

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

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

22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the Amended and Restated Agreement, if all or any part of the NSP Properties or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent. Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the NSP Properties for utility purposes.

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

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

c. The Trustor and the Beneficiary agree that whenever the Note or this Deed of Trust gives the Beneficiary the right to approve or consent with respect to any matter affecting the NSP Properties (or the construction of any improvements thereon) or otherwise (including the exercise of any "due on sale" clause), and a right of approval or consent with regard to the same matter is also granted to the Senior Lien Holders pursuant to the Senior Deeds of Trust, the Senior Lien Holder's approval or consent or failure to approve or consent, as the case may be, shall be binding on the Trustor and the Lender.

d. Notwithstanding anything to the contrary contained herein, the transfer of the NSP Properties to an affiliated Licensed Limited Corporation (LLC) to be formed at a later date by Trustor for the sole purpose of holding title to the NSP Properties, respectively, shall not constitute a prohibited transfer under this Deed of Trust.

d. Notwithstanding anything to the contrary contained herein, the Beneficiary hereby acknowledges that the Trustor will be requesting transfer of the NSP Properties, and of the Trustor's obligations hereunder to an LLC to be formed at a later date. Upon Trustor's request and Beneficiary consent, this transfer shall not be unreasonably withheld

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

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

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

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

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

affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

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

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

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

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

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

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

30. **Modification of Senior Loan Documents.** Any agreement or arrangement, in which a Senior Lender waives, postpones, extends, reduces, or modifies any provisions of the Senior Lien Holder Deed of Trusts or any other Senior Lenders loan documents, including any provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

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

32. **Reserved**

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

[Remainder of Page Blank]

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

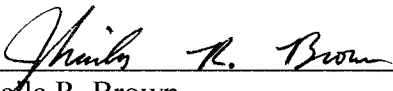
TRUSTOR:

Riverside Community Housing Corp.,
a California non-profit public benefit corporation

By: 
John J. Benoit, Chairperson
Board of Directors

Date: OCT 25 2016

APPROVED AS TO FORM
Gregory P. Priamos, General Counsel

By: 
Jhalla R. Brown
Deputy General Counsel

ATTEST:

KECIA HARPER-HEM, Clerk

By: 
DEPUTY

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

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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

1 **68160 CALLE LAS TIENDAS, DESERT HOT SPRINGS, CA 92240**

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

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

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

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13 Assessor's Parcel Number: 644-141-014
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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

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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

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1 REQUEST FOR RECONVEYANCE

2 TO TRUSTEE:

3 The undersigned is the holder of the Note or Notes secured by this Security
4 Instrument (Deed of Trust). Said Promissory Note or Notes, together with all other
5 indebtedness secured by this Security Instrument (Deed of Trust), have been paid in
6 full. You are hereby directed to cancel said Promissory Note or Notes and this
7 Security Instrument (Deed of Trust), which are delivered hereby, and to reconvey,
8 without warranty, all the estate now held by you under this Deed of Trust to the
9 person or persons legally entitled thereto.

10 Dated: _____

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EXHIBIT C

Promissory Note

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PROMISSORY NOTE (NSP Loan)

\$500,000

Riverside, CA

In installments as hereafter stated, for value received, RIVERSIDE COMMUNITY HOUSING CORP., a California nonprofit public benefit corporation (“Borrower” or “RCHC”) promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of Five Hundred Thousand Dollars and No/100 Dollars (U.S. \$500,000.00) (the “NSP Loan” or “Note Amount”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the “Note”) is given in accordance with that certain Amended and Restated Loan Agreement for the Neighborhood Stabilization Program Funds executed by COUNTY and Borrower, dated as of _____, 2016 and recorded in the Official Records (“Official Records”) of the County of Riverside concurrently herewith (the “Amended and Restated Agreement”). NSP Loan is provided for the purposes of paying existing tax liens, establishing an operating reserve, and rehabilitating 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, and all improvements and fixtures located thereon, all within the County of Riverside, as more particularly described in Exhibit C-1 attached hereto and incorporated herein by this reference (the “NSP Properties”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the Amended and Restated Agreement. The Note is secured by a Deed of Trust executed by Borrower for the benefit of the County recorded on or about the date hereof in the Official Records of the County of Riverside (the “NSP Deed of Trust”) and a Covenant Agreement recorded on or about the date hereof in the Official Records. The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the Amended and Restated Agreement and the following terms:

- (2) The NSP Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Neighborhood Stabilization Program and the regulations issued thereunder (Title III of Division B of the Housing and Economic Recovery Act of 2008, as amended) (the "NSP Program").. Borrower agrees for itself, its successors and assigns, that the use of the NSP Properties, as described in the Amended and Restated Agreement, shall be subject to the restrictions on rent and occupancy set forth in the NSP Program regulations, the Amended and Restated Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County (“Official Records”), between Borrower and County.
- (3) That the NSP Loan will accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default as hereinafter provided, and shall be forgiven at the end of the affordability period as defined in the Amended and Restated Agreement.
- (4) The NSP Loan evidenced by this Note is secured by that certain Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the COUNTY, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof (“Deed of Trust”) and that certain Covenant Agreement executed

1 by Borrower, dated _____, 2016 and recorded on or about the date herein in
2 the Official Records ("Covenant Agreement").

3 (5) This Note may be prepaid in whole or in part by the undersigned at any time without
4 prepayment penalty or premium, provided however notwithstanding such prepayment,
5 Borrower shall be required to adhere to the affordability restrictions contained in the
6 Covenants until the expiration of the term contained therein.

7 (6) Subject to the provisions and limitations of this Paragraph 5, the obligation to repay the
8 Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower
9 nor its partners shall have any personal liability for repayment of the Note Amount,
10 except as provided in this Paragraph 8. The sole recourse of the County shall be the
11 exercise of its rights against the NSP Properties (or any portion thereof) and any related
12 security for the NSP Loan; provided, however, that the foregoing shall not (i) constitute a
13 waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the
14 right of the COUNTY to name Borrower as a party defendant in any action or suit for
15 judicial foreclosure and sale under this Note and the Deed of Trust or any action or
16 proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall
17 be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed
18 of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a
19 defense, an affirmative defense, a counterclaim or other basis for relief in respect of the
20 exercise of, any other remedy against the mortgaged NSP Properties or any other
21 instrument securing this Note or as prescribed by law or in equity in case of default; (v)
22 prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an
23 affirmative defense, a counterclaim or other basis for relief in respect of the exercise of,
24 its remedies in respect of any deposits, insurance proceeds, condemnation awards or other
25 monies or other collateral or letters of credit securing this Note; or (vi) affect in any way
26 the validity of any guarantee or indemnity from any person of all or any of the obligations
27 evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first
28 sentence of this Section 20, the COUNTY may recover directly from Borrower or, unless
otherwise prohibited by any applicable law, from any other party: (a) any damages, costs
and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any
criminal act or acts of Borrower or any general partner, shareholder, officer, director or
employee of Borrower, or of any member or general partner of Borrower, or of any
general partner of such member or general partner; (b) any damages, costs and expenses
incurred by the COUNTY as a result of any misappropriation of funds provided to pay
costs as described in the Amended and Restated Agreement, rents and revenues from the
operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c)
any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments,
or other charges that could create statutory liens on the NSP Properties and that are
payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market
value of any personal property or fixtures removed or disposed of by the Borrower other
than in accordance with the Deed of Trust; (e) any and all amounts owing by Borrower
pursuant to any indemnity set forth in the Amended and Restated Agreement and/or Deed
of Trust or the indemnification regarding Hazardous Substances pursuant to the Amended
and Restated Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees
reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

1 (7) The occurrence of any of the following events shall constitute an "Event of Default"
2 under this Note after notice and opportunity to cure pursuant to the terms set forth in the
3 Amended and Restated Agreement:

4 a. Monetary Default. (1) Borrower's failure to pay when due any
5 sums payable under the NSP Note or any advances made by COUNTY under this Agreement,
6 (2) Borrower's or any agent of Borrower's use of NSP funds for costs other than those costs
7 permitted under the Amended and Restated Agreement or for uses inconsistent with terms and
8 restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to
9 make any other payment of any assessment or tax due under the Amended and Restated
10 Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i)
11 that certain Deed of Trust assumed by Borrower for the benefit of First Foundation Bank,
12 successor in interest to Desert Commercial Bank, securing a loan in a principal amount up to
13 \$330,000; and (ii) any other instrument or document secured against the NSP Properties;

14 b. Non-Monetary Default - Operation. (1) Discrimination by
15 Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or
16 applicable law, (2) the imposition of any encumbrances or liens on the NSP Properties without
17 COUNTY's prior written approval that are prohibited under this agreement or that have the
18 effect of reducing the priority or invalidating the lien of the NSP Deed of Trust, (3) Borrower's
19 failure to obtain and maintain the insurance coverage required under the Amended and
20 Restated Agreement, (4) any material default under the Amended and Restated Agreement,
21 NSP Deed of Trust with Assignment of Rents, Covenant Agreement, NSP Note, or any
22 document executed by the County in connection with this Agreement, and/or (4) default past
23 any applicable notice and cure period under the terms of (i) that certain Deed of Trust assumed
24 by Borrower for the benefit of First Foundation Bank, successor in interest to Desert
25 Commercial Bank, securing a loan in a principal amount up to \$330,000; and/or (ii) any other
26 instrument or document secured against the Property;

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

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

24 (8) COUNTY shall give written notice of default to Borrower, specifying the default
25 complained of by the COUNTY. Borrower shall have sixty (60) calendar days from the
26 mailing of the notice for a monetary default, by which such action to cure must be taken.
Delay in giving such notice shall not constitute a waiver of any default nor shall it change
the time of default.

27 (9) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any
28 default shall not operate as a waiver of any default or of any such rights or remedies.
Delays by COUNTY in asserting any of its rights and remedies shall not deprive

1 COUNTY of its right to institute and maintain any actions or proceedings which it may
2 deem necessary to protect, assert, or enforce any such rights or remedies.

- 3 (10) If the rights created by this Note shall be held by a court of competent jurisdiction to be
4 invalid or unenforceable as to any part of the obligations described herein, the remaining
5 obligations shall be completely performed and paid. In the event that any provision or
6 clause of this Note conflicts with applicable law, such conflict will not affect other
7 provisions of this Note which can be given effect without the conflicting provision, and
8 to this end the provisions of the Note are declared to be severable.
- 9 (11) Borrower hereby waives diligence, presentment, protest and demand, notice of protest,
10 dishonor and nonpayment of this Note, and expressly agrees that, without in any way
11 affecting the liability of Borrower hereunder, the COUNTY may extend any maturity
12 date or the time for payment of any installment due hereunder, accept additional security,
13 release any party liable hereunder and release any security now or hereafter securing this
14 Note. Borrower further waives, to the full extent permitted by law, the right to plead any
15 and all statutes of limitations as a defense to any demand on this Note, or on any deed of
16 trust, security agreement, guaranty or other agreement now or hereafter securing this
17 Note.
- 18 (12) Should default be made in payment of principal and interest when due and such default
19 shall continue beyond the applicable notice and cure period provided in the Amended and
20 Restated Agreement, the whole sum of principal and interest shall become immediately
21 due at the option of the holder of this Note. Principal and interest are payable in lawful
22 money of the United States. If action be instituted on this Note, the undersigned promises
23 to pay such sums as the Court may fix as attorney's fees.
- 24 (13) This Note has been negotiated and entered in the State of California, and shall be
25 governed by, construed and enforced in accordance with the internal laws of the State of
26 California , applied to contracts made in California by California domiciliaries to be
27 wholly performed in California. Any action at law or in equity arising under this Note or
28 brought by a party hereto for the purpose of enforcing, construing or determining the
validity of any provision of this Note shall be filed in the Superior Courts of Riverside
County, State of California, and the parties hereto waive all provisions of law providing
for the filing, removal or change of venue to any other court or jurisdiction.
- (14) No modification, rescission, waiver, release or amendment of any provision of this Note
shall be made except by a written agreement executed by Borrower and the duly
authorized representative of the COUNTY.
- (15) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note
and its right to receive repayment of the Note Amount without obtaining the consent of
Borrower.
- (16) In no event shall Borrower assign or transfer any portion of this Note or any rights herein
without the prior express written consent of the COUNTY, which consent the COUNTY
may give or withhold in its sole and absolute discretion. In the absence of specific
written agreement by the COUNTY, no unauthorized assignment or transfer, or
approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other

1 party from any obligations under the Amended and Restated Agreement or this Note.
2 This provision shall not affect or diminish the COUNTY's assignment rights under this
3 Note.

4 (17) Except as to the Deeds of Trust permitted under the Amended and Restated Agreement,
5 Borrower shall not encumber the Property for the purpose of securing financing either
6 senior or junior in priority or subordinated to the Deed of Trust without the prior written
7 approval of the COUNTY in its sole and absolute discretion.

8 (18) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor
9 and creditor and shall not be, or be construed to be, a joint venture, equity venture,
10 partnership or other relationship.

11 (19) (a) Formal notices, demands and communications between the County and Borrower
12 shall be deemed sufficiently given if made in writing and dispatched by any of the following
13 methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or
14 certified mail, postage prepaid, return receipt requested (in which event, the notice shall be
15 deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed
16 on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which
17 event, the notice shall be deemed delivered on the date of its successful facsimile transmission as
18 evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including
19 by means of professional messenger service, courier service such as United Parcel Service or
20 Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered
21 on the documented date of receipt). Such written notices, demands and communications may be
22 sent in the same manner to such other addresses as either party may from time to time designate
23 by mail.

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

27 (c) The address of Borrower for purposes of receiving notices pursuant to this Note is
28 5555 Arlington Avenue, Riverside, CA 92504, Attention: Chief Operating Officer.

(20) The captions and headings in this Note are for convenience only and are not to be used to
interpret or define the provisions hereof.

(21) The undersigned, if comprising more than one person or entity, shall be jointly and
severally liable hereunder.

(22) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall
benefit the COUNTY and its successors and assigns.

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[SIGNATURES ON FOLLOWING PAGE]

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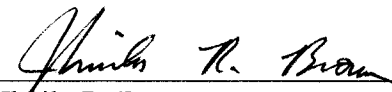
IN WITNESS WHEREOF, Borrower has executed this Note as of the day and year first set forth above.

BORROWER:
Riverside Community Housing Corp.
a California non-profit public benefit corporation

By: 
John J. Bennett, Chairperson
Board of Directors

Date: OCT 25 2016

APPROVED AS TO FORM
Gregory P. Priamos, General Counsel

By: 
Jhaila R. Brown
Deputy General Counsel


ATTEST:
KECIA HARPER-HEM, Clerk
By: 
DEPUTY

EXHIBIT D

RIVERSIDE COUNTY

ECONOMIC DEVELOPMENT AGENCY

SECTION 3

24 CFR PART 135

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

1
2 **I. Section 135.1 Purpose**

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

10 **Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement**

11 **A. GENERAL**

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

28 **B. TRAINING AND EMPLOYMENT**

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

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

- (i) 10 percent of the aggregate number of new hires for the one year period
beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year
period beginning in FY 1996 (October 1, 1995 to September 1996); and
- (iii) 30 percent of the aggregate number of new hires for the one year period
beginning in FY 1997 and continuing thereafter (October 1, 1996 and
thereafter).

1 C. CONTRACTS

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

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

11 D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

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

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

B. Eligibility for Preference: A Section 3 resident seeking the preference in training
and employment provided by this part shall certify, or submit evidence to the
recipient contractor or subcontractor, if requested, that the person is a Section 3
resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the

1 preference is evidence of receipt of public assistance, or evidence of participation
2 in a public assistance program.)

- 3 C. Eligibility for employment: Nothing in this part shall be construed to require the
4 employment of a Section 3 resident who does not meet the qualifications of the
5 position to be filled.

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

- 8 A. Order of Providing Preference: Recipients, contractors and subcontractors shall
9 direct their efforts to award Section 3 covered contract, to the greatest extent
10 feasible, to Section 3 Business Concerns in the order of priority provided in this
11 section.

12 (1) Housing and community development programs. In housing and
13 community development programs, priority consideration shall be given,
14 where feasible, to:

- 15 (i) Section 3 business concerns that provide economic opportunities
16 for Section 3 residents in the Riverside or San Bernardino County
17 (category 1 businesses); and
18 (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to
19 carry out HUD Youthbuild programs (category 2 businesses);
20 (iii) Other Section 3 business concerns.

- 21 B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3
22 contracting preference shall certify or submit evidence, if requested, that the
23 Business Concern is a Section 3 Business Concern as defined in Section 135.5.

- 24 C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract
25 or a subcontract shall submit evidence to the recipient, contractor, or
26 subcontractor (as applicable), if requested, sufficient to demonstrate to the
27 satisfaction of the party awarding the contract that the business concern is
28 responsible and has the ability to perform successfully under the terms and
conditions of the proposed contract. (The ability to perform successfully under
the terms and conditions of the proposed contract is required of all contractors and
subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR
85.36 (b) (8)). This regulation requires consideration of, among other factors, the
potential contractor's record in complying with public policy requirements.
Section 3 compliance is a matter properly considered as part of this determination.

29 **SECTION 135.38 Section 3 Clause.**

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

- 32 A. The work to be performed under this contract is subject to the
33 requirements of Section 3 of the Housing and Urban Development Act of
34 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3
35 is to ensure that employment and other economic opportunities generated
36 by HUD assistance of HUD-assisted projects covered by Section 3, shall,
37 to the greatest extent feasible, be directed to low-and very low-income
38

1 persons, particularly persons who are recipients of HUD assistance for
2 housing.

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

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

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

28 E. The contractor will certify that any vacant employment positions,
including training positions, that are filled (1) after the contractor is
selected but before the contract is executed, and (2) with persons other
than those to whom the regulations of 24 CFR part 35 require employment
opportunities to be directed, were not filled to circumvent the contractor's
obligations under 24 CFR part 135.

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

VI. **SECTION 135.40 Providing Other Economic Opportunities**

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

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

7 C. Other business related economic opportunities:

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

20 (2) A Section 3 Joint Venture means an association of Business
21 Concerns, one of which qualifies as a Section 3 Business Concern,
22 formed by written joint venture agreement to engage in and carry
23 out a specific business venture for which purpose the Business
24 Concerns combine their efforts, resources, and skills for joint
25 profit, but not necessarily on a continuing or permanent basis for
26 conducting business generally, and for which the Section 3
27 Business Concern:

28 (i) Is responsible for clearly defined portion of the work to be
performed and holds management responsibilities in the
joint venture; and

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

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

21 **HUD Youth build Programs** means programs that receive assistance under subtitle D of
22 Title IV of the National Affordable Housing Act, as amended by the Housing and
23 Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged
24 youth with opportunities for employment, education, leadership development, and
25 training in the construction or rehabilitation of housing for homeless individuals and
26 members of low and very low-income families.

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

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

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

28 **Recipient** means any entity which receives Section 3 covered assistance, directly from
HUD or from another recipient and includes, but is not limited to, any State, unit or local
government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or
private nonprofit organization, private agency or institution, mortgagor, owner,

1 PARTICIPANT, developer, limited dividend sponsor, builder, property manager,
2 community development organization, resident management corporation, resident
3 council, or cooperative association. Recipient also includes any successor, assignee, or
4 transferee of any such entity, but does not include any ultimate beneficiary under the
5 HUD program to which Section 3 applies and does not include contractors.

6 **Secretary** means the Secretary of Housing and Urban Development.

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

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

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

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

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

22 **Section 3 covered assistance** means:

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

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

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

4 **Section 3 resident means:**

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

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

23 **Very low income person.** See the definition of "Section 3 resident" in this section.
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RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
(print business name)

_____ is not a Section 3 business. (Please complete the bottom section.)

_____ is a Section 3 business **because** (check one of the following:)

_____ *51 percent or more is owned by Section 3 residents; or*

_____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*

_____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

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

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

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

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective FY 2016 – Annual Low-Income Limit

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

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

EXHIBIT D-2

§ 135.38 Section 3 Clause

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

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

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

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

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

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

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

28 G. With respect to work performed in connection with section 3 covered Indian housing
assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25
U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires

1 that to the greatest extent feasible (i) preference and opportunities for training and employment
2 shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be
3 given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract
4 that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to
5 the maximum extent feasible, but not in derogation of compliance with section 7(b).
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Prohibition Against Conflicts of Interest

EXHIBIT E

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

- g. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- h. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

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

Owners/Participants and Developers.

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

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

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

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

EXHIBIT G

Covenant Agreement

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Economic Development Agency
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn. Juan Garcia

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

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COVENANT AGREEMENT
(RCHC NSP Properties)

This Covenant Agreement (RCHC NSP Properties) ("Covenant") is made and entered into as of the day of _____, 2016 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and RIVERSIDE COMMUNITY HOUSING CORP., a California nonprofit public benefit corporation ("RCHC").

RECITALS

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

WHEREAS, RCHC owns those certain real properties located at Cities of Desert Hot Springs, Cathedral City, and 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, legally described in **Exhibit G-1** attached

1 hereto and incorporated herein by this reference ("NSP Properties");

2 WHEREAS, on _____, 2016, COUNTY and RCHC entered into that certain
3 Amended and Restated Loan Agreement for the Use of Neighborhood Stabilization Funds
4 recorded in the Official Records of the County of Riverside ("Official Records") concurrently
5 herewith (the "Amended and Restated Agreement") which provides for, among other things, a
6 loan of NSP funds from the County to RCHC in the amount of \$3,704,000 comprised of the
7 following loans: Loan Agreement For the Use of Neighborhood Stabilization Program Funds
8 dated July 14, 2009 and recorded September 30, 2009, as Instrument No. 2009-0505609 in the
9 Official Records of the County of Riverside ("Official Records") for amount up to One Million
10 Five Hundred Thousand Dollars (\$1,500,000) ("NSP Loan 1"); as amended by that certain First
11 Amendment to Loan Agreement for the Use of Neighborhood Stabilization Program (NSP)
12 Funds dated February 23, 2010 providing an additional loan of NSP funds in the amount of One
13 Million Five Hundred Thousand Dollars (\$1,500,000) ("NSP Loan 2"); and a Loan Agreement
14 For the Use of Neighborhood Stabilization Program Funds dated July 14, 2009 for amount up to
15 Two Hundred Four Thousand Dollars (\$204,000) ("NSP Loan 3"). NSP Loan 1, NSP Loan 2,
16 and NSP Loan 3, resulted in a total loan of Three Million Two Hundred Four Thousand Dollars
17 (\$3,204,000), NSP Loan 1, NSP Loan 2 and NSP Loan 3 are collectively referred to here as the
18 "Original NSP Loan." The Original NSP Loan funds were disbursed and expended by the
19 previous owner of the NSP Properties for the acquisition and rehabilitation of the NSP
20 Properties. The COUNTY and RCHC as part of the Amended and Restated Loan Agreement
21 have increased the Original NSP Loan amount by an additional Five Hundred Thousand Dollars
22 (\$500,000) ("NSP Loan"). The NSP Loan is required to be used to bring the NSP Properties
23 back to federal Housing Quality Standards, finance a 3 year replacement reserve account to
24 financially stabilize the operation of the NSP Properties, and pay for existing property tax
25 arrearages incurred by the previous owner (the "Project"). Capitalized terms not defined herein
26 shall have the meaning ascribed to them in the Amended and Restated Agreement;

27 WHEREAS, pursuant to the Amended and Restated Agreement, the NSP Loan 1, NSP
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1 Loan 2 and NSP Loan 3 are evidenced by the by the Promissory Notes and secured by the Deeds
2 of Trust identified in Amended and Restated Agreement, the NSP Loan is evidenced by a
3 Promissory Note executed by RCHC, in favor of the COUNTY dated on or about the date
4 hereof (“NSP Loan Note”)and secured by that certain Deed of Trust executed by RCHC, for the
5 benefit of COUNTY and recorded in the Official Records concurrently herewith (“NSP Loan
6 Deed of Trust”); and

7 WHEREAS, pursuant to the Amended and Restated Agreement, RCHC has agreed to
8 rehabilitate the NSP Properties that consists of a total of thirty five (35) units, and restrict all
9 thirty five (35) units to be rented to and occupied by very low income households pursuant to the
10 NSP Program (“NSP-Assisted Units”) as set forth more specifically below.

11 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for
12 other good and valuable consideration, the receipt and sufficiency of which are hereby
13 acknowledged, RCHC, on behalf of itself and its successors, assigns, and each successor in
14 interest to the NSP Properties or any part thereof, hereby declares as follows:

15 1) RESTRICTIONS. This Covenant shall continue in full force and effect for the
16 earlier of (i) fifty-five (55) years from the issuance of the Certificate of Occupancy for the last
17 property for which construction is completed for the Project, or (ii) July 1, 2067 (“Term”), for
18 itself and on behalf of its successors and assigns. For the duration of the term, the NSP Properties
19 shall be held, sold and conveyed, subject to the following covenants, conditions, and restrictions:

20 i) NSP Assisted Units shall be occupied by and rented to households whose
21 incomes do not exceed fifty percent (50%) of the median family income for the County of
22 Riverside, adjusted by family size at the time of occupancy, as more specifically defined in
23 California Health and Safety Code section 50105, including any amendments thereto.
24 (“Qualified Very Low Income Household (s)” or “qualified very low income household (s)”)

25 ii) The NSP Properties shall be rented to and occupied by Qualified Very
26 Low Income Households for an affordable rent as defined by the California Health and Safety
27 Code Section 50053(b)(2). Affordable rents including utility allowance for Qualified Very Low
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1 Income Households, is the product of 30 percent times 50 percent of the area median income
2 adjusted for family size appropriate for the unit. COUNTY shall review and approve proposed
3 rents to the extent required under this section. RCHC shall ensure the NSP Properties are rented
4 to qualified applicants at the rent levels required herein. The maximum monthly allowances for
5 utilities and services (excluding telephone) shall not exceed the utility allowance as described
6 below.. The maximum monthly allowances for utilities and services (excluding telephone) will
7 not exceed utility allowance set by the Housing Authority of the County of Riverside; and

8 iii) RCHC shall comply with the terms of this Covenant, the Amended and
9 Restated Agreement, NSP Loan Note, NSP Loan Deed of Trust, Promissory Notes and Deeds of
10 Trusts securing the Original NSP Loan and any other instrument secured against the NSP
11 Properties.

12 2) Intentionally Left Blank

13
14 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
15 Covenant, RCHC, for itself and on behalf of its successors and assigns, shall adhere to and
16 comply with all federal, state and local laws, regulations and ordinances., including, but not
17 limited to the following:

- 18
19 a. NSP1 and its implementing regulations set forth in pursuant to
20 Title III of Division B of the Housing and Economic Recovery
21 Act of 2008, as amended, Public Law 110-289 (“Act”) and
22 Federal Register Notice, Vol. 73, No. 194, Docket No. FR-5255-
23 N-01, dated October 6, 2008, as amended. Since NSP is a
24 component of the Community Development Block Grant (CDBG)
25 Program, the CDBG regulatory structure is the platform used to
26 implement NSP. The regulations created by the Office of the
27 Assistant Secretary of Community Planning and Development
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1 that pertain to Community Development programs are contained
2 within 24 CFR part 570 - Community Development Block Grants.
3 NSP is governed by CDBG regulations except where specifically
4 waived.

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

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

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

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

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

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

7 (5) A description of how RCHC will annually assess the success
8 of affirmative marketing actions and what corrective
9 actions will be taken where affirmative marketing
10 requirements are not met.

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

27 (i) Placing qualified small and minority
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1 businesses and women's business
2 enterprises on solicitation lists.

3 (ii) Assuring that small and minority
4 businesses, and women's business
5 enterprises are solicited whenever they are
6 potential sources.

7 (iii) Dividing total requirements, when
8 economically feasible, into smaller tasks or
9 quantities to permit maximum participation
10 by small and minority business, and
11 women's business enterprises.

12 (iv) Establishing delivery schedules, where the
13 requirement permits, which encourage
14 participation by small and minority
15 business, and women's business
16 enterprises.

17 (v) Using the services and assistance of the
18 Small Business Administration, and the
19 Minority Business Development Agency of
20 the Department of Commerce.

21 (vi) Requiring the prime contractor, if
22 subcontracts are to be let, to take the
23 affirmative steps listed in (i) through (v)
24 above of this section.

25 d. Section 92.352 Environmental review. The environmental effects
26 of each activity carried out with NSP funds must be assessed in
27 accordance with the provisions of the National Environmental
28

1 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
2 authorities listed in HUD's implementing regulations at 24 CFR
3 Parts 50 and 58.

- 4 e. Section 92.353 Displacement, relocation, and acquisition. The
5 relocation requirements of Title II and the acquisition
6 requirements of Title III of the Uniform Relocation Assistance
7 and Real Property Acquisition Policies Act of 1970, and the
8 implementing regulations at 24 CFR Part 42. RCHC must ensure
9 that it has taken all reasonable steps to minimize the displacement
10 of persons as a result of this project assisted with NSP funds.
- 11 f. Section 92.354 Lead-based paint. Housing assisted with NSP
12 funds is subject to the lead-based paint requirements of 24 CFR
13 Part 35 issued pursuant to the Lead-Based Paint Poisoning
14 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
15 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
16 (j)(1)(i), also apply, irrespective of the applicable property
17 standard under §92.251.
- 18 g. Section 92.354 Labor. Every contract for the construction of
19 housing that includes twelve (12) or more units assisted with NSP
20 funds must contain a provision requiring the payment of not less
21 than the wages prevailing in the locality, as predetermined by the
22 Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C.
23 276a-276a-5), to all laborers and mechanics employed in the
24 development of any part of the housing. Such contracts must also
25 be subject to the overtime provisions, as applicable, of the
26 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
27 332). RCHC must apply most current wage rate determination at
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1 the date of execution of this Agreement.

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

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

16 (1) 24 CFR Part 8.22 New construction—housing
17 facilities. For new construction of multi-family
18 projects, 5 percent (5%) of the units (but not less
19 than one unit) must be accessible to individuals
20 with mobility impairments, and an additional 2
21 percent (2%) of the units (but not less than one
22 unit) must be accessible to individuals with
23 sensory impairments.

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

27 j. Model Energy Code published by the Council of American
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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
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1 consultant services in an employer-employee type relationship
2 shall receive more than a reasonable rate of compensation for
3 personal services paid with NSP funds.

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

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

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

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

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

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

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

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

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

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

25 1. Agreement to be sued. Agreement by the tenant to be sued, to admit
26 guilt or to a judgment in favor of RCHC in a lawsuit brought in
27 connection with the lease.

- 1 2. Treatment of property. Agreements by tenant that RCHC may take,
2 hold, or sell personal property of household members without notice
3 to the tenant and a court decision on the rights of the parties. This
4 prohibition, however, does not apply to an agreement by the tenant
5 concerning disposition of personal property remaining in the housing
6 unit after the tenant has moved out of the unit. RCHC may dispose of
7 this personal property in accordance with State law.
- 8 3. Excusing RCHC from responsibility. Agreement by the tenant not to
9 hold RCHC or RCHC's agents legally responsible for any action or
10 failure to act, whether intentional or negligent.
- 11 4. Waiver of notice. Agreement of the tenant that RCHC may institute a
12 lawsuit without notice to the tenant.
- 13 5. Waiver of legal proceeding. Agreement by the tenant that RCHC may
14 evict the tenant or household members without instituting a civil court
15 proceeding in which the tenant has the opportunity to present a
16 defense, or before a court decision on the rights of the parties.
- 17 6. Waiver of a jury trial. Agreement by the tenant to waive any right to a
18 trial by jury.
- 19 7. Waiver of right to appeal court decision. Agreement by the tenant to
20 waive the tenant's right to appeal, or to otherwise challenge in court,
21 a court decision in connection with the lease.
- 22 8. Tenant chargeable with cost of legal actions regardless of
23 outcome. Agreement by the tenant to pay attorneys' fees
24 or other legal costs even if the tenant wins in a court
25 proceeding by RCHC against the tenant. The tenant,
26 however, may be obligated to pay costs if the tenant loses.
- 27 (9) Mandatory supportive services. Agreement by the tenant
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1 (other than a tenant in transitional housing) to accept
2 supportive services that are offered.

3 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
4 113–4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes
5 and amends the Violence Against Women Act of 1994, as previously
6 amended, (title IV, sec. 40001–40703 of Pub. L. 103–322, 42 U.S.C.
7 13925 et seq.) VAWA 2013, among other things, bars eviction and
8 termination due to a tenant’s status as a victim of domestic violence,
9 dating violence, or stalking, and requires landlords to maintain
10 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
11 is a survivor of domestic violence, dating violence, sexual assault,
12 and stalking from being denied assistance, tenancy, or occupancy
13 rights based solely on criminal activity related to an act of violence
14 committed against them. It extends housing protections to survivors
15 of sexual assault, and adds “intimate partner” to the list of eligible
16 relationships in the domestic violence definition. Protections also
17 now cover an “affiliated individual,” which includes any lawful
18 occupant living in the survivor’s household, or related to the survivor
19 by blood or marriage including the survivor’s spouse, parent,
20 brother, sister, child, or any person to whom the survivor stands in
21 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
22 lawful occupant who engages in criminal activity directly relating to
23 domestic violence, dating violence, sexual assault, or stalking against
24 an affiliated individual or other individual, or others may be evicted
25 or removed without evicting or removing or otherwise penalizing a
26 victim who is a tenant or lawful occupant. If victim cannot establish
27 eligibility, RCHC must give a reasonable amount of time to find new
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1 housing or establish eligibility under another covered housing
2 program. A Notice of Rights under VAWA 2013 for tenants must be
3 provided at the time a person applies for housing, when a person is
4 admitted as a tenant of a housing unit, and when a tenant is
5 threatened with eviction or termination of housing benefits. Tenants
6 must request an emergency transfer and reasonably believe that they
7 are threatened with imminent harm from further violence if the
8 tenant remains in the same unit. The provisions of VAWA 2013 that
9 are applicable to HUD programs are found in title VI of VAWA
10 2013, which is entitled "Safe Homes for Victims of Domestic
11 Violence, Dating Violence, Sexual Assault, and Stalking." Section
12 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
13 14043e et seq.) to add a new chapter entitled "Housing Rights."

14 5) MAINTENANCE OF THE IMPROVEMENTS. RCHC, on behalf of itself and
15 its successors, assigns, and each successor in interest to the NSP Properties and Project or any
16 part thereof hereby covenants to and shall protect, maintain, and preserve the NSP Properties in
17 compliance with all applicable federal and state law and regulations and local ordinances. This
18 standard for the quality of maintenance of the NSP Properties shall be met whether or not a
19 specific item of maintenance is listed below. However, representative items of maintenance shall
20 include frequent and regular inspection for graffiti or damage or deterioration or failure, and
21 immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as
22 necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks
23 adjacent to the NSP Properties, on-site walks and paved areas and washing-down as necessary to
24 maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition,
25 including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a
26 regular basis; painting the buildings on a regular program and prior to the deterioration of the
27 painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a
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1 leak-free and weather-tight condition; maintaining security devices in good working order. In the
2 event RCHC, its successors or assigns fails to maintain the NSP Properties in accordance with
3 the standard for the quality of maintenance, the County or its designee shall have the right but
4 not the obligation to enter the NSP Properties upon reasonable notice to RCHC, correct any
5 violation, and hold RCHC, or such successors or assigns responsible for the cost thereof, and
6 such cost, until paid, shall constitute a lien on the NSP Properties.

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

18 RCHC herein covenants by and for itself, its successors and assigns, and all persons
19 claiming under or through them, that this Covenant is made and accepted upon and subject to the
20 following conditions: 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 of the
22 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and
23 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,
24 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor
25 shall the transferee itself or any person claiming under or through him or her, establish or permit
26 any such practice or practices of discrimination or segregation with reference to the selection,
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1 location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the
2 Property.

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

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

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

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

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

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

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

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

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

25 d) General Insurance Provisions – All Lines.

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

4 ii) RCHC's insurance carrier(s) must declare its insurance self-insured retentions.

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

12 iii) RCHC shall cause RCHC's insurance carrier(s) to furnish the County of

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

27 iv) It is understood and agreed to by the parties hereto that RCHC's insurance
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1 shall be construed as primary insurance, and County's insurance and/or
2 deductibles and/or self-insured retention's or self-insured programs shall not
3 be construed as contributory.

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

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

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

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

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

19		
20	<u>COUNTY</u>	<u>RCHC</u>
21	Assistant Director	Chief Operating Officer
22	Riverside County	Riverside Community Housing Corp.
23	Economic Development Agency	5555 Arlington Ave.
24	5555 Arlington Ave.	Riverside, CA 92504
25	Riverside, CA 92504	

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

1 agreement or covenant.

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

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

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

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

7 RCHC hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the
8 Project, the Property or any portion thereof, without obtaining the prior written consent of
9 County, in its sole discretion. Any sale, assignment, or transfer of the Project or Property, shall
10 be memorialized an assignment and assumption agreement the form and substance of which have
11 been first approved in writing by the County in its sole discretion. Such assignment and
12 assumption agreement shall, among other things, provide that the transferee has assumed in
13 writing and in full, and is reasonably capable of performing and complying with RCHC's duties
14 and obligations under the Agreement and this Covenant, provided, however RCHC shall not be
15 released of all obligations under the Amended and Restated Agreement and this Covenant. The
16 COUNTY acknowledges that RCHC intends to transfer the NSP Properties and all of the
17 RCHC's obligations under this Covenant Agreement and Amended and Restated Agreement for
18 the Use of Neighborhood Stabilization Program Funds to an affiliate limited liability company
19 (LLC) to be formed at a later date by RCHC for the sole purpose of holding title to the NSP
20 Properties.

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

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

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

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

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

17 19) PROJECT MONITORING AND EVALUATION.

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

- 5 b) Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the Affordability Period,
6 COUNTY must perform on-site inspections of NSP Properties to determine compliance
7 with the property standards of §92.251 and to verify the information submitted by
8 RCHC in accordance with the requirements of §92.252. The inspections must be in
9 accordance with the inspection procedures that the participating jurisdiction establishes
10 to meet the inspection requirements of §92.251. The on-site inspections must occur
11 every 3 years during the Affordability Period. If there are observed deficiencies for any
12 of the inspectable items in the property standards established by COUNTY, in
13 accordance with the inspection requirements of §92.251, a follow-up on-site inspection
14 to verify that deficiencies are corrected must occur within 12 months. COUNTY may
15 establish a list of non-hazardous deficiencies for which correction can be verified by
16 third party documentation (e.g., paid invoice for work order) rather than re-inspection.
17 Health and safety deficiencies must be corrected immediately, in accordance with
18 §92.251. COUNTY must adopt a more frequent inspection schedule for properties that
19 have been found to have health and safety deficiencies. RCHC must annually certify to
20 the COUNTY that all NSP Properties are suitable for occupancy, taking into account
21 State and local health, safety, and other applicable codes, ordinances, and requirements,
22 and the ongoing property standards established by the participating jurisdiction to meet
23 the requirements of §92.251. Inspections must be based on a statistically valid sample
24 of units appropriate for the size of the NSP Properties, as set forth by HUD through
25 notice. For projects with one-to-four NSP assisted units, COUNTY must inspect 100
26 percent of the units and the inspectable items (site, building exterior, building systems,
27 and common areas) for each NSP Property.
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1 c) Income Certification. The income of a tenant must be determined initially and each sixth
2 year of affordability in accordance with 24 CFR 92.203 (a)(1)(i). In addition, annually
3 between each sixth year of affordability RCHC must re-examine each tenant's annual
4 income under 24 CFR 92.203 (a) (1) (ii).

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

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

13 22) This Covenant and the Agreement set forth and contain the entire understanding
14 and agreement of the parties hereto. There are no oral or written representations,
15 understandings, or ancillary covenants, undertakings or agreements, which are not contained or
16 expressly referred to within this Covenant, and the Agreement, including all amendments and
17 modifications to the Agreement.

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21 [remainder of page intentionally blank]
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24 (SIGNATURES ON THE NEXT PAGE)
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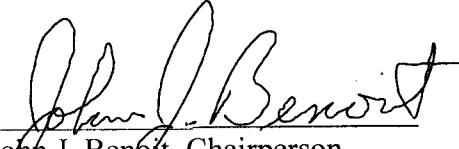
1 IN WITNESS WHEREOF, COUNTY and RCHC have executed this Covenant as of the dates
2 written below.

3 COUNTY:

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

Riverside Community Housing Corp.
a California non-profit public benefit corporation

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

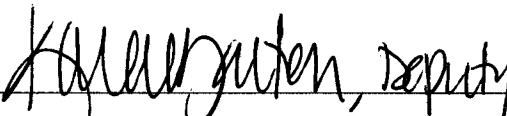
By: 
John J. Benoit, Chairperson
Board of Directors

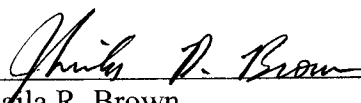
10 Date: OCT 25 2016

Date: OCT 25 2016


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

APPROVED AS TO FORM
Gregory P. Priamos, General Counsel

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17 By: , deputy

By: 
Jhila R. Brown
Deputy General Counsel

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

22
23 By:  9/30/16
24 Marsha Victor
25 Chief Deputy

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**EXHIBIT G-1
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

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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

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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

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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

1 **68160 Calle Las Tiendas, Desert Hot Springs, CA 92240**

2 All that certain real property located in the County of Riverside, State of California, legally
3 described as follows:
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5 LOT 14 OF DESERT HOT SPRINGS HIGHLANDS, UNIT NO. 2, IN THE CITY OF DESERT
6 HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY
7 MAP ON FILE IN BOOK 32 PAGE(S) 21 TO 23, INCLUSIVE, OF MAPS, IN THE OFFICE
8 OF THE COUNTY RECORDER OF SAID COUNTY.

9
10 EXCEPT THEREFROM THE OIL, GAS, MINERALS, AND OTHER HYDROCARBON
11 SUBSTANCES LYING BELOW THE SURFACE OF SAID LAND, AS PROVIDED IN
12 DEEDS OF RECORD.

13 Assessor's Parcel Number: 644-141-014
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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