

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



FROM : ECONOMIC DEVELOPMENT AGENCY (EDA)

SUBMITTAL DATE:
September 21, 2016

SUBJECT: Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Program Funds between the County of Riverside and Riverside Community Housing Corp.; District 4, [\$3,754,000], Neighborhood Stabilization Program 1 Funds 100%; CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Sections 15061 (b)(3) and 15301;
2. Find that the project is a categorically excluded activity (subject to Title 24 Code of Federal Regulations (CFR) Section 58.5) and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.35(a) and in accordance with the National Environmental Policy Act of 1969;
3. Approve the attached Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Program Funds, including all attachments thereto,(NSP Loan Agreement) in the amount of \$3,704,000 (original \$3,204,000 loan + additional \$500,000 loan), between the County of Riverside and Riverside Community Housing Corp. (RCHC), for rehabilitation of scattered affordable rental properties owned by RCHC, creation of an operating reserve and payment of property taxes;
4. Approve the Deed of Trust with Assignment of Rents, Promissory Note (NSP Loan) and Covenant Agreement (RCHC NSP Properties), each attached to the NSP Loan Agreement;

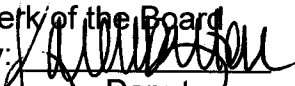
FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 3,754,000	\$ 0	3,754,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Neighborhood Stabilization Program 1 Funds			Budget Adjustment:	No
			For Fiscal Year:	16/17

C.E.O. RECOMMENDATION: [CEO use]

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington, Benoit and Ashley
Nays: None
Absent: None
Date: October 25, 2016
xc: EDA, Recorder

Kecia Harper-Ihem
 Clerk of the Board
 By: 
 Deputy

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5. Authorize the Chairman of the Board of Supervisors to execute the attached NSP Loan Agreement and Covenant Agreement;
6. Approve and allocate \$50,000 derived from Neighborhood Stabilization Program 1 Funds to pay for County staff activity delivery costs;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to consent to and execute an Assignment and Assumption Agreement between County, RCHC and a to be formed California limited liability company, or similar entity, which shall be an affiliate of RCHC, assigning RCHC's interests and obligations under the NSP Loan Agreement to the newly created affiliate entity, an amendment to deed of trust, amendment to promissory note, and any other instrument necessary to effectuate the assignment and assumption of the NSP Loan Agreement, subject to approval by County Counsel;
8. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the NSP Loan Agreement, including all attachments, and the Assignment and Assumption Agreement, including, but not limited to; signing subsequent necessary and relevant documents subject to approval by County Counsel; and
9. Direct the Clerk of the Board to file the attached Notice of Exemption with the County Clerk for posting within five working days of Board Approval.

Policy

BACKGROUND:

Summary

On September 13, 2016 the Riverside County Board of Supervisors transferred to the Riverside Community Housing Corp., a California non-profit corporation (RCHC), and affiliate of the Housing Authority of the County of Riverside, fee simple interest in 11 scattered real property sites, with a total of 35 affordable rental housing units, located in the cities of Desert Hot Springs, Cathedral City, and Blythe, all within Riverside County, as more particularly described in Attachment A, attached hereto (collectively, Properties). Site maps for the Properties are attached hereto as Attachment B. Prior to being owned by the County of Riverside (County), the Properties were acquired and rehabilitated by Rancho Housing Alliance, Inc., a California non-profit corporation (RHA) with \$3,204,000 in financing (RHA Loan) from the County through its Neighborhood Stabilization Program (NSP). The RHA Loan was memorialized with loan agreements (RHA Loan Agreement) along with a promissory note and deed of trust for each respective property. The total RHA Loan amount was disbursed by the County to RHA. RHA subsequently became unable to manage the Properties and, in lieu of the County foreclosing on the Properties, RHA agreed to transfer title of the Properties to the County.

The County then conveyed the Properties to RCHC. As part of this conveyance, RCHC assumed the RHA Loan, which assumption was memorialized by an Assignment and

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Assumption Agreement dated September 13, 2016 between RHA (as assignor) and RCHC (as assignee), with the County's consent, (NSP Assumption Agreement), a copy of which is attached hereto as Attachment C.

Staff is proposing to amend and restate the RHA Loan Agreement that RCHC assumed as memorialized in the proposed Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Program Funds between RCHC and the County (Amended and Restated Agreement), which is attached as Attachment D. The proposed Amended and Restated Agreement provides, among things, additional NSP funding in the amount of \$500,000, increasing the original RHA Loan amount from \$3,204,000 to \$3,704,000 (New Loan Amount). The New Loan Amount will be evidenced by a new promissory note in favor of the County and will be secured by a deed of trust for the benefit of the County and affordability covenants. Staff recommends utilizing the additional NSP funds for the following three purposes, (i) approximately \$250,000 is necessary to complete minor rehabilitation of the Properties to ensure they meet Federal Housing Quality Standards (HQS), (ii) approximately \$100,000 is necessary to fund a reserve account to financially stabilize the operation of the Properties, and (iii) \$150,000 is necessary to pay existing unpaid property taxes which RHA was unable to pay. The proposed Amended and Restated Agreement also contains standard terms and provisions contained in the County's NSP loan agreements.

RCHC is proposing to form an affiliated California limited liability company (LLC) at a later date, for the purpose of holding title to the Properties since RCHC already owns a sizeable portfolio of federally restricted affordable housing properties. To expedite this process, staff further recommends that the Board authorize the Assistant County Executive Officer/EDA, or designee, to approve the assignment of RCHC's rights and obligations under the Amended and Restated Agreement and RCHC's conveyance of the Properties to the soon to be formed affiliate LLC, subject to approval by County Counsel.

The proposed activities meet the conditions for categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35(a) and are exempt activities pursuant to Title 24 CFR Section 58.34(a)(12) and in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA). Therefore, an Environmental Impact Statement under NEPA was not required. In addition, pursuant to the California Environmental Quality Act (CEQA), the Amended and Restated Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines Section 15061(b) (3), General Rule or "Common Sense" exemption, and Section 15301 Class 1- Existing Facilities exemption. The project includes the loan of NSP funds to perform minor rehabilitation work, create an operating reserve and to pay back taxes. The loan of the NSP funds is administrative in nature and will have purely financial effects. In addition, the rehabilitation work is so minimal that the use and operation will be substantially similar to the existing residential units and will not create any new environmental impacts to the surrounding area. The project is also categorically exempt from CEQA under State CEQA Guidelines section 15301, Class 1 – Existing Facilities, since the project includes only minor rehabilitation of existing facilities and no expansion of an existing

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use will occur. In addition, it can be seen with certainty that there is no possibility that the project may have a significant effect on the environment and will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained. A Notice of Exemption will be filed by RCHC staff with the County Clerk upon approval of the Amended and Restated Agreement.

County Counsel has reviewed and approved the attached Amended and Restated Agreement, including all exhibits, including, but not limited to the Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement. Staff recommends that the Board approve the Amended and Restated Agreement, including all exhibits, the Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement.

Impact on Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses of the County of Riverside. The proposed project is expected to generate temporary construction jobs, and provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:

Additional Fiscal Information

There is no impact upon the County's General Fund; the County's contribution to the project will be fully funded with Neighborhood Stabilization Program 1 funds from the U.S. Department of Housing and Urban Development.

Description	Estimated Amount
NSP Loan Amount (original \$3,204,000 NSP loan assumed by RCHC from RHA + additional \$500,000 NSP loan)	\$ 3,704,000
EDA Staff Activity Delivery Costs	\$ 50,000
TOTAL	\$ 3,754,000

ATTACHMENTS:

- A. Properties Overview
- B. Site map
- C. Assignment & Assumption Agreement
- D. Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Program Funds(including all exhibits, Deed of Trust with Assignment of Rents, Promissory Note and Covenant Agreement)
- E. Notice of Exemption

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Minute Traq # 2456

H:\Housing\HOME\2009 NSP - Tom FNSP 4 - Rancho Housing Alliance\Form 11\F11 - RCHC Amended and Restated NSP
Agreement (JRB revs 9 14 16)v2.doc

**ATTACHMENT A
Properties Overview**

Assessor Parcel Number	Site address	Units	NSP Loan Amount
644141013-4	68170 Calle Las Tiendas Desert Hot Springs CA 92240	4	311,200.00
680272032-0	32425 Montevista Rd Cathedral City CA 92234	2	278,703.00
639302012-2	66780 4th Street Desert Hot Springs CA 92240	3	312,848.00
680396003-7	68685 Cedar Road, Cathedral City, CA 92234	2	278,253.00
641311023-7	13740 Mark Drive Desert Hot Springs CA 92240	2	160,000.00
644141015-6	68150 Calle Las Tiendas Desert Hot Springs, CA 92240	4	315,990.00
644141014-5	68160 Calle Las Tiendas Desert Hot Springs, CA 92240	4	319,240.00
639222006-0	66061 3rd Street Desert Hot Springs CA 92240	9	553,040.00
675251009-7	29660 Landau Blvd Cathedral City CA 92234	2	238,954.00
680452047-0	33580 Cathedral Canyon, Cathedral City CA 92234	2	231,772.00
842216001-2	424 Chaparral Street Blythe CA 92225	1	204,000.00

66061 Third Street, Desert Hot Springs, CA 92240 (APN: 639-222-006)



66780 4th Street, Desert Hot Springs, CA 92240 (APN: 639-302-012)



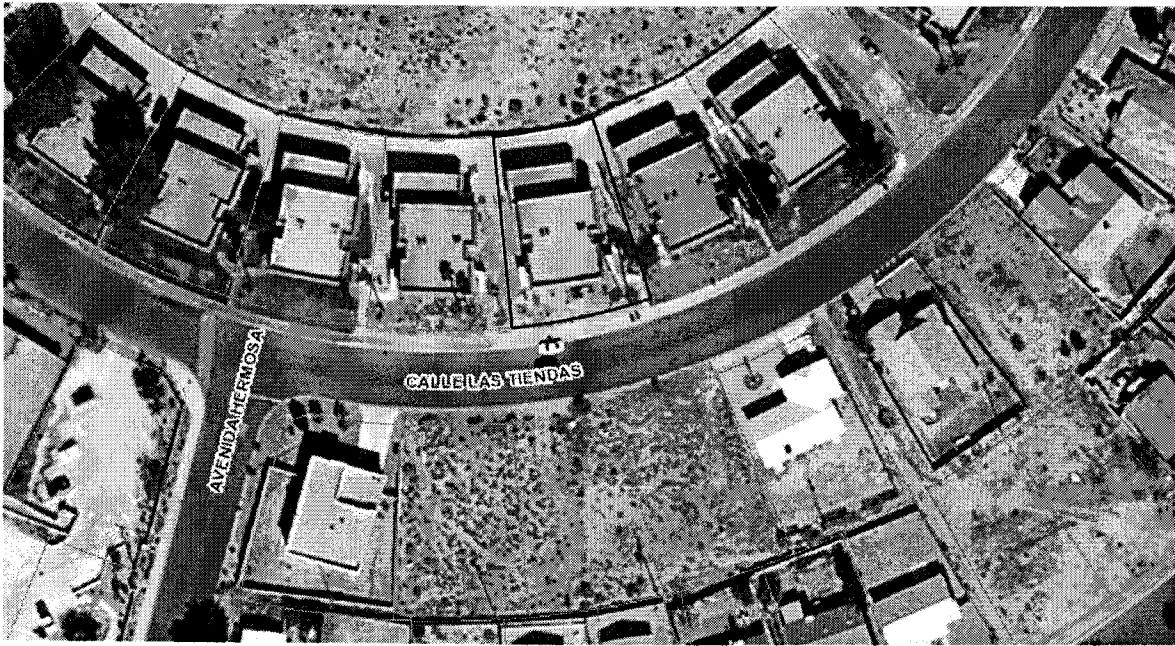
13740 Mark Drive, Desert Hot Springs, CA 92240 (APN: 641-311-023)



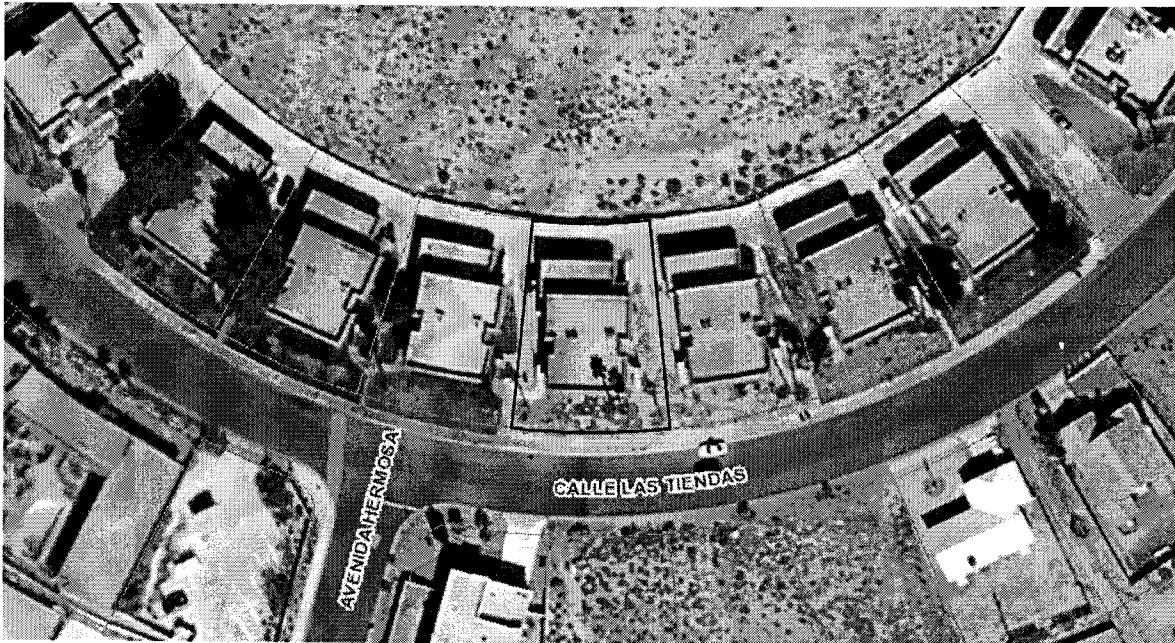
68170 Calle Las Tiendas, Desert Hot Springs, CA 92240 (APN: 644-141-013)



68160 Calle Las Tiendas, Desert Hot Springs, CA 92240 (APN: 644-141-014)



68150 Calle Las Tiendas, Desert Hot Springs, CA 92240 (APN: 644-141-015)



29660 Landau Boulevard, Cathedral City, CA 92234 (APN: 675-251-009)



32425 Monte Vista Road, Cathedral City, CA 92234 (APN: 680-272-032)



68685 Cedar Road, Cathedral City, CA 92234 (APN: 680-396-003)



33580 Cathedral Canyon, Cathedral City, CA 92234 (APN: 680-452-047)



424 Chaparral Drive, Blythe, CA 92225 (APN: 842-216-001)





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

10/31/16 Date 1CB Initial

NOTICE OF EXEMPTION

Date: September 15, 2016

Project Name: Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Program Funds between the County of Riverside and Riverside Community Housing Corp.

Project Number: NSP04-16-001

Project Location: The properties are located in the Cities of Desert Hot Springs, Cathedral City, and Blythe, and identified with Assessor's Parcel Numbers 639-222-006, 639-302-012, 641-311-023, 644-141-013, 644-141-014, 644-141-015, 675-251-009, 680-272-032, 680-396-003, 680-452-047, and 842-216-001, ("NSP Properties");

Description of Project: The County of Riverside is proposing to provide a loan agreement utilizing funds obtained from the United States Department of Housing and Urban Development (HUD) for the purpose of providing decent, safe, sanitary, and affordable housing for low-income families. The loan will provide funds to rehabilitate 11 existing residential buildings consisting of 35 rental units and bringing them to meet federal Housing Quality Standards so that they can be rented out to qualified very low and low income households located in the Cities of Desert Hot Springs, Cathedral City and Blythe. The scope of the capital improvements include the following as needed: installing new double-pane, replacing appliances as needed, low-energy windows and blinds; installing air conditioning, heating systems, plumbing fixtures, water heaters, and lighting fixtures, installing kitchen cabinets and counter tops; and providing new paint, flooring, and repairing roofing. No new residential units will be created and the existing use of the site will remain the same and of similar intensity. However, the existing units will be rehabilitated to meet federal Housing Quality Standards. Any existing impacts related to noise, traffic, or utilities will remain similar to existing conditions.

Additionally, funding is also being provided to fund a reserve account to financially stabilize the project and assist with paying property tax arrearages incurred by the previous owner of the NSP Properties.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency.

www.rivcoeda.org

- Administration
Aviation
Business Intelligence
Community Services
Custodial
County Library System

- Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
Film & Television
Foreign Trade

- Graffiti Abatement
Housing
Housing Authority
Maintenance
Marketing
Military & Defense Services

- Parking
Project Management
Real Property
Workforce Development

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Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency.

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15301, Class 1, Existing Facilities Exemption; and Section 15061(b)(3), General Rule or "Common Sense" Exemption

Reasons Why Project is Exempt: The project is exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The project will not cause any impacts to scenic resources, historic resources, or unique sensitive biological environments. The existing structure that will be upgraded does not possess any historic significance and the project site is already developed. Further, no unusual circumstances or potential cumulative impacts would occur that may reasonably create an environmental impact. The upgrade of existing residential units to be utilized in a similar manner will not have an effect on the environment and no significant physical environmental impacts are anticipated to occur.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

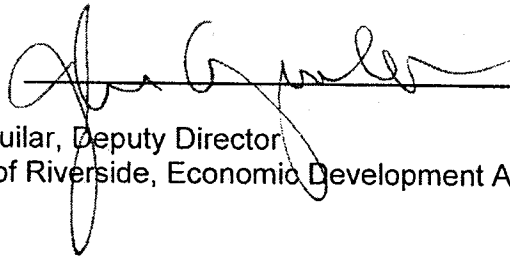
- Section 15301 – Class 1 Existing Facilities Exemption. This exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site's use. The project as proposed is upgrade of existing residential rental units for the continued use as low income rental units. The project includes interior and exterior repairs, upgrades, and minor alterations in order for the units to meet federal Housing Quality Standards. The construction as proposed is minimal, would occur on existing disturbed land, and would not result in any physical environmental impacts. Once the improvements are complete, the properties will continue to operate as residential rental units. Therefore, the project meets the scope and intent of the Class 1 Exemption.
- Section 15061 – General Rule or "Common Sense" Exemption. The State CEQA Guidelines provides this exemption based upon the general rule that CEQA only applies to projects with the potential to cause a significant effect on the environment. With certainty, there is no possibility that the proposed project may have a significant effect on the environment. The improvement of existing residential housing units at the same physical location will not have an effect on the environment. The improvements will not increase any potential environmental impacts from either construction or operations of the units. The use and operation of the site will be similar to the existing residential units and



will not create any new environmental impacts to the surrounding area. In fact, the improvements to the housing will improve both the existing structures and the surrounding community. Construction activities will be limited to the exterior and interior portions of the homes and any impacts related to the operation of the site will be the same or similar in nature to the existing conditions. Therefore, in no way would the project as proposed have the potential to cause a significant environmental impact and the project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed: _____



Date: _____

9-15-16

John Aguilar, Deputy Director
County of Riverside, Economic Development Agency



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

3 RECORDING REQUESTED BY AND
4 WHEN RECORDED MAIL TO:

5 County of Riverside
6 Economic Development Agency
7 5555 Arlington Ave.
8 Riverside, CA 92504
9 Attn. Juan Garcia

10 SPACE ABOVE THIS LINE FOR RECORDERS USE

11 **AMENDED AND RESTATED LOAN AGREEMENT FOR THE USE OF**
12 **NEIGHBORHOOD STABILIZATION PROGRAM FUNDS**

13 THIS AMENDED AND RESTATED LOAN AGREEMENT FOR THE USE
14 OF NEIGHBORHOOD STABILIZATION FUNDS ("Agreement") is made and entered into
15 this 25th day of October, 2016 by and between the COUNTY OF RIVERSIDE, a
16 political subdivision of the State of California ("COUNTY"), and RIVERSIDE
17 COMMUNITY HOUSING CORP., a California nonprofit public benefit corporation
18 ("RCHC"). COUNTY and RCHC are individually referred to herein as a "Party" and
19 collectively as the "Parties."

20 WITNESSETH:

21 WHEREAS, the County administers and authorizes funds under the Neighborhood
22 Stabilization Program ("NSP"), enacted under Title III of Division B of the Housing and
23 Economic Recovery Act of 2008 and appropriated under Community Development Block Grant
24 funds, for the purpose of stabilizing neighborhoods in areas with the greatest need due to
25 declining home values;

26 WHEREAS, the intent of NSP is to stabilize neighborhoods in areas with
27 greatest need and stem the decline of house values of neighboring homes;

28 WHEREAS, COUNTY has qualified as an "Urban County" for purposes of
receiving CDBG funds, including NSP funds, which are to be used to assist and undertake
essential community development and housing assistance activities pursuant to the Housing
and Community Development Act of 1974, Title I, as amended, Public Law 93-383 (the

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1 “Act”);

2 WHEREAS, RCHC is eligible under NSP to apply and receive NSP funds to
3 perform those activities described herein;

4 WHEREAS, County and Rancho Housing Alliance, Inc., a California non-profit
5 corporation (RHA) entered into that certain Loan Agreement For the Use of Neighborhood
6 Stabilization Program Funds dated July 14, 2009 and recorded September 30, 2009, as
7 Instrument No. 2009-0505609 in the Official Records of the County of Riverside (“Official
8 Records”) for amount up to One Million Five Hundred Thousand Dollars (\$1,500,000) (“NSP
9 Loan 1”), as amended by that certain First Amendment to Loan Agreement for the Use of
10 Neighborhood Stabilization Program (NSP) Funds dated February 23, 2010 providing an
11 additional loan of NSP funds in the amount of One Million Five Hundred Thousand Dollars
12 (\$1,500,000) (“NSP Loan 2”) (collectively “NSP Loan Agreement No.1”) to be used to acquire
13 and rehabilitate affordable rental housing in the County of Riverside;

14 WHEREAS, In addition to NSP Loan Agreement No. 1, County and RHA
15 entered into that certain Loan Agreement For the Use of Neighborhood Stabilization Program
16 Funds dated July 14, 2009 (NSP Loan Agreement No. 2) providing a loan of NSP funds in the
17 amount of Two Hundred Four Thousand Dollars (\$204,000) (“NSP Loan 3”) to be used to
18 acquire and rehabilitate affordable rental housing in the County of Riverside;

19 WHEREAS, the NSP Loan 1 is evidenced by the Promissory Notes and secured
20 by the Deeds of Trust identified in **Exhibit A-3** attached hereto and incorporated herein by this
21 reference;

22 WHEREAS, the NSP Loan 2 is evidenced by the Promissory Notes and secured
23 by the Deeds of Trust identified in **Exhibit A-3** attached hereto and incorporated herein by
24 this reference;

25 WHEREAS, the NSP Loan 3 is evidenced by the Promissory Notes and secured
26 by the Deeds of Trust identified in **Exhibit A-4** attached hereto and incorporated herein by
27 this reference;

28 WHEREAS, the County financial assistance provided to RHA in the form of

1 NSP Loan 1, NSP Loan 2, and NSP Loan 3, resulted in a total loan of Three Million Two
2 Hundred Four Thousand Dollars (\$3,204,000) derived from NSP funds. The NSP Loan
3 Agreement No. 1 and NSP Loan Agreement No. 2 are collectively referred to herein as the
4 “Original NSP Loan Agreements.” NSP Loan 1, NSP Loan 2 and NSP Loan 3 are collectively
5 referred to here as the “Original NSP Loan.” The entire Original NSP Loan amount has been
6 disbursed by County to RHA;

7 WHEREAS, by entering into the Original NSP Loan Agreements, RHA was able to
8 acquire and rehabilitate ten (10) rental multi-family housing units in the Cities of Desert Hot
9 Springs and Cathedral City and one (1) single family rental home in the city of Blythe, identified
10 with Assessor’s Parcel Numbers 639-222-006, 639-302-012, 641-311-023, 644-141-013, 644-
11 141-014, 644-141-015, 675-251-009, 680-272-032, 680-396-003, 680-452-047, and 842-216-
12 001, County of Riverside, State of California, legally described in Exhibit “A-5”, attached hereto
13 and incorporated herein by this reference (collectively the “NSP Properties”). The NSP
14 Properties are each rented to and occupied by very low income tenants for an affordable rent;

15 WHEREAS, all NSP Properties are located within an area of greatest need inside
16 designated “Target Areas” of the County of Riverside as defined in the COUNTY’s 2008-2009
17 One Year Action Plan (“Action Plan”);

18 WHEREAS, RHA became unable to manage the NSP Properties and, in lieu of
19 the County foreclosing on the Properties, RHA agreed to transfer title of the NSP Properties to
20 the County;

21 WHEREAS, on May 3, 2016, the Board of Supervisors for the County of Riverside
22 adopted Resolution No. 2016-125 accepting fee title to each of the NSP Properties from RHA;

23 WHEREAS, on September 13, 2016, pursuant to Resolution No. 2016-171 the
24 COUNTY conveyed the NSP Properties to RCHC by Grant Deed;

25 WHEREAS, an Assignment and Assumption Agreement was entered into between RHA
26 and RCHC, with COUNTY consent, dated September 13, 2016 and recorded in the Official
27 Records on September 22, 2016 as Instrument No. 2016-0412917 in which all rights, title,
28

1 interest and obligations under the Original NSP Loan Agreements and the Original NSP Loan
2 were assigned to RCHC;

3 WHEREAS, the NSP Properties are in need of minor rehabilitation and an operating
4 reserve to ensure proper property maintenance. In addition, the NSP Properties are subject to
5 property taxes which RHA was unable to pay;

6 WHEREAS, COUNTY and RCHC desire to amend and restate the Original NSP Loan
7 Agreements to (i) increase the Original NSP Loan amount by an additional \$500,000 to pay for
8 the necessary minor rehabilitation work, to create an operating reserve and to pay unpaid
9 property taxes, (ii) to consolidate the terms of the Original NSP Loan Agreements into one
10 document, and (iii) to incorporate other terms necessary for the proper administration of the
11 new NSP loan, as more specifically set forth below; and

12 WHEREAS, all NSP assisted activities described herein comply with the objectives as
13 required under NSP; and

14 WHEREAS, the NSP assisted activities described herein are consistent with the
15 COUNTY's Consolidated Plan and 2008-2009 One Year Action Plan.

16 **NOW, THEREFORE**, for and in consideration of the mutual promises,
17 covenants, and conditions hereinafter set forth the COUNTY and RCHC hereby do agree as
18 follows:

19 1. PURPOSE; AMENDED AND RESTATED AGREEMENT; EXISTING
20 NSP LOANS. The Recitals set forth above are true and correct and incorporated herein by this
21 reference. As of the Effective Date (defined in section 55 below), the terms and conditions of
22 the following loan agreements are each amended and restated in their entirety and superseded
23 by this Agreement (except as to the provisions which by their terms survive termination)
24 (collectively the "Original NSP Loan Agreements"):

- 25 a. That certain Loan Agreement For the Use of Neighborhood Stabilization
26 Program Funds entered into between COUNTY and Rancho Housing Alliance,
27 Inc., a California non-profit corporation (RHA), predecessor in interest to RCHC
28 under the loan agreement, dated July 14, 2009 and recorded September 30, 2009,

1 as Instrument No. 2009-0505609 in the Official Records of the County of
2 Riverside ("Official Records") for an amount up to One Million Five Hundred
3 Thousand Dollars (\$1,500,000) ("NSP Loan 1"), as amended by that certain First
4 Amendment to Loan Agreement for the Use of Neighborhood Stabilization
5 Program (NSP) Funds dated February 23, 2010 providing an additional loan of
6 NSP funds in the amount of One Million Five Hundred Thousand Dollars
7 (\$1,500,000) ("NSP Loan 2"); and

- 8 b. That certain that certain Loan Agreement For the Use of Neighborhood
9 Stabilization Program Funds entered into between COUNTY and RHA,
10 predecessor in interest to RCHC under the loan agreement, dated July 14, 2009
11 (NSP Loan Agreement No. 2) providing a loan of NSP funds in the amount of
12 Two Hundred Four Thousand Dollars (\$204,000) ("NSP Loan 3") to be used to
13 acquire and rehabilitate affordable rental housing in the County of Riverside.

14 The purpose of this Agreement is to provide financing to RCHC in the maximum total
15 amount of THREE MILLION SEVEN HUNDRED AND FOUR THOUSAND DOLLARS
16 (\$3,704,000) ("NSP Loan") consisting of Three Million Two Hundred Four Thousand Dollars
17 (\$3,204,000) in NSP funds already disbursed pursuant to the Original NSP Loan Agreements
18 ("Original NSP Loan" and "Original NSP Loan Amount") plus an additional Five Hundred
19 Thousand Dollars (\$500,000) in NSP funding ("Increased NSP Loan" and "Increased NSP
20 Loan Amount"), for a new total loan amount of THREE MILLION SEVEN HUNDRED AND
21 FOUR THOUSAND DOLLARS (\$3,704,000) identified herein as the "NSP Loan"). The
22 Parties acknowledge and agree that the Original NSP Loan Amount was fully disbursed by
23 County to RHA. The Increased NSP Loan Amount shall be disbursed pursuant to the terms
24 and provisions set forth in this Agreement.

25 The NSP Loan 1 is evidenced by the Promissory Notes and secured by the Deeds of
26 Trust identified in Exhibit A-3 attached hereto and incorporated herein by this reference ("NSP
27 Loan 1 Promissory Notes and Deeds of Trust"). The NSP Loan 2 is evidenced by the
28 Promissory Notes and secured by the Deeds of Trust identified in Exhibit A-4 attached hereto

1 and incorporated herein by this reference (“NSP Loan 2 Promissory Notes and Deeds of
2 Trust”). The NSP Loan 3 is evidenced by the Promissory Notes and secured by the Deeds of
3 Trust identified in Exhibit A-4 attached hereto and incorporated herein by this reference (“NSP
4 Loan 3 Promissory Notes and Deeds of Trust”). The NSP Loan 1 Promissory Notes and Deeds
5 of Trust, NSP Loan 2 Promissory Notes and Deeds of Trust, and NSP Loan 3 Promissory Notes
6 and Deeds of Trust shall remain valid and effective, shall remain on-going obligations of
7 RCHC, as successor in interest to RHA, and shall not be canceled and/or reconveyed until the
8 expiration of the applicable Affordability Period. Any reference in the NSP Loan 1 Promissory
9 Notes and Deeds of Trust, NSP Loan 2 Promissory Notes and Deeds of Trust, and NSP Loan 3
10 Promissory Notes and Deeds of Trust, to the Original NSP Loan Agreements are hereby deleted
11 in their entirety and replaced with reference to this Amended and Restated Loan Agreement for
12 the Use of Neighborhood Stabilization Program Funds.

13 The Increased NSP Loan shall be evidenced by a new Promissory Note in favor of the
14 County substantially conforming in form and substance to the Promissory Note attached hereto
15 as Exhibit C and incorporated herein by this reference, which Promissory Note will be secured
16 by (i) a Deed of Trust with Assignment of Rents for the benefit of the County substantially
17 conforming in form and substance to the Deed of Trust with Assignment of Rents attached
18 hereto as Exhibit B and incorporated herein by this reference, and (ii) affordability covenants
19 substantially conforming in form and substance to the Covenant Agreement attached hereto as
20 Exhibit G and incorporated herein by this reference. RCHC shall use the Increased NSP Loan
21 from the COUNTY to bring the NSP Properties back up to federal Housing Quality Standards,
22 finance a 3 year replacement reserve account to financially stabilize the operation of the NSP
23 Properties, and pay for existing property tax arrearages incurred by RHA, the previous owner,
24 as further described in **Exhibit A-1** attached hereto and incorporated herein by this reference
25 (“Original Scope”). The Original NSP Loan was used to accomplish the scope of work set forth
26 in **Exhibit A-1** and RCHC shall continue to satisfy the obligations set forth in **Exhibit A-1** until
27 the expiration of the applicable Affordability Period.

28 The term, “Project” as used herein shall mean and include the following, (i) the

1 acquisition and rehabilitation of the NSP Properties pursuant to Exhibit A-1, (ii) ensuring the
2 NSP Properties comply with Federal Housing Quality Standards, (iii) financing a 3 year
3 replacement reserve account to financially stabilize the operation of the NSP Properties, (iv)
4 paying for existing property tax arrearages incurred by RHA, the previous owner, in connection
5 with the NSP Properties, all as further described in Exhibit A-1 attached hereto, and (v) the
6 continuous satisfaction of RCHC's obligation of the Original Scope set forth in **Exhibit A-1**
7 attached hereto.

8 The term "Property" or "NSP Property" as used herein shall mean one of the individual
9 properties making up the "NSP Properties" as identified in the legal description attached hereto
10 as Exhibit A-5.

11 During the Affordability Period (as defined in Section 14 below), the NSP Properties
12 shall be rented to and occupied by qualified very low income tenants for an affordable rent, as
13 more specifically defined in Sections 22 and 23, below, the Covenants attached hereto as
14 Exhibit G, and **Exhibit A-1**.

15 2. RCHC'S OBLIGATIONS. RCHC hereby agrees to undertake and
16 complete the following activities:

- 17 a. Timeline. Carry out the Project in accordance with the timeline
18 set forth in **Exhibit A-1** attached hereto.
- 19 b. Promissory Note and Deed of Trust. RCHC shall execute a new
20 Promissory Note evidencing the Increased NSP Loan Amount,
21 which Promissory Note shall be evidenced by a Deed of Trust, in
22 recordable form, which shall be recorded as a lien against the NSP
23 Properties.
- 24 c. Covenant Agreement. RCHC shall execute and record in the
25 Official Records a Covenant Agreement, substantially conforming
26 in form and substance to the Covenant Agreement attached hereto
27 as Exhibit G and incorporated herein by this reference.
28

1 d. Permits and Environmental Compliance. Before commencement
2 of rehabilitation or other works of improvement on the NSP
3 Properties, RCHC shall, at its own expense, secure or cause to be
4 secured any and all permits and approvals that may be required
5 for rehabilitation of such properties pursuant to the applicable
6 rules and regulations of the County and any other governmental
7 agency affected by such rehabilitation of work. RCHC shall apply
8 for and secure any and all necessary studies required for
9 environmental review, as described in **Section 20**, pay all costs,
10 charges and fees associated therewith, and perform any other
11 activities necessary and/or required as a condition precedent to
12 such rehabilitation of the NSP Properties.

13 e. Performance.

14 i. Rehabilitate all the NSP Properties to bring them in
15 compliance with Federal Housing Quality Standards in
16 accordance with the timeline set forth in **Exhibit A-1**.

17 ii. Remove all liens recorded against the NSP Properties as
18 identified by County in writing.

19 iii. Settle taxes owed to the Tax Assessors Office for all the
20 NSP Properties.

21 iv. Set up a replacement reserve account for the NSP
22 Properties.

23 f. Affordability. Operate the NSP Properties, in such a manner so
24 that it will remain affordable to qualified very low income
25 households for the applicable Affordability Period as discussed in
26 **Sections 14, 22 and 23**.

27 g. Compliance. Implement and pursue the Project in full compliance
28 with all applicable Federal, State and local codes, laws,

1 regulations and ordinances as described in **Section 20**.

2 h. Satisfy all RCHC's obligations set forth in this Agreement.

3 3. COUNTY'S OBLIGATIONS. COUNTY agrees to undertake and
4 complete the following activities, subject to its receipt of the Increased NSP Loan from the
5 U.S. Department of Housing and Urban Development ("HUD"):

6 a. Provide the Increased NSP Loan to RCHC in the amount identified in
7 **Section 1**, to be used to pay rehabilitation costs for the NSP
8 Properties to rehabilitate the NSP Properties to bring the NSP
9 Properties back to federal Housing Quality Standards, finance a 3
10 year replacement reserve account to financially stabilize the
11 operation of the NSP Properties, and pay for existing property tax
12 arrearages incurred by the previous owner.

13 b. Authorize the transfer of all RCHC's obligations under this
14 Agreement to a California limited liability company (LLC) affiliated
15 with RCHC, to be formed at a later date by RCHC for the sole
16 purpose of holding title to the NSP Properties.

17 c. Comply with all of its obligations as participating recipient under the
18 applicable regulations set forth under HUD regulations.

19 4. Intentionally Deleted.

20 5. INCREASED NSP LOAN. In addition to the Original NSP Loan Amount
21 which has already been disbursed, subject to the satisfaction of the conditions precedent to
22 disbursement of the Increased NSP Loan set forth in **Section 13** below, County shall provide
23 financing to RCHC in the form of a loan in the amount of \$500,000, identified herein as the
24 "Increased NSP Loan" pursuant to the following terms and conditions:

25 a. Term. The maturity date of the Increased NSP Loan shall be the
26 first to occur of (i) July 1, 2067 or (ii) fifty-five (55) from the
27 issuance of the Certificate of Occupancy for the last property for
28 which rehabilitation is completed for the Project ("Term").

- 1 b. Principal. The principal of the Increased NSP Loan shall not
2 exceed the amount identified in **Section 1** and shall be evidenced
3 by a Promissory Note, substantially conforming in form and
4 substance to the Promissory Note attached hereto as **Exhibit C**
5 and incorporated herein by this reference (“Increased NSP Note”),
6 which note shall be secured by a Deed of Trust with Assignment
7 of Rents, substantially conforming in form and substance to the
8 Deed of Trust with Assignment of Rents attached hereto as
9 **Exhibit B** and incorporated herein by this reference (“Increased
10 NSP Deed of Trust”).
- 11 c. Interest. The interest rate for the Increased NSP Loan shall be
12 zero percent (0%) per annum.
- 13 d. Repayment. The Increased NSP Note shall provide the following:
14 1) It is intended that the full amount of the Increased NSP Loan
15 will be forgiven by COUNTY upon the expiration of the
16 Affordability Period (as defined in **Section 14**).
- 17 e. Security. The Increased NSP Loan shall be secured by the
18 Increased NSP Deed of Trust referenced in paragraph 5. b. above,
19 which shall be recorded against the NSP Properties.
- 20 f. Prepayment. Prepayment of principal and/or interest may occur at
21 any time without penalty; provided, however, the requirements of
22 **Section 20**, Compliance with Laws and Regulations and the
23 Covenant Agreement, however, shall remain in full force and
24 effect for the Term set forth in Section 6 below.
- 25 g. Use Restrictions. In addition to the Increased NSP Deed of Trust,
26 the Increased NSP Note shall also be secured by a Covenant
27 Agreement, in recordable form, substantially conforming in form
28 and substance to the Covenant Agreement attached hereto as

1 Exhibit G and incorporated herein by this reference.

2 h. Original NSP Loan Amount. RCHC assumed the Original NSP
3 Loan from RHA pursuant to that certain Assignment and Assumption Agreement entered into
4 between RHA and RCHC, with COUNTY consent, dated September 13, 2016 and recorded in
5 the Official Records on September 22, 2016 as Instrument No. 2016-0412917 in which all
6 rights, title, interest and obligations under the Original NSP Loan Agreements and the Original
7 NSP Loan were assigned to RCHC. RCHC shall be obligated to repay the Original NSP Loan
8 pursuant to this Agreement and the terms and provisions of the NSP Loan 1 Promissory Notes
9 and Deeds of Trust, NSP Loan 2 Promissory Notes and Deeds of Trust, and NSP Loan 3
10 Promissory Notes and Deeds of Trust, each identified in Exhibit A-3 and Exhibit A-4 attached
11 hereto.

12 (i) First Foundation Bank, Successor in Interest to Desert
13 Commercial Bank. In addition to improvements to the NSP Properties financed by
14 NSP Loan Agreement No. 1 and NSP Loan Agreement No. 2, RHA further
15 improved six (6) of the NSP Properties using funds provided by Desert Commercial
16 Bank, which funding was evidenced by a Promissory Note and secured by a Deed of
17 Trust dated November 30, 2010 in the amount of \$330,000, recorded May 5, 2011,
18 as Instrument No. 2011-0197831 in the Official Records of the County of Riverside,
19 against the six assisted NSP Properties (Bank Loan). RCHC desires to assume
20 obligations of the Bank Loan from First Foundation Bank, the successor in interest
21 to Desert Commercial Bank.

22 6. TERM OF AGREEMENT. This Agreement shall become commence on
23 the Effective Date (as defined in **Section 54**) and shall terminate upon the maturity date of the
24 Increased NSP Loan which shall be the first to occur of (i) July 1, 2067 or (ii) fifty-five (55)
25 years from the issuance of the Certificate of for the last property for which construction is
26 completed for the Project ("Term").

27 7. RCHC REPRESENTATIONS. RCHC represents and warrants to
28 COUNTY as follows:

- 1 a. Authority. RCHC is a duly organized nonprofit public benefit
2 corporation under the laws of the State of California. The copies
3 of the documents evidencing RCHC's organization that have been
4 delivered to the COUNTY, are true and complete copies of the
5 originals, amended to the date of this Agreement. RCHC has full
6 right, power and lawful authority undertake all obligations as
7 provided herein. RCHC's execution, performance and delivery of
8 this Agreement have been fully authorized by all requisite actions
9 on the part of RCHC.
- 10 b. No Conflict. To the best of RCHC's knowledge, RCHC's
11 execution, delivery and performance of its obligations under this
12 Agreement will not constitute a default or a breach under contract,
13 agreement or order to which RCHC is a party or by which it is
14 bound.
- 15 c. No Bankruptcy. RCHC is not the subject of a bankruptcy
16 proceeding.
- 17 d. Prior to Effective Date. RCHC shall, upon learning of any fact or
18 condition which would cause any of the warranties and
19 representations in this Agreement not to be true as of Effective
20 Date, immediately give written notice of such fact or condition to
21 COUNTY. Such exception(s) to a representation shall not be
22 deemed a breach by RCHC hereunder, but shall constitute an
23 exception which COUNTY shall have the right to approve or
24 disapprove if such exception would have an effect on the value or
25 operation of the Project.

26 8. COMPLETION SCHEDULE. RCHC shall perform the obligations to be
27 performed by RCHC pursuant to this Agreement within the timeframes herein, including, but
28 not limited to completing the Project within the time frame set forth in **Exhibit A-1** and as set

1 forth in **Section 28**, as the same may be amended in writing by the parties from time to time,
2 and subject to force majeure delay, and if no such time is provided, within a reasonable time.
3 The completion schedule in Exhibit A-1 shall be subject to amendment from time to time upon
4 the mutual agreement of the COUNTY and RCHC. The COUNTY's Assistant County
5 Executive Officer/EDA or designee, on behalf of COUNTY, and without referring such matter
6 to the COUNTY's Board of Supervisors may extend all pending deadlines in the completion
7 schedule up to four (4) occasions, and any additional extensions shall be subject to review and
8 approval by the COUNTY's Board of Supervisors.

9 Upon the Effective Date, RCHC shall promptly begin and thereafter diligently prosecute
10 to completion or cause diligent completion of the construction of the project as provided herein
11 and in Exhibit A-1 attached hereto.

12 9. FORCE MAJEURE DELAYS.

13 "Force Majeure" or "Force Majeure Event" means any of the following events, provided
14 that it actually delays and interferes with the timely performance of the matter to which it
15 applies and despite the exercise of diligence and good business practices is or would be beyond
16 the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-
17 outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy;
18 epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental
19 restrictions or priority; litigation including litigation challenging the validity of this transaction
20 or any element thereof; unusually severe weather; inability to secure necessary labor, materials
21 or tools; acts of the other party; acts or failure to act of any Governmental Authority (except
22 acts or failure to act of the COUNTY shall not excuse performance by the COUNTY); or the
23 imposition of any applicable moratorium by a Governmental Authority; or any other causes
24 which despite the exercise of diligence and good business practices are or would be beyond the
25 reasonable control of the party claiming such delay and interference. Notwithstanding the
26 foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until
27 the party claiming such delay and interference delivers to the other party written notice
28 describing the event, its cause, when and how such party obtained knowledge of the event, the

1 date the event commenced, and the estimated delay resulting therefrom. Any party claiming a
2 Force Majeure Delay shall deliver such written notice within fifteen (15) days after it obtains
3 actual knowledge of the event.

4 “Force Majeure Delay” means any delay in taking any action required by this
5 Agreement, proximately caused by the occurrence of any Force Majeure Event.

6 10. REPLACEMENT RESERVE ACCOUNT. RCHC shall set up a
7 replacement reserve account and the COUNTY will deposit the remaining balance of the
8 Increased NSP Loan in that replacement reserve account after the NSP Properties have been
9 rehabilitated, property tax arrearages have been settled, and all unapproved liens have been
10 removed from the NSP Properties. Funds from the replacement reserve account shall only be
11 used for capital improvements to the NSP Properties over the next three years from the
12 Effective Date of this Agreement. RCHC shall submit quarterly reports of draws from the
13 replacement reserve account. Any ineligible costs will have to be repaid back to the
14 replacement reserve account.

15 11. Intentionally Left Blank

16 12. CONDITIONS FOR DISPOSITION OF FUNDS. COUNTY, through its
17 EDA, shall: (1) make payments of the Increased NSP Loan to RCHC as specified in **Exhibit**
18 **A-1**, and (2) monitor the NSP Properties to ensure compliance with applicable federal, state
19 and local laws, regulations, ordinances and the terms of this Agreement. There will be no
20 disbursement of Increased NSP Loan funds until the following events first occur:

- 21 a. RCHC executes this Agreement and delivers to COUNTY for
22 recordation in the Official Records;
- 23 b. BORROWER provides COUNTY with evidence of insurance as
24 required herein;
- 25 c. RCHC executes the Increased NSP Deed of Trust, substantially
26 conforming in form and substance to the Deed of Trust with
27 Assignment of Rents attached hereto as **Exhibit B**, in recordable
28 form, and delivers such document to the COUNTY for recordation in

1 the Official records;

- 2 d. RCHC executes the Increased NSP Note, substantially conforming in
3 form and substance to the Promissory Note attached hereto as **Exhibit**
4 **C** and delivers to COUNTY;
- 5 e. RCHC executes the Covenant Agreement, substantially conforming
6 in form and substance to the Covenant Agreement attached hereto as
7 **Exhibit G** and incorporated herein by this reference, in recordable
8 form, and delivers to the County of Riverside for recordation in the
9 Official Records;
- 10 f. RCHC provides, at its expense, a CLTA Lender's Policy in favor of
11 COUNTY, insuring the Increased NSP Deed of Trust as a third
12 priority lien, junior only to the NSP Loan 1 Promissory Notes and
13 Deeds of Trust, the NSP Loan 2 Promissory Notes and Deeds of
14 Trust, and/or the NSP Loan 3 Promissory Notes and Deeds of Trust,
15 as applicable, and the Bank Loan.
- 16 g. RCHC is not in default under the terms of this Agreement or any
17 other agreement related to the financing of the Project;
- 18 h. RCHC consults and complies with concerned Native American tribes
19 pursuant to Section 106 requirements, including entering into a
20 Native American monitoring agreement, and if necessary, a cultural
21 resource treatment and disposition agreement;
- 22 i. If Davis Bacon wages are required to be paid, then RCHC must hire a
23 qualified professional firm or assign experienced staff to review and
24 monitor Davis-Bacon prevailing wage compliance for all submissions
25 of contractors certified payrolls to the COUNTY.
- 26 j. RCHC must provide satisfactory evidence that it has secured any and
27 all permits and approvals which may be required for rehabilitation of
28 the NSP Properties pursuant to the applicable rules and regulations of

1 the County and Cities where the properties are located and any other
2 governmental agency affected by such construction of work.

3 k. RCHC shall provide a detailed rehabilitation plan and timetable to
4 complete the rehabilitation of NSP Properties in accordance with the
5 completion schedule shown in **Exhibit A-1** including a detailed line
6 item rehabilitation cost budget per unit for review and approval by
7 COUNTY.

8 l. RCHC provides relocation plan in accordance with the relocation
9 requirements of the Uniform Relocation Assistance and Real Property
10 Acquisition Act of 1970, and implementing regulations at 24 CFR
11 Part 42.

12 COUNTY will retain ten percent (10%) of the final Increased NSP Loan fund
13 disbursement. COUNTY shall release final draw down of Increased NSP Loan funds
14 following receipt of all of the following closing documents from RCHC with respect to such
15 NSP Properties:

- 16 1) unconditional lien release from general contractor and any
17 subcontractors;
- 18 2) if applicable, all remaining Davis Bacon documentation, if
19 any, including, but not limited to, complete certified
20 payrolls, Section 3 certifications, fringe benefit forms, and
21 certificates of authorization and understanding;
- 22 3) final Contract and Subcontract Activity report, Minority
23 Business Enterprise/Women Business Enterprise
24 (MBE/WBE) report, HUD form 2516;
- 25 4) tenant checklist, a sample of which is shown in **Exhibit F**;
- 26 5) proposed rents;
- 27 6) final development costs and project budget;
- 28 7) evidence that all unapproved liens from the NSP

1 Properties have been removed; and

- 2 8) submission of documentation that shows compliance with
3 the Uniform Relocation Assistance and Real Property
4 Acquisition Policies Act of 1970 and 24 CFR Part 42.

5 13. DISTRIBUTION OF FUNDS. The Disaster Recovery Grant Reporting
6 (DRGR) system was developed by HUD's Office of Community Planning and Development
7 and will be utilized for NSP. The DRGR system is a computerized system which manages,
8 disburses, collects, and reports information on the use of NSP Loan funds in the United States
9 Treasury Account.

10 Any disbursement of funds is expressly conditioned upon the satisfaction
11 of conditions set forth in **Section 12** herein. COUNTY shall pay RCHC for costs on a "cost-as-
12 incurred" basis. After rehabilitation has been completed, and all the tax liens removed from the
13 NSP Properties, the County shall deposit the balance of the Increased NSP Loan funds into the
14 replacement reserve account that is to be set up by RCHC.

15 COUNTY shall release final draw down of Increased NSP Loan funds
16 following receipt of all of the items listed in **Section 12** herein.

17 14. TERMS OF AFFORDABILITY. The affordability period for each NSP
18 Property may be different. NSP Properties shall remain occupied and rented by Qualified Very
19 Low Income Households for an affordable rent pursuant to **Sections 22** and **23** below, **Exhibit**
20 **A-1**, and the Covenant Agreement attached hereto as **Exhibit G** until the first to occur of (i)
21 July 1, 2067 or (ii) fifty-five (55) years from the issuance of the Certificate of for the last
22 property for which construction is completed for the Project (Affordability Period).

23 15. Intentionally Left Blank

24 16. INSURANCE. Without limiting or diminishing RCHC's obligation to
25 indemnify or hold the COUNTY harmless, RCHC shall procure and maintain or cause to be
26 maintained, at its sole cost and expense, the following insurance coverage's during the term of
27 this Agreement.

- 28 a. Worker's Compensation Insurance.

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

10 b. Commercial General Liability Insurance.

11 Commercial General Liability insurance coverage, including but
12 not limited to, premises liability, contractual liability, products
13 and completed operations liability, personal and advertising
14 injury, and cross liability coverage, covering claims which may
15 arise from or out of RCHC'S performance of its obligations
16 hereunder. Policy shall name the County of Riverside as
17 additionally insured. Policy's limit of liability shall not be less
18 than \$1,000,000 per occurrence combined single limit. If such
19 insurance contains a general aggregate limit, it shall apply
20 separately to this Agreement or be no less than two (2) times the
21 occurrence limit.

22 c. Vehicle Liability Insurance.

23 If vehicles or mobile equipment are used in the performance of
24 the obligations under this Agreement, then RCHC shall maintain
25 liability insurance for all owned, non-owned or hired vehicles so
26 used in an amount not less than \$1,000,000 per occurrence
27 combined single limit. If such insurance contains a general
28 aggregate limit, it shall apply separately to this Agreement or be

1 no less than two (2) times the occurrence limit. Policy shall name
2 the County of Riverside as Additionally Insured.

3 d. General Insurance Provisions – All Lines.

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

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

23 3) RCHC shall cause RCHC's insurance carrier(s) to
24 furnish the County of Riverside with either 1) a properly executed
25 original Certificate(s) of Insurance and certified original copies of
26 Endorsements effecting coverage as required herein, and 2) if
27 requested to do so orally or in writing by the COUNTY Risk
28 Manager, provide original Certified copies of policies including

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

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

28 5) If, during the term of this Agreement or any extension

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

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

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

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

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

1 audits, examinations, excerpts, and transcripts. Said records shall be retained for such time as
2 may be required by the regulations of the NSP1 and NSP3 Program, but in no event no less
3 than five (5) years after the Project completion date; except that records of individual tenant
4 income verifications, project rents, and project inspections must be retained for the most recent
5 five (5) year period, until five (5) years after the Affordability Period terminates. If any
6 litigation, claim, negotiation, audit, or other action has been started before the expiration of the
7 regular period specified, the records must be retained until completion of the action and
8 resolution of all issues which arise from it, or until the end of the regular period, whichever is
9 later.

10 18. PROJECT MONITORING AND EVALUATION.

11 a. Tenant Checklist. RCHC shall submit a Tenant Checklist Form to
12 COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
13 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
14 composition, number and percentage of very low-income households who are tenants of the
15 NSP Properties. The Tenant Checklist Form shall be submitted on a semi-annual basis on or
16 before March 31st and September 30th. RCHC shall maintain financial, programmatic,
17 statistical and other supporting records of its operations and financial activities in accordance
18 with the requirements of NSP under 24 CFR 92.508, including the submission of Tenant
19 Checklist Form. Except as otherwise provided for in this Agreement, RCHC shall maintain and
20 submit records to COUNTY within ten business days of COUNTY's request which clearly
21 documents RCHC's performance under each requirement of NSP. A list of document
22 submissions and timeline are shown in **Exhibit A-1** and such list may be amended from time to
23 time subject to HUD and COUNTY reporting requirements.

24 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the
25 Affordability Period, COUNTY must perform on-site inspections of NSP Properties to
26 determine compliance with the property standards of §92.251 and to verify the information
27 submitted by RCHC in accordance with the requirements of §92.252. The inspections must be
28 in accordance with the inspection procedures that the participating jurisdiction establishes to

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

18 c. Income Certification. The income of a tenant must be determined
19 initially and each sixth year of affordability in accordance with 24 CFR 92.203 (a)(1)(i). In
20 addition, annually between each sixth year of affordability RCHC must re-examine each
21 tenant's annual income under 24 CFR 92.203 (a) (1) (ii).

22
23 19. ACCESS TO PROJECT SITE. The COUNTY and HUD shall have the
24 right to access the NSP Properties at all reasonable times upon reasonable written notice to
25 RCHC, to review the operation of the NSP Properties in accordance with this Agreement.

26 20. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
27 Agreement, RCHC hereby certifies that it will adhere to and comply with all federal, state and
28 local laws, regulations and ordinances. In particular, RCHC shall comply with the following as

1 they may be applicable to RCHC of funds granted pursuant to the NSP Program:

2 a. NSP1 and its implementing regulations set forth in pursuant to
3 Title III of Division B of the Housing and Economic Recovery
4 Act of 2008, as amended, Public Law 110-289 (“Act”) and
5 Federal Register Notice, Vol. 73, No. 194, Docket No. FR-5255-
6 N-01, dated October 6, 2008, as amended. Since NSP is a
7 component of the Community Development Block Grant (CDBG)
8 Program, the CDBG regulatory structure is the platform used to
9 implement NSP. The regulations created by the Office of the
10 Assistant Secretary of Community Planning and Development
11 that pertain to Community Development programs are contained
12 within 24 CFR part 570 - Community Development Block Grants.
13 NSP is governed by CDBG regulations except where specifically
14 waived.

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

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

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

1 housing and other groups).

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

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

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

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

20 (6) RCHC must prescribe procedures to establish and oversee
21 a minority outreach program to ensure the inclusion, to the
22 maximum extent possible, of minorities and women, and
23 entities owned by minorities and women, including,
24 without limitation, real estate firms, construction firms,
25 appraisal firms, management firms, financial institutions,
26 investment banking firms, underwriters, accountants, and
27 providers of legal services, in all contracts entered into by
28 RCHC with such persons or entities, public and private, in

1 order to facilitate the activities of COUNTY to provide
2 affordable housing authorized under this Act or any other
3 Federal housing law. Section 24 CFR 85.36(e) provided
4 affirmative steps to assure that minority business
5 enterprises and women business enterprises are used when
6 possible in the procurement of property and services. The
7 steps include:

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

- 1 d. Section 92.352 Environmental review. The environmental effects
2 of each activity carried out with NSP funds must be assessed in
3 accordance with the provisions of the National Environmental
4 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
5 authorities listed in HUD's implementing regulations at 24 CFR
6 Parts 50 and 58.
- 7 e. Section 92.353 Displacement, relocation, and acquisition. The
8 relocation requirements of Title II and the acquisition
9 requirements of Title III of the Uniform Relocation Assistance
10 and Real Property Acquisition Policies Act of 1970, and the
11 implementing regulations at 24 CFR Part 42. RCHC must ensure
12 that it has taken all reasonable steps to minimize the displacement
13 of persons as a result of this project assisted with NSP funds.
- 14 f. Section 92.354 Lead-based paint. Housing assisted with NSP
15 funds is subject to the lead-based paint requirements of 24 CFR
16 Part 35 issued pursuant to the Lead-Based Paint Poisoning
17 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
18 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
19 (j)(1)(i), also apply, irrespective of the applicable property
20 standard under §92.251.
- 21 g. Section 92.354 Labor. Every contract for the construction of
22 housing that includes twelve (12) or more units assisted with NSP
23 funds must contain a provision requiring the payment of not less
24 than the wages prevailing in the locality, as predetermined by the
25 Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C.
26 276a-276a-5), to all laborers and mechanics employed in the
27 development of any part of the housing. Such contracts must also
28 be subject to the overtime provisions, as applicable, of the

1 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
2 332). RCHC must apply most current wage rate determination at
3 the date of execution of this Agreement.

4 h. Section 92.356 Conflict of Interest. In the procurement of
5 property and services by RCHC, the conflict of interest provisions
6 in 24 CFR 85.36 and 24 CFR 85.42, respectively shall apply.
7 Section 92.356 shall cover all cases not governed by 24 CFR
8 85.36 and 24 CFR 84.42.

9 i. Section 504 of the Rehabilitation Act of 1973; Housing
10 accessibility requirement at 24 CFR Part 8, implementing Section
11 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
12 design and construction of multi-family dwellings as defined at 24
13 CFR 100.201 must comply with the requirements set forth in 24
14 CFR 100.205 implementing the Fair Housing Act. Dwelling units
15 must be designed and constructed in accordance with the Uniform
16 Federal Accessibility Standards (UFAS) will be deemed to
17 comply with the Section 504 regulation.

18 (1) 24 CFR Part 8.22 New construction—housing
19 facilities. For new construction of multi-family
20 projects, 5 percent (5%) of the units (but not less
21 than one unit) must be accessible to individuals
22 with mobility impairments, and an additional 2
23 percent (2%) of the units (but not less than one
24 unit) must be accessible to individuals with
25 sensory impairments.

26 (2) 24 CFR Part 8.23 Alterations of existing housing
27 facilities. If alterations are undertaken to a project
28 that has 15 or more units and the cost of the

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

28 j. Model Energy Code published by the Council of American

1 Building Officials.

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

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

17 l. Section 106 of the National Historic Preservation Act of 1966
18 (NHPA). Consultation with concerned Native American tribes
19 must continue under HUD regulation 24 CFR Part 50 and 58, and
20 Section 106 of the National Historic Preservation Act and its
21 implementing regulations 36 CFR Part 800 for possible impacts
22 on historic properties. Historic properties include archeological
23 sites, burial grounds, sacred landscapes or features, ceremonial
24 areas, traditional cultural places and landscapes, plant and animal
25 communities, and buildings and structures with significant tribal
26 association.

27 m. Section 92.358 Consultant Activities. No person providing
28 consultant services in an employer-employee type relationship

1 shall receive more than a reasonable rate of compensation for
2 personal services paid with NSP funds.

3 n. RCHC shall carry out its activity pursuant to this Agreement in
4 compliance with all federal laws and regulations described in
5 Subpart E of Part 92 of the Code of Federal Regulations, except
6 that:

7 i. RCHC does not assume COUNTY'S environmental
8 responsibilities described at 24 CFR Part 92.352; and

9 ii. RCHC does not assume COUNTY's responsibility for
10 initiating the review process under the provisions of 24
11 CFR Part 92.352

12 o. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
13 and 85 "Common Rule", OMB Circular Nos. A-87 (for
14 government entities), A-122 (for non-profit organizations), and
15 the following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through
16 85.34, 85.36, 85.44, 85.51 and 85.52 (for government entities),
17 and the following §§84.2, 84.5, 84.13 through 84.16, 84.21,
18 84.22, 84.26 through 84.28, 84.30, 84.31, 84.34 through 84.37,
19 84.40 through 84.48, 84.51, 84.60 through 84.62, 84.72, and
20 84.73 (for non-profit organizations). Federal awards expended as
21 a recipient or a subrecipient, as defined by HUD, would be
22 subject to single audit. The payments received for goods or
23 services provided as a vendor would not be considered Federal
24 awards.

25 p. RCHC shall include written agreements that include all provisions
26 of **Section 17** if RCHC provides NSP funds to for-profit owners
27 or developers, non-profit owners or developers, sub-recipients,
28 homeowners, homebuyers, tenants receiving tenant-based rental

1 assistance, or contractors.

2 q. Immigration requirements of Federal Register, Vol. 62, No. 221,
3 Department of Justice Interim Guidance on Verification of
4 Citizenship, Qualified Alien Status and Eligibility Under Title IV
5 of the Personal Responsibility and Work Opportunity
6 Reconciliation Act of 1996 ("PRWORA"). Final Attorney
7 General's Order issued pursuant to PRWORA is specified under
8 Federal Register Vol. 66, No. 10, Department of Justice Final
9 Specification of Community Programs Necessary for Protection
10 of Life or Safety Under Welfare Reform Legislation.

11 r. RCHC shall comply with all applicable local, state and federal
12 laws in addition to the above mentioned laws.

13 21. Intentionally Left Blank

14 22. INCOME TARGETING REQUIREMENTS. NSP Properties shall be
15 occupied by and rented to households whose incomes do not exceed fifty percent (50%) of the
16 median family income for the County of Riverside, adjusted by family size at the time of
17 occupancy, as more specifically defined in California Health and Safety Code section 50105,
18 including any amendments thereto. ("Qualified Very Low Income Household (s)" or "qualified
19 very low income household (s)")

20 23. RENT LIMITATIONS. The NSP Properties shall be rented to and
21 occupied by Qualified Very Low Income Households for an affordable rent as defined by the
22 California Health and Safety Code Section 50053(b)(2). Affordable rents including utility
23 allowance for Qualified Very Low Income Households, is the product of 30 percent times 50
24 percent of the area median income adjusted for family size appropriate for the unit. COUNTY
25 shall review and approve proposed rents to the extent required under this section. RCHC shall
26 ensure the NSP Properties are rented to qualified applicants at the rent levels required herein.
27 The maximum monthly allowances for utilities and services (excluding telephone) shall not
28 exceed the utility allowance as described below.

1 a. Utility Allowance: The maximum monthly allowances for
2 utilities and services (excluding telephone) will not exceed utility allowance set by the Housing
3 Authority of the County of Riverside.

4 b. Initial Occupancy of Vacant Units: All units within the NSP
5 Properties shall be occupied and rented by Qualified Very Low Income Households for an
6 affordable rent within four (4) months from the recordation of this Agreement (“Lease
7 Deadline”). If a unit within the NSP Properties remains unoccupied or not leased to an eligible
8 tenant, RCHC must provide to COUNTY information about current marketing efforts and an
9 enhanced plan for marketing the unit so that it is leased promptly.

10 c. Rent Review and Approval: RCHC shall submit to the COUNTY
11 for review and written approval all proposed rents for the NSP Properties prior to lease-up.
12 Rent limitations for the NSP Properties shall be set forth by California Health and Safety Code
13 Section 50053(b)(2) in connection with very low income households, adjusted by family size at
14 the time of occupancy, as published by HUD.

15
16 24. TENANT PROTECTIONS. During the Affordability Period, RCHC shall
17 adhere to the tenant protections and selection standard set forth in 24 CFR 92.253, as may be
18 amended from time to time, and the following requirements:

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

25 b. Prohibited Lease Terms. The rental agreement/lease may not contain
26 any of the following provisions:

27 (1) Agreement to be sued. Agreement by the tenant to be
28 sued, to admit guilt or to a judgment in favor of RCHC in

1 a lawsuit brought in connection with the lease.

2 (2) Treatment of property. Agreements by tenant that RCHC
3 may take, hold, or sell personal property of household
4 members without notice to the tenant and a court decision
5 on the rights of the parties. This prohibition, however,
6 does not apply to an agreement by the tenant concerning
7 disposition of personal property remaining in the housing
8 unit after the tenant has moved out of the unit. RCHC may
9 dispose of this personal property in accordance with State
10 law.

11 (3) Excusing RCHC from responsibility. Agreement by the
12 tenant not to hold RCHC or RCHC's agents legally
13 responsible for any action or failure to act, whether
14 intentional or negligent.

15 (4) Waiver of notice. Agreement of the tenant that RCHC may
16 institute a lawsuit without notice to the tenant.

17 (5) Waiver of legal proceeding. Agreement by the tenant that
18 RCHC may evict the tenant or household members
19 without instituting a civil court proceeding in which the
20 tenant has the opportunity to present a defense, or before a
21 court decision on the rights of the parties.

22 (6) Waiver of a jury trial. Agreement by the tenant to waive
23 any right to a trial by jury.

24 (7) Waiver of right to appeal court decision. Agreement by the
25 tenant to waive the tenant's right to appeal, or to otherwise
26 challenge in court, a court decision in connection with the
27 lease.

28 (8) Tenant chargeable with cost of legal actions regardless of

1 outcome. Agreement by the tenant to pay attorneys' fees
2 or other legal costs even if the tenant wins in a court
3 proceeding by RCHC against the tenant. The tenant,
4 however, may be obligated to pay costs if the tenant loses.

5 (9) Mandatory supportive services. Agreement by the tenant
6 (other than a tenant in transitional housing) to accept
7 supportive services that are offered.

8 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
9 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes
10 and amends the Violence Against Women Act of 1994, as previously
11 amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C.
12 13925 et seq.) VAWA 2013, among other things, bars eviction and
13 termination due to a tenant's status as a victim of domestic violence,
14 dating violence, or stalking, and requires landlords to maintain
15 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
16 is a survivor of domestic violence, dating violence, sexual assault,
17 and stalking from being denied assistance, tenancy, or occupancy
18 rights based solely on criminal activity related to an act of violence
19 committed against them. It extends housing protections to survivors
20 of sexual assault, and adds "intimate partner" to the list of eligible
21 relationships in the domestic violence definition. Protections also
22 now cover an "affiliated individual," which includes any lawful
23 occupant living in the survivor's household, or related to the survivor
24 by blood or marriage including the survivor's spouse, parent,
25 brother, sister, child, or any person to whom the survivor stands in
26 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
27 lawful occupant who engages in criminal activity directly relating to
28 domestic violence, dating violence, sexual assault, or stalking against

1 an affiliated individual or other individual, or others may be evicted
2 or removed without evicting or removing or otherwise penalizing a
3 victim who is a tenant or lawful occupant. If victim cannot establish
4 eligibility, RCHC must give a reasonable amount of time to find new
5 housing or establish eligibility under another covered housing
6 program. A Notice of Rights under VAWA 2013 for tenants must be
7 provided at the time a person applies for housing, when a person is
8 admitted as a tenant of a housing unit, and when a tenant is
9 threatened with eviction or termination of housing benefits. Tenants
10 must request an emergency transfer and reasonably believe that they
11 are threatened with imminent harm from further violence if the
12 tenant remains in the same unit. The provisions of VAWA 2013 that
13 are applicable to HUD programs are found in title VI of VAWA
14 2013, which is entitled "Safe Homes for Victims of Domestic
15 Violence, Dating Violence, Sexual Assault, and Stalking." Section
16 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
17 14043e et seq.) to add a new chapter entitled "Housing Rights."

18
19 25. FEDERAL REQUIREMENTS. RCHC shall comply with the provisions
20 of NSP and any amendments thereto and all applicable federal regulations and guidelines now
21 or hereafter enacted.

22 26. SALE OR TRANSFER OF THE PROJECT. RCHC hereby covenants
23 and agrees not to sell, transfer or otherwise dispose of the NSP Properties or any portion
24 thereof, without obtaining the prior written consent of the COUNTY, in COUNTY's
25 discretion. The COUNTY acknowledges that RCHC intends to transfer the NSP Properties and
26 all of the RCHC's obligations under this Agreement to an affiliated LLC to be formed at a later
27 date by RCHC for the sole purpose of holding title to the NSP Properties, and hereby approves
28 such transfer subject to COUNTY's prior review and approval of documents effectuating such

1 assignment and assumption.

2 27. INDEPENDENT CONTRACTOR. RCHC and its agents, servants and
3 employees shall act at all times in an independent capacity during the term of this Agreement,
4 and shall not act as, shall not be, nor shall they in any manner be construed to be agents,
5 officers, or employees of COUNTY.

6 28. PERFORMANCE REQUIREMENTS. RCHC must complete the
7 following activities within the time specified:

- 8 a. Rehabilitation of the NSP Properties within six (6) months from
9 Effective Date.
- 10 b. Payment of property tax arrearages and removal of all tax liens
11 within six (6) months from Effective Date.
- 12 c. Setting up the replacement reserve account within six (6) months
13 from the Effective Date.

14 29. NONDISCRIMINATION. RCHC shall abide by 24 CFR 570.602 which
15 requires that no person in the United States shall on the grounds of race, color, national origin,
16 religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to
17 discrimination under any program or activity receiving Federal financial assistance made
18 available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions against
19 discrimination of the basis of age under the Age Discrimination Act and the prohibitions
20 against discrimination of the basis of disability under Section 504 shall apply to programs or
21 activities receiving Federal financial assistance under Title I programs. The policies and
22 procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR Part 6. In
23 addition, RCHC shall not discriminate on the basis of race, gender, religion, national origin,
24 ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment
25 of any contractors or consultants, to participate in subcontracting/subconsulting opportunities.
26 RCHC understands and agrees that violation of this clause shall be considered a material
27 breach of this Lease and may result in termination, debarment or other sanctions. This
28 language shall be incorporated into all contracts between RCHC and any contractor,

1 consultant, subcontractor, subconsultants, vendors and suppliers. RCHC shall comply with the
2 provisions of the California Fair Employment and Housing Act (Government Code Sections
3 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended, and all
4 Administrative Rules and Regulations issued pursuant to said Acts and Orders with respect to
5 its use of the Property.

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

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

- 23 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,
24 executors, administrators, and assigns, and all persons claiming under or through them,
25 that there shall be no discrimination against or segregation of, any person or group of
26 persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the
27 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision
28 (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the

1 Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or
2 enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming
3 under or through him or her, establish or permit any practice or practices of
4 discrimination or segregation with reference to the selection, location, number, use or
5 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
6 conveyed. The foregoing covenants shall run with the land.”

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

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

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

6
7 30. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 8 a. RCHC and its assigns, employees, agents, consultants, officers
9 and elected and appointed officials shall become familiar with and
10 shall comply with the conflict of interest provisions in OMB
11 Circular A-110, 24 CFR 85.36, 24 CFR 84.42, 24 CFR 570.611
12 and Policy Manual #A-11.
- 13 b. RCHC understands and agrees that no waiver or exception can be
14 granted to the prohibition against conflict of interest except upon
15 written approval of HUD pursuant to 24 CFR 92.356(d). Any
16 request by RCHC for an exception shall first be reviewed by
17 COUNTY to determine whether such request is appropriate for
18 submission to HUD.
- 19 c. Prior to any funding under this Agreement, RCHC shall provide
20 COUNTY with a list of all employees, agents, consultants,
21 officers and elected and appointed officials who are in a position
22 to participate in a decision-making process, exercise any functions
23 or responsibilities, or gain inside information with respect to the
24 NSP activities funded under this Agreement. RCHC shall also
25 promptly disclose to COUNTY any potential conflict, including
26 even the appearance of conflict that may arise with respect to the
27 NSP activities funded under this Agreement.
- 28 d. Any violation of this section shall be deemed a material breach of

1 this Agreement, and the Agreement shall be immediately
2 terminated by the COUNTY.

3 30A. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
4 NSP funds may not be provided to primarily religious organizations, such as
5 churches, for any activity including secular activities. In addition, NSP funds
6 may not be used to rehabilitate or construct housing owned by primarily religious
7 organizations or to assist primarily religious organizations in acquiring housing.
8 However, NSP funds may be used by a secular entity to acquire housing from a
9 primarily religious organization, and a primarily religious entity may transfer
10 title to property to a wholly secular entity and the entity may participate in the
11 NSP program in accordance with the requirements set forth at 24 CFR 92.257.
12 The entity may be an existing or newly established entity, which may be an
13 entity established by the religious organization. The NSP Properties must be used
14 exclusively by RCHC for secular purposes, available to all persons regardless of
15 religion. In particular, there must be no religious or membership criteria for
16 tenants of the NSP Properties.

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

- 19 a. Monetary Default. (1) RCHC's failure to pay when due any sum
20 payable under this Agreement, any promissory note, or any
21 advance made by the COUNTY under this Agreement; (2)
22 RCHC's or any agent of RCHC's use of NSP Loan funds for costs
23 inconsistent with terms and restrictions set forth in this
24 Agreement; (3) RCHC's failure to obtain and maintain the
25 insurance coverage required under this Agreement; (4) RCHC's
26 or any agent of RCHC's failure to make any other payment of any
27 assessment or tax due under this Agreement;
- 28 b. Non-Monetary Default - Operation. (1) Discrimination by RCHC

1 or RCHC's agent on the basis of characteristics prohibited by this
2 Agreement or applicable law; (2) the imposition of any
3 encumbrances or liens on the Project without the COUNTY's
4 prior written approval that are prohibited under this Agreement or
5 that have the effect of reducing the priority or invalidating the
6 NSP Deed of Trust; (3) any material adverse change in the
7 condition of RCHC or the Project or permanent financing or
8 funding for the Project that gives the COUNTY reasonable cause
9 to believe that the Project cannot be operated according to the
10 terms of this Agreement; and (4) default past any applicable
11 notice and cure period under the terms of (i) that certain Deed of
12 Trust assumed by Borrower for the benefit of Desert Commercial
13 Bank securing a loan in a principal amount up to \$330,000; and/or
14 (ii) any other instrument or document secured against the NSP
15 Properties.

- 16 c. General Performance of Loan Obligations. Any substantial or
17 continuous or repeated breach by RCHC or RCHC's agents of any
18 material obligations of RCHC imposed under this Agreement;
- 19 d. General Performance of Other Obligations. Any substantial or
20 continuous or repeated breach by RCHC or RCHC's agents of any
21 material obligations of RCHC related to the Project imposed by
22 any other agreement with respect to the financing, development,
23 or operation of the Project; whether or not the COUNTY is a
24 party to such agreement; but only following any applicable notice
25 and cure periods with respect to any such obligation;
- 26 e. Representations and Warranties. A determination by the
27 COUNTY that any of RCHC's representations or warranties made
28 in this Agreement, any statements made to the COUNTY by

1 RCHC, or any certificates, documents, or schedules supplied to
2 the COUNTY by RCHC were false in any material respect when
3 made, or that RCHC concealed or failed to disclose a material fact
4 to the COUNTY.

5 f. Damage to Project. In the event that one of the NSP Properties is
6 materially damaged or destroyed by fire or other casualty, and
7 RCHC receives an award or insurance proceeds for the repair or
8 reconstruction of the same, and RCHC does not use such award or
9 proceeds to repair or reconstruct the property in question.

10 g. Bankruptcy, Dissolution and Insolvency. RCHC (1) filing for
11 bankruptcy, dissolution, or reorganization, or failure to obtain a
12 full dismissal of any such involuntary filing brought by another
13 party before the earlier of final relief or thirty (30) days after such
14 filing; (2) making general assignment for the benefit of creditors;
15 (3) applying for the appointment of a receiver, trustee, custodian,
16 or liquidator, or failure to obtain a full dismissal of any such
17 involuntary application brought by another party before the earlier
18 of final relief or forty-five (45) days after such filing; (4)
19 insolvency; or (5) failure, inability or admission in writing of its
20 inability to pay its debts as they become due.

21 31A. DEFAULTS – GENERAL.

22 a. Subject to the Force Majeure Delay, as provided in **Section 9** herein,
23 failure or delay by RCHC to perform any term or provision of this
24 Agreement constitutes a default under this Agreement. RCHC must
25 immediately commence to cure, correct or remedy such failure or
26 delay and shall complete such cure, correction or remedy with
27 reasonable diligence.

28 b. COUNTY shall give written notice of default to RCHC, specifying

1 the default complained of by COUNTY. Failure or delay in giving
2 such notice shall not constitute a waiver of any default, nor shall it
3 change the time of default. Except as otherwise expressly provided in
4 this Agreement, any failures or delays by COUNTY in asserting any
5 of its rights and remedies as to any default shall not operate as a
6 waiver of any default or of any such rights or remedies. Delays by
7 COUNTY in asserting any of its rights and remedies shall not deprive
8 COUNTY of its right to institute and maintain any actions or
9 proceedings which it may deem necessary to protect, assert or enforce
10 any such rights or remedies.

- 11 c. If a monetary event of default occurs, prior to exercising any
12 remedies hereunder, COUNTY shall give RCHC written notice of
13 such default. RCHC shall have a period of thirty (30) days after such
14 notice is given within which to cure the default prior to exercise of
15 remedies by COUNTY.
- 16 d. If a non-monetary event of default occurs, prior to exercising any
17 remedies hereunder, COUNTY shall give RCHC written notice of
18 such default. If the default is reasonably capable of being cured
19 within thirty (30) days, RCHC shall have such period to effect a cure
20 prior to exercise of remedies by COUNTY. If the default is such that
21 it is not reasonably capable of being cured within thirty (30) days, and
22 BORROWER (i) initiates corrective action within said period, and (ii)
23 diligently, continually, and in good faith works to effect a cure as
24 soon as possible, then RCHC shall have such additional time as is
25 reasonably necessary to cure the default prior to exercise of any
26 remedies by the injured party, but in no event no more than one
27 hundred and eighty (180) days from the date of the notice of default.
28 In no event shall COUNTY be precluded from exercising remedies if

1 its security becomes or is about to become materially jeopardized by
2 any failure to cure a default or the default is not cured within ninety
3 (90) days after the first notice of default is given.

4 32. NOTICES. Formal notices, demands and communications between the
5 COUNTY and RCHC shall be sufficiently given if dispatched by registered or certified mail,
6 postage prepaid, return receipt requested, to the principal offices of the COUNTY and RCHC,
7 as designated below. Such written notices, demands and communications may be sent in the
8 same manner to such other addresses as either party may from time to time designate by mail
9 as provided in this **Section 32**. Any notice that is transmitted by electronic facsimile
10 transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its
11 transmission; any notice that is personally delivered (including by means of professional
12 messenger service, courier service such as United Parcel Service or Federal Express, or by
13 U.S. Postal Service), shall be deemed received on the documented date of receipt by the
14 recipient; and any notice that is sent by registered or certified mail, postage prepaid, return
15 receipt required shall be deemed received on the date of delivery thereof.

16 All notices, requests, demands and other communication required or desired to be served by
17 either party upon the other shall be addressed to the respective parties as set forth below or the
18 such other addresses as from time to time shall be designated by the respective parties and
19 shall be sufficient if sent by U.S. first class, certified mail, postage prepaid, or express
20 delivery service with a receipt showing the date of delivery.

21	<u>COUNTY</u>	<u>RCHC</u>
22	Assistant Director	Chief Operating Officer
23	Riverside County	Riverside Community Housing Corp.
24	Economic Development Agency	5555 Arlington Ave.
25	5555 Arlington Ave.	Riverside, CA 92504
26	Riverside, CA 92504	

27 33. COUNTY REMEDIES. Upon the occurrence of an Event of Default,
28 after notice and opportunity to cure, COUNTY's obligation to disburse the Increased NSP

1 Loan funds shall terminate, and COUNTY shall also have the right, but not the obligation, in
2 addition to other rights and remedies permitted by this Agreement or applicable law, proceed
3 with any or all of the following remedies in any order or combination COUNTY may choose
4 in its sole discretion:

- 5 a. Terminate this Agreement, in which event the entire NSP Loan
6 amount as well as any other monies advanced to RCHC by
7 COUNTY under this Agreement including administrative costs,
8 shall immediately become due and payable to COUNTY at the
9 option of COUNTY.
- 10 b. Bring an action in equitable relief (1) seeking the specific
11 performance by RCHC of the terms and conditions of this
12 Agreement, and/or (2) enjoining, abating, or preventing any
13 violation of said terms and conditions, and/or (3) seeking
14 declaratory relief.
- 15 c. Accelerate the NSP Loan, and demand immediate full payment of
16 the principal payment outstanding and all accrued interest under
17 the NSP Loan 1 Promissory Notes and Deeds of Trust, NSP Loan
18 2 Promissory Notes and Deeds of Trust Note, NSP Loan 3
19 Promissory Notes and Deeds of Trust, and Increased NSP Note, as
20 well as any other monies advanced to RCHC by COUNTY under
21 this Agreement.
- 22 d. Enter the Project including the NSP Properties take any remedial
23 actions necessary in its judgment with respect to hazardous
24 materials that COUNTY deems necessary to comply with
25 hazardous materials laws or to render the Project suitable for
26 occupancy, which costs shall be due and payable by RCHC to
27 COUNTY.
- 28 e. Enter upon, take possession of, and manage the NSP Properties

1 either in person, by agent, or by a receiver appointed by a court,
2 and collect rents and other amounts specified in the assignment of
3 rents in the NSP Loan 1 Promissory Notes and Deeds of Trust,
4 NSP Loan 2 Promissory Notes and Deeds of Trust Note, NSP Loan
5 3 Promissory Notes and Deeds of Trust, and Increased NSP Deed
6 of Trust, and apply them to operate the Project or to pay off the
7 NSP Loan or any advances made under this Agreement, as
8 provided for by the NSP Loan 1 Promissory Notes and Deeds of
9 Trust, NSP Loan 2 Promissory Notes and Deeds of Trust Note,
10 NSP Loan 3 Promissory Notes and Deeds of Trust, and Increased
11 NSP Loan Deed of Trust.

12 f. Pursue any other remedies allowed at law or in equity.

13 34. Intentionally Deleted.

14 35. RCHC'S WARRANTIES. RCHC represents and warrants (1) that it has
15 access to professional advice and support to the extent necessary to enable RCHC to fully
16 comply with the terms of this Agreement, and to otherwise carry out the Project, (2) that it is
17 duly organized, validly existing and in good standing under the laws of the State of California,
18 (3) that it has the full power and authority to undertake the Project and to execute this
19 Agreement, (4) that the persons executing and delivering this Agreement are authorized to
20 execute and deliver such documents on behalf of RCHC and (5) that neither RCHC nor any of
21 its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or
22 voluntarily excluded from participation in connection with the transaction contemplated by this
23 Agreement.

24 36. RCHC'S CERTIFICATION. RCHC certifies, to the best of its
25 knowledge and belief, that:

26 a. No federally appropriated funds have been paid or will be paid, by
27 or on behalf of the undersigned, to any person for influencing or
28 attempting to influence an officer or employee of any agency, a

1 member of Congress, an officer or employee of Congress, or an
2 employee of a member of Congress in connection with the
3 awarding of any federal contract, the making of any federal grant,
4 the making of any federal loan, the entering into of any cooperative
5 agreement, and the extension, continuation, review, amendment, or
6 modification of any federal contract, grant, loan, or cooperative
7 agreement.

8 b. If any funds other than federally appropriated funds have been paid
9 or will be paid to any person for influencing or attempting to
10 influence an officer or employee of any agency, a member of
11 Congress, an officer or employee of Congress, or an employee of a
12 member of Congress in connection with this federal contract,
13 grant, loan, or cooperative agreement, the undersigned shall
14 complete and submit Standard Form-LLL, "Disclosure Form to
15 Report Lobbying," in accordance with its instructions.

16 c. The undersigned shall require that the language of this certification
17 be included in the award documents for all sub-awards at all tiers
18 (including subcontracts, sub-grants, and contracts under grants,
19 loans, and cooperative agreements) and that RCHC shall certify
20 and disclose accordingly. This certification is a material
21 representation of fact upon which reliance was placed when this
22 transaction was made or entered into.

23 37. HOLD HARMLESS AND INDEMNIFICATION. RCHC shall
24 indemnify and hold harmless the COUNTY, its Agencies, Districts, Special Districts and
25 Departments, their respective directors, officers, Board of Supervisors, elected and appointed
26 officials, employees, agents and representatives from any liability whatsoever, based or asserted
27 upon any services of RCHC, its officers, employees, subcontractors, agents or representatives
28 arising out of or in any way relating to this Agreement, including but not limited to property

1 damage, bodily injury, or death or any other element of any kind or nature whatsoever arising
2 from the performance of RCHC, its officers, agents, employees, subcontractors, agents or
3 representatives from this Agreement. RCHC shall defend, at its sole expense, all costs and fees
4 including, but not limited, to attorney fees, cost of investigation, defense and settlements or
5 awards, the County of Riverside, its Agencies, Districts, Special Districts and Departments,
6 their respective directors, officers, Board of Supervisors, elected and appointed officials,
7 employees, agents and representatives in any claim or action based upon such alleged acts or
8 omissions.

9 With respect to any action or claim subject to indemnification herein by RCHC, RCHC
10 shall, at its sole cost, have the right to use counsel of its own choice and shall have the right to
11 adjust, settle, or compromise any such action or claim without the prior consent of COUNTY;
12 provided, however, that any such adjustment, settlement or compromise in no manner
13 whatsoever limits or circumscribes RCHC's indemnification to COUNTY as set forth herein.

14 RCHC's obligation hereunder shall be satisfied when RCHC has provided to COUNTY
15 the appropriate form of dismissal relieving COUNTY from any liability for the action or claim
16 involved.

17 The specified insurance limits required in this Agreement shall in no way limit or
18 circumscribe RCHC's obligations to indemnify and hold harmless the COUNTY herein from
19 third party claims.

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

23 RCHC's obligation to indemnify the COUNTY set forth herein shall survive the expiration
24 and/or earlier termination of this Agreement.

25 38. TERMINATION.

26 a. RCHC. RCHC may terminate this Agreement prior to disbursement of any
27 Increased NSP Loan funds by COUNTY in accordance with the applicable NSP regulations.
28

- 1 b. COUNTY. Notwithstanding the provision of Section 38.a above,
2 COUNTY may suspend or terminate this Agreement upon written
3 notice to RCHC of the action being taken and the reason for such
4 action:
- 5 i. In the event RCHC fails to perform the covenants
6 herein contained at such times and in such manner as
7 provided in this Agreement after the applicable notice
8 and cure provision hereof; or
 - 9 ii. In the event there is a conflict with any federal, state or
10 local law, ordinance, regulation or rule rendering any of
11 the provisions of this Agreement invalid or untenable;
12 or
 - 13 iii. In the event that COUNTY's NSP funding from HUD,
14 as referred to in **Section 1**, is terminated or otherwise
15 becomes unavailable.
 - 16 iv. In the event the NSP funding from HUD identified in
17 **Section 1** above is terminated or otherwise becomes
18 unavailable.
- 19 c. This Agreement may be terminated or funding suspended in whole
20 or in part for cause. Cause shall be based on the failure of RCHC
21 to materially comply with either the terms or conditions of this
22 Agreement after the applicable notice and cure provision hereof.
23 Upon suspension of funding, RCHC agrees not to incur any costs
24 related thereto, or connected with, any area of conflict from which
25 the COUNTY has determined that suspension of funds is
26 necessary. The NSP Loan may be terminated for convenience.
- 27 d. Upon expiration or earlier termination of this Agreement, RCHC
28 shall transfer to the COUNTY any unexpended NSP Loan funds in

1 its possession at the time of expiration of the Agreement as well as
2 any accounts receivable held by RCHC which are attributable to
3 the use of NSP funds awarded pursuant to this Agreement.

4 39. AFFORDABILITY RESTRICTIONS. COUNTY and RCHC, on behalf
5 of its successors and assigns, hereby declare their express intent that the restrictions set forth in
6 this Agreement shall continue in full force and effect during the Affordability Period (as
7 defined in **Section 14** above). Each and every contract, deed or other instrument hereafter
8 executed covering and conveying the NSP Properties or any portion thereof shall be held
9 conclusively to have been executed, delivered and accepted subject to such restrictions,
10 regardless of whether such restrictions are set forth in such contract, deed or other instrument.
11 RCHC shall execute and record as a lien against the NSP Properties, a Covenant Agreement,
12 substantially conforming in form and substance to the Covenant Agreement attached hereto as
13 **Exhibit G** and incorporated herein by this reference, setting forth the affordability use and
14 income restriction required in this Agreement.

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

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

26 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or
27 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and
28 represent that they have the authority to execute this Agreement and warrant and represent that

1 they have the authority to bind the respective parties to this Agreement to the performance of
2 its obligations hereunder.

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

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

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

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

23 47. MINISTERIAL ACTS. The COUNTY's Assistant County Executive
24 Officer/EDA or designee(s) are authorized to take such ministerial actions as may be necessary
25 or appropriate to implement the terms, provisions, and conditions of this Agreement as it may
26 be amended from time to time by both parties.

27 48. MODIFICATION OF AGREEMENT. The COUNTY or RCHC may
28 consider it in its best interest to change, modify or extend a term or condition of this

1 Agreement. Any such change, extension or modification, which is mutually agreed upon by the
2 COUNTY and RCHC shall be incorporated in written amendments to this Agreement. Such
3 amendments shall not invalidate this Agreement, nor relieve or release the COUNTY or RCHC
4 from any obligations under this Agreement, except for those parts thereby amended. No
5 amendment to this Agreement shall be effective and binding upon the parties, unless it
6 expressly makes reference to this Agreement, is in writing and is signed and acknowledged by
7 duly authorized representatives of all parties.

8 49. APPROVALS; NON-SUBSTANTIVE AMENDMENTS.

9 (a) Except as otherwise expressly provided in this Agreement, approvals
10 required of COUNTY or RCHC in this Agreement, including the attachments hereto, shall not
11 be unreasonably withheld or delayed. All approvals shall be in writing. Failure by either party
12 to approve a matter within the time provided for approval of the matter shall not be deemed
13 disapproval, and failure by either party to disapprove a matter within the time provided for
14 approval of the matter shall not be deemed an approval.

15 (b) Except as otherwise expressly provided in this Agreement, approvals
16 required of the COUNTY shall be deemed granted by the written approval of the COUNTY
17 Assistant County Executive Officer/EDA, or designee. Notwithstanding the foregoing, the
18 COUNTY Assistant County Executive Officer/EDA may, in his or her sole discretion, refer to
19 the governing body of the COUNTY any item requiring COUNTY approval; otherwise,
20 "COUNTY approval" means and refers to approval by the COUNTY Assistant County
21 Executive Officer/EDA or designee.

22 (c) The COUNTY Assistant County Executive Officer/EDA or designee shall have
23 the right to make non-substantive changes to the attachments to this Agreement in order to
24 ensure that all such attachments are consistent with the terms and provisions of this Agreement.

25 50. ASSIGNMENT. RCHC will not make any sale, assignment, conveyance,
26 or lease of any trust or power, or transfer in any other form with respect to this Agreement
27 other than the transfer of the NSP Properties to an LLC to be formed at a later date by RCHC
28 for the sole purpose of holding title to the NSP Properties.

1 51. EXHIBITS AND ATTACHMENTS. Each of the attachments and
2 exhibits attached hereto is incorporated herein by this reference.

3
4 52. MEDIA RELEASES. RCHC agrees to allow COUNTY to coordinate all
5 media releases regarding the Project, with prior approval of RCHC. Any publicity generated by
6 RCHC for the Project must make reference to the contribution of COUNTY in making the
7 Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
8 generated by RCHC, including flyers, press releases, posters, signs, brochures, and public
9 service announcements. RCHC agrees to cooperate with COUNTY in any COUNTY-
10 generated publicity or promotional activities with respect to the Project.

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

14 54. EFFECTIVE DATE. The effective date of this Agreement is the date the
15 parties execute the Agreement. If the parties execute the Agreement on more than one date,
16 then the last date the Agreement is executed by a party shall be the effective date.

17 55. FURTHER ASSURANCES. BORROWER shall execute any further
18 documents consistent with the terms of this Agreement, including documents in recordable
19 form, as the Authority may from time to time find necessary or appropriate to effectuate its
20 purposes in entering into this Agreement.

21 56. NONLIABILITY OF COUNTY OFFICIALS AND EMPLOYEES. No
22 member, official, employee or consultant of the COUNTY shall be personally liable to the
23 BORROWER, or any successor in interest, in the event of any default or breach by the
24 COUNTY or for any amount which may become due to the BORROWER or to its successor,
25 or on any obligations under the terms of this Agreement.

26 57. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.
27 a. The language in all parts of this Agreement shall in all cases be
28 construed simply, as a whole and in accordance with its fair meaning and not strictly for or

1 against any party. The parties hereto acknowledge and agree that this Agreement has been
2 prepared jointly by the parties and has been the subject of arm's length and careful negotiation
3 over a considerable period of time, that each party has been given the opportunity to
4 independently review this Agreement with legal counsel, and that each party has the requisite
5 experience and sophistication to understand, interpret, and agree to the particular language of
6 the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the
7 interpretation of this Agreement, this Agreement shall not be interpreted or construed against
8 the party preparing it, and instead other rules of interpretation and construction shall be utilized.

9 b. If any term or provision of this Agreement, the deletion of which
10 would not adversely affect the receipt of any material benefit by any party hereunder, shall be
11 held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this
12 Agreement shall not be affected thereby and each other term and provision of this Agreement
13 shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the
14 parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or
15 unenforceable, there be added as a part of this Agreement an enforceable clause or provision as
16 similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

17 c. The captions of the articles, sections, and subsections herein are
18 inserted solely for convenience and under no circumstances are they or any of them to be treated
19 or construed as part of this instrument.

20 d. References in this instrument to this Agreement mean, refer to
21 and include this instrument as well as any riders, exhibits, addenda and attachments hereto
22 (which are hereby incorporated herein by this reference) or other documents expressly
23 incorporated by reference in this instrument. Any references to any covenant, condition,
24 obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like
25 import) means, refer to, and include the covenants, obligations, and undertakings existing
26 pursuant to this instrument and any riders, exhibits, addenda, and attachments or other
27 documents affixed to or expressly incorporated by reference in this instrument.

28 e. As used in this Agreement, and as the context may require, the

1 singular includes the plural and vice versa, and the masculine gender includes the feminine and
2 vice versa.

3 58. TIME OF ESSENCE. Time is of the essence with respect to the
4 performance of each of the covenants and agreements contained in this Agreement.

5 59. BINDING EFFECT. This Agreement, and the terms, provisions, promises,
6 covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the
7 parties hereto and their respective heirs, legal representatives, successors and assigns.

8 60. NO THIRD PARTY BENEFICIARIES. The parties to this Agreement
9 acknowledge and agree that the provisions of this Agreement are for the sole benefit of Authority
10 and Developer, and not for the benefit, directly or indirectly, of any other person or entity, except
11 as otherwise expressly provided herein.

12 61. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

13 a. This Agreement shall be executed in three duplicate originals
14 each of which is deemed to be an original. This Agreement, including all attachments hereto
15 and exhibits appended to such attachments shall constitute the entire understanding and
16 agreement of the parties.

17 b. This Agreement integrates all of the terms and conditions
18 mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements
19 between the parties with respect to all or any part of the Property.

20 All waivers of the provisions of this Agreement must be in writing and
21 signed by the appropriate authorities of the COUNTY or the
22 BORROWER, and all amendments hereto must be in writing and signed
23 by the appropriate authorities of the COUNTY and the BORROWER.
24 This Agreement and any provisions hereof may be amended by mutual
25 written agreement by the BORROWER and the COUNTY.[Remainder of
26 page intentionally blank]

27
28 (SIGNATURES ON THE NEXT PAGE)

1 IN WITNESS WHEREOF, the COUNTY and RCHC have executed this Agreement as of the
2 dates set forth below.

3
4
5 COUNTY:

RCHC:


6 COUNTY OF RIVERSIDE, a political
7 Subdivision of the State of California

RIVERSIDE COMMUNITY HOUSING CORP.,
a California non-profit public benefit corporation

8
9
10 By:


John J. Benoit, Chairman
Board of Supervisors

By:


John J. Benoit, Chairperson
Board of Directors

11
12 Date: OCT 25 2016

Date: OCT 25 2016


13
14
15 ATTEST:

16 KECIA HARPER-IHEM
17 Clerk of the Board

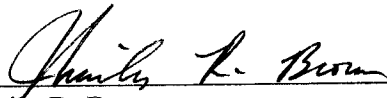
APPROVED AS TO FORM

Gregory P. Priamos, General Counsel

18
19
20 By:



By:


Jhana R. Brown,
Deputy General Counsel

21
22
23 APPROVED AS TO FORM:

GREGORY P. PRIAMOS, County Counsel

24
25
26 By:

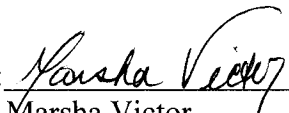
 4/30/16
Marsha Victor,
Chief Deputy

Exhibit A-1

RCHC: RIVERSIDE COMMUNITY HOUSING CORP.
Address: 5555 Arlington Ave., Riverside, CA 92504
Project Title: NSP4 -16-001

Project Description:

The COUNTY and Rancho Housing Alliance, Inc. (RHA) entered into a Loan Agreement For the Use of Neighborhood Stabilization Program Funds dated July 14, 2009 for amount up to One Million Five Hundred Thousand Dollars (\$1,500,000) ("NSP Loan 1"), as amended by that certain First Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program (NSP) Funds dated February 23, 2010 providing an additional loan of NSP funds in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) ("NSP Loan 2") (collectively "NSP Loan Agreement No.1") to be used to acquire and rehabilitate affordable rental housing in the County of Riverside.

In addition to NSP Loan Agreement No. 1, the County and RHA entered into that certain Loan Agreement For the Use of Neighborhood Stabilization Program Funds dated July 14, 2009 (NSP Loan Agreement No. 2) providing a loan of NSP funds in the amount of Two Hundred Four Thousand Dollars (\$204,000) ("NSP Loan 3") to be used to acquire and rehabilitate affordable rental housing in the County of Riverside.

The COUNTY financial assistance provided to RHA resulted in a total loan of Three Million Two Hundred Four Thousand Dollars (\$3,204,000) derived from NSP funds. The NSP Loan Agreement No. 1 and NSP Loan Agreement No. 2 are collectively referred to herein as the "Original NSP Loan Agreements." NSP Loan 1, NSP Loan 2 and NSP Loan 3 are collectively referred to here as the "Original NSP Loan." The entire Original NSP Loan amount was disbursed by County to RHA.

By entering into the Original NSP Loan Agreements, RHA was able to acquire and rehabilitate ten (10) rental multi-family housing units in the Cities of Desert Hot Springs and Cathedral City and one (1) single family rental home in the city of Blythe, identified with Assessor's Parcel Numbers 639-222-006, 639-302-012, 641-311-023, 644-141-013, 644-141-014, 644-141-015, 675-251-009, 680-272-032, 680-396-003, 680-452-047, and 842-216-001, County of Riverside, State of California, referenced in Attachment A-2, attached hereto (collectively referenced to as the "NSP Properties" or "Project"). The NSP Properties, consisting of 35 units ("Assisted Units"), are each rented to and occupied by very low income tenants for an affordable rent.

RHA subsequently fell on hard times and was unable to manage the NSP Properties. In lieu of the County foreclosing on the NSP Properties, RHA agreed to deed the NSP Properties to the County. Because NSP funds were used to finance the acquisition and rehabilitation of the NSP Properties, NSP requirements must remain in effect throughout the affordability period, which terminates the earlier of July 1, 2067 or 55 years from the issuance of the Certificate of

Occupancy for the last property for which construction is completed for the Project. Under NSP, the NSP Properties shall be made available as affordable rental housing for very low income households whose incomes do not exceed 50% of the area median income for Riverside County, adjusted by household size, at time of occupancy, as published by HUD.

RCHC will utilize \$500,000 in additional NSP funds for the purposes of paying existing tax liens, establishing an operating reserve, and rehabilitating the NSP Properties. The NSP Properties will be made available for rent to very low-income (VLI) households.

The County conveyed the NSP Properties to RCHC so that RCHC can continue to manage the properties in accordance with HUD NSP requirements for the remaining affordability period as described in this Agreement. The County has agreed to provide a \$500,000 NSP loan to RCHC so that it could bring the NSP Properties back to federal Housing Quality Standards, finance a 3 year replacement reserve account to financially stabilize the operation of the NSP Properties, and to help pay for existing property tax arrearages incurred by the previous owner.

Original Project Description of NSP Loan 1 dated July 14, 2009 and NSP Loan 2 dated February 23, 2010:

RCHC will utilize \$3,000,000 in NSP funds for acquisition and rehabilitation of approximately ten (10) vacant, foreclosed and bank-owned multi-family properties (“Properties” or “Property”) and rent approximately thirty (35) units (“Assisted Units”) to very low-income (VLI) households within Target Areas, as shown hereof, in the cities of Desert Hot Springs and Cathedral City.

NSP Assisted Units will be rented to households whose incomes do not exceed 50% of the area median income for the County.

RCHC will utilize NSP funds for acquisition and rehabilitation costs of properties for the Project. The period of affordability for each Property (the “Affordability Period”) shall be fifty-five (55) years from the issuance of the Certificate of Occupancy.

Eligible Properties (“Assisted Units”)

Any multi-family property, condominium or town homes that meets all of the following minimum criteria:

1. The property must be foreclosed or abandoned and bank-owned.
2. The property must be currently vacant for a period of at least 90 days prior to the Initial Notice and Offer form (Exhibit D).
3. The property must be permanently fixed to a permanent foundation.
4. The property must be built after 1978. Homes constructed after January 1, 2000 are preferred. Older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be constructed post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.
5. The property must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Target Areas

Assisted Units must reside inside areas of greatest need within the designated Target Areas of the County of Riverside as defined in the County’s 2008-2009 One Year Action Plan. Not all areas inside the city boundary are Target Areas. The Assisted Units for this Project must lie within the Target Areas of city of Desert Hot Springs and Cathedral City. The boundaries are shown in red below.

Appraisals

1. All foreclosed homes participating in this program must meet or exceed the minimum fifteen percent (15%) discount below the **Current Market Appraised Value (CMAV)**. The CMAV is the value of a foreclosed upon home that is established through an

appraisal made in conformity with appraisal requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing regulations at 49 CFR 24.103 and completed within sixty (60) days prior to a final offer made for the property. At COUNTY's discretion and within NSP regulations of the NSP1 Federal Register Bridge Notice, COUNTY may modify the percentage discount requirement below the CMAV.

2. EDA will pay for appraisal costs as follows:
 - a) If the property's purchase price does not meet the minimum fifteen percent (15%) discount below the Current Market Appraised Value, then EDA will only pay up to \$1,500 per property, a maximum \$15,000 per Applicant, of which will be paid by EDA. Beyond that amount, RHA must pay for the cost of subsequent appraisals.
 - b) If the property's purchase price does meet or exceed the minimum fifteen percent (15%) discount below the Current Market Appraised Value, then the cost of appraisal will be paid from the closing costs budget for the project.
3. Initial Notice and Offer. Upon receipt of a completed and signed Initial Notice and Offer form for each property in consideration, as provided in **Exhibit D**, EDA will conduct an appraisal of the property through an independent fee contract appraiser ("Appraiser"). The Appraiser contracted by EDA will be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price, identified in the Initial Notice and Offer form, will be considered as the Initial Offer. Bulk purchases must identify purchase prices for each property.
4. Final Notice and Offer. The final purchase price must be at least fifteen percent (15%) below the CMAV. Properties may be purchased in bulk, but the minimum fifteen percent (15%) discount applies to each property, and not an overall discount.
 - a) If the Initial Offer does meet or exceed the minimum fifteen percent (15%) discount, then the Seller and RHA ("Buyer") will be required to submit a Final Notice and Offer form, as provided in **Exhibit D**, and the Initial Offer will be considered as the Final Offer. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed EDA appraisal report. Failure to submit this in a timely manner will result in denial of the property.
 - b) If the Initial Offer does not meet the minimum fifteen percent (15%) discount below CMAV, then the Buyer will be required to re-negotiate to meet the minimum fifteen percent (15%) discount. If the Seller and Buyer could not reach an amicable agreement for the purchase price of the property, then the property by the Buyer will be denied and the cost of the appraisal will be paid for by EDA.

Original Project Description of NSP Loan 3

RCHC is requesting \$204,000 in NSP funds for acquisition and rehabilitation of one (1) vacant, foreclosed and bank-owned single-family property (“Property” or “Assisted Unit”) and rent to very low-income (VLI) Special Needs persons, as defined herein, within Target Areas, as shown hereof, in the city of Blythe.

NSP Assisted Units will be targeted to VLI Special Needs persons that are developmentally disabled persons whose incomes do not exceed 50% of the area median income for the County.

RCHC will utilize NSP funds for acquisition and rehabilitation costs of the Property for the Project. The period of affordability for the Property (the “Affordability Period”) shall be fifty-five (55) years from the issuance of the Certificate of Occupancy.

Eligible Properties (“Assisted Units”)

Any single-family home that meets all of the following minimum criteria:

1. The home must be foreclosed or abandoned and bank-owned.
2. The home must be currently vacant for a period of at least 90 days prior to the Initial Notice and Offer form (Exhibit D).
3. The home must be permanently fixed to a permanent foundation.
4. The home must be built after 1978. Homes constructed after January 1, 2000 are preferred. Older dwellings are eligible if they are suitable for renovation and if rehabilitation costs are reasonable. However, all properties must be constructed post-1978 and must not be listed on, or eligible for listing on, the National Register of Historic Places.
5. The home must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) and comply with Laws and Authorities of §58.5: Historic Preservation, Floodplain & Wetlands, Coastal Zone, Aquifers, Endangered Species, Rivers, Air, Farmlands, HUD Environmental Standards and Environmental Justice.

Target Areas

Assisted Units must reside inside areas of greatest need within the designated Target Areas of the County of Riverside as defined in the County's 2008-2009 One Year Action Plan. Not all areas inside the city boundary are Target Areas. The Assisted Units for this Project must lie within the Target Areas of city of Desert Hot Springs and Cathedral City. The boundaries are shown in red below.

Appraisals

1. All foreclosed homes participating in this program must meet or exceed the minimum fifteen percent (15%) discount below the **Current Market Appraised Value (CMAV)**. The CMAV is the value of a foreclosed upon home that is established through an appraisal made in conformity with appraisal requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) and its implementing regulations at 49 CFR 24.103 and completed within sixty (60) days prior to a final offer made for the property. At COUNTY's discretion and within NSP regulations of the NSP1 Federal Register Bridge Notice, COUNTY may modify the percentage discount requirement below the CMAV.
2. EDA will pay for appraisal costs as follows:
 - a) If the property's purchase price does not meet the minimum fifteen percent (15%) discount below the Current Market Appraised Value, then EDA will only pay up to \$1,500 per property, a maximum \$15,000 per Applicant, of which will be paid by EDA. Beyond that amount, RHA must pay for the cost of subsequent appraisals.
 - b) If the property's purchase price does meet or exceed the minimum fifteen percent (15%) discount below the Current Market Appraised Value, then the cost of appraisal will be paid from the closing costs budget for the project.
3. Initial Notice and Offer. Upon receipt of a completed and signed Initial Notice and Offer form for each property in consideration, as provided in **Exhibit D**, EDA will conduct an appraisal of the property through an independent fee contract appraiser ("Appraiser"). The Appraiser contracted by EDA will be State licensed or certified in accordance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The initial purchase price, identified in the Initial Notice and Offer form, will be considered as the Initial Offer. Bulk purchases must identify purchase prices for each property.
4. Final Notice and Offer. The final purchase price must be at least fifteen percent (15%) below the CMAV. Properties may be purchased in bulk, but the minimum fifteen percent (15%) discount applies to each property, and not an overall discount.
 - a) If the Initial Offer does meet or exceed the minimum fifteen percent (15%) discount, then the Seller and RHA ("Buyer") will be required to submit a Final Notice and Offer form, as provided in **Exhibit D**, and the Initial Offer will be considered as the Final Offer. The Final Notice and Offer form must be received and dated within sixty (60) days of the completed EDA appraisal report. Failure to submit this in a timely manner will result in denial of the property.
 - b) If the Initial Offer does not meet the minimum fifteen percent (15%) discount below CMAV, then the Buyer will be required to re-negotiate to meet the minimum fifteen percent (15%) discount. If the Seller and Buyer could not reach

Exhibit A-1

Project Sources and Uses of Fund:

Sources:

Increased NSP Loan - RCHC	\$ 500,000
Original NSP Loans	\$ 3,204,000
<u>Bank Loan*</u>	<u>\$ 330,000</u>
Total Sources	\$ 4,034,000

Uses:

Rehabilitation	\$ 250,000
Property Tax Arrearage	\$ 150,000
Replacement Reserve Account	\$ 100,000
Assuming Original NSP Loan Agreements	\$ 3,204,000
<u>Assuming Bank Loan*</u>	<u>\$ 330,000</u>
Total Sources	\$ 4,034,000

**Assumption of the Bank Loan has not yet been approved by First Foundation Bank, Successor in Interest to Desert Commercial Bank.*

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Amended and Restated NSP Agreement executed	October 18, 2016
2. Marketing of vacant units	January 1, 2016
3. Property Tax Liens removed	June 1, 2017
4. Rehabilitation of NSP Properties completed	June 1, 2017
5. Submission of Documents	June 1, 2017

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. NSP Activities Reporting and Project Photos	Monthly, due by the 15th of each month
2. Liability and Certificate of Workers' Compensation Insurance for RCHC and General Contractor (GC)	RCHC – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with the COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– Sept 30th & March 31st Completion of Project
4. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Rehabilitation
5. Rehabilitation Completion Report	Close of Rehabilitation
6. Final Development Cost - Sources and Uses	Close of Rehabilitation
7. Flyers, Community Contacts, Outreach, Press Releases	Marketing Stage

Exhibit A-2

Assessor parcel	Site address	Units	NSP Loan Amgts
644141013-4	68170 Calle Las Tiendas Desert Hot Springs CA 92240	4	311,200.00
680272032-0	32425 Montevista Rd Cathedral City CA 92234	2	278,703.00
639302012-2	66780 4th Street Desert Hot Springs CA 92240	3	312,848.00
680396003-7	68685 Cedar Road, Cathedral City, CA 92234	2	278,253.00
641311023-7	13740 Mark Drive Desert Hot Springs CA 92240	2	160,000.00
644141015-6	68150 Calle Las Tiendas Desert Hot Springs, CA 92240	4	315,990.00
644141014-5	68160 Calle Las Tiendas Desert Hot Springs, CA 92240	4	319,240.00
639222006-0	66061 3rd Street Desert Hot Springs CA 92240	9	553,040.00
675251009-7	29660 Landau Blvd Cathedral City CA 92234	2	238,954.00
680452047-0	33580 Cathedral Canyon, Cathedral City CA 92234	2	231,772.00
842216001-2	424 Chaparral Street Blythe CA 92225	1	204,000.00

Exhibit A-3

NSP Loan 1 dated July 14, 2009 (\$1,500,000) and Promissory Notes
NSP Loan 2 dated February 23, 2010 (\$1,500,000) and Promissory Notes

Property Address	City, State Zip	Deed of Trust With Assignment of Rents Loan Amount Secured	Deed of Trust With Assignment of Rents Date of Recordation	Deed of Trust With Assignment of Rents Instrument No.	Promissory Note Dated
66061 3rd St	Desert Hot Springs, CA 92240	550,440.00	4/16/2010	2010-0175521	4/1/2010
66061 3rd St	Desert Hot Springs, CA 92241	2,600.00	5/2/2010	2010-0254339	5/17/2010
66780 4th St	Desert Hot Springs, CA 92240	250,000.00	10/15/2009	2009-0534398	9/24/2016
66780 4th St	Desert Hot Springs, CA 92241	62,848.00	6/2/2010	2010-0254340	5/26/2010
13740 Mark Dr	Desert Hot Springs, CA 92240	160,000.00	9/14/2009	2009-0476071	8/26/2009
68170 Calle Las Tiendas	Desert Hot Springs, CA 92240	298,500.00	9/11/2009	2009-0473649	9/2/2009
68170 Calle Las Tiendas	Desert Hot Springs, CA 92241	12,700.00	6/15/2010	2010-0274915	5/17/2010
68160 Calle las Tiendas	Desert Hot Springs, CA 92240	313,250.00	4/30/2010	2010-0198950	4/15/2010
68160 Calle las Tiendas	Desert Hot Springs, CA 92241	5,990.00	6/2/2010	2010-0254343	5/17/2010
68150 Calle las Tiendas	Desert Hot Springs, CA 92240	313,000.00	4/28/2010	2010-0195483	4/15/2010
68150 Calle las Tiendas	Desert Hot Springs, CA 92241	2,990.00	6/2/2010	2010-0254342	5/17/2010
29660 Landau Blvd.	Cathedral City, CA 92234	238,954.00	2/26/2010	2010-0090499	2/24/2010
32425 Monte Vista Rd	Cathedral City, CA 92234	278,703.00	1/25/2011	2011-0037866	12/20/2010
68685 Cedar Rd	Cathedral City, CA 92234	238,000.00	11/17/2009	2009-0594400	11/2/2009
68685 Cedar Rd	Cathedral City, CA 92235	40,253.00	6/2/2010	2010-0254344	5/17/2010
33580 Cathedral Canyon	Cathedral City, CA 92234	231,772.00	1/25/2011	2011-0037863	12/20/2010
Total		\$3,000,000.00			

Exhibit A-4

NSP Loan 3 dated July 14, 2009 (\$204,000) and Promissory Note

Property Address	City, State Zip	Deed of Trust With Assignment of Rents Loan Amount Secured	Deed of Trust With Assignment of Rents Date of Recordation	Deed of Trust With Assignment of Rents Instrument No.	Promissory Note Dated
424 Chaparral Drive	Blythe CA 92225	204,000.00	3/29/2010	2010-0140614	2/25/2009
Total		\$204,000.00			

Exhibit A-5

LEGAL DESCRIPTIONS

66061 THIRD STREET, DESERT HOT SPRINGS, CA 92240

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 19 AND 20 IN BLOCK J, OF DESERT HOT SPRINGS SITES TRACT, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 19 PAGES 66 AND 67 OF MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 639-222-006

66780 4TH STREET, DESERT HOT SPRINGS, CA 92240

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 8 OF BLOCK "F" OF DESERT HOT SPRINGS, UNIT NO. 6, AS SHOWN BY MAP ON FILE IN BOOK 24, PAGES 20 AND 21 OF MAPS, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA.

EXCEPTING THEREFROM ALL STANDING, FLOWING, PERCOLATING, OR OTHER COLD WATER AND COLD WATER RIGHTS IN, ON OR UNDER THE PROPERTY ABOVE DESCRIBED, (THE TERM "COLD WATER" AS USED HEREIN MEANS OF A TEMPERATURE OF LESS THAN 100 DEGREES FAHRENHEIT; AT THE POINT OF PRODUCTION) AS CONVEYED TO DESERT HOT SPRINGS WATER COMPANY, A CORP., BY DEED RECORDED MARCH 17, 1950 IN BOOK 1157 PAGE 71 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 639-302-012

13740 MARK DRIVE, DESERT HOT SPRINGS, CA 92240

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 31 OF HOT SPRINGS OASIS, UNIT 1, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 34, PAGES 39 THROUGH 40, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 641-311-023

68170 CALLE LAS TIENDAS, DESERT HOT SPRINGS, CA 92240

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 13 OF DESERT HOT SPRINGS HIGHLANDS, UNIT NO. 2, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 32, PAGES 21 THROUGH 23 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY.

Assessor's Parcel Number: 644-141-013

68160 CALLE LAS TIENDAS, DESERT HOT SPRINGS, CA 92240

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 14 OF DESERT HOT SPRINGS HIGHLANDS, UNIT NO. 2, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 32 PAGE(S) 21 TO 23, INCLUSIVE, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT THEREFROM THE OIL, GAS, MINERALS, AND OTHER HYDROCARBON SUBSTANCES LYING BELOW THE SURFACE OF SAID LAND, AS PROVIDED IN DEEDS OF RECORD.

Assessor's Parcel Number: 644-141-014

68150 CALLE LAS TIENDAS, DESERT HOT SPRINGS, CA 92240

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 15 OF DESERT HOT SPRINGS HIGHLANDS, UNIT NO. 2, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 32 PAGES 21, 22, AND 23 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number: 644-141-015

29660 LANDAU BOULEVARD, CATHEDRAL CITY, CA 92234

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 9 OF PALM SPRINGS PANORAMA #1, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38, PAGES 83-96 OF MISCELLANEOUS MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number: 675-251-009

32425 MONTE VISTA ROAD, CATHEDRAL CITY, CA 92234

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 82 OF PALM VIEW ESTATES, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 30, PAGE(S) 17 & 18 OF MAPS, RECORDS OF RIVERSIDE COUNTY CALIFORNIA.

Assessor's Parcel Number: 680-272-032

68685 CEDAR ROAD, CATHEDRAL CITY, CA 92234

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 57 OF EL RANCHO GRANDE, IN THE CITY OF CATHEDRAL CITY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 29, PAGES 85 AND 86 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number: 680-396-003

33580 CATHEDRAL CANYON, CATHEDRAL CITY, CA 92234

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 77 OF DESERT RETREAT ESTATES AS SHOWN BY MAP ON FILE IN BOOK 26 PAGES 18 AND 19 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

Assessor's Parcel Number: 680-452-047

424 CHAPARRAL DRIVE, BLYTHE, CA 92225

All that certain real property located in the County of Riverside, State of California, legally described as follows:

LOT 24 OF TRACT NO. 24156-3, IN THE CITY OF BLYTHE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 302, PAGES 85 THROUGH 87, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number: 842-216-001

EXHIBIT B

Deed of Trust

EXEMPT RECORDING FEE CODE 6103
RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
ATTN: Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST WITH ASSIGNMENT OF RENTS

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this _____ day of September, 2016 by Riverside Community Housing Corp., a California nonprofit public benefit corporation, (hereinafter referred to as "Trustor"), whose address is 5555 Arlington Avenue, Riverside, CA 92504. The trustee is Lawyers Title Company ("Trustee"). The beneficiary is the County of Riverside, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

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

(A) That certain fee interest in the real property identified as Assessor's Parcel Numbers 639-222-006, 639-302-012, 641-311-023, 644-141-013, 644-141-014, 644-141-015, 675-251-009, 680-272-032, 680-396-003, 680-452-047, and 842-216-001, and all improvements and fixtures located thereon, located in the cities of Desert Hot Springs, Cathedral City, and Blythe, more particularly described in **Exhibit B-1** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "NSP Properties");

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

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

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

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

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

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

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

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

- 1) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary executed by Trustor ("Borrower" therein) of even date herewith (the "Note");
 - (b) that certain Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Program Funds dated _____, 2016 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "Amended and Restated Agreement"); and
 - (c) that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").
- 2) payment of indebtedness of the Trustor to the Beneficiary not to exceed Five Hundred Thousand (\$500,000) (the "NSP Loan") according to the terms of the Note.

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

The NSP Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the Neighborhood Stabilization Program ("NSP Program"), enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 and appropriated under Community Development Block Grant). Pursuant to the Amended and Restated Agreement, the maturity of the NSP Loan shall be the first to occur of (i) July 1, 2067 or (ii) fifty-five (55) years from the issuance of the Certificate of Occupancy for the NSP Properties (as defined in the Amended and Restated Agreement) (the "NSP Loan Term").

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

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

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

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

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

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

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

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

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

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

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

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

9. **Reserved**

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

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

b. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the NSP Properties damaged, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor

determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. If the NSP Properties are abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

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

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

a. The Trustor acknowledges that these NSP Properties are subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the NSP Properties are located), limiting the NSP Properties use to "low-income housing" within the meaning of the NSP Program. The use and occupancy restrictions may limit the Trustor's ability to rent the NSP Properties. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. Protection of Beneficiary's Rights in the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that

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

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

13. **Reserved.**

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

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

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

b. If the NSP Properties are abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized

to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

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

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

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

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

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

20. **Governing Law; Severability.** This Deed of Trust shall be governed by federal law and the laws of the State of California. In the event that any provision or clause of this Deed