

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

953



FROM: Economic Development Agency

SUBMITTAL DATE:
June 9, 2016

SUBJECT: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom IV Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$620,000], Home Program Fund 100%; Project is Exempt Under CEQA

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);
2. Find that the project is a categorically excluded activity (subject to Title 24 Code of Federal Regulations (CFR) Section 58.5) and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.359(a) and in accordance with the National Environmental Policy Action of 1969;

(Continued)

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 620,000	\$ 0	\$ 620,000	\$	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$	\$	\$	\$	
SOURCE OF FUNDS: Home Program Fund 100%				Budget Adjustment: No	
100%				For Fiscal Year: 2016/17	

C.E.O. RECOMMENDATION:

APPROVE

BY:
Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
 Nays: None
 Absent: None
 Date: June 21, 2016
 xc: EDA, Recorder

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

Prev. Agn. Ref.:

District: 3

Agenda Number:

3-22

FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRAMOS
DATE

Departmental Concurrence

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Esteban Hernandez

A-30 Positions Added
 4/5 Vote Change Order

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

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom IV Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$620,000], Home Program Fund 100%; Project is Exempt Under CEQA

DATE: June 9, 2016

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RECOMMENDED MOTION: (Continued)

3. Approve the attached Loan Agreement for the Use of HOME Funds, including all attachments thereto (Loan Agreement), in the amount of \$620,000, between the County of Riverside and Riverside Housing Development Corporation, to pay a portion of the acquisition and rehabilitation costs for the Orange Blossom IV Apartments in the Community of Valley Vista in the unincorporated area of the County of Riverside;
4. Approve the attached Deed of Trust with Assignment of Rent, HOME Loan Promissory Note and Covenant Agreement;
5. Authorize the Chairman of the Board of Supervisors to execute the attached Loan Agreement and Covenant Agreement;
6. Authorize the Assistant County Executive Officer/EDA or designee, to execute a Subordination Agreement subordinating the County's Deed of Trust with Assignment of Rents to a Deed of Trust for the benefit of Provident Savings Bank securing a permanent loan for the project in an amount up to \$103,000 as a condition of financing acquisition, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, Deed of Trust with Assignment of Rent, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel; and
8. Direct Clerk of the Board to file the Notice of Exemption within five working days.

BACKGROUND:

Summary

Riverside Housing Development Corporation, a California nonprofit public benefit corporation and Community Housing Development Organization (RHDC), participates in the development and operation of housing that is affordable to low and moderated income people within the County of Riverside, combating community deterioration, and eliminating neighborhood blight. RHDC currently owns and operates 18 of 20 rental properties located on Orange Blossom Lane in the community of Valle Vista in the unincorporated area of the County of Riverside (Orange Blossom Properties). Prior to RHDC acquiring the Orange Blossom Properties, Orange Blossom Lane, formerly known as Marine Drive, contained significant health and safety issues, including sub-standard housing, crime and gang activity. Since RHDC's acquisition of the Orange Blossom Properties, the health and safety issues within the immediate area have been drastically reduced and are non-existent on the properties owned by RHDC. Historically, the County of Riverside has assisted RHDC in the acquisition of these properties through funding from the former Redevelopment Agency and with HOME Investment Partnership Program (HOME) funds. RHDC has completed 5 phases of acquisition and rehabilitation in this area with assistance from former redevelopment funding and HOME funding.

(Continued)

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Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom IV Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$620,000], Home Program Fund 100%; Project is Exempt Under CEQA

DATE: June 9, 2016

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BACKGROUND:

Summary (Continued)

RHDC is now proposing to utilize \$620,000 in HOME funds (HOME Loan) to acquire and rehabilitate one of the two remaining sub-standard rental properties located on Orange Blossom Lane. If approved, the HOME Loan would be evidenced by a Promissory Note in favor of the County (HOME Loan Note), which would be secured by a Deed of Trust with Assignment of Rents for the benefit of the County (HOME Loan Deed of Trust). The proposed HOME Loan Deed of Trust and HOME Loan Note are attached hereto.

The proposed fourth phase will be located at 41945 Orange Blossom Lane, Hemet, CA 92544, also identified as Assessor's Parcel Number 438-110-061 (Community of Valle Vista) (Property) and will consist of the acquisition and rehabilitation of an existing building consisting of three units (one 3-bedroom and two 2-bedroom units) (Proposed Project). All units will be designated as HOME assisted units pursuant to HOME regulations. One 2-bedroom unit will be restricted for occupancy and rent by households whose incomes do not exceed 50% of the area median income for the County of Riverside with respect to household size. One 2-bedroom and one 3-bedroom unit will be restricted for occupancy and rent by households whose incomes do not exceed 60% of the area median income for the County of Riverside. The use and occupancy of the Property and the HOME-assisted units located thereon will be restricted for the following period, the earlier to occur of (i) July 1, 2073 or (ii) fifty-five years from the recordation of the Notice of Completion for which rehabilitation is completed for the Project. The aforementioned use and occupancy restrictions will be set forth in a recorded covenant agreement.

The total development cost for the Proposed Project is estimated to be \$741,700 which will be partially funded by a \$103,000 loan from Provident Savings Bank evidenced by a Promissory Note and secured by a Deed of Trust which will be recorded against the Property in a first priority lien position. Provident Savings Bank (Senior Lender) will require, as a condition precedent to the funding of their respective loan for acquisition, that the HOME Loan is subordinated to their respective lien. County's affordability covenants will not be subordinated. Subordination of the HOME Loan is necessary since an economically feasible alternative method of financing the Project on comparable terms is not available without subordination. As a result of such subordination, the HOME Loan will be in a junior lien position to the loan from the Senior Lender. All subordination agreements shall be approved as to form by County Counsel and contain language to protect the County's security in the project. The developer will defer its developer's fee in the amount of \$18,700. The terms of the proposed HOME Loan and obligations of RHDC and the County are memorialized in the proposed Loan Agreement for the Use of HOME Funds attached hereto (HOME Loan Agreement).

The proposed activities meet the conditions of categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35 (a) and are exempt activities pursuant to Title 24 CFR Section 58.34 (a)(12) and in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). Therefore, an Environmental Impact Statement under NEPA was not required. The project activity was included in the 2015/2016 One-Year Action Plan on June 7, 2016. In addition, pursuant to the California Environmental Quality Act (CEQA), the HOME Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption.

(Continued)

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

Economic Development Agency

FORM 11: Approve the Loan Agreement for the Use of HOME funds for Orange Blossom IV Apartments Affordable Rental Housing Project in the Community of Valle Vista, District 3, [\$620,000], Home Program Fund 100%; Project is Exempt Under CEQA

DATE: June 9, 2016

PAGE: 4 of 4

BACKGROUND:

Summary (Continued)

The proposed project, the HOME Loan Agreement, involves the loan of HOME funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained. A Notice of Exemption will be filed with the County Clerk upon approval of the HOME Loan Agreement.

County Counsel has reviewed and approved the attached HOME Loan Agreement for the Use of HOME Funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement as to form. Staff recommends that the Board approve the HOME Loan Agreement for the Use of HOME funds, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement.

Impact on Citizens and Businesses

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

Attachments:

- A. Notice of Exemption
- B. Loan Agreement for the Use of HOME Funds
- C. Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on.

6/22/16 Date Initial MB

Notice of Exemption

To: [] Office of Planning and Research
From: Public County of Riverside
For U.S Mail: P.O. Box 3044 Sacramento, CA 95812-3044
Street Address: 1400 Tenth St. Sacramento, CA 95814
Agency: Economic Development Agency
Address: 5555 Arlington Avenue Riverside, CA 92504
Contact: Mervyn Manalo, Housing Specialist
Phone: (951) 343-5495
[] County Clerk
County of: Riverside
2724 Gateway Drive
P.O. Box 751
Address: Riverside, CA 92502-0751
Lead Agency (if different from above):
Address:
Contact:
Phone:

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse):

Project Title: Orange Blossom IV Apartments

Project Location: 41945 Orange Blossom Lane, Hemet, CA 92544 in the unincorporated area of the County of Riverside in the community of Valle Vista; Assessor's Parcel Number: 438-110-061

Project Description:

Riverside Housing Development Corporation (RHDC) proposes to utilize \$620,000 in federal HOME Investment Partnership Act funds (HOME Loan) to acquire and rehabilitate a property consisting of three units (one 3-bedroom and two 2-bedroom units) located at 41945 Orange Blossom Lane, Hemet, CA 92544, also identified as Assessor's Parcel Number 438-110-061 (Community of Valle Vista) (Property). All units will be designated as HOME-assisted units pursuant to HOME regulations. The use and occupancy of the Property and the HOME-assisted units located thereon will be restricted for the following period, the earlier to occur of (i) July 1, 2073 or (ii) fifty-five years from the recordation of the Notice of Completion for which rehabilitation is completed for the project. The aforementioned use and occupancy restrictions will be set forth in a recorded covenant agreement.

Project Sponsor: Riverside Housing Development Corporation

This is to advise that the County of Riverside Board of Supervisors approved the above project on

[] Lead agency or [X] Responsible Agency

June 21, 2016 and has made the following determinations regarding the above described project: (tentative date)

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15061 (b) (3), General Rule Exemption.

Reasons Why Project is Exempt: Pursuant to the California Environmental Quality Act (CEQA), the HOME Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project, the HOME Loan Agreement, involves the loan of HOME funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained.

Signature: [Signature] Title: Tom Fan, Principal Dev Spec Riverside County EDA

Date: 6/21/2016 Date received for filing:

JUN 21 2016 3-22

Riverside County Clerk-Recorder

Authorization to Bill by Journal Voucher

To be completed by submitting Agency

ECONOMIC DEVELOPMENT AGENCY

Authorization # _____

Date: 5/31/2016

Agency/Division: County of Riverside Economic Development Agency - Attn: Dennis Kwan 955-355

Accounting String: FUND DEPT ID ACCT
(Interfund) 537080-21250-190060000 project code: EDH15001150
(Non-Interfund)

This authorizes the "County Clerk & Recorder Office" to issue a Journal Voucher for payment of all fees for the accompanying documents.

Number of Documents Included: 1 Notice of Exemption, CEQA

Authorized by: 
John Aguilar, Deputy Director

Presented by: 
Mervyn Manald, Housing Specialist

To be completed by County Recorder

Accepted by: _____

Date: _____

Document no(s)/invoice no(s): _____

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

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

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF HOME FUNDS
15 (Orange Blossom IV Apartments)

16 This Loan Agreement for the Use of HOME Funds ("Agreement") is made and
17 entered into this 21st day of June, 2016 by and between the COUNTY OF
18 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and Riverside
19 Housing Development Corporation, a California non-profit public benefit corporation
20 ("BORROWER"). The COUNTY and BORROWER may be individually referred to herein as
21 a "Party" and collectively as the "Parties."

22 WITNESSETH:

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

1 assistance to participants in the development of affordable low-income housing;

2 WHEREAS, pursuant to the HOME Program (24 CFR Section 92.300), the
3 County has reserved not less than fifteen percent (15%) of its allocation of HOME Program
4 funds for investment in housing to be developed, sponsored, or owned by community housing
5 development organizations (“CHDOs”);

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

10 WHEREAS, BORROWER desires to perform the following in the Community
11 of Valle Vista, collectively referred to herein as the “Project” (i) acquire that certain real
12 property known as 41945 Orange Blossom Lane, Hemet, CA 92544, identified as Assessor’s
13 Parcel Number 438-110-061 located in the Community of Valle Vista, as more specifically
14 described in the legal description and depicted on the site map attached hereto as **Exhibit A**
15 and incorporated herein by this reference (“Property”) and (ii) rehabilitate thereon the existing
16 three (3) unit apartment complex (one 3-bedroom unit and two 2-bedroom units) which shall
17 be rented to and occupied by very low and low income households. The Project will consist of
18 a total of three (3) units;

19 WHEREAS, the purpose of this Agreement is, among other things, for the County
20 to reserve and commit up to Six Hundred Twenty Thousand Dollars (\$620,000) consisting of
21 HOME CHDO set-aside funds, to provide financial assistance to BORROWER to pay a
22 portion of the acquisition and rehabilitation costs related to the Project, as more fully described
23 herein; and

24 WHEREAS, the HOME-assisted activities described herein comply with the
25 objectives as required under 24 CFR Part 92 and are consistent with the County’s Consolidated
26 Plan.

27 NOW, THEREFORE, based upon the foregoing Recitals and for good and
28 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the

1 COUNTY and BORROWER hereby agree as follows:

2 1. PURPOSE. COUNTY has agreed to lend up to Six Hundred Twenty
3 Thousand Dollars (\$620,000) of HOME funds to BORROWER upon the satisfaction of the
4 terms and conditions set forth herein (“HOME Loan”). Subject to **Sections 49 and 50** below,
5 BORROWER shall undertake and complete the HOME activities required herein and as set
6 forth in **Exhibit A**, and shall utilize the HOME funds, as required herein and pursuant to the
7 HOME Program. Once the Project is completed, during the Affordability Period (as defined in
8 **Section 14** below), the Project shall be rented to and occupied by households that qualify as
9 very low and low income households pursuant to 24 CFR Section 92.2 (“Qualified
10 Household”) for an affordable rent pursuant to 24 CFR Section 92.252 and as specifically
11 provided in **Exhibit A** (“Affordable Rent”). To remain a Qualified Household, such household
12 shall occupy their respective unit within the Project as their principal residence.

13 The Project shall consist of a total of three (3) affordable rental apartment units
14 described as one 3-bedroom unit and two 2-bedroom units on Property which shall be rented to
15 and occupied by very low and low income households, as more specifically described in
16 **Section 18** below, **Exhibit A** and the Covenant Agreement attached hereto as **Exhibit G** and
17 incorporated herein by this reference (collectively, “County HOME Assisted Units”).

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

- 21 a. Develop the Project in accordance with the timeline set forth in
22 **Exhibit A**.
- 23 b. Acquire fee title to the Property no later than the date set forth in
24 **Exhibit A**, including any County approved extensions thereto.
- 25 c. Operate the Project in such a manner so that it will remain affordable
26 to Qualified Households for the Affordability Period as defined in
27 **Section 14** herein without regard to (i) the term of the promissory
28 note or (ii) transfer of ownership.

- 1 d. Maintain the Project in compliance with applicable local, state,
2 federal laws, codes and regulations until the expiration of the term of
3 this Agreement and the Affordability Period.
- 4 e. Provide the COUNTY the Data Universal Number as assigned by the
5 Data Universal Number System (DUNS) assigned to BORROWER as
6 required by the Federal Funding Accountability and Transparency
7 Act of 2006.
- 8 f. Cooperate with the Riverside County Work Force Development
9 Center (WDC) and post all jobs created, if any, as a result of this
10 Project with the WDC. Evidence of posted jobs, if any, shall be
11 submitted to the COUNTY prior to start of construction.

12 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
13 complete the following activities, subject to its receipt of HOME funds from U.S. Department
14 of Housing and Urban Development ("HUD") and Borrower's satisfactory completion of the
15 conditions precedent to disbursement of HOME funds set forth in this Agreement:

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

21 4. HOME Loan. Subject to the satisfaction of the conditions precedent to
22 disbursement of the HOME Loan set forth in **Section 11** below, County shall provide financing
23 to Borrower in the form of a loan in the amount of \$620,000 ("HOME Loan"), pursuant to the
24 following terms and conditions:

- 25 a. Term. The maturity of the HOME Loan shall be the later to occur of
26 (i) July 1, 2073 or (ii) fifty-five (55) years from the recordation of the
27 Notice of Completion in the Official Records for the building for
28 which rehabilitation is completed for the Project (the "HOME Loan

1 Term"). The term, "Official Records" used herein shall mean the
2 Official Records of the Recorder's Office of the County of Riverside.

3 b. Principal. The principal of the HOME Loan shall not exceed
4 \$620,000, and shall be evidenced by a Promissory Note, substantially
5 conforming in form and substance to the Promissory Note attached
6 hereto as **Exhibit C** and incorporated herein by this reference
7 ("HOME Note"), which note shall be secured by a Deed of Trust with
8 Assignment of Rents, substantially conforming in form and substance
9 to the Deed of Trust with Assignment of Rents attached hereto as
10 **Exhibit B** and incorporated herein by this reference ("HOME Deed
11 of Trust").

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

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

15 1. That the HOME Loan will accrue simple interest at a rate of
16 zero percent (0%) per annum, except in the case of an event of
17 default as hereinafter provided wherein a higher default
18 interest rate shall apply as more specifically set forth in the
19 Promissory Note, and shall be repaid on an annual basis from
20 the Project's Residual Receipts (defined below). Interest will
21 begin to accrue 30 days from the recordation of the Notice of
22 Completion in the Official Records.

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

24 i) Fifty percent (50%) of the Project's Residual
25 Receipts shall be used towards the payment of the
26 Residual Receipts loans secured by the Project, and
27 the payment shall be prorated based on the
28 percentage of each respective loan amount based

1 upon the total amount of all such loans, until the
2 HOME Note is repaid in full; and

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

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

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

- 24 i) auditing and accounting fees;
- 25 ii) a reasonable property management fee not to
26 exceed \$55 per unit per month, increased annually
27 by an amount equal to the increase in the
28 Consumer Price Index for Los Angeles-Riverside-

1 Orange County, CA area ("CPI"), provided,
2 however, that in the event of a decrease in the CPI,
3 the property management fee shall remain the
4 same as the immediate preceding year;

5 iii) operating expenses (any expense reasonably and
6 normally incurred in carrying out the Project's
7 day-to-day activities, which shall include
8 administration, on-site management, utilities, on-
9 site staff payroll, payroll taxes, and maintenance);

10 iv) replacement reserves, established in a separate
11 account from operating reserves, limited to \$400
12 per Unit, as defined in **Exhibit A**, increased
13 annually by an amount equal to the increase in
14 CPI;

15 v) Operating Reserves in an amount up to \$25,000;

16 vi) deferred developer's fee;

17 vii) payments of principal and interest on amortized
18 loans and indebtedness senior to the HOME Loan,
19 which have been approved by COUNTY
20 (collectively, the "Senior Debt"); and

21 viii) COUNTY's Annual Monitoring Fee in the total
22 annual amount of \$400, increased annually by an
23 amount equal to the increase of the Consumer
24 Price Index (CPI), as more specifically discussed
25 in **Section 29**.

26 e. Security. The HOME Deed of Trust and the terms of this Agreement
27 shall be in second priority junior to a Deed of Trust for the benefit of
28 Provident Savings Bank or another other mutually acceptable lender

1 as agreed to upon by the Parties in writing (“PSB” or the “Senior
2 Loan”). Borrower shall cause PSB or any other approved senior
3 lender to execute and record in the Official records, a Subordination
4 Agreement, substantially in a form and of substance approved by the
5 COUNTY, which, among other things, grants the COUNTY notice
6 and opportunity to cure events of default under the Senior Loan
7 documents.

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

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

19 6. TERM OF AGREEMENT. This Agreement shall become effective upon
20 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to
21 the terms hereof, shall continue in full force and effect until the later to occur of (i) July 1,
22 2073 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the
23 Official Records for the last building for which rehabilitation is completed for the Project
24 (“Term of Agreement”).

25 7. BORROWER’S REPRESENTATIONS. BORROWER represents and
26 warrants to COUNTY as follows:

27 a. Authority. BORROWER is a duly organized nonprofit public
28 benefit corporation in good standing under the laws of the State of

1 California. The copies of the documents evidencing the
2 organization of BORROWER, which have been delivered to
3 COUNTY, are true and complete copies of the originals, amended
4 to the date of this Agreement. BORROWER has full right, power
5 and lawful authority to accept the conveyance of the Project Site,
6 as defined in **Exhibit A**, and undertake all obligations as provided
7 herein and the execution, performance and delivery of this
8 Agreement by BORROWER has been fully authorized by all
9 requisite actions on the part of BORROWER.

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

15 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
16 proceeding.

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

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

1 as defined in **Section 9**.

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

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

23 10. EXTENSION OF TIME. COUNTY may grant an extension to the
24 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's
25 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request
26 said extension in writing, stating the reasons therefore, which extension must be first approved
27 in writing by the COUNTY in its reasonable discretion. The Assistant CEO/EDA or designee,
28 on behalf of the COUNTY and without referring such matter to the County's Board of

1 Supervisor's may extend all pending deadlines in the Implementation Schedule on two (2) or
2 fewer occasions, so long as the aggregate duration of such administrative time extensions is no
3 greater than ninety (90) days. Every term, condition, covenant, and requirement of this
4 Agreement shall continue in full force and effect during the period of any such extension.

5 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN.

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

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

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- C and delivers to the County;
- g. BORROWER executes the Covenant Agreement, substantially conforming in form and substance to the Covenant Agreement attached hereto as **Exhibit G** and incorporated herein by this reference, in recordable form, and delivers to the County for recordation in the Official Records;
 - h. County executes and records the Request for Notice of Default conforming in form and substance to **Exhibit I** attached hereto;
 - i. BORROWER provides, at its expense, an ALTA lender's policy in favor of the County, insuring the HOME Deed of Trust as a second priority lien against the Property junior only to the Senior Loan;
 - j. BORROWER provides satisfactory evidence that it has all the financing documents required to cause the proceeds of the Senior Loan, when combined with the HOME Loan, to pay for acquisition and rehabilitation costs;
 - k. Borrower is not in default under the terms of this Agreement;
 - l. BORROWER submits evidence that all jobs created, if any, as a result of this project shall be posted with the Riverside County Workforce Development Center (WDC);
 - m. BORROWER provides satisfactory evidence that it has secured any and all land use entitlements, permits, approvals which may be required for construction of the Project pursuant to the applicable rules and regulations of, COUNTY, or any other governmental agency affected by such construction work. BORROWER shall, without limitation, secure all entitlement, change of zone, lot line adjustment, any and all necessary studies required including but not limited to archaeological, cultural, environmental, traffic studies and lead-based paint surveys, as applicable, and required, and pay all

1 costs, charges and fees associated therewith, all conditions precedent
2 to the issuance of all permits necessary for the construction of the
3 development and all such permits are available for issuance, other
4 than payment of fees;

5 n. BORROWER provides duly executed documents and instruments
6 evidencing that Borrower owns fee title to the Property;

7 o. BORROWER provides satisfactory evidence that it has satisfied all
8 conditions precedent to the issuance of all permits necessary for the
9 rehabilitation of the development and all such permits are available
10 for issuance, other than payment of fees;

11 p. If Davis Bacon and/or prevailing wages are required to be paid,
12 BORROWER hires a qualified professional firm to review and
13 monitor Davis Bacon and/or prevailing wage compliance for all
14 submissions of contractors certified payrolls to COUNTY. In the
15 event that the Project requires prevailing wages, BORROWER shall
16 comply with any applicable labor regulations and all other State Laws
17 in connection with the construction of the improvements which
18 compromise the Project, including if applicable, requirements relating
19 to prevailing wages. BORROWER agrees and acknowledges that it is
20 the responsibility of BORROWER to obtain legal determination, at
21 BORROWER's sole cost and expense, as to whether prevailing
22 wages must be paid during the construction of the Project. If the
23 Project is subject to prevailing wage, then BORROWER shall be
24 solely responsible to pay its contractors and subcontractors the
25 required prevailing wage rates. BORROWER agrees to indemnify,
26 defend, and hold COUNTY harmless from and against any and all
27 liability arising out of and related to BORROWER's failure to
28 comply with any and all applicable Davis Bacon and/or prevailing

1 wage requirements;

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

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

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

- 20 1) Conditional lien release from general contractor;
- 21 2) recorded Notice of Completion;
- 22 3) Certificate of Occupancy;
- 23 4) architect certification identifying units that are accessible
24 to individuals with mobility impairments and units that are
25 accessible to individuals with sensory impairments in
26 compliance with Section 504 of the Rehabilitation Act of
27 1973, as described in **Section 17(i)**;
- 28 5) final Contract and Subcontract Activity report, Minority

1 Business Enterprise/Women Business Enterprise
2 (“MBE/WBE”) report, HUD form 2516;

- 3 6) submission of documentation that shows compliance with
4 the Uniform Relocation Assistance and Real Property
5 Acquisition Policies Act of 1970 and 24 CFR Part 42;
6 7) submission of a Project completion report including
7 Tenant Checklist as shown in **Exhibit F** which is attached
8 hereto and by this reference incorporated herein;
9 8) Affirmative Fair Housing Marketing Plan – Multifamily
10 Housing, HUD form 935.2A, as described in **Section**
11 **17(c)**;
12 9) Tenant Selection Policy;
13 10) Management Plan;
14 11) final development costs; and
15 12) final sources and uses of funds for the project.

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

23 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
24 acquisition deadline set forth in the Implementation Schedule in **Exhibit A**, (2) the
25 Construction Start Deadline as set forth in **Section 49(a)**; (3) the Completion Deadline as set
26 forth in **Section 49(b)**; (4) the Lease Deadline as set forth in **Section 19(a)**, and/or or (5) the
27 Project Financing Contingency in **Section 50**, all of which are herein (collectively, the
28 “Performance Deadlines”), subject to the notice and cure periods as set forth in **Section 32**

1 herein, then the funds allocated, reserved, or placed in a HOME Investment Trust Fund may be
2 reallocated by COUNTY after at least thirty (30) days' prior written notice is given to
3 BORROWER. Upon such reallocation and repayment of funds, this Agreement shall be
4 terminated and be of no further force and effect and Borrower shall be released and discharged
5 from any obligations under this Agreement, except as to those obligations which survive
6 termination by their terms.

7 12a.) CHDO DESIGNATION. Pursuant to 24 CFR 92.300(a), the
8 Project is funded using HOME CHDO set aside ("Set-Aside") funds as
9 that term is defined in 24 CFR 92.300(a). Borrower hereby understands
10 and agrees that the HOME CHDO Set Aside funds provided by County
11 for this Project pursuant to this Agreement must be allocated only for
12 housing developed, sponsored or owned by a CHDO, its subsidiary or
13 partnership of which it or its subsidiary is the managing general partner.
14 Borrower represents that since BORROWER is the sole owner and
15 manager of the Project, it is eligible to receive HOME funds and conduct
16 activities pursuant to this Agreement. Any proposed sale, assignment or
17 other transfer of the Project shall be subject to the provisions set forth in
18 **Section 23**, Sale or Transfer of the Project, herein.

19 13. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
20 established in the United States Treasury is managed through HUD, Integrated Disbursement
21 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS
22 System is a computerized system which manages, disburses, collects, and reports information
23 on the use of HOME funds in the United States Treasury Account. Disbursement of HOME
24 funds shall occur upon the satisfactory receipt of copies of invoices and conditional (upon
25 receipt of payment) lien releases for construction costs to be paid with the proceeds of the
26 HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of
27 conditions set forth in **Section 11**. COUNTY shall disburse to BORROWER the sum specified
28 in **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized

1 schedule shown in **Exhibit A**:

- 2 a. Up to \$350,000 will be funded in escrow for the acquisition of
3 properties as described in **Exhibit A**.
4 b. Up to fifty percent (50%) of the HOME Loan at the
5 commencement of construction.
6 c. Up to ninety percent (90%) of the HOME Loan upon fifty-one
7 percent (51%) completion of Project, as certified and documented
8 by the project architect/engineer or owner.
9 d. COUNTY shall release final draw down of ten percent (10%) of
10 the HOME Loan, including deferred developer fee (should the
11 Project have unexpended HOME funds) following receipt of all of
12 the items listed in **Section 11**.

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

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

- 22 a. Worker’s Compensation Insurance.

23 If BORROWER has employees as defined by the State of
24 California, BORROWER shall maintain statutory Workers’
25 Compensation Insurance (Coverage A) as prescribed by the laws
26 of the State of California. Policy shall include Employers’
27 Liability (Coverage B) including Occupational Disease with
28 limits not less than \$1,000,000 per person per accident. The

1 policy shall be endorsed to waive subrogation in favor of The
2 County of Riverside, and, if applicable, to provide a Borrowed
3 Servant/Alternate Employer Endorsement.

4 b. Commercial General Liability Insurance.

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

19 c. Vehicle Liability Insurance.

20 If vehicles or mobile equipment are used in the performance of
21 the obligations under this Agreement, then BORROWER shall
22 maintain liability insurance for all owned, non-owned or hired
23 vehicles so used in an amount not less than \$1,000,000 per
24 occurrence combined single limit. If such insurance contains a
25 general aggregate limit, it shall apply separately to this agreement
26 or be no less than two (2) times the occurrence limit. Policy shall
27 name the County of Riverside, its Agencies, Boards, Districts,
28 Special Districts, and Departments, their respective directors,

1 officers, Board of Supervisors, employees, elected or appointed
2 officials, agents or representatives as Additional Insured or
3 provide similar evidence of coverage approved by COUNTY's
4 Risk Manager.

5 d. General Insurance Provisions – All Lines.

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

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

25 3) BORROWER shall cause BORROWER's insurance
26 carrier(s) to furnish the County of Riverside with copies of the
27 Certificate(s) of Insurance and Endorsements effecting coverage
28 as required herein, and 2) if requested to do so orally or in writing

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

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

27 5) If, during the term of this Agreement or any extension
28 thereof, there is a material change in the scope of services; or,

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

11 6) BORROWER shall pass down the insurance obligations
12 contained herein to all tiers of subcontractors working under this
13 Agreement.

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

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

20 16. FINANCIAL RECORDS. BORROWER shall maintain financial,
21 programmatic, statistical, and other supporting records of its operations and financial activities
22 in accordance with the requirements of the HOME Investment Partnerships Program Final
23 Rule, and the regulations as amended promulgated thereunder, which records shall be open to
24 inspection and audit by authorized representatives of COUNTY, HUD, and the Comptroller
25 General of the United States during regular working hours. COUNTY, HUD, and the
26 Comptroller General, or any of their representatives, have the right of access with at least forty-
27 eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of
28 BORROWER, in order to make audits, examinations, excerpts, and transcripts. Said records

1 shall be retained for such time as may be required by the regulations of the HOME Program,
2 but in no event no less than five (5) years after the Project completion date; except that records
3 of individual tenant income verifications, project rents, and project inspections must be
4 retained for the most recent five (5) year period, until five (5) years after the Affordability
5 Period terminates. If any litigation, claim, negotiation, audit, or other action has been started
6 before the expiration of the regular period specified, the records must be retained until
7 completion of the action and resolution of all issues which arise from it, or until the end of the
8 regular period, whichever is later.

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

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

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

22 c. Section 92.351 Affirmative marketing and minority outreach
23 program. BORROWER must adopt affirmative marketing
24 procedures and requirements. These must include:

25 (1) Methods for informing the public, owners, and potential
26 tenants about Federal fair housing laws and the affirmative
27 marketing policy (e.g., the use of the Equal Housing
28 Opportunity logotype or slogan in press releases and

1 solicitations for owners, and written communication to fair
2 housing and other groups).

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

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

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

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

22 (6) BORROWER must prescribe procedures to establish and
23 oversee a minority outreach program to ensure the
24 inclusion, to the maximum extent possible, of minorities
25 and women, and entities owned by minorities and women,
26 including, without limitation, real estate firms,
27 construction firms, appraisal firms, management firms,
28 financial institutions, investment banking firms,

1 underwriters, accountants, and providers of legal services,
2 in all contracts entered into by BORROWER with such
3 persons or entities, public and private, in order to facilitate
4 the activities of COUNTY to provide affordable housing
5 authorized under this Act or any other Federal housing
6 law. Section 24 CFR 85.36(e) provided affirmative steps
7 to assure that minority business enterprises and women
8 business enterprises are used when possible in the
9 procurement of property and services. The steps include:

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

1 to be let, to take the affirmative steps listed in (i)
2 through (v) above of this section.

3 d. Section 92.352 Environmental review. The environmental effects
4 of each activity carried out with HOME funds must be assessed in
5 accordance with the provisions of the National Environmental
6 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
7 authorities listed in HUD's implementing regulations at 24 CFR
8 Parts 50 and 58.

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

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

24 g. Section 92.354 Labor. Every contract for the construction of
25 housing that includes twelve (12) or more units assisted with
26 HOME funds must contain a provision requiring the payment of
27 not less than the wages prevailing in the locality, as
28 predetermined by the Secretary of Labor pursuant to the Davis-

1 Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics
2 employed in the development of any part of the housing. Such
3 contracts must also be subject to the overtime provisions, as
4 applicable, of the Contract Work Hours and Safety Standards Act
5 (40 U.S.C. 327-332). BORROWER must apply most current
6 wage rate determination at the date of execution of this
7 Agreement.

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

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

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

1 sensory impairments.

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

1 so would impose undue financial and
2 administrative burdens on the operation of the
3 multifamily housing project.

4 j. Model Energy Code published by the Council of American
5 Building Officials.

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

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

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

25 m. BORROWER shall carry out its activity pursuant to this
26 Agreement in compliance with all federal laws and regulations
27 described in Subpart E of Part 92 of the Code of Federal
28 Regulations, except that:

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

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

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

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

25 p. Immigration requirements of Federal Register, Vol. 62, No. 221,
26 Department of Justice Interim Guidance on Verification of
27 Citizenship, Qualified Alien Status and Eligibility Under Title IV
28 of the Personal Responsibility and Work Opportunity

1 Reconciliation Act of 1996 ("PRWORA"). Final Attorney
2 General's Order issued pursuant to PRWORA is specified under
3 Federal Register Vol. 66, No. 10, Department of Justice Final
4 Specification of Community Programs Necessary for Protection
5 of Life or Safety Under Welfare Reform Legislation.

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

8 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set
9 aside and designate one 2-Bedroom as a Low HOME rent unit, as defined under 24 CFR
10 92.252(j) and which is more fully described in **Exhibit A** and shall be limited to households
11 whose incomes do not exceed fifty percent (50%) of the median family income for the County
12 of Riverside, adjusted by family size at the time of occupancy. The remaining one (1) two-
13 bedroom unit and one 3-bedroom unit shall be High HOME rent units, limited to households
14 whose incomes do not exceed sixty percent (60%) of the median family income for the County
15 of Riverside, adjusted by family size at the time of occupancy.

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

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

26 Within twelve (12) months from the recordation of the Notice of
27 Completion (the "Lease Deadline"), if a COUNTY HOME-Assisted Unit remains
28 unoccupied or not leased to an eligible tenant, then BORROWER agrees to repay



1 HOME funds for any COUNTY HOME-Assisted Unit that is not rented to eligible tenants.
2 BORROWER may request an extension of the Lease Deadline from COUNTY if
3 BORROWER can provide to COUNTY evidence showing efforts of aggressive marketing
4 efforts and proof that the circumstances that led to the failure to lease the COUNTY HOME-
5 Assisted Unit(s) by the Lease Deadline were beyond the BORROWER's control. The
6 extension and time of extension is subject to COUNTY's approval and not guaranteed. The
7 Assistant County Executive Officer/EDA, or designee, has the authority, at his or her
8 discretion, to consent to an extension of the Lease Deadline.

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

17 b. HOME Rent Limitations: Effective April 13, 2016, HUD
18 published HOME Rent Limits for the County of Riverside. Low HOME rent limit for a 2-
19 bedroom unit is \$753 and High HOME rent limit is \$964 for a 2-bedroom unit. The High
20 HOME rent limit for a 3-bedroom unit is \$1,105. In order to calculate net rent to be charged, an
21 applicable utility allowance must be subtracted from the gross rents listed. The BORROWER
22 shall use the HUD Utility Schedule Model ("HUSM") to establish maximum monthly
23 allowances for utilities and services to be used by the BORROWER in calculating Rents. The
24 HUSM and use instructions can be found at:

25 <https://www.huduser.gov/portal/resources/utilallowance.html>.

26 c. The BORROWER shall submit to the COUNTY for review and
27 written approval of the rents proposed by the BORROWER for all of the COUNTY Home
28 Assisted Units. Rent limitations for COUNTY HOME-assisted units shall be as set forth under

1 24 CFR 92.252 and such units shall be rented and occupied by income qualified applicants at
2 the HOME rent levels for the County of Riverside, which are published periodically by HUD.
3 Upon initial occupancy, one 2-bedroom HOME unit set-aside at the Low HOME rent shall be
4 limited to households whose incomes do not exceed 50% of the Area Median Income for the
5 County of Riverside with respect to household size. The remaining one 2-bedroom unit and
6 one 3-bedroom unit shall be set-aside at the High HOME rent and limited to households whose
7 incomes do not exceed 60% of the Area Median Income for the County of Riverside with
8 respect to household size. If during the re-certification process a household income falls
9 between 61% and 80% Area Median Income then the High HOME rent limit shall apply. If
10 during the recertification process a household income falls above 80% of the Area Median
11 Income then household shall pay the lesser of 30% of the adjusted income or Market rent.

12 d. Initial rent schedule and utility allowance: The BORROWER
13 shall use the HUSM to establish maximum monthly allowances for utilities and services to be
14 used by the BORROWER in calculating Rents. COUNTY shall review and approve rents
15 proposed by BORROWER for COUNTY HOME-Assisted Units subject to the maximum rent
16 limitations to ensure that the rents do not exceed the maximum rent minus the monthly
17 allowances for utilities and services.

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

21 a. Provide written lease agreement for not less than one year, unless by
22 mutual agreement between the tenant and BORROWER. COUNTY
23 shall review the initial form of the lease agreement prior to
24 BORROWER executing any leases and, provided that BORROWER
25 uses the approved lease form, BORROWER shall be permitted to
26 enter into residential leases without COUNTY's prior written
27 consent.

28 b. Prohibited Lease Terms. The rental agreement/lease may not contain

1 any of the following provisions:

- 2 (1) Agreement to be sued. Agreement by the tenant to be
3 sued, to admit guilt or to a judgment in favor of
4 BORROWER in a lawsuit brought in connection with the
5 lease.
- 6 (2) Treatment of property. Agreements by tenant that
7 BORROWER may take, hold, or sell personal property of
8 household members without notice to the tenant and a
9 court decision on the rights of the parties. This prohibition,
10 however, does not apply to an agreement by the tenant
11 concerning disposition of personal property remaining in
12 the housing unit after the tenant has moved out of the unit.
13 BORROWER may dispose of this personal property in
14 accordance with State law.
- 15 (3) Excusing BORROWER from responsibility. Agreement
16 by the tenant not to hold BORROWER or BORROWER's
17 agents legally responsible for any action or failure to act,
18 whether intentional or negligent.
- 19 (4) Waiver of notice. Agreement of the tenant that
20 BORROWER may institute a lawsuit without notice to the
21 tenant.
- 22 (5) Waiver of legal proceeding. Agreement by the tenant that
23 the BORROWER may evict the tenant or household
24 members without instituting a civil court proceeding in
25 which the tenant has the opportunity to present a defense,
26 or before a court decision on the rights of the parties.
- 27 (6) Waiver of a jury trial. Agreement by the tenant to waive
28 any right to a trial by jury.

1 (7) Waiver of right to appeal court decision. Agreement by the
2 tenant to waive the tenant's right to appeal, or to otherwise
3 challenge in court, a court decision in connection with the
4 lease.

5 (8) Tenant chargeable with cost of legal actions regardless of
6 outcome. Agreement by the tenant to pay attorneys' fees
7 or other legal costs even if the tenant wins in a court
8 proceeding by BORROWER against the tenant. The
9 tenant, however, may be obligated to pay costs if the
10 tenant loses.

11 (9) Mandatory supportive services. Agreement by the tenant
12 (other than a tenant in transitional housing) to accept
13 supportive services that are offered.

14 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
15 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes
16 and amends the Violence Against Women Act of 1994, as previously
17 amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C.
18 13925 et seq.) VAWA 2013, among other things, bars eviction and
19 termination due to a tenant's status as a victim of domestic violence,
20 dating violence, or stalking, and requires landlords to maintain
21 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
22 is a survivor of domestic violence, dating violence, sexual assault,
23 and stalking from being denied assistance, tenancy, or occupancy
24 rights based solely on criminal activity related to an act of violence
25 committed against them. It extends housing protections to survivors
26 of sexual assault, and adds "intimate partner" to the list of eligible
27 relationships in the domestic violence definition. Protections also
28 now cover an "affiliated individual," which includes any lawful

1 occupant living in the survivor's household, or related to the survivor
2 by blood or marriage including the survivor's spouse, parent,
3 brother, sister, child, or any person to whom the survivor stands in
4 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
5 lawful occupant who engages in criminal activity directly relating to
6 domestic violence, dating violence, sexual assault, or stalking against
7 an affiliated individual or other individual, or others may be evicted
8 or removed without evicting or removing or otherwise penalizing a
9 victim who is a tenant or lawful occupant. If victim cannot establish
10 eligibility, BORROWER must give a reasonable amount of time to
11 find new housing or establish eligibility under another covered
12 housing program. A Notice of Rights under VAWA 2013 for tenants
13 must be provided at the time a person applies for housing, when a
14 person is admitted as a tenant of a housing unit, and when a tenant is
15 threatened with eviction or termination of housing benefits. Tenants
16 must request an emergency transfer and reasonably believe that they
17 are threatened with imminent harm from further violence if the
18 tenant remains in the same unit. The provisions of VAWA 2013 that
19 are applicable to HUD programs are found in title VI of VAWA
20 2013, which is entitled "Safe Homes for Victims of Domestic
21 Violence, Dating Violence, Sexual Assault, and Stalking." Section
22 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
23 14043e et seq.) to add a new chapter entitled "Housing Rights."

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

27 22. REPAYMENT INCOME. COUNTY must record the receipt and
28 expenditure of HOME repayment income in accordance with the standards specified in 24 CFR

1 92.503.

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

3 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
4 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
5 which consent shall be conditioned upon (a) a County determination that transferee is a CHDO
6 or is otherwise eligible as a wholly-owned subsidiary or partnership of a CHDO and
7 determined by County to be HUD-eligible to receive an allocation of CHDO HOME Set Aside
8 funds pursuant to the requirements set forth in 24 CFR 92.300(a): and (b) solely upon (a)
9 receipt by the COUNTY of reasonable evidence satisfactory to the COUNTY in its sole
10 discretion, that transferee has assumed in writing and in full, and is reasonably capable of
11 performing and complying with the BORROWER's duties and obligations under this
12 Agreement , provided, however Borrower shall not be released of all obligations hereunder
13 which accrue from and after the date of such sale. Notwithstanding anything to the contrary
14 contained herein, upon written notice to COUNTY, BORROWER may, without the
15 COUNTY's consent (i) admit limited partners to BORROWER, and provide for the purchase
16 of any such limited partnership interest or interests by BORROWER's general partner; (ii)
17 remove BORROWER's general partner, and replace with an affiliate of the BORROWER's
18 limited partner, provided that any replacement general partner for BORROWER who is not an
19 affiliate with the BORROWER's limited partner will require the written consent of the County,
20 which consent will not be unreasonably withheld,; (iii) the lease for occupancy of all or any of
21 the Units; (iv) the granting of easements or permits to facilitate the development of the
22 Property in accordance with this HOME Loan Agreement; and (v) the withdrawal and/or
23 replacement of any limited partner of BORROWER, (collectively a "Permitted Transfer"). All
24 Permitted Transfers shall be subject to reasonable review of documentation by the COUNTY.
25 The parties hereto acknowledge that "affiliate" for purposes of this section means, as to any
26 Person (as defined below), any general partnership, limited partnership, corporation, joint
27 venture, trust, business trust, cooperative, association, limited liability company or individual
28 (collectively, a "Person") that (A) directly or indirectly controls or is controlled by (such as any

1 partnership or limited liability company in which the Person, directly or indirectly, serves as a
2 general partner or managing member, respectively) or is under common control with the
3 specified Person; (B) is an officer or director of, commissioner of, partner in, member of or
4 trustee of, or serves in a similar capacity with respect to, the specified Person or of which the
5 Specified Person is an officer, director, member, partner or trustee, or with respect to which the
6 specified Person serves in a similar capacity; or (C) is the beneficial owner, directly or
7 indirectly, of 10% or more of any class of equity securities of the specified Person or of which
8 the specified Person is directly or indirectly the owner of 10% or more of any class of equity
9 securities. The term “control” (including the term “controlled by” and “under common control
10 with”) means the possession, direct or indirect, of the power to direct or cause the direction of
11 the management and policies of a Person, whether through the ownership of voting securities,
12 by contract or otherwise.

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

17 25. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
18 which requires that no person in the United States shall on the grounds of race, color, national
19 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
20 subjected to discrimination under any program or activity receiving Federal financial assistance
21 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
22 against discrimination of the basis of age under the Age Discrimination Act and the
23 prohibitions against discrimination of the basis of disability under Section 504 shall apply to
24 programs or activities receiving Federal financial assistance under Title I programs. The
25 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR
26 Part 6. In addition, BORROWER shall not discriminate on the basis of race, gender, religion,
27 national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection,
28 hiring or treatment of any contractors or consultants, to participate in

1 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
2 violation of this clause shall be considered a material breach of this Lease and may result in
3 termination, debarment or other sanctions. This language shall be incorporated into all
4 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,
5 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
6 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
7 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
8 issued pursuant to said Acts and Orders with respect to its use of the Property.

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

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

- 26 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,
27 executors, administrators, and assigns, and all persons claiming under or through them,
28 that there shall be no discrimination against or segregation of, any person or group of

1 persons on 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, subdivision
3 (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the
4 Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or
5 enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming
6 under or through him or her, establish or permit any practice or practices of
7 discrimination or segregation with reference to the selection, location, number, use or
8 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
9 conveyed. The foregoing covenants shall run with the land.”

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

23 c) In contracts: “There shall be no discrimination against or segregation of any person or
24 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
25 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
26 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
27 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
28 tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming

1 under or through him or her, establish or permit any such practice or practices of
2 discrimination or segregation with reference to the selection, location, number, use, or
3 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

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

10 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

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

1 responsibilities, or gain inside information with respect to the HOME
2 activities funded under this Agreement. BORROWER shall also
3 promptly disclose to COUNTY any potential conflict, including even
4 the appearance of conflict that may arise with respect to the HOME
5 activities funded under this Agreement.

6 d. Any violation of this section shall be deemed a material breach of this
7 Agreement, and the Agreement shall be immediately terminated by
8 COUNTY.

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

22 28. PROJECT MONITORING AND EVALUATION.

23 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist
24 Form to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
25 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
26 composition, number and percentage of very low-income and low-income households who are
27 tenants of the COUNTY HOME-Assisted Units. The Tenant Checklist Form shall be submitted
28 upon completion of the construction and thereafter, on a semi-annual basis on or before March

1 31 and September 30. BORROWER shall maintain financial, programmatic, statistical and
2 other supporting records of its operations and financial activities in accordance with the
3 requirements of the HOME Program under 24 CFR 92.508, including the submission of Tenant
4 Checklist Form. Except as otherwise provided for in this Agreement, BORROWER shall
5 maintain and submit records to COUNTY within ten business days of COUNTY's request
6 which clearly documents BORROWER's performance under each requirement of the HOME
7 Program. A list of document submissions and timeline are shown in **Exhibit A** and such list
8 may be amended from time to time subject to HUD and COUNTY reporting requirements.

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

1 size of the COUNTY HOME-Assisted project, as set forth by HUD through notice. For
2 projects with one-to-four COUNTY HOME-Assisted Units, COUNTY must inspect 100
3 percent of the COUNTY HOME-Assisted Units and the inspectable items (site, building
4 exterior, building systems, and common areas) for each building housing COUNTY HOME-
5 assisted units.

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

10 29. MONITORING FEE. BORROWER shall be responsible for paying an
11 annual compliance monitoring fee to the COUNTY in the total annual amount of \$400
12 (“Monitoring Fee”). The first Monitoring Fee payment is due on July 1st of each year for the
13 monitoring period of July 1st to June 30th commencing July 1, 2018. The Monitoring Fee will
14 be due on July 1st thereafter and will continue through the affordability period of the project.
15 The Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the
16 increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of a
17 decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same
18 and shall not decrease.

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

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

- 25 a. Monetary Default. (1) BORROWER’s failure to pay when due
26 any sums payable under the HOME Note or any advances made
27 by COUNTY under this Agreement; (2) BORROWER’s or any
28 agent of BORROWER’s use of HOME funds for costs other than

1 those costs permitted under this Agreement or for uses
2 inconsistent with terms and restrictions set forth in this
3 Agreement; (3) BORROWER's or any agent of BORROWER's
4 failure to make any other payment of any assessment or tax due
5 under this Agreement, and /or (4) default under the terms of any
6 Senior Lender documents or any other instrument or document
7 secured against the Property;

8 b. Non-Monetary Default. (1) Discrimination by BORROWER or
9 BORROWER's agent(s) on the basis of characteristics prohibited
10 by this Agreement or applicable law; (2) the imposition of any
11 encumbrances or liens on the Project without COUNTY's prior
12 written approval that are prohibited under this Agreement or that
13 have the effect of reducing the priority or invalidating the lien of
14 the HOME Deed of Trust; (3) BORROWER's failure to obtain
15 and maintain the insurance coverage required under this
16 Agreement; (4) any material default under this Agreement the
17 HOME Loan Deed of Trust, Covenant Agreement, HOME Note
18 or any document executed by the County in connection with this
19 Agreement, and /or (5) a default under the terms of any Senior
20 Lender documents or any other instrument or document secured
21 against the Property or the Project;

22 c. General Performance of Loan Obligations. Any substantial or
23 continuous or repeated breach by BORROWER or
24 BORROWER's agents of any material obligations on
25 BORROWER imposed in this Agreement;

26 d. General Performance of Other Obligations. Any substantial or
27 continuous or repeated breach by BORROWER or
28 BORROWER's agents of any material obligations on the Project

1 imposed by any other agreement with respect to the financing,
2 development, or operation of the Project; whether or not
3 COUNTY is a party to such agreement; but only following any
4 applicable notice and cure periods with respect to any such
5 obligation;

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

13 f. Damage to Project. In the event that the Project is materially
14 damaged or destroyed by fire or other casualty, and BORROWER
15 receives an award or insurance proceeds sufficient for the repair
16 or reconstruction of the Project, and BORROWER does not use
17 such award or proceeds to repair or reconstruct the Project.

18 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
19 general partner and co-general partner of BORROWER's (1)
20 filing for bankruptcy, dissolution, or reorganization, or failure to
21 obtain a full dismissal of any such involuntary filing brought by
22 another party before the earlier of final relief or ninety (90) days
23 after such filing; (2) making a general assignment for the benefit
24 of creditors; (3) applying for the appointment of a receiver,
25 trustee, custodian, or liquidator, or failure to obtain a full
26 dismissal of any such involuntary application brought by another
27 party before the earlier of final relief or ninety (90) days after
28 such filing; (4) insolvency; or (5) failure, inability or admission in

1 writing of its inability to pay its debts as they become due.

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

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

- 18 a. Terminate this Agreement, in which event the entire amount as
19 well as any other monies advanced to BORROWER by COUNTY
20 under this Agreement including administrative costs, shall
21 immediately become due and payable at the option of COUNTY.
- 22 b. Bring an action in equitable relief (1) seeking the specific
23 performance by BORROWER of the terms and conditions of this
24 Agreement, and/or (2) enjoining, abating, or preventing any
25 violation of said terms and conditions, and/or (3) seeking
26 declaratory relief.
- 27 c. Accelerate the HOME Loan, and demand immediate full payment
28 of the principal payment outstanding and all accrued interest under

1 the HOME Note, as well as any other monies advanced to
2 BORROWER by COUNTY under this Agreement.

3 d. Enter the Project and take any remedial actions necessary in its
4 judgment with respect to hazardous materials that COUNTY
5 deems necessary to comply with hazardous materials laws or to
6 render the Project suitable for occupancy.

7 e. Enter upon, take possession of, and manage the Project, either in
8 person, by agent, or by a receiver appointed by a court, and collect
9 rents and other amounts specified in the assignment of rents in the
10 Deed of Trust and apply them to operate the Project or to pay off
11 the HOME Loan or any advances made under this Agreement, as
12 provided for by the HOME Deed of Trust.

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

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

17 a. Demand payment from COUNTY of any sums due BORROWER;
18 and/or

19 b. Bring an action in equitable relief seeking the specific performance
20 by COUNTY of the terms and conditions of this Agreement;
21 and/or

22 c. Pursue any other remedy allowed at law or in equity.

23 35. BORROWER'S WARRANTIES. BORROWER represents and warrants
24 (1) that it has access to professional advice and support to the extent necessary to enable
25 BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out
26 the Project, (2) that it is duly organized, validly existing and in good standing under the laws
27 of the State of California, (3) that it has the full power and authority to undertake the Project
28 and to execute this Agreement, (4) that the persons executing and delivering this Agreement

1 are authorized to execute and deliver such documents on behalf of BORROWER and (5) that
2 neither BORROWER nor any of its principals is presently debarred, suspended, proposed for
3 debarment, declared ineligible, or voluntarily excluded from participation in connection with
4 the transaction contemplated by this Agreement.

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

- 7 a. No federally appropriated funds have been paid or will be paid, by or
8 on behalf of the undersigned, to any person for influencing or
9 attempting to influence an officer or employee of any agency, a
10 member of Congress, an officer or employee of Congress, or an
11 employee of a member of Congress in connection with the awarding of
12 any federal contract, the making of any federal grant, the making of
13 any federal loan, the entering into of any cooperative agreement, and
14 the extension, continuation, review, amendment, or modification of
15 any federal contract, grant, loan, or cooperative agreement.
- 16 b. If any funds other than federally appropriated funds have been paid or
17 will be paid to any person for influencing or attempting to influence an
18 officer or employee of any agency, a member of Congress, an officer
19 or employee of Congress, or an employee of a member of Congress in
20 connection with this federal contract, grant, loan, or cooperative
21 agreement, the undersigned shall complete and submit Standard Form-
22 LLL, "Disclosure Form to Report Lobbying," in accordance with its
23 instructions.
- 24 c. The undersigned shall require that the language of this certification be
25 included in the award documents for all sub-awards at all tiers
26 (including subcontracts, sub-grants, and contracts under grants, loans,
27 and cooperative agreements) and that BORROWER shall certify and
28 disclose accordingly. This certification is a material representation of

1 fact upon which reliance was placed when this transaction was made
2 or entered into.

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

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

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

28 The specified insurance limits required in this Agreement shall in no way limit or

1 circumscribe BORROWER's obligations to indemnify and hold harmless COUNTY herein from
2 third party claims.

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

6 38. TERMINATION.

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

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

12 (1) In the event BORROWER fails to perform the covenants
13 herein contained at such times and in such manner as
14 provided in this Agreement after the applicable notice and
15 cure provision hereof; or

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

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

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

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

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

18 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
19 lien is filed against the Project or a stop notice affecting the HOME Loan is served on
20 COUNTY, BORROWER must, within twenty (20) days of such filing or service, either pay and
21 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
22 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
23 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
24 discharged.

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

1 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or
2 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
3 that they have the authority to execute this Agreement and warrant and represent that they have
4 the authority to bind the respective parties to this Agreement to the performance of its
5 obligations hereunder.

6 43. WAIVER. Failure by a party to insist upon the strict performance of any
7 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
8 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
9 insist and demand strict compliance by the other party with the terms of this Agreement
10 thereafter.

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

18 45. 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 Superior Courts
21 of Riverside County, State of California, and the parties hereto waive all provisions of law
22 providing for the filing, removal or change of venue to any other court or jurisdiction.

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

26 47. MINISTERIAL ACTS. COUNTY's Assistant County Executive
27 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial
28 actions as may be necessary or appropriate to implement the terms, provisions, and conditions

1 of this Agreement as it may be amended from time to time by both parties.

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

12 49. CONDITIONAL HOME COMMITMENT.

13 a. Acquisition. If Borrower cannot acquire the
14 Property by the Acquisition Deadline as set forth in the Implementation Schedule
15 in **Exhibit A** of this Agreement, then COUNTY and Borrower mutually agree
16 that this Agreement will self-terminate and any HOME Loan funds drawn to date shall be
17 returned within thirty (30) calendar days. Upon such termination, this Agreement shall become
18 null and void. COUNTY and Borrower shall be released and discharged respectively from its
19 obligations under this Agreement, except for those provisions which by their terms survive
20 termination. All cost incurred by each party on the Project will be assumed respectively.



21 b. Construction. Pursuant to 24 CFR 92.2, under the
22 definition of Commitment, all necessary financing has been secured, a budget and
23 schedule have been established, and underwriting has been completed and under
24 which construction is scheduled to start within nine (9) months of the agreement date
25 ("Construction Start Deadline"). If BORROWER cannot start construction or provide evidence
26 such as construction permits within nine (9) months of the agreement date, then COUNTY and
27 BORROWER mutually agree that this Agreement will self-terminate and any HOME Loan
28 funds drawn to date shall be returned within thirty (30) calendar days. Upon such termination,



1 this Agreement shall become null and void. COUNTY and BORROWER shall be released and
2 discharged respectively from its obligations under this Agreement, except for those provisions
3 which by their terms survive termination. All cost incurred by each party on the Project will be
4 assumed respectively.

5 //

6 c. Completion. The Project must be completed and a
7 Notice of Completion shall have been recorded in the Official Records within two
8 (2) years from the date of this Agreement (the "Completion Deadline").



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

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

24 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
25 conditioned upon BORROWER's receipt, on or prior to **November 30, 2016** of (i) such binding
26 loan commitments as may be required by BORROWER, on terms and conditions acceptable to
27 BORROWER and COUNTY, including, (a) any conventional construction and/or permanent
28 financing, including without limitation, a construction and permanent loan from an institutional

1 construction lender either COUNTY or BORROWER may elect to terminate this Agreement
2 with ten (10) days written notice to the other party if BORROWER fails to acquire the project
3 financing as required by this **Section 50**. Upon such termination, this Agreement shall be null
4 and void, and:

- 5 a. If BORROWER elects to terminate this Agreement,
6 BORROWER shall be released and discharged by COUNTY
7 from its obligations under this Agreement; or
8 b. If COUNTY elects to terminate this Agreement, COUNTY shall
9 be released and discharged by BORROWER from its
10 obligations under this Agreement.

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

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

1 constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of
2 the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation
3 awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in
4 any way the validity of any guarantee or indemnity from any person of all or any of the
5 obligations evidenced and secured by the HOME Note and the HOME Deed of Trust.
6 Notwithstanding the first sentence of this **Section 51**, the COUNTY may recover directly from
7 Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any
8 damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation
9 or any criminal act or acts of Borrower or any partner, shareholder, officer, director or employee
10 of Borrower, or of any member or general or limited partner of Borrower, or of any general or
11 limited partner of such member or general or limited partner; (b) any damages, costs and
12 expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay
13 costs as described in this Agreement, rents and revenues from the operation of the Project, or
14 proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental
15 proceeds resulting in the failure to pay taxes, assessments, or other charges that could create
16 statutory liens on the Project and that are payable or applicable prior to any foreclosure under
17 the HOME Deed of Trust; (d) the fair market value of any personal property or fixtures
18 removed or disposed of by the Borrower other than in accordance with the HOME Deed of
19 Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in this
20 Agreement and/or HOME Deed of Trust or the indemnification regarding Hazardous
21 Substances pursuant to this Agreement and/or HOME Deed of Trust, and (f) all court costs and
22 attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing
23 exceptions.

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

26 53. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
27 provide input regarding all media releases regarding the Project. Any publicity generated by
28 BORROWER for the Project must make reference to the contribution of COUNTY in making

1 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
2 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and
3 public service announcements. BORROWER agrees to cooperate with COUNTY in any
4 COUNTY-generated publicity or promotional activities with respect to the Project.

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

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

BORROWER
c/o Riverside Housing Development Corp.
Attn: Bruce Kulpa
4250 Brockton Avenue
Riverside, CA 92501

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

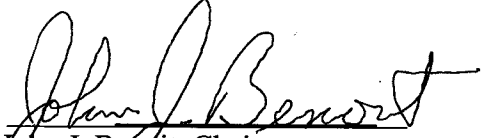
19 56. EFFECTIVE DATE. The effective date of this Agreement is the date the
20 parties execute the Agreement ("Effective Date"). If the parties execute the Agreement on more
21 than one date, then the last date the Agreement is executed by a party shall be the Effective
22 Date.

23 (SIGNATURES ON THE NEXT PAGE)
24
25
26
27
28

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

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

BORROWER:
Riverside Housing Development Corporation
a California nonprofit public benefit corporation,


6
7 By: 
8 John J. Bevoit, Chairman
Board of Supervisors

By: 
Bruce Kulpa, Executive Director

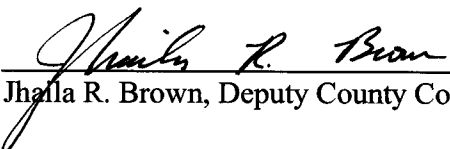
9
10 Date: JUN 21 2016

Date: 6/2/16

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

16
17 By: 
18 Deputy

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

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

24
25
26 (Signatures need to be notarized)

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

STATE OF CALIFORNIA

COUNTY OF RIVERSIDE

§

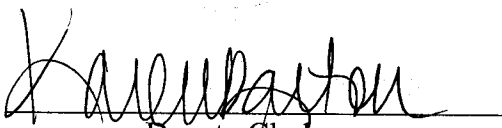
On June 21, 2016, before me, Karen Barton, Board Assistant, personally appeared John J. Benoit, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

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

WITNESS my hand and official seal

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By:


Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

State of California

County of Riverside

On 10-3-16 before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kulpa
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Signature Jean Barry
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

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

Description of Attached Document

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

Capacity(ies) Claimed by Signer(s)

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

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

JEAN BARRY
DOMESTIC MAIL PERMIT
NO. 1000 NEW YORK, N.Y.
POSTAGE WILL BE PAID BY ADDRESSEE

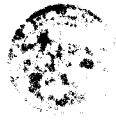


EXHIBIT "A"

Borrower: Riverside Housing Development Corporation
Address: 4250 Brockton Avenue
Riverside, CA 92501
Project Title: Orange Blossom IV Apartments
Location: 41945 Orange Blossom Lane, Hemet, CA 92544, identified as Assessor Parcel
Number 438-110-061 (Community of Valle Vista).

Project Description:

Riverside Housing Development Corporation (RHDC), a California nonprofit public benefit corporation will utilize \$620,000 in HOME funds for the acquisition and rehabilitation of an existing building located on Orange Blossom Lane. The project will consist of two 2-bedroom units and one 3-bedroom unit.

All units will be designated as HOME assisted units. The project consists of a building consisting of one 3-bedroom unit and two 2-bedroom units. One 2-bedroom unit will be set-aside for households whose incomes do not exceed 50% of the area median income for the County of Riverside with respect to household size, which shall be designated as Low HOME rent units. The remaining one 2-bedroom unit and one 3-bedroom unit will be set-aside for households whose incomes do not exceed 60% of the area median income, which shall be designated as High HOME rent units. The total three (3) units (two 2-Bedrooms and one 3-Bedroom) of the Project are to be designated as HOME rent units ("COUNTY HOME-Assisted Units").

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

Lot 16 of Tract No. 11600 as per Map recorded in Book 110, Pages 46 and 47 of Maps Records, in the Office of the County Recorder of said Riverside County, California.

Assessor's Parcel No.: 438-110-061-4
41945 Orange Blossom Lane, Hemet, CA 92544

Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	620,000
Provident Savings Bank Loan	\$	103,000
Deferred Developer Fee	\$	18,700

Total Sources \$ 741,700

Uses:

Acquisition	\$	305,000
Rehabilitation	\$	324,975
LBP/ACM testing & mold abatement & termite	\$	3,000
Relocation Expenses	\$	40,000
Soft Costs (Permits, Architectural Fees, etc.) and Reserves	\$	28,725
Contingency	\$	0
Developer's Fee	\$	40,000

Total Uses \$ 741,700

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	November 30, 2016
2. Acquisition Deadline	August 1, 2016
3. Construction Start Deadline	9 months from date of Agreement
4. Completion Deadline	2 years from date of Agreement
5. Lease Deadline	4 months from Notice of Completion
6. Submission of Final actual project costs and Sources and Uses of Funds	January 2018
7. Submission of income & ethnic characteristics report	January 2018

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT "B"

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this _____ day of _____, 2016 by Riverside Housing Development Corporation, a California nonprofit public benefit corporation, (hereinafter referred to as "Trustor"), whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is _____ ("Trustee"). The beneficiary is the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

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

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

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

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

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

(E) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California

Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

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

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

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

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary executed by Trustor ("Borrower" therein) of even date herewith (the "Note");
 - (b) that certain Loan Agreement for the Use of HOME Funds dated June 21, 2016 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and
 - (c) that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").
2. payment of indebtedness of the Trustor to the Beneficiary not to exceed Six Hundred Twenty Thousand (\$620,000) (the "HOME Loan") according to the terms of the Note.

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

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Pursuant to the HOME Loan Agreement, the maturity of the HOME Loan shall be the first to occur of (i) July 1, 2073 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the HOME Loan Agreement) (the "HOME Loan Term").

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

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

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

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

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

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

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

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

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

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

8. **Prior Deeds of Trust; Charge; Liens.** Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods. Trustor shall pay these obligations in the manner provided in **Section 6**, or if not paid in that manner, Trustor shall pay them on time directly to the person owed payment. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

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

9. **Second Priority Position.** This Deed of Trust shall be recorded in a second priority position junior in priority to the following instruments, (i) Deed of Trust executed by Borrower for the benefit of Provident Savings Bank ("Senior Lender" or "Senior Lienholder") securing a construction loan in a principal amount up to \$103,000 ("Senior Loan"). Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel.

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

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

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

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

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

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

a. The Trustor acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of the HOME Program. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if

not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

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

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

13. **Reserved.**

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

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

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

b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

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

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

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

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

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

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

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

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

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

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

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays

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

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

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

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

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

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

27. **Acceleration; Remedies.** Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which

shall not be more than sixty (60) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than ninety (90) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions then in effect, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

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

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

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

30. **Modification of Senior Loan Documents.** Any agreement or arrangement, in which a Senior Lender waives, postpones, extends, reduces, or modifies any provisions of the

Senior Lien Holder Deed of Trust or any other Senior Lenders loan documents, including any provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

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

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

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

[Remainder of Page Blank]

[Signatures on Following Page]

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

TRUSTOR:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: 
Bruce Kulpa, Executive Director

Date: 6/2/16

(TRUSTOR signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On 10-3-16, before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kulpa
Name(s) of Signer(s)

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



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

WITNESS my hand and official seal

Signature Jean Barry
Signature of Notary Public

Place Notary Seal Above

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

Lot 16 of Tract No. 11600 as per Map recorded in Book 110, Pages 46 and 47 of Maps Records, in the Office of the County Recorder of said Riverside County, California.

Assessor's Parcel No.: 438-110-061-4
41945 Orange Blossom Lane, Hemet, CA 92544

EXHIBIT "C"

PROMISSORY NOTE (HOME Loan)

\$620,000

Riverside, CA

In installments as hereafter stated, for value received, Riverside Housing Development Corporation ("Borrower"), a California non-profit public benefit corporation promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of Six Hundred Twenty Thousand Dollars and No/100 Dollars (U.S. \$620,000.00) (the "HOME Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

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

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County ("Official Records"), between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, and the payment shall be prorated based on the percentage of each relative loan amount based upon the total amount of all such loans, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.
- (4) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be the first to occur of (i) July 1, 2073 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "HOME Loan Term"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the

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

- (5) The Project's Residual Receipts are defined as gross receipts, less the following: i) auditing and accounting fees; ii) property management fee not to exceed \$55 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index for the Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year; iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); iv) replacement reserves, established in a separate account from operating reserves in an amount not to exceed \$400 per HOME-Assisted Unit; v) operating reserves in an annual amount up to \$25,000 vi) deferred developer's fee; vii) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); viii) COUNTY's Annual Monitoring Fee in the amount of \$400, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the County's annual monitoring fee shall remain the same as the immediate preceding year.
- (6) The HOME Loan evidenced by this Note is secured by that certain Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium, provided however notwithstanding such prepayment, Borrower shall be required to adhere to the affordability restrictions contained in the Covenants until the expiration of the term contained therein.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative

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

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

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than those costs permitted under the HOME Loan Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of Provident Savings Bank securing a construction loan in a principal amount up to \$103,000; and (ii) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval that are prohibited under this agreement or that have the effect of reducing the priority or invalidating the lien of the HOME Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HOME Loan Agreement, (4) any material default under the HOME Loan Agreement, HOME Deed of Trust with Assignment of Rents, Covenant Agreement, HOME Note, or any document executed by the County in connection with this Agreement, and/or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of Provident Savings Bank securing a construction loan in a principal

amount up to \$103,000; and/or (ii) and/or (iv) any other instrument or document secured against the Property;

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

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

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

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