

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

(c) The address of Borrower for purposes of receiving notices pursuant to this Note is 4250 Brockton Avenue, Riverside, CA 92501, Attention: Bruce Kulpa, Executive Director.

- (22) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (23) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (24) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

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[SIGNATURES ON FOLLOWING PAGE]

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

BORROWER:

Riverside Housing Development Corporation
a California nonprofit public benefit corporation

By: 
Bruce Kulpa, Executive Director

Date: 6/2/16

EXHIBIT "D"

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

**SECTION 3
24 CFR PART 135**

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

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

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

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;

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

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

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

SECTION 135.38 Section 3 Clause.

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

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

VI. SECTION 135.40 Providing Other Economic Opportunities

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

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

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

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

 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

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

Section 3 resident means:

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

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

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

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
 (print business name)

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

AND

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

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

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

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective FY 2016 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family (80% AMI)	\$35,800	\$40,900	\$46,000	\$51,100	\$55,200	\$59,300	\$63,400	\$67,500

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

EXHIBIT D-2

§ 135.38 Section 3 Clause

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

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25

U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

g. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

h. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive

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

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

Owners/Participants and Developers.

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

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

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

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

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

Exhibit F: Sample Tenant Checklist

Project Name:
Address:

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

Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recent Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N.Haw Pc Islan	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races		

Prepared by:

Title:

Phone Number:

Problems or questions please call Mervyn Manalo

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

EXHIBIT “G”

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

2 Order No.
3 Escrow No.
4 Loan No.

5 RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

6 County of Riverside
7 Economic Development Agency
8 5555 Arlington Avenue
Riverside, CA 92504
Attn. Mervyn Manalo

9 SPACE ABOVE THIS LINE FOR RECORDERS USE

10
11 **COVENANT AGREEMENT**

12 **(Orange Blossom IV Apartments)**

13 This Covenant Agreement (Orange Blossom IV Apartments) (“Covenant”) is made and
14 entered into as of the day of _____, 2016 by and between the COUNTY OF
15 RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and RIVERSIDE
16 HOUSING DEVELOPMENT CORPORATION (“RHDC”), a California nonprofit public
17 benefit corporation.

18 **RECITALS**

19 WHEREAS, RHDC owns those certain real properties located at 41945 Orange Blossom
20 Lane, Hemet, CA 92544 (Community of Valle Vista), Assessor’s Parcel Number(S): 438-110-
21 061, legally described in **Exhibit A** attached hereto and incorporated herein by this reference
22 (the “Property”);

23 WHEREAS, on June 21, 2016, COUNTY and RHDC entered into that certain Loan
24 Agreement for the Use of HOME Funds recorded in the Official Records (“Official Records”) of
25 the County of Riverside concurrently herewith (the “HOME Loan Agreement”) which provides
26 for, among other things, acquisition and rehabilitation on the Property of an existing building,
27 “Orange Blossom IV Apartments,” a portion of which will be for low and very low-income
28 families (the “Project”). Capitalized terms not defined herein shall have the meaning ascribed to

1 them in the HOME Loan Agreement;

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

12 WHEREAS, pursuant to the HOME Loan Agreement, County loaned to RHDC,
13 \$620,000 consisting of HOME community housing development organization (“CHDO”) set-
14 aside funds (“HOME Loan”), to provide financial assistance to RHDC, to pay a portion of the
15 costs related to the Project, as more fully described in the HOME Loan Agreement. The HOME
16 Loan is evidenced by a Promissory Note executed by RHDC, in favor of the COUNTY dated on
17 or about the date hereof (“HOME Loan Note”)and secured by that certain Deed of Trust
18 executed by RHDC, for the benefit of COUNTY and recorded in the Official Records
19 concurrently herewith (“HOME Loan Deed of Trust”) ; and

20 WHEREAS, pursuant to the HOME Loan Agreement, RHDC has agreed to acquire and
21 rehabilitate an existing building consisting of a total of three (3) units, and reserve all three (3)
22 units to be rented to and occupied by qualified low and very low income households pursuant to
23 the HOME Program (“HOME-Assisted Units”) as set forth more specifically below.

24 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for
25 other good and valuable consideration, the receipt and sufficiency of which are hereby
26 acknowledged, RHDC, on behalf of itself and its successors, assigns, and each successor in
27 interest to the Property or any part thereof, hereby declares as follows:

28 1) RESTRICTIONS. This Covenant shall continue in full force and effect for the

1 later of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last
2 building for which construction is completed for the Project on the Property, or (ii) July 1, 2073
3 (“Term”), for itself and on behalf of its successors and assigns. For the duration of the term, the
4 Property shall be held, sold and conveyed, subject to the following covenants, conditions, and
5 restrictions:

6 a) One (1) of the 2-bedroom units of the Project shall be designated as a
7 floating Low HOME rent units (“Low HOME-Assisted Unit”) as defined under 24 CFR 92.252
8 as published by the United States Departments of Housing and Urban Development (“HUD”).
9 The Low HOME-Assisted Unit shall be limited to households whose incomes do not exceed fifty
10 percent (50%) of the median family income for the County of Riverside, adjusted by family size
11 at the time of occupancy. The remaining one 2-bedroom unit and one 3-bedroom unit shall be
12 limited to households whose incomes do not exceed 60% of the area median income. The Low
13 HOME Assisted Units shall be a “floating” designation on the Property such that the
14 requirements of this Agreement will be satisfied so long as the total number of HOME Assisted
15 Units remains the same throughout the Affordability Period and the substituted Low HOME
16 Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally
17 designated Low HOME Assisted Units;

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

21 c) RHDC shall comply with the terms of the HOME Loan Agreement,
22 HOME Loan Note, HOME Loan Deed of Trust and any other instrument secured against the
23 Property.

24 2) SUBORDINATION. This Covenant Agreement shall be recorded in second
25 position junior to the following liens (1) a construction loan from Provident Savings Bank in a
26 principal amount up to \$103,000.

27 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
28 Covenant, RHDC, for itself and on behalf of its successors and assigns, shall adhere to and

1 comply with all federal, state and local laws, regulations and ordinances., including, but not
2 limited to the following:

3 a) The HOME Investment Partnership Program as enacted under Title II of
4 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
5 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time,
6 including, but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252,
7 24 CFR 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing
8 regulations set forth in the Final Rule, as it now exists and may hereafter be amended.

9 b) 24 CFR Section 92.350 Other Federal requirements and
10 nondiscrimination. As set forth in 24 CFR part 5, Subpart A, RHDC is required to include the
11 following requirements: nondiscrimination and equal opportunity under Section 282 of the Act;
12 disclosure; debarred, suspended, or ineligible contractors; and drug-free workplace.

13 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach
14 program. RHDC must adopt affirmative marketing procedures and requirements. These must
15 include:

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

20 (8) Requirements and practices that RHDC must adhere to in
21 order to carry out the affirmative marketing procedures and requirements (e.g., use of
22 commercial media, use of community contacts, use of the Equal Housing Opportunity logotype
23 or slogan, and display of fair housing poster).

24 (9) Procedures to be used by RHDC to inform and solicit
25 applications from persons in the housing market area who are not likely to apply without special
26 outreach (e.g., use of community organizations, employment centers, fair housing groups, or
27 housing counseling agencies).

28 (10) Records that will be kept describing actions taken by

1 RHDC to affirmatively market units and records to assess the results of these actions.

2 (11) A description of how RHDC will annually assess the
3 success of affirmative marketing actions and what corrective actions will be taken where
4 affirmative marketing requirements are not met.

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

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

1 Agency of the Department of Commerce.

2 4) TENANT PROTECTIONS. RHDC shall provide protection to the tenants of the
3 COUNTY HOME Assisted Units in accordance with the requirements set forth at 24 CFR
4 92.253 and described as follows:

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

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

12 (9) *Agreement to be sued*. Agreement by the tenant to be sued, to
13 admit guilt or to a judgment in favor of RHDC in a lawsuit
14 brought in connection with the lease.

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

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

26 (12) *Waiver of notice*. Agreement of the tenant that RHDC may
27 institute a lawsuit without notice to the tenant.

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

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

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

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

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

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

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

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

18 5) MAINTENANCE OF THE IMPROVEMENTS. RHDC, on behalf of itself and
19 its successors, assigns, and each successor in interest to the Property and Project or any part
20 thereof hereby covenants to and shall protect, maintain, and preserve the Property in compliance
21 with all applicable federal and state law and regulations and local ordinances. In addition,
22 RHDC, its successors and assigns, shall maintain the improvements on the Property in the same
23 aesthetic and sound condition (or better) as the condition of the Property at the time of the
24 recordation of the Notice of Completion for the Project, reasonable wear and tear excepted. This
25 standard for the quality of maintenance of the Property shall be met whether or not a specific
26 item of maintenance is listed below. However, representative items of maintenance shall include
27 frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate
28 repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary;

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

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

24 RHDC herein covenants by and for itself, its successors and assigns, and all persons
25 claiming under or through them, that this Covenant is made and accepted upon and subject to the
26 following conditions: There shall be no discrimination against or segregation of any person or
27 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the
28 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and

1 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,
2 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor
3 shall the transferee itself or any person claiming under or through him or her, establish or permit
4 any such practice or practices of discrimination or segregation with reference to the selection,
5 location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the
6 Property.

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

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

25 b) In leases: “The lessee herein covenants by and for himself or herself, his
26 or her heirs, executors, administrators, and assigns, and all persons claiming under or
27 through him or her, and this lease is made and accepted upon and subject to the following
28 conditions: That there shall be no discrimination against or segregation of any person or

1 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
2 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
3 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
4 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
5 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
6 or any person claiming under or through him or her, establish or permit any such practice
7 or practices of discrimination or segregation with reference to the selection, location,
8 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
9 premises herein leased.”

10 c) In contracts: “There shall be no discrimination against or segregation of
11 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of
12 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
13 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
14 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
15 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
16 claiming under or through him or her, establish or permit any such practice or practices of
17 discrimination or segregation with reference to the selection, location, number, use, or
18 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

19 In addition to the obligations and duties of RHDC set forth herein, RHDC shall, upon
20 notice from County, promptly pay to County all fees and costs, including administrative and
21 attorneys’ fees, incurred by County in connection with responding to or defending any
22 discrimination claim brought by any third party and/or local, state or federal government entity,
23 arising out of or in connection with the Agreement or this Covenant.

24 7) INSURANCE. Without limiting or diminishing RHDC’s obligation to indemnify
25 or hold County harmless, RHDC shall procure and maintain or cause to be maintained, at its sole
26 cost and expense, the following insurance coverage’s during the term of this Covenant.

27 a) Worker’s Compensation Insurance. If RHDC has employees as defined by the State of
28 California, RHDC shall maintain statutory Workers' Compensation Insurance (Coverage

1 A) as prescribed by the laws of the State of California. Policy shall include Employers'
2 Liability (Coverage B) including Occupational Disease with limits not less than
3 \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in
4 favor of the County of Riverside, and, if applicable, to provide a Borrowed
5 Servant/Alternate Employer Endorsement.

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

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

27 d) General Insurance Provisions – All Lines.

28 i) Any insurance carrier providing insurance coverage hereunder shall be

1 admitted to the State of California and have an A M BEST rating of not less
2 than A: VIII (A:8) unless such requirements are waived, in writing, by Risk
3 Manager. If Risk Manager waives a requirement for a particular insurer such
4 waiver is only valid for that specific insurer and only for one policy term.

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

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

28 iv) It is understood and agreed to by the parties hereto that RHDC's insurance

1 shall be construed as primary insurance, and County's insurance and/or
2 deductibles and/or self-insured retention's or self-insured programs shall not
3 be construed as contributory.

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

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

14 vii) RHDC agrees to notify County in writing of any claim by a third party or any
15 incident or event that may give rise to a claim arising from the performance of
16 the Agreement.

17 8) HOLD HARMLESS/INDEMNIFICATION. RHDC shall indemnify and hold
18 harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments,
19 their respective directors, officers, Board of Supervisors, elected and appointed officials,
20 employees, agents and representatives (individually and collectively hereinafter referred to as
21 Indemnitees) from any liability whatsoever, based or asserted upon any services of RHDC, its
22 officers, employees, subcontractors, agents or representatives arising out of or in any way
23 relating to this Agreement, including but not limited to property damage, bodily injury, or death
24 or any other element of any kind or nature whatsoever arising from the performance of RHDC,
25 its officers, employees, subcontractors, agents or representatives Indemnitors from this
26 Agreement. RHDC shall defend, at its sole expense, all costs and fees including, but not limited,
27 to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any
28 claim or action based upon such alleged acts or omissions. With respect to any action or claim

1 subject to indemnification herein by RHDC shall, at their sole cost, have the right to use counsel
2 of their own choice and shall have the right to adjust, settle, or compromise any such action or
3 claim without the prior consent of County; provided, however, that any such adjustment,
4 settlement or compromise in no manner whatsoever limits or circumscribes RHDC's
5 indemnification to Indemnitees as set forth herein. RHDC's obligation hereunder shall be
6 satisfied when RHDC has provided to County the appropriate form of dismissal relieving
7 County from any liability for the action or claim involved. The specified insurance limits
8 required in this Agreement shall in no way limit or circumscribe RHDC's obligations to
9 indemnify and hold harmless the Indemnitees herein from third party claims. In the event there is
10 conflict between this clause and California Civil Code Section 2782, this clause shall be
11 interpreted to comply with Civil Code 2782. Such interpretation shall not relieve RHDC from
12 indemnifying the Indemnitees to the fullest extent allowed by law.

13 9) NOTICES. All Notices provided for in this Covenant shall be deemed received
14 when personally delivered, or two (2) days following mailing by certified mail, return receipt
15 requested. All mailing shall be addressed to the respective parties at their addresses set forth
16 below, or at such other address as each party may designate in writing and give to the other
17 party:

18
19 COUNTY

20 Assistant Director, Housing
21 Riverside County
22 Economic Development Agency
23 5555 Arlington Avenue
Riverside, CA 92504

RIVERSIDE HOUSING DEVELOPMENT CORP.

c/o Bruce Kulpa, Executive Director
4250 Brockton Avenue
Riverside, CA 92501

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

28 11) TERM. The non-discrimination covenants, conditions and restrictions contained

1 in Section 6 of this Covenant shall remain in effect in perpetuity. Every other covenant,
2 condition and restriction contained in this Covenant shall continue in full force and effect for the
3 Term, as defined in **Section 1** of this Covenant.

4 12) NOTICE AND CURE. Prior to exercising any remedies hereunder, the County
5 shall give RHDC notice of such default pursuant to section 9 above. Any monetary default shall
6 be cured within seven (7) days of delivery of written notice. Except as otherwise set forth herein,
7 if a non-monetary default is reasonably capable of being cured within sixty (60) days of delivery
8 of such notice of default, RHDC shall have such period to effect a cure prior to exercise of
9 remedies by County. If the non-monetary default is such that it is not reasonably capable of
10 being cured within sixty (60) days of delivery of such notice of default, and RHDC (a) initiates
11 corrective action within said period, and (b) diligently, continually, and in good faith works to
12 effect a cure as soon as possible, then RHDC shall have such additional time as is reasonably
13 necessary to cure the default prior to exercise of any remedies by the County; but in no event no
14 later than ninety (90) days from delivery of such notice of default. County, upon providing
15 RHDC with any notice of default under this Covenant, shall, within a reasonable time, provide a
16 copy of such default notice to a Permitted Lender who has given written notice to County of its
17 interest in the Property and Project. From and after such notice has been delivered to a Permitted
18 Lender, such Permitted Lender shall have the same period for remedying the default complained
19 of as the cure period provided to RHDC pursuant to this section 12. County shall accept
20 performance by a Permitted Lender as if the same had been done by RHDC.

21 If a violation of any of the covenants or provisions of this Covenant remains uncured
22 after the respective time period set forth in this Section 12, County and its successors and
23 assigns, without regard to whether County or its successors and assigns is an owner of any land
24 or interest therein to which these covenants relate, may institute and prosecute any proceedings
25 at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to
26 compel specific performance by RHDC of its obligations hereunder. No delay in enforcing the
27 provisions hereof as to any breach or violation shall impair, damage or waive the right of any
28 party entitled to enforce the provisions hereof or to obtain relief against or recover for the

1 continuation or repetition of such breach or violations or any similar breach or violation hereof
2 at any later time.

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

4 RHDC hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the
5 Project, the Property or any portion thereof, without obtaining the prior written consent of
6 County, in its sole discretion. Any sale, assignment, or transfer of the Project or Property, shall
7 be memorialized an assignment and assumption agreement the form and substance of which have
8 been first approved in writing by the County in its sole discretion. Such assignment and
9 assumption agreement shall, among other things, provide that the transferee has assumed in
10 writing and in full, and is reasonably capable of performing and complying with RHDC's duties
11 and obligations under the Agreement and this Covenant, provided, however RHDC shall not be
12 released of all obligations under the HOME Loan Agreement and this Covenant.

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

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

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

24 17) PERMITTED MORTGAGES. No violation or breach of the covenants,
25 conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or
26 render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted
27 by the Agreement or the lien or charge of a deed of trust made by RHDC for the benefit of any
28 lender first approved in writing by the County (each, a "Permitted Lender") and nothing herein

1 or in the Agreement shall prohibit or otherwise limit the exercise of a Permitted Lender's rights
2 and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure and subsequent
3 transfer thereafter.

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

8 19) PROJECT MONITORING AND EVALUATION.

9 a) Tenant Checklist. RHDC shall submit a Tenant Checklist Form to COUNTY, as shown
10 in **Exhibit F** which is attached hereto and incorporated herein by this reference, and may
11 be revised by COUNTY, summarizing the racial/ethnic composition, number and
12 percentage of very low-income households who are tenants of the HOME-assisted units.

13 The Tenant Checklist Form shall be submitted upon completion of the construction and
14 thereafter, on a semi-annual basis on or before March 31 and September 30. RHDC shall
15 maintain financial, programmatic, statistical and other supporting records of its
16 operations and financial activities in accordance with the requirements of the HOME
17 Program under 24 CFR 92.508, including the submission of Tenant Checklist Form.
18 Except as otherwise provided for in this Covenant and in the Agreement, RHDC shall
19 maintain and submit records to COUNTY within ten (10) business days of COUNTY's
20 request which clearly documents RHDC's performance under each requirement of the
21 HOME Program.

22 b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability,
23 COUNTY must perform on-site inspections of HOME-assisted rental housing to
24 determine compliance with the property standards of §92.251 and to verify the
25 information submitted by the owners in accordance with the requirements of §92.252.
26 The inspections must be in accordance with the inspection procedures that the
27 participating jurisdiction establishes to meet the inspection requirements of §92.251. The
28 on-site inspections must occur at least once every 3 years thereafter during the period of

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

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

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

27 22) This Covenant and the Agreement set forth and contain the entire understanding
28 and agreement of the parties hereto. There are no oral or written representations,

1 understandings, or ancillary covenants, undertakings or agreements, which are not contained or
2 expressly referred to within this Covenant, and the Agreement, including all amendments and
3 modifications to the Agreement.

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7 [remainder of page intentionally blank]

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10 (SIGNATURES ON THE NEXT PAGE)

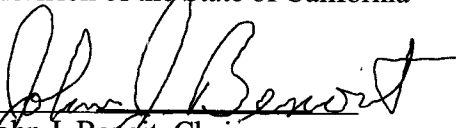
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1 IN WITNESS WHEREOF, COUNTY and RHDC have executed this Covenant as of the dates
2 written below.

3
4 COUNTY:

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

Riverside Housing Development Corporation
a California nonprofit limited partnership

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

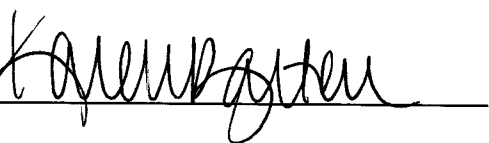
By: 
Bruce Kulpa, Executive Director

10 Date: JUN 21 2016

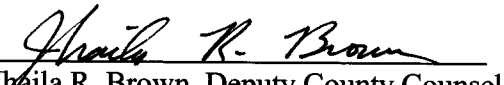
By: BRUCE KULPA

11
12 Date: 6/2/16

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

16 By: 

19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel
22 Clerk of the Board

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

25
26
27 (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

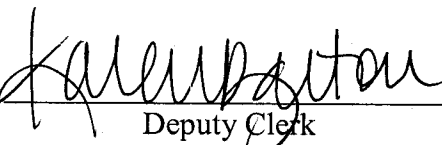
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}

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 ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF Riverside }

On 6-3-16, before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kuipa
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.



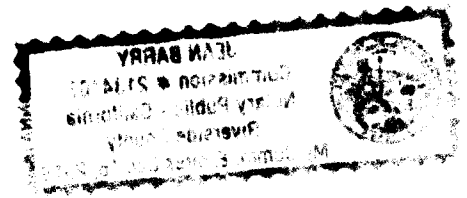
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Jean Barry
Signature of Notary Public

Place Notary Seal Above



CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

STATE OF CALIFORNIA }
COUNTY OF _____ }

On _____, before me, _____
Date Here Insert Name and Title of the Officer

personally appeared _____
Name(s) of Signer(s)

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

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

WITNESS my hand and official seal.

Place Notary Seal Above

Signature _____
Signature of Notary Public

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 “H”

Request for Notice

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____ and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Riverside Housing Development Corporation, a California nonprofit public benefit corporation, as Trustor in which XXXX is named as Beneficiary, and _____ as Trustee, and describing land therein as all that certain real property 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

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

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

Dated _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF RIVERSIDE } S.S.

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

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

WITNESS my hand and official seal



Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

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

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

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

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

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

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

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

DEVELOPER SIGNATURE