductibles and/or self-
11 insured retention or self-insured programs shall not be construed
12 as contributory. The AGENCY reserves the right to adjust the
13 monetary limits of insurance coverage during the term of this
14 Agreement, or any extension thereof if in AGENCY Risk
15 Manager's reasonable judgment, the amount or type of insurance
16 typically carried by the HOUSING AUTHORITY or its
17 contractors is inadequate.

18 10. TERMS OF AFFORDABILITY. The period of affordability for the
19 Project shall be fifty-five (55) years from the issuance of the first Certificate of Occupancy for
20 the Project.

21 11. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
22 Agreement, the HOUSING AUTHORITY hereby certifies that it will adhere to and comply
23 with all federal, state and local laws, regulations and ordinances. In particular, the HOUSING
24 AUTHORITY shall comply with the following as they may be applicable:

- 25 a. Obligation to Refrain from Discrimination. HOUSING
26 AUTHORITY covenants and agrees there shall be no
27 discrimination against or segregation of any person, or group of
28 persons, on account of sex, marital status, race, religion, color,

1 creed, national origin or ancestry in the sale, lease, sublease,
2 transfer, use, occupancy, tenure or enjoyment of the Site nor shall
3 AGENCY or any person claiming under or through HOUSING
4 AUTHORITY establish or permit any such practice or practices
5 of discrimination or segregation with reference to the selection,
6 location, number, use or occupancy of tenants, lessees,
7 subtenants, sublessees, or vendees of the Site.

8 b. Environmental Review. HOUSING AUTHORITY must comply
9 with the California Environmental Quality Act (CEQA) and its
10 implementation regulations.

11 c. Prevailing Wages and Compliance with State Laws. HOUSING
12 AUTHORITY shall comply with any applicable labor regulations
13 and all other State Laws in connection with the construction of the
14 improvements which comprise the Project, including if
15 applicable, requirements relating to prevailing wages. HOUSING
16 AUTHORITY agrees to identify, defend, and hold AGENCY
17 harmless from and against any and all liability arising out of and
18 related to HOUSING AUTHORITY's failure to comply with any
19 and all applicable prevailing wage requirements.

20 12. ASSISTED UNIT REQUIREMENTS. HOUSING AUTHORITY agrees
21 to reserve one hundred percent (100%) of the total units for low-income households. Such units
22 ("Assisted Units") shall be limited to households whose incomes do not exceed eighty percent
23 (80%) area median income for the County.

24 13. RENT LIMITATIONS. HOUSING AUTHORITY agrees that all one
25 hundred percent (100%) of the total Assisted Units shall remain affordable in accordance with
26 the rent limitations set forth in California Health and Safety Code Section 50053. HOUSING
27 AUTHORITY shall ensure that all units are rented to qualified applicants at the rent levels not
28 exceeding the affordable housing cost as defined in Section 50053.

1 14. SALE OR TRANSFER OF THE PROJECT. Except in connection with
2 residential leases entered into in the ordinary course of HOUSING AUTHORITY's business
3 on forms approved by the AGENCY pursuant to this Agreement, HOUSING AUTHORITY
4 hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project or any
5 portion thereof, without obtaining the prior written consent of the AGENCY, which consent
6 shall be conditioned solely upon receipt by the AGENCY of reasonable evidence satisfactory
7 to the AGENCY that transferee has assumed in writing and in full, and is reasonably capable of
8 performing and complying with the HOUSING AUTHORITY's duties and obligations under
9 this Agreement and where upon HOUSING AUTHORITY shall be released of all obligations
10 hereunder which accrue from and after the date of such sale.

11 15. INDEPENDENT CONTRACTOR. HOUSING AUTHORITY and its
12 agents, servants and employees shall act at all times in an independent capacity during the term
13 of this Agreement, and shall not act as, shall not be, nor shall they in any manner be construed
14 to be agents, officers, or employees of AGENCY.

15 16. PROJECT MONITORING AND EVALUATION. HOUSING
16 AUTHORITY shall submit a tenant checklist form to the AGENCY, upon completion of the
17 construction, summarizing the number and percentage of very-low and low income households
18 who are tenants. The HOUSING AUTHORITY shall maintain financial, programmatic,
19 statistical and other supporting records of its operations and financial activities, including the
20 submission of the form on a semi-annual basis on or before April 5th and October 5th. Except
21 as otherwise provided for in this Agreement, the HOUSING AUTHORITY shall maintain and
22 submit records to the AGENCY within ten business days of the AGENCY's request. Records
23 must clearly document the HOUSING AUTHORITY's performance under each requirement of
24 the AGENCY Documents. A list of document submissions and timeline are shown in Exhibit
25 "C" and such list may be amended from time to time, by written agreement of the parties
26 hereto.

27 17. ACCESS TO PROJECT SITE. The AGENCY shall have the right to visit
28 the Project site, at all reasonable times, to review the operation of the PROJECT in accordance

1 with this Agreement.

2 18. EVENTS OF DEFAULT. The occurrence of any of the following events
3 shall constitute an "Event of Default" under this Agreement:

- 4 a. Monetary Default. The HOUSING AUTHORITY or any agent of
5 the HOUSING AUTHORITY's use of AGENCY funds for costs
6 disallowed under the CRL or for uses inconsistent with terms and
7 restrictions set forth in this Agreement;
- 8 b. Non-Monetary Default - Operation. Discrimination by the
9 HOUSING AUTHORITY or the HOUSING AUTHORITY's
10 agent on the basis of characteristics prohibited by this Agreement
11 or applicable law;
- 12 c. General Performance of Affordability Requirements. Any breach
13 by the HOUSING AUTHORITY or HOUSING AUTHORITY's
14 agents of any housing affordability requirements imposed in the
15 Covenant Agreement;
- 16 d. Damage to Project. In the event that the PROJECT is materially
17 damaged or destroyed by fire or other casualty, and the
18 HOUSING AUTHORITY receives an award or insurance
19 proceeds for the repair or reconstruction of the PROJECT, and the
20 HOUSING AUTHORITY does not use such award or proceeds to
21 repair or reconstruct the PROJECT;
- 22 e. Bankruptcy, Dissolution and Insolvency. The HOUSING
23 AUTHORITY's or any general partner of the HOUSING
24 AUTHORITY's (1) filing for bankruptcy, dissolution, or
25 reorganization, or failure to obtain a full dismissal of any such
26 involuntary filing brought by another party before the earlier of
27 final relief or thirty (30) days after such filing; (2) making a
28 general assignment for the benefit of creditors; (3) applying for

1 the appointment of a receiver, trustee, custodian, or liquidator, or
2 failure to obtain a full dismissal of any such involuntary
3 application brought by another party before the earlier of final
4 relief or sixty (60) days after such filing; (4) insolvency; or (5)
5 failure, inability or admission in writing of its inability to pay its
6 debts as they become due.

7 19. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. For
8 monetary and non-monetary Events of Default included in subsections (a) – (e) above, the
9 AGENCY shall give written notice to HOUSING AUTHORITY of any Event of Default by
10 specifying: (a) the nature of the Event of Default or the deficiency giving rise to the default, (b)
11 the action required to cure the deficiency, if an action to cure is possible, and (c) a date, which
12 shall not be more than sixty (60) calendar days from the mailing of the notice, by which such
13 action to cure must be taken. The AGENCY agrees that the HOUSING AUTHORITY shall
14 have the right to cure any and all defaults under this Agreement.

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

- 22 a. Terminate this Agreement, in which event the entire amount as
23 well as any other monies advanced to the HOUSING
24 AUTHORITY by the AGENCY under this Agreement including
25 administrative costs, shall become immediately due and payable;
- 26 b. Accelerate the AGENCY Loan, and demand immediate full
27 payment of the principal payment outstanding and all accrued
28 interest under the Note, as well as any other monies advanced to

1 the HOUSING AUTHORITY by the AGENCY under this
2 Agreement;

- 3 c. Bring an action in equitable relief seeking the specific
4 performance by the HOUSING AUTHORITY of the terms and
5 conditions of this Agreement;
6 d. Pursue any other remedy allowed at law or in equity.

7 21. HOUSING AUTHORITY's REMEDIES. Upon the fault or failure of the
8 AGENCY to meet any of its obligations under this Agreement, the HOUSING AUTHORITY
9 may:

- 10 a. Demand payment from the AGENCY of any sums due HOUSING
11 AUTHORITY;
12 b. Bring an action in equitable relief seeking the specific performance
13 by the AGENCY of the terms and conditions of this Agreement;
14 c. Pursue any other remedy allowed at law or in equity.

15 22. HOLD HARMLESS AND INDEMNIFICATION. HOUSING
16 AUTHORITY shall indemnify and hold harmless the AGENCY, its elected officials, its
17 members and its respective agents, servants, and employees of and from any and all liabilities,
18 claims, debts, damages, demands, suits, actions, and causes of action whatsoever kind, nature
19 of sort including, but not by way of limitation, wrongful death, expense of the defense of said
20 parties, and the payment of reasonable attorneys' fees, arising out of or in connection with the
21 performance by HOUSING AUTHORITY under this Agreement; except for, however, any
22 claims or damages arising from the negligence, fraud or misrepresentation of the AGENCY.

23 23. RESTRICTIONS TO RUN WITH THE LAND. The AGENCY and
24 HOUSING AUTHORITY hereby declare their express intent that the restrictions set forth in
25 this Agreement shall run with the land, and shall bind all successors in title to the Assisted
26 Unit, pursuant to Health and Safety Code Section 33334.3. Each and every contract, deed or
27 other instrument hereafter executed covering and conveying the Assisted Unit or any portion
28 thereof shall be held conclusively to have been executed, delivered and accepted subject to

1 such restrictions, regardless whether such restrictions are set forth in such contract, deed or
2 other instrument.

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

7 25. SEVERABILITY. Each paragraph and provision of this Agreement is
8 severable from each other provision, and if any provision or part thereof is declared invalid, the
9 remaining provisions shall remain in full force and effect.

10 26. MINISTERIAL ACTS. The Executive Director of the AGENCY or
11 designee(s) are authorized to take such ministerial actions as may be necessary or appropriate
12 to implement the terms, provisions, and conditions of this Agreement as it may be amended
13 from time to time by AGENCY.

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

23 28. ASSIGNMENT. The HOUSING AUTHORITY will not make any sale,
24 assignment, conveyance or lease of any trust or power, or transfer in any other form with
25 respect to this Agreement or the Project, without prior written approval of the AGENCY. Any
26 proposed transferee shall have the qualifications and financial responsibility, as reasonably
27 determined by the AGENCY necessary and adequate to fulfill the obligations undertaken in
28 this Agreement by the HOUSING AUTHORITY. Any proposed transferee shall, by instrument

1 in writing, for itself and its successor and assigns, and expressly for the benefit of the
2 AGENCY, assume all of the obligations of the HOUSING AUTHORITY under this
3 Agreement and agree to be subject to all the conditions and restrictions to which the
4 HOUSING AUTHORITY is subject. Thereafter, HOUSING AUTHORITY shall have no
5 further liability for obligations arising hereunder from and after the date of such assumption.

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

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

18 31. JURISDICTION AND VENUE. Any action at law or in equity arising
19 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
20 determining the validity of any provision of this Agreement shall be filed in the consolidated
21 Courts of Riverside County, State of California, and the parties hereto waive all provisions of
22 law providing for the filing, removal or change of venue to any other court or jurisdiction.

23 32. AUTHORITY TO EXECUTE. The persons executing this Agreement or
24 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
25 represent that they have the authority to execute this Agreement and warrant and represent that
26 they have the authority to bind the respective parties to this Agreement to the performance of
27 its obligations hereunder.

28 33. NOTICES. All notices, requests, demands and other communication

1 required or desired to be served by either party upon the other shall be addressed to the
2 respective parties as set forth below or the such other addresses as from time to time shall be
3 designated by the respective parties and shall be sufficient if sent by United States first class,
4 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
5 delivery:

6
7 AGENCY

8 Executive Director
9 Redevelopment Agency
10 for the County of Riverside
11 5555 Arlington Avenue
12 Riverside, CA 92504

HOUSING AUTHORITY

Assistant County Executive Officer/EDA
Housing Authority
of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504

13 34. COUNTERPARTS. This Agreement may be signed by the different
14 parties hereto in counterparts, each of which shall be an original but all of which together shall
15 constitute one and the same agreement.

16 35. EFFECTIVE DATE. The effective date of this Agreement is the date the
17 parties sign the Agreement. If the parties sign the Agreement on more than one date, then the
18 last date the Agreement is signed by a party shall be the effective date.

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28
(signatures continue on next page)

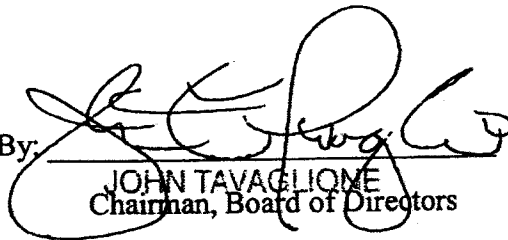
1 IN WITNESS WHEREOF, the AGENCY and the HOUSING AUTHORITY have executed
2 this Loan Agreement as of the date first above written.
3

4 ATTEST:

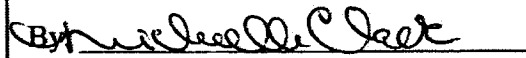
5 Nancy Romero
6 Clerk of the Board

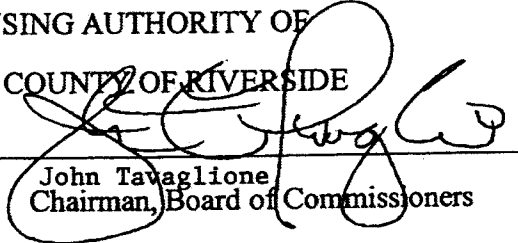
REDEVELOPMENT AGENCY
FOR THE COUNTY OF RIVERSIDE

7
8
9 By: 
10 Deputy

By: 
11 JOHN TAVAGLIONE
12 Chairman, Board of Directors

13 APPROVED AS TO FORM

14
15 By: 
16 AGENCY Counsel

17
18
19 HOUSING AUTHORITY OF
20 THE COUNTY OF RIVERSIDE
21 By: 
22 John Tavaglione
23 Chairman, Board of Commissioners

24 (All signatures on this page need to be notarized)

25 ATTEST:
26 NANCY ROMERO, Clerk of the Board

27 By: 
28 Deputy

FORM APPROVED
COUNTY COUNSEL

MAY 25 2007



STATE OF CALIFORNIA


COUNTY OF RIVERSIDE

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}

On this 5th day of June in the year 2007, before me, Sandi Schlemmer, Deputy Clerk of the Board of Supervisors, Riverside County, State of California, and for said County and State, personally appeared John Tavaglione personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who whose name subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity on behalf of which the person acted, executed this instrument.

WITNESS my hand and official seal.

Nancy Romero, Clerk of the Board of Supervisors

By 
Deputy

(SEAL)

EXHIBIT "A"

LEGAL DESCRIPTION

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

THAT PROTION OF TRACT 179, AS SHOWN BY INDEPENDENT RESURVEY OF TOWNSHIP 7 SOUTH, RANCE 22 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA AS ACCEPTED BY THE GENERAL LAND OFFICE IN 1919, LYING WESTERLY OF THE WEST BOUNDARY OF THE TOWNSITE OF RIPLEY, AS SHOWN BY MAP RECORDED IN BOOK 10, PAGE 33, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF BLOCK 7 OF SAID TOWNSITE OF RIPLEY AS SHOWN ON SAID MAP;

THENCE NORTH 0° 58' WEST, 150 FEET, ON THE WEST LINE OF SAID BLOCK, TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 89° 02' WEST, 80 FEET TO THE SOUTHEAST CORNER OF THAT PARCEL DESCRIBED IN DEED TO CHARLIE LEONARD, RECORDED APRIL 1, 1955, IN BOOK 1717 PAGE 181 AS INSTRUMENT NO. 21427 OF OFFICIAL RECORDS;

THENCE ON THE EAST, NORTH AND WEST BOUNDARIES OF THE LEONARD PARCEL, THE FOLLOWING COURSES AND DISTANCES; NORTH 50 FEET, WEST 150 FEET SOUTH 50 TO A POINT ON THE NORTH LINE OF THAT PARDEL DESCRIBED IN DEED TO PALO VERDE VALLEY UNION SCHOOL DISTRICT, RECORDED SEPTEMBER 16, 1926, IN BOOK 687, PAGE 404 AS INSTRUMENT NO. 1066 OF OFFICIAL RECORDS;

THENCE SOUTH 89° 2' WEST 1108 FEET, ON THE NORTHERLY LINE OF SAID SCHOOL DISTRICT PARCEL AND THE WESTERLY EXTENSION THEREOF, TO A POINT ON THE WEST LINE OF SAID TRACT 176;

THENCE NORTH 400.00 FEET, ON THE WEST LINE OF SAID TRACT 176, TO THE SOUTHERLY RIGHT OF WAY LINE OF THE CALIFORNIA SOUTHERN RAILROAD COMPANY LAND AS DESCRIBED IN DEED RECORDED OCTOBER 11, 1921, IN BOOK 551, PAGE 480 OF DEEDS;

THENCE EASTERLY 1338 FEET, ON THE SOUTHERLY RIGHT OF WAY LINE OF SAID RAILROAD PARCEL, TO THE WEST LINE OF SAID TOWNSITE OF RIPLEY;

THENCE SOUTH 0° 58' EAST 400 FEET, ON SAID WEST LINE, TO THE POINT OF BEGINNING.

EXHIBIT "B"

Project Description:

The Housing Authority proposed to renovate the 100 unit Ripley Farm Worker Center and converting the facility to a 76-unit housing complex for year round rental housing to low-income households and farm workers.

Project Sources and Uses of Funds:

Sources:

HCD Farm Worker Housing Grant	\$ 3,000,000
RDA Grant	\$ 1,000,000
Housing Authority Equity	\$ 360,000
RDA Loan (55 yrs @ 0%)	<u>\$ 7,500,000</u>
Total Development Cost	\$11,860,000

Uses:

Land and Acquisition	\$ 814,169
Site Improvements and Rehabilitation	\$ 9,296,971
Construction contingency	\$ 464,849
Housing Authority Equity Reserve	\$ 360,000
Operating Reserve (24 months)	\$ 340,000
Lease-Up Reserve and Marketing	\$ 200,000
Architectural and Engineering	\$ 300,000
Fees and Permits	<u>\$ 84,011</u>
Total Uses	\$ 11,860,000

EXHIBIT "C"

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Architectural and Engineering Drawing	May 1, 2007
2. Building Permit and Permanent Financing Commitment	May 1, 2007
3. Begin Construction	July 1, 2007
4. Certificate of Occupancy	December 1, 2008
5. Occupancy of units	December 1, 2008
6. Submission of Final actual project costs and Sources and Uses of Funds	February 1, 2009
7. Submission of income and ethnic characteristics report	February 1, 2009

Document Submission Schedule	Submission Date
1. Weekly Certified Payroll Documentation	weekly
2. Construction Activities Reporting	monthly
3. Performance Report	yearly

EXHIBIT "D"
Deed of Trust with Assignment of Rents

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO
Redevelopment Agency for the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
ATTN: Laura Ballesteros

EXEMPT RECORDING FEE CODE 6103

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST ("Security Instrument" or "Deed of Trust") is made on this day of JUNE 5th, 2007. The Trustors are the HOUSING AUTHORITY OF RIVERSIDE COUNTY ("Borrower"), a public agency, organized and existing under the laws of the State of California, and whose address is 5555 Arlington Avenue, Riverside, CA 92504. The trustee is RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY ("COUNTY") ("Trustee"). The Beneficiary is the REDEVELOPMENT AGENCY FOR THE COUNTY OF RIVERSIDE ("Lender"), a public body, corporate and politic, and whose address is 5555 Arlington Avenue, Riverside, CA 92504. Pursuant to the terms of the First Amendment to the Rehabilitation of Real Property Agreement ("First Amendment") and underline loan documents, Borrower owes Lender the principal sum of Seven Million Five Hundred Thousand and No/100 Dollars (U.S. \$7,500,000). This debt is evidenced by Borrower's Promissory Note dated JUNE 5th, 2007 ("Note").

The Note provides that:

The principal of the loan bears simple interest of zero percent (0%) per annum. The amount due under the Promissory Note shall accrue simple interest at a rate of zero percent (0%) per annum. The term of the loan shall be fully deferred for fifty-five (55) years and the loan shall be forgiven after fifty-five (55) years.

The loan evidenced by the Note and secured by this Security Instrument (the "Loan" or "Redevelopment Agency Loan") is being made pursuant to Community Redevelopment Law, California Health and Safety Code Section 33000 et seq.

The Security Instrument secures to Lender: (a) the repayment of the debt evidenced by the Note, with interest or shared appreciation as provided in the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums, with interest as provided in the Note, advanced under paragraph 8 to protect the security of this Security Instrument; and (c) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, subject to the rights of any holder of any Senior Debt (collectively, the "Senior Lien Holders") under any deed of trust securing any Senior Debt (collectively, the "Senior Deeds of Trust"), all of Borrower's right, title and interest in and to the property located in Riverside

County, California. The legal description of the property is further described in Exhibit "D1" attached hereto;

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that the Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey its fee and leasehold interest in the Property, as applicable, and, except for the Senior Deeds of Trust and other encumbrances of record acceptable to the Senior Lien Holders, the Property is unencumbered. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges due under the Note.
2. **Taxes and Insurance.** Borrower shall pay at least ten days before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Trust.
 - a. Should Borrower fail to make any payment or to do any act herein provided, then Lender or Trustee, but without obligation so to do and upon written notice to or demand upon Borrower and without releasing Borrower from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Lender or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.
3. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 shall be applied: first, to amounts payable under paragraph 2; second, to interest due; third, to principal due; and last, to any late charges due under the Note.

- 4 Prior Deeds of Trust; Charge; Liens.** The Borrower shall perform all of the Borrower's obligations under the Senior Deeds of Trust, including Borrower's covenants to make payments when due, subject to applicable cure periods. Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any, subject to applicable cure periods. Borrower shall pay these obligations in the manner provided in paragraph 2, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.
- a) Except for the liens permitted by the Lender which permitted liens include but are not limited to the Senior Deeds of Trust, Borrower shall promptly discharge any other lien which shall have attained priority over this Security Instrument unless Borrower: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; (3) bond around the lien; or (4) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. Except for the liens of the Senior Deeds of Trust, if Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy such lien or take one or more of the actions set forth above within 30 day of the giving of notice.
- 5. Subordination.** This Deed of Trust shall be recorded in first position. There will be no subordination without approval from the Lender. Lender shall reasonably consider subordinating this Deed of Trust to the conventional construction and permanent financing of Borrower for the rehabilitation of the Project.
- 6. Hazard or Property Insurance.** Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the Rehabilitation of Real Property Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 8.
- a) All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Borrower complies with the insurance requirements under the Senior Deeds of Trust. All original policies of insurance required pursuant to the Senior Deeds of Trust shall be held by

the Senior Lien Holders; provided, however, Lender may be named as a loss payee as its interest may appear and may be named as an additional insured. Borrower shall promptly give to Lender certificates of insurance showing the coverage is in full force and effect and that Lender is named as additional insured. In the event of loss, Borrower shall give prompt notice to the insurance carrier, the Senior Lien Holders and Lender. Lender may make proof of loss if not made promptly by the Senior Lien Holders or the Borrower.

- b) Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Borrower determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Borrower determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Borrower. If the Property is abandoned by Borrower, or if Borrower fails to respond to Lender within 30 days from the date notice is mailed by Lender to Borrower that the insurance carrier offers to settle a claim for insurance benefits, Lender is authorized to collect and apply the insurance proceeds at Lender's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.
- c) Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under paragraph 23 the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.
- d) Notwithstanding the above, the Lender's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of the Senior Lien Holders to collect and apply such proceeds in accordance with the Senior Deeds Trust.

7. Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application

process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Borrowers use of Property for affordable housing. If this Security Instrument is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

- a) The Borrower acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" (within the meaning of California Community Redevelopment Law) for low-income households earning no more than eighty percent (80%) of the median income within Riverside County. The use and occupancy restrictions may limit the Borrower's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Lender to the remedies provided in Section 23 hereof.

8. Protection of Lender's Rights in the Property. If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument (including sums secured by the Senior Deeds of Trust), appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 8, Lender does not have to do so.

- a. Any amounts disbursed by Lender under this paragraph 8 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.
- b. Prior to taking any actions under this Section 8, however, Lender shall notify the Senior Lien Holder of such default in the manner provided in Section 23 of this Security Instrument, and shall provide the Senior Lien Holder with the opportunity to cure any such default under this Security Instrument. All amounts advanced by a Senior Lien Holder to cure a default hereunder shall be deemed advanced by such Senior Lien Holder and shall be secured by the applicable Senior Deed of Trust. In addition, the Lender agrees that it will not commence foreclosure proceedings or accept a deed in lieu of foreclosure, or exercise any other rights or remedies hereunder until it has given the Senior