

- 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 NSPI 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 NSPI-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 NSPI 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 NSPI 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 NSP1 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 NSP1-assisted affordable housing unit in a project. This provision does not apply to an individual who receives NSP1 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 NSP1 program and the effective and efficient administration of the owner's or developer's NSP1-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 “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  
9 Riverside, CA 92504  
Attn. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

10  
11 **COVENANT AGREEMENT**

12 **(Madera Vista Apartments Phase 3)**

13 This Covenant Agreement (Madera Vista Apartments Phase 3) (“Covenant”) is made and  
14 entered into as of the day of \_\_\_\_\_, 2016 by and between the  
15 COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and  
16 SUMMERHOUSE HOUSING 3, L.P., a California limited liability partnership (“OWNER”).

17 **RECITALS**

18 WHEREAS, OWNER owns those certain real properties located at 44155 Margarita  
19 Road, Temecula, California 92592 also identified as APN 959-080-033, legally described in  
20 **Exhibit A** attached hereto and incorporated herein by this reference (the “Property”);

21 WHEREAS, on, 2016, COUNTY and OWNER entered into that certain Loan Agreement  
22 for the Use of Neighborhood Stabilization Program Funds recorded in the Official Records  
23 (“Official Records”) of the County of Riverside concurrently herewith (the “NSP1 Loan  
24 Agreement”) which provides for, among other things, redevelopment and construction on the  
25 Property, “Madera Vista Apartments Phase 3,” a portion of which will be for very low-income  
26 families (the “Project”). Capitalized terms not defined herein shall have the meaning ascribed to  
27 them in the NSP1 Loan Agreement;

28 WHEREAS, the Neighborhood Stabilization Program (“NSP1”), which was enacted

1 under Title III of Division B of the Housing and Economic Recovery Act of 2008 (“HERA”)  
2 and appropriated under Community Development Block Grant (CDBG), was created under the  
3 heading of Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes  
4 for the purpose of assisting in the redevelopment of abandoned or foreclosed homes. The intent  
5 of NSP1 is to stabilize neighborhoods in areas with greatest need and stem the decline of house  
6 values of neighboring homes;

7 WHEREAS, pursuant to the NSP1 Loan Agreement, COUNTY loaned to OWNER  
8 \$1,650,000 of NSP1 funds (“NSP1 Loan”), to provide financial assistance to OWNER, to pay a  
9 portion of the costs related to the Project, as more fully described in the NSP1 Loan Agreement.  
10 The NSP1 Loan is evidenced by a Promissory Note executed by OWNER, in favor of the  
11 COUNTY dated on or about the date hereof (“NSP1 Loan Note”)and secured by that certain  
12 Deed of Trust executed by OWNER, for the benefit of COUNTY and recorded in the Official  
13 Records concurrently herewith (“NSP1 Loan Deed of Trust”); and

14 WHEREAS, pursuant to the NSP1 Loan Agreement, OWNER has agreed to redevelop  
15 the land and construct a multi-family affordable rental housing project consisting of thirty (30)  
16 rental units including one (1) residential manager’s unit. A total of eight (8) NSP1-Assisted Units  
17 are to be rented to and occupied by qualified very low income households pursuant to the NSP1  
18 Program (“NSP1-Assisted Units”) as set forth more specifically below.

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

23 1) RESTRICTIONS. This Covenant shall continue in full force and effect for the  
24 later of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last  
25 building for which construction is completed for the Project on the Property, or (ii) July 1, 2073  
26 (“Term”), for itself and on behalf of its successors and assigns. For the duration of the term, the  
27 Property shall be held, sold and conveyed, subject to the following covenants, conditions, and  
28 restrictions:

1           a) Eight (8) NSP1-Assisted Units shall be limited to households whose  
2 incomes do not exceed fifty percent (50%) of the area median income for the County of  
3 Riverside (“VLI households”), adjusted by family size at the time of occupancy as published by  
4 HUD. The NSP1-Assisted Units shall be a “floating” designation on the Property such that the  
5 requirements of this Agreement will be satisfied so long as the total number of NSP1-Assisted  
6 Units remains the same throughout the Affordability Period;

7           b) NSP1-Assisted Units shall be rented to and occupied by VLI households  
8 that qualify for an affordable rent as defined by the California Health and Safety Code Section  
9 50053(b)(2). Affordable rents including utility allowance for VLI households, is the product of  
10 30 percent times 50 percent of the area median income adjusted for family size appropriate for  
11 the unit. COUNTY shall review and approve proposed rents to the extent required under this  
12 section. BORROWER shall ensure the NSP1-Assisted Units are rented to qualified applicants at  
13 the described rent levels herein. The maximum monthly allowances for utilities and services  
14 (excluding telephone) shall not exceed the utility allowance as described below.

15           c) Utility Allowance: The California Utility Allowance Calculator (CUAC)  
16 is California’s energy consumption model for calculating utility estimates (Treasury Regulation  
17 26 CFR §1.42-10). The BORROWER shall use the California Utility Allowance Calculator  
18 (CUAC) to establish maximum monthly allowances for utilities and services to be used by the  
19 BORROWER in calculating rents conditioned upon approval by the California Tax Credit  
20 Allocation Committee (CTCAC) for Low Income Housing Tax Credit Projects; and

21           d) OWNER shall comply with the terms of the NSP1 Loan Agreement, NSP1  
22 Loan Note, NSP1 Loan Deed of Trust and any other instrument secured against the Property.

23           2) SUBORDINATION. This Covenant Agreement shall be recorded in junior  
24 position to the following liens: (1) a construction loan from Citibank in a principal amount up to  
25 \$6,500,000; (2) a permanent loan from Citibank in a principal amount up to \$1,750,000; and (3)  
26 a NSP1 Deed of Trust for the benefit of COUNTY securing the NSP1 Loan in the principal  
27 amount of \$1,650,000.

28           3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this

1 Covenant, OWNER, for itself and on behalf of its successors and assigns, shall adhere to and  
2 comply with all federal, state and local laws, regulations and ordinances., including, but not  
3 limited to the following:

4 a) The Neighborhood Stabilization Program as enacted under Title III of  
5 Division B of the Housing and Economic Recovery Act of 2008 and Federal Register Notice  
6 Docket No. FR-5255-N-01, as amended.

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

11 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach  
12 program. OWNER must adopt affirmative marketing procedures and requirements. These must  
13 include:

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

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

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

26 (7) Records that will be kept describing actions taken by OWNER to affirmatively  
27 market units and records to assess the results of these actions.

28 (8) A description of how OWNER will annually assess the success of affirmative



1 marketing actions and what corrective actions will be taken where affirmative marketing  
2 requirements are not met.

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

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

28 10) TENANT PROTECTIONS. OWNER shall provide protection to the tenants of

1 the COUNTY NSP1 Assisted Units in accordance with the requirements set forth at 24 CFR  
2 92.253 and described as follows:

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

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

10 (1) *Agreement to be sued*. Agreement by the tenant to be sued, to  
11 admit guilt or to a judgment in favor of OWNER in a lawsuit  
12 brought in connection with the lease.

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

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

24 (4) *Waiver of notice*. Agreement of the tenant that OWNER may  
25 institute a lawsuit without notice to the tenant.

26 (5) *Waiver of legal proceeding*. Agreement by the tenant that the  
27 OWNER may evict the tenant or household members without  
28 instituting a civil court proceeding in which the tenant has the

1 opportunity to present a defense, or before a court decision on the  
2 rights of the parties.

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

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

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

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

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

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

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

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

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

22 OWNER herein covenants by and for itself, its successors and assigns, and all persons  
23 claiming under or through them, that this Covenant is made and accepted upon and subject to the  
24 following conditions: There shall be no discrimination against or segregation of any person or  
25 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the  
26 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and  
27 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,  
28 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor

1 shall the transferee itself or any person claiming under or through him or her, establish or permit  
2 any such practice or practices of discrimination or segregation with reference to the selection,  
3 location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the  
4 Property.

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

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

23 b) In leases: "The lessee herein covenants by and for himself or herself, his  
24 or her heirs, executors, administrators, and assigns, and all persons claiming under or  
25 through him or her, and this lease is made and accepted upon and subject to the following  
26 conditions: That 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  
28 of the Government Code, as those bases are defined in Sections 12926, 12926.1,

1 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section  
2 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,  
3 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,  
4 or any person claiming under or through him or her, establish or permit any such practice  
5 or practices of discrimination or segregation with reference to the selection, location,  
6 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the  
7 premises herein leased.”

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

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

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

26 a) Worker’s Compensation Insurance. If OWNER has employees as defined by the State of  
27 California, OWNER shall maintain statutory Workers’ Compensation Insurance  
28 (Coverage A) as prescribed by the laws of the State of California. Policy shall include

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

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

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

26 d) General Insurance Provisions – All Lines.

27 i) Any insurance carrier providing insurance coverage hereunder shall be  
28 admitted to the State of California and have an A M BEST rating of not less



1 than A: VIII (A:8) unless such requirements are waived, in writing, by Risk  
2 Manager. If Risk Manager waives a requirement for a particular insurer such  
3 waiver is only valid for that specific insurer and only for one policy term.

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

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

27 iv) It is understood and agreed to by the parties hereto that OWNER's insurance  
28 shall be construed as primary insurance, and COUNTY's insurance and/or

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

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

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

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

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

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

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

17 COUNTY

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

OWNER

President/CEO  
Summerhouse Housing 3, L.P.  
600 California St., Suite 900  
San Francisco, CA 94108

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

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

1           18) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY  
2 shall give OWNER notice of such default pursuant to section 9 above. Any monetary default  
3 shall be cured within ten (10) days of delivery of written notice. Except as otherwise set forth  
4 herein, if a non-monetary default is reasonably capable of being cured within thirty (30) days of  
5 delivery of such notice of default, OWNER shall have such period to effect a cure prior to  
6 exercise of remedies by COUNTY. If the non-monetary default is such that it is not reasonably  
7 capable of being cured within sixty (60) days of delivery of such notice of default, and OWNER  
8 (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith  
9 works to effect a cure as soon as possible, then OWNER shall have such additional time as is  
10 reasonably necessary to cure the default prior to exercise of any remedies by the COUNTY; but  
11 in no event no later than sixty (60) days from delivery of such notice of default. COUNTY, upon  
12 providing OWNER with any notice of default under this Covenant, shall, within a reasonable  
13 time, provide a copy of such default notice to a Permitted Lender who has given written notice to  
14 COUNTY of its interest in the Property and Project. From and after such notice has been  
15 delivered to a Permitted Lender, such Permitted Lender shall have the same period for  
16 remedying the default complained of as the cure period provided to OWNER pursuant to this  
17 Section 12. COUNTY shall accept performance by a Permitted Lender as if the same had been  
18 done by OWNER.

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

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

2   OWNER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the  
3   Project, the Property or any portion thereof, without obtaining the prior written consent of  
4   COUNTY, in its sole discretion. Any sale, assignment, or transfer of the Project or Property,  
5   shall be memorialized an assignment and assumption agreement the form and substance of which  
6   have been first approved in writing by the COUNTY in its sole discretion. Such assignment and  
7   assumption agreement shall, among other things, provide that the transferee has assumed in  
8   writing and in full, and is reasonably capable of performing and complying with OWNER's  
9   duties and obligations under the Agreement and this Covenant, provided, however OWNER shall  
10  not be released of all obligations under the NSP1 Loan Agreement and this Covenant.

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

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

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

22           23)    PERMITTED MORTGAGES. No violation or breach of the covenants,  
23  conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or  
24  render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted  
25  by the Agreement or the lien or charge of a deed of trust made by OWNER for the benefit of any  
26  lender first approved in writing by the COUNTY ( each, a "Permitted Lender") and nothing  
27  herein or in the Agreement shall prohibit or otherwise limit the exercise of a Permitted Lender's  
28  rights and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure and

1 subsequent transfer thereafter.

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

6       25) PROJECT MONITORING AND EVALUATION.

7       a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to COUNTY, as  
8 shown in **Exhibit F** of the NSP1 Loan Agreement, and may be revised by COUNTY,  
9 summarizing the racial/ethnic composition, number and percentage of very low-income  
10 households who are tenants of the NSP1-Assisted Units. The Tenant Checklist Form  
11 shall be submitted upon completion of the construction and thereafter, on a semi-annual  
12 basis on or before March 31 and September 30. OWNER shall maintain financial,  
13 programmatic, statistical and other supporting records of its operations and financial  
14 activities in accordance with the requirements of the NSP1 Program, including the  
15 submission of Tenant Checklist Form. Except as otherwise provided for in this Covenant  
16 and in the Agreement, OWNER shall maintain and submit records to COUNTY within  
17 ten (10) business days of COUNTY's request which clearly documents OWNER's  
18 performance under each requirement of the NSP1 Program.

19       b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability,  
20 COUNTY must perform on-site inspections of NSP1-Assisted rental housing to  
21 determine compliance with the property standards of §92.251 and to verify the  
22 information submitted by the owners in accordance with the requirements of §92.252.  
23 The inspections must be in accordance with the inspection procedures that the  
24 participating jurisdiction establishes to meet the inspection requirements of §92.251. The  
25 on-site inspections must occur at least once every 3 years thereafter during the period of  
26 affordability. If there are observed deficiencies for any of the inspectable items in the  
27 property standards established by COUNTY, in accordance with the inspection  
28 requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are

1 corrected must occur within 12 months. COUNTY may establish a list of non-hazardous  
2 deficiencies for which correction can be verified by third party documentation (e.g., paid  
3 invoice for work order) rather than re-inspection. Health and safety deficiencies must be  
4 corrected immediately, in accordance with §92.251. COUNTY must adopt a more  
5 frequent inspection schedule for properties that have been found to have health and  
6 safety deficiencies. The property owner must annually certify to the COUNTY that each  
7 building and all NSP1-Assisted Units in the project are suitable for occupancy, taking  
8 into account State and local health, safety, and other applicable codes, ordinances, and  
9 requirements, and the ongoing property standards established by the participating  
10 jurisdiction to meet the requirements of §92.251. Inspections must be based on a  
11 statistically valid sample of units appropriate for the size of the NSP1-Assisted project,  
12 as set forth by HUD through notice. COUNTY will inspect 100 percent of the NSP1-  
13 Assisted Units and the inspectable items (site, building exterior, building systems, and  
14 common areas) for each building housing NSP1-Assisted Units.

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

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

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

28 ///

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

3  
4       COUNTY:

OWNER:

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

Summerhouse Housing 3, L.P.,  
a California limited liability partnership

7       By: BRIDGE SC, LLC,  
8       a California limited liability company  
9       Its: Administrative General Partner

10      By: \_\_\_\_\_  
11         Heidi Marshall, Assistant Director

By: \_\_\_\_\_  
Kimberly McKay, Vice President

12      Date: \_\_\_\_\_

Date: \_\_\_\_\_

14  
15      By: BRIDGE Regional Partners, Inc.,  
16      a California nonprofit benefit corporation  
17      Its: Managing General Partner

18      By: \_\_\_\_\_  
19         Kimberly McKay, Vice President

20      Date: \_\_\_\_\_

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

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

26  
27                                   **(COUNTY and OWNER signatures need to be notarized)**  
28



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

## **EXHIBIT "A"**

### LEGAL DESCRIPTION OF PROPERTY

The land referred to in this Report is situated in the County of Riverside, City of Temecula, State of California, and is described as follows:

#### PARCEL ONE:

That certain parcel of land situated in the City of Temecula, County of Riverside, State of California, being that portion of Lot "B" of No. Tract 33891 as shown on the map recorded in Book 424, Pages 82 through 84, inclusive, of Maps in the Office of the County Recorder of said Riverside County, together with that portion of Parcel 1 of Parcel Map No. 36219 as shown on the map filed in Book 231, Page 58 through 60, inclusive of Parcel Maps in the Office of said Riverside County Recorder, described as follows:

Commencing at the northeasterly corner of said Lot "B";

Thence along the easterly line of said Lot "B" South 16° 56' 06" East 91.99 feet to the easterly prolongation of the northerly line of Parcel 2 of said Parcel Map No. 36219;

Thence along the easterly prolongation, said northerly line of Parcel 2 and the westerly prolongation of said northerly line South 73° 04' 07" West 562.85 feet to the westerly line of said Parcel 1;

Thence along said westerly line North 09° 21' 50" West 92.83 feet to the northwesterly corner of said Parcel 1;

Thence along the northerly line of said Parcel 1 and the northerly line of said Lot "B" North 73° 04' 17" East 550.62 to the Point of Beginning.

Being Parcel B as shown on the Lot Line Adjustment No. PA13-0056, recorded April 1, 2013, Instrument No. 2013-0154092, in the Official Records of Riverside County.

#### PARCEL TWO:

Rights and Easements granted in that certain Reciprocal Easement, Joint Use and Maintenance Agreement dated April 2, 2013, and recorded April 4, 2013 as instrument No. 2013-161381, in the Official Records of Riverside County.

APN: 959-080-033 (formerly portion of 959-080-023 & 959-080-024)

# **EXHIBIT “H”**

Request for Notices

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 \_\_\_\_\_, 2016 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Summerhouse Housing 3, L.P., a California limited liability partnership, as Trustor in which Citibank 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:

The land referred to in this Report is situated in the County of Riverside, City of Temecula, State of California, and is described as follows:

**PARCEL ONE:**

That certain parcel of land situated in the City of Temecula, County of Riverside, State of California, being that portion of Lot "B" of No. Tract 33891 as shown on the map recorded in Book 424, Pages 82 through 84, inclusive, of Maps in the Office of the County Recorder of said Riverside County, together with that portion of Parcel 1 of Parcel Map No. 36219 as shown on the map filed in Book 231, Page 58 through 60, inclusive of Parcel Maps in the Office of said Riverside County Recorder, described as follows:

Commencing at the northeasterly corner of said Lot "B";

Thence along the easterly line of said Lot "B" South 16° 56' 06" East 91.99 feet to the easterly prolongation of the northerly line of Parcel 2 of said Parcel Map No. 36219;

Thence along the easterly prolongation, said northerly line of Parcel 2 and the westerly prolongation of said northerly line South 73° 04' 07" West 562.85 feet to the westerly line of said Parcel 1;

Thence along said westerly line North 09° 21' 50" West 92.83 feet to the northwesterly corner of said Parcel 1;

Thence along the northerly line of said Parcel 1 and the northerly line of said Lot "B" North 73° 04' 17" East 550.62 to the Point of Beginning.

Being Parcel B as shown on the Lot Line Adjustment No. PA13-0056, recorded April 1, 2013, Instrument No. 2013-0154092, in the Official Records of Riverside County.

PARCEL TWO:

Rights and Easements granted in that certain Reciprocal Easement, Joint Use and Maintenance Agreement dated April 2, 2013, and recorded April 4, 2013 as instrument No. 2013-161381, in the Official Records of Riverside County.

APN: 959-080-033 (formerly portion of 959-080-023 & 959-080-024)

Assessor's Parcel No.: 959-080-033  
44155 Margarita Road, Temecula, California 92592

All notices to be mailed to:

Attn: Assistant Director  
Riverside County EDA  
Housing Division  
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.**

RIVERSIDE COUNTY  
ECONOMIC DEVELOPMENT AGENCY

\_\_\_\_\_  
John Aguilar, Deputy Director

10/11/16, File No: NSP1.5-16-001-3rd  
Madera Vista Apartments Phase 3

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**



## 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



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

10/25/16  
Date

VIA EDA  
Initial

**Notice of Determination**

To:  Office of Planning and Research  
For U.S Mail: Street Address: 1400 Tenth St.  
P.O. Box 3044 Sacramento, CA 95812-3044

From: Public Riverside County Economic Development Agency  
Agency: 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: City of Temecula, Planning Department  
43200 Business Park Drive  
Temecula, CA 92590  
Contact: Harmony Linton, Assistant Planner  
Phone: (951) 694-6400

**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: Madera Vista Apartments Phase 3 (formerly Silver Oaks and Summerhouse Apartments)

Project Location (include county): County of Riverside-Assessor Parcel Number 959-080-033

**Project Description:**

Riverside County Economic Development Agency (EDA) intends to provide a loan in the amount of \$1,650,000 in federal Neighborhood Stabilization Program (NSP) funds for the development and construction of Madera Vista Apartments Phase 3, a 30-unit multi-family affordable rental housing complex located in the City of Temecula (Project). Any potential significant effects of the Project have been adequately analyzed and addressed by the City of Temecula, as Lead Agency, under Planning Application No. PA05-0235, formerly known as Silver Oaks, Initial Study/Mitigated Negative Declaration (MND) and the Mitigation Monitoring Program (MMP) filed on May 18, 2006 with the Riverside County Clerk's Office. Acting as a Responsible Agency, the County of Riverside Board of Supervisors has considered the MND/MMP pursuant to the California Environmental Quality Act (CEQA) and finds no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred necessitating further environmental documentation. The Project will not result in any new significant environmental effects not identified in the MND/MMP, nor will it substantially increase the severity of the environmental effects identified in the MND/MMP. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Project Sponsor: Summerhouse Housing 3, L.P., a California limited partnership

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

October 25, 2016  
(tentative date)

Lead agency or  Responsible Agency

and has made the following determinations regarding the above described project:

1. The County of Riverside considered the Initial Study/Mitigated Negative Declaration (MND) and the Mitigation Monitoring Program (MMP) filed on May 18, 2006 with the Riverside County Clerk's Office as prepared and adopted by the City of Temecula, Planning Application No. PA05-0235.
2. The Project will not have a significant effect on the environment.

The Mitigated Negative Declaration is available to the General Public at:  
Housing Authority of the County of Riverside  
5555 Arlington Avenue, Riverside, CA 92504

Signature: (Public Agency) \_\_\_\_\_ Title: John J. Benoit, Chairman, Board of Supervisors

Date: \_\_\_\_\_ Date received for filing at OPR: \_\_\_\_\_