

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



ITEM
3.14
(ID # 3499)

MEETING DATE:
Tuesday, May 2, 2017

FROM : ECONOMIC DEVELOPMENT AGENCY (EDA):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA): Loan Agreement for the Use of HOME Program Funds for Cesar Chavez Apartments Phase II in the City of Coachella, District 4, [\$715,000], Home Investment Partnership Act funds 100%

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm that the environmental effects of the HOME Loan Agreement for the use of HOME funds for Cesar Chavez Phase II Apartments (Project) will not have a significant effect on the environment. Any potential significant effects of the Project have been adequately analyzed and addressed by the City of Coachella, as lead agency, under Tentative Parcel Map No. 36246, Mitigated Negative Declaration and Mitigation Monitoring Program, adopted by the City Council of the City of Coachella on October 28, 2009. Acting as a Responsible Agency, the County of Riverside Board of Supervisors has considered the Mitigated Negative Declaration and Mitigation Monitoring Program pursuant to the California Environmental Quality Act (CEQA) and finds no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred necessitating further environmental review;
2. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on January 7, 2014 for the Project concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations at 24 CFR Parts 50 and 58;

ACTION: Policy

Robert Field, Assistant County Executive Officer/EDA 2/1/2017

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Tavaglione, Washington and Ashley
Nays: None
Absent: None
Date: May 2, 2017
xc: EDA

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached Loan Agreement for the Use of HOME Funds, including all attachments thereto (Loan Agreement), between the County of Riverside and Cesar Chavez Phase II, LP, a California limited partnership, providing a loan derived from the HOME Investment Partnerships Program in an amount up to \$650,000 (HOME Loan), to be used for the development of a multi-family affordable rental housing project in the City of Coachella;
4. Approve the attached HOME Loan Deed of Trust, HOME Loan Promissory Note and Covenant Agreement;
5. Approve the allocation of approximately \$65,000 derived from Home Investment Partnership Act Program funds to be used to pay direct County staff costs for management of the Project;
6. Authorize the Assistant County Executive Officer/EDA, or designee, to execute the attached HOME Loan Agreement and Covenant Agreement, subject to approval by County Counsel;
7. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of Rabobank, senior lender, securing a construction loan for the Project in an amount not to exceed \$18,000,000, subject to approval by County Counsel;
8. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the City of Coachella, securing a loan for the Project in an amount not to exceed \$4,272,000, subject to approval by County Counsel;
9. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the United States Department of Agriculture, securing a loan for the Project in an amount not to exceed \$3,000,000, subject to approval by County Counsel;
10. Authorize the Assistant County Executive Officer/EDA, or designee, to execute a Subordination Agreement subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of Rabobank, senior lender, securing a permanent loan for the Project in an amount not to exceed \$6,000,000, subject to approval by County Counsel; and
11. Authorize the Assistant County Executive Officer/EDA, or designee, to take all necessary steps to implement the Loan Agreement, HOME Loan Promissory Note, HOME Loan Deed of Trust, and Covenant Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval by County Counsel.

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 500,000	\$ 215,000	\$ 715,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Home Investment Partnership Act fund 100%			Budget Adjustment: No	
			For Fiscal Year: 16/17	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On March 1, 2016, the Board of Supervisors approved Resolution No. 2016-057 (i) committing up to \$650,000 in funds (HOME Loan) derived from the federal HOME Investment Partnerships Act program (HOME Program) subject to the satisfaction of certain conditions contained therein, and (ii) supporting the submission of a low income housing tax credit application by Cesar Chavez Phase II, L.P., a California limited partnership, (Cesar Chavez) to the California Tax Credit Allocation Committee (CTCAC) for the Cesar Chavez Phase II development, a 80-unit multi-family farm worker rental housing complex located in the City of Coachella (Project). The Project was awarded tax credits by CTCAC and staff recommends that the Board approve the attached proposed Loan Agreement for use of HOME Funds (HOME Loan Agreement) between the County of Riverside (County) and Cesar Chavez to formalize the County's funding contribution of the HOME Loan to the Project since all of the conditions to funding set forth in Resolution No. 2016-057 have been satisfied.

The Project will be located on an approximately 5.10 acre portion of an approximately 8.86 acre lot located on the southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella, also known as Assessor's Parcel Number 768-230-003 (Project Site). The Project is phase II of a recently completed project and will result in the development of the remaining 80 units in a 136-unit development. Phase I consisted of 56 units which did not receive financial assistance from the County. The units will be rented to and occupied by qualified very low-income farmworker households (no greater than 50% AMI). The proposed HOME Loan Agreement restricts the affordability of 11units within the Project for a period of no less than 55 years. The proposed Covenant Agreement, attached hereto, shall memorialize the aforementioned affordability restrictions and shall run with the land. The remaining units within the proposed Project shall be subject to affordability rent and occupancy restrictions pursuant to regulatory agreements required by CTCAC and the other lenders to the Project, guarantying the continued affordability of each unit within the Project. Both Phase I and the Proposed Project will have common property management and share use of all site amenities. The owners of Phase I and the Proposed Project will enter into a joint use agreement to allow tenants to enjoy all site common areas and amenities, including a community room, two shaded tot lots, BBQ picnic stations, basketball court, passive and active recreation areas and a swimming pool.

All the conditions precedent to funding the HOME Loan by the County set forth in Resolution No. 2016-057 have been satisfied and staff is recommending approval of the \$650,000 HOME.

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

Loan to Cesar Chavez. The estimated total cost for the proposed Project is \$27,325,459. In addition to the HOME Loan, a construction loan from Rabobank in an amount up to \$18,000,000 will be utilized to finance the construction of the Project. The construction loan will be repaid by permanent financing for the Project which includes: \$6,000,000 Tranch Loan from Rabobank, \$3,000,000 loan from the United States Department of Agriculture (USDA), a \$4,272,000 loan from the City of Coachella (City), \$331,237 solar rebate, and \$803,248 in deferred developer fees and an estimated \$12,268,974 in limited partner tax credit equity investor equity contribution.

Staff recommends allocation of HOME funds for the Project to pay a portion of the development costs and direct project staffing in an amount not to exceed 10% of the total HOME funds approved for the Project as follows:

Cesar Chavez Phase II Apartments	\$650,000	HOME Project Funding
<u>Cesar Chavez Phase II Apartments</u>	<u>\$65,000</u>	Direct Staffing Cost (10%)
Total	\$715,000	

The USDA, City, Rabobank (collectively, Senior Lenders) each require, as a condition precedent to the funding of their respective loans, that the County HOME Loan is subordinated to their respective liens. Subordination of the County HOME Loan is necessary since an economically feasible alternative method of financing the project on comparable terms is not available without subordination. As a result of such subordinations, the County's HOME Loan will be in a fourth priority lien position junior to the loans from the Senior Lenders. All subordination agreements shall be approved as to form by County Counsel.

Staff recommends the County Board of Supervisors affirm that the environmental effects of the HOME Loan Agreement for the Project will not have a significant effect on the environment. Any potential significant effects of the Project have been adequately analyzed and addressed by the City of Coachella, as lead agency, under Tentative Parcel Map No. 36246, Mitigated Negative Declaration and Mitigation Monitoring Program, adopted by the City Council of the City of Coachella on October 28, 2009. Acting as a Responsible Agency, the County of Riverside Board of Supervisors has considered the Mitigated Negative Declaration and Mitigation Monitoring Program pursuant to the California Environmental Quality Act (CEQA) and finds no substantial changes to the Project or circumstances under which the Project will be undertaken have occurred necessitating further environmental review.

On March 1, 2016, the Board of Supervisors adopted a Finding of No Significant Impact for the Project and concluded that the Project is not an action which may affect the quality of the human environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations at 24 CFR Parts 50 and 58. Therefore, no new environmental review is required for the proposed HOME Loan Agreement pursuant to NEPA.

The Project activity was included in the 2015/2016 One-Year Action Plan on March 29, 2016.

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

Staff recommends that the Board of Supervisors approve the HOME Loan Agreement, HOME Loan Promissory Note, HOME Loan Deed of Trust, and Covenant Agreement. Staff further recommends that the Board of Supervisors authorize the Assistant County Executive Officer/EDA, or designee, to execute subordination agreements, as a required condition to the Senior Lender financing, subordinating the HOME Loan Deed of Trust to a Deed of Trust for the benefit of the two Senior Lenders, subject to County Counsel approval.

Impact on Residents and Businesses

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

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution will be funded with HOME Investment Partnership Act Funds.

Attachments:

A-Loan Agreement for Use of HOME funds


B-Deed of Trust

C-Promissory Note

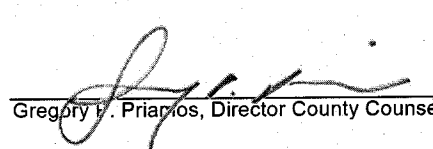
D-Covenant Agreement

RF:JW:HM:JA:JG 13482

H:\Housing\HOME\2016 HOME - Tom F\ Vista Montana II\ Form 11\F11 - Cesar Chavez Phase II HOME Agmt.docx


Nehini Lasina, Principal Management Analyst

4/24/2017


Gregory V. Priamos, Director County Counsel

4/17/2017

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

14 LOAN AGREEMENT FOR THE USE OF
15 HOME PROGRAM FUNDS
16 (Cesar Chavez Apartments Phase II)

17 This LOAN AGREEMENT FOR THE USE OF HOME PROGRAM FUNDS
18 (“Agreement”) is made and entered into this ____ day of _____, 2017 by and between
19 the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”)
20 and CESAR CHAVEZ PHASE II, LP, a California limited partnership (“BORROWER”). The
21 COUNTY and BORROWER may be individually referred to herein as a “Party” and collectively
22 as the “Parties.”

23 W I T N E S E T H:

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

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

2 WHEREAS, BORROWER's administrative general partner is CIC Cesar Chavez
3 Phase II, L.L.C, a California limited liability company whose sole member/manager is Chelsea
4 Investment Corporation, a California corporation. BORROWER's managing general partner is
5 Pacific Southwest Community Development Corporation, a California non-profit public benefit
6 corporation;

7 WHEREAS, BORROWER has proposed to utilize HOME funds to pay a portion
8 of the costs to develop and construct a multi-family affordable rental housing project consisting
9 of eighty (80) rental housing units comprised of seventy-nine (79) affordable housing rental units
10 to be rented and occupied by farmworker households and one (1) additional manager's unit
11 ("Project"), on an approximately 5.10 acre portion of an approximately 8.86 acre lot situated on
12 the southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella, also identified
13 as APN 768-230-003 as more specifically described in the legal description and depicted on the
14 site map attached hereto as **Exhibit A** and incorporated herein by this reference ("Property");

15 WHEREAS, a total of 11 (11) units will be reserved as HOME assisted units to be
16 rented and occupied by qualified very low income tenants, with priority given to farmworker
17 households whose incomes do not exceed 50% of the area median income for the County of
18 Riverside ("HOME-Assisted Units");

19 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY
20 to provide financial assistance to BORROWER in the maximum amount of Six Hundred Fifty
21 Thousand Dollars (\$650,000) derived from HOME funds to pay a portion of development and
22 construction costs related to the Project, as more fully described herein; and

23 WHEREAS, the HOME-assisted activities described herein comply with the
24 objectives required under 24 Code of Federal Regulations ("CFR") Part 92 and are consistent
25 with the County's Consolidated Plan.

26 NOW, THEREFORE, based upon the foregoing Recitals and for good and
27 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
28 COUNTY and BORROWER hereby agree as follows:

1 1. PURPOSE. The aforementioned Recitals are true and correct and
2 incorporated herein by this reference. COUNTY has agreed to lend no more than a total of Six
3 Hundred Fifty Thousand Dollars (\$650,000) in HOME funds (“HOME Loan”) to BORROWER
4 upon the satisfaction of the terms and conditions set forth herein, including but not limited to the
5 conditions precedent to distribution of HOME Loan funds set forth in **Section 11** below. Subject
6 to **Sections 49** and **50** below, BORROWER shall undertake and complete the HOME activities
7 required herein and as set forth in **Exhibit A**, and shall utilize the HOME Loan funds, as required
8 herein and pursuant to the HOME regulations. A total of 11 units consisting of 2 one-bedroom,
9 6 two-bedroom, and 3 three-bedroom shall be reserved as HOME-Assisted Units. During the
10 Affordability Period (as defined in **Section 14** below), the HOME-Assisted Units shall be rented
11 to and occupied by Qualified Very Low Income Households for an affordable rent pursuant to
12 **Sections 18 and 19** below, **Exhibit A**, and the Covenant Agreement attached hereto as **Exhibit**
13 **G** and incorporated herein by this reference.

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

- 17 a. Satisfy the conditions precedent to distribution of HOME Loan funds
18 set forth in **Section 11** below.
- 19 b. Develop the Project in accordance with the timeline set forth in **Exhibit**
20 **A**.
- 21 c. Operate the Project in such a manner so that it will remain affordable
22 to Qualified Very Low Income Households for the Affordability Period
23 as defined in **Section 14** below without regard to (i) the term of the
24 promissory note or (ii) transfer of ownership.
- 25 d. Maintain the Project in compliance with applicable local, state, federal
26 laws, codes and regulations as further described in **Section 17** below
27 until the expiration of the Term of Agreement set forth in **Section 6**
28 below and the Affordability Period set forth in **Section 14** below.

- 1 e. Provide the COUNTY the Data Universal Number as assigned by the
2 Data Universal Number System (DUNS) assigned to BORROWER as
3 as required by the Federal Funding Accountability and Transparency Act
4 of 2006.
- 5 f. Cooperate with the Riverside County Work Force Development Center
6 (WDC) and post all jobs created, if any, as a result of this Project with
7 the WDC. Evidence of posted jobs, if any, shall be submitted to the
8 COUNTY prior to start of construction.

9 3. Reserved.

10 4. HOME Loan. Subject to BORROWER's satisfaction of the conditions
11 precedent to disbursement of the HOME Loan set forth in **Section 11** below, COUNTY shall
12 provide financing to Borrower in the form of a loan in the amount set forth in Section 1 above,
13 pursuant to the following terms and conditions:

14 a. Term of HOME Loan. The maturity date of the HOME Loan amount
15 shall be the later to occur of (i) July 1, 2074 or (ii) fifty-five (55) years
16 from the recordation of the Notice of Completion in the Official
17 Records for the last building for which construction is completed for
18 the Project (the "HOME Loan Term"). The term, "Official Records"
19 used herein shall mean the Official Records of the Recorder's Office
20 of the County of Riverside.

21 b. Principal. The total amount of the HOME Loan shall not exceed
22 \$,650,000, and shall be evidenced by a Promissory Note, substantially
23 conforming in form and substance to the Promissory Note attached
24 hereto as **Exhibit C** and incorporated herein by this reference ("HOME
25 Note"), which note shall be secured by a Deed of Trust and Assignment
26 of Rents, substantially conforming in form and substance to the Deed
27 of Trust and Assignment of Rents attached hereto as **Exhibit B** and
28 incorporated herein by this reference ("HOME Deed of Trust").

1 c. Interest. The interest rate shall be three percent (3%) simple interest
2 per annum.

3 d. Repayment. The terms of the HOME Note shall be as follows:

4 1. That the HOME Loan will accrue simple interest at a rate of
5 three percent (3%) per annum, except in the case of an event of
6 default as hereinafter provided wherein a higher default interest
7 rate shall apply as more specifically set forth in the HOME
8 Note, and shall be repaid on an annual basis from the Project's
9 Residual Receipts (defined in **Section 4 (d)(4)** below). Interest
10 will begin to accrue 30 days from the recordation of the Notice
11 of Completion in the Official Records.

12 2. The HOME Note shall be repaid by BORROWER to COUNTY
13 as follows:

14 i) Fifty percent (50%) of the Project's Residual
15 Receipts shall be used towards the payment of the
16 loans secured by the Project, which includes the
17 HOME Loan and the loan from the City of
18 Coachella to Borrower secured against the Project
19 ("City Loan"), ("Residual Receipts Loans"). The
20 payment shall be split pro-rata between each
21 Residual Receipt's Loan based on the percentage of
22 each respective loan amount according to its share
23 of the total amount of all such loans; and

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

26 3. The Project's Residual Receipts shall be determined based on
27 an annual review of certified financial statements for the
28 Project. Annual audited financial statements shall be submitted

1 by BORROWER to COUNTY within one hundred twenty
2 (120) days following the close of the project fiscal year
3 commencing on April 1st of the first full calendar year
4 following the recordation of the Notice of Completion. All
5 outstanding principal along with accrued interest shall be due
6 upon the expiration of the HOME Loan Term as set forth in
7 **Section 4(a)**. The first payment from BORROWER to
8 COUNTY shall be due on July 1st in the first full calendar year
9 following the date of the recordation of the Notice of
10 Completion, to the extent of available Residual Receipts, as set
11 forth herein. Subsequent payments shall be made on July 1st
12 thereafter to the extent of available Residual Receipts until the
13 earlier of full repayment of the HOME Loan or the HOME
14 Loan maturity date as set forth above.

15 4. The term "Project's Residual Receipts" as used herein shall
16 mean gross receipts, not including interest on required reserve
17 accounts, less the following costs reasonably and actually
18 incurred for operation and maintenance of the project:

- 19 i) auditing and accounting fees up to \$_____;
- 20 ii) a reasonable property management fee not to exceed
21 \$55 per unit per month, increased annually by an
22 amount equal to the increase in the Consumer Price
23 Index for Los Angeles-Riverside-Orange County,
24 CA area ("CPI"), provided, however, that in the
25 event of a decrease in the CPI, the property
26 management fee shall remain the same as the
27 immediate preceding year;
- 28 iii) Operating Expenses (any expense reasonably and

1 normally incurred in carrying out the Project’s day-
2 to-day activities, which shall include
3 administration, on-site management, utilities, on-
4 site staff payroll, payroll taxes, and maintenance);

5 iv) replacement reserves, established in a separate
6 account from operating reserves, limited to \$455 per
7 unit for all units in the Project, as defined in **Exhibit**
8 **A**, which amount shall be increased annually by 3%;

9 v) Operating Reserves in an amount up to \$132,253;

10 vi) deferred developer’s fee;

11 vii) asset management fee payable to the limited partner
12 in an amount not to exceed \$5,000 per year,
13 increasing at CPI annually and partnership
14 management fee payable to the general partner in an
15 amount not to exceed \$25,000 per year, increasing
16 at CPI annually (and terminating after the expiration
17 of the 15-year tax credit compliance period);

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

22 ix) COUNTY’s Annual Monitoring Fee in the total
23 annual amount of \$8,000 increased annually by an
24 amount equal to the increase of the Consumer Price
25 Index (CPI), as more specifically discussed in
26 **Section 28**

27 Operating Expenses shall not include repayment of advances to the
28 BORROWER from its limited partner(s), general partner(s), their affiliates, and/or third parties

1 (including without limitation, any advances of any portion of the Deferred Developer's Fee to
2 pay (or reimburse for) and construction cost overruns), depreciation, amortization, depletion or
3 other non-cash expenses, any amount expended from a reserve account, and any capital cost
4 associated with development of the project. The calculation of Operating Expenses shall be
5 subject to the reasonable approval of the COUNTY's Assistant County Executive Officer/EDA
6 or designee.

7 5. Security. The HOME Deed of Trust and this Agreement shall be
8 in third priority position during construction and fourth position
9 during permanent financing. Lien priority shall be as follows: (1)
10 deed of trust for the benefit of Rabobank, N.A. ("Rabobank")
11 securing a construction loan for the Project in an amount up to
12 \$18,000,000 and converting to a permanent loan for the Project in
13 an amount up to \$6,000,000; (2) deed of trust for the benefit of the
14 United States Department of Agriculture ("USDA") a loan for the
15 Project in an amount up to \$3,000,000; (3) deed of trust for the
16 benefit the City of Coachella securing a loan for the Project in an
17 amount up to \$4,272,000; and (4) HOME Deed of Trust for the
18 benefit of COUNTY securing the HOME Loan and the terms of
19 this Agreement in fourth priority position junior to the above deeds
20 of trust from Rabobank, USDA and the City of Coachella ("Senior
21 Loan" or "Senior Loans"). Borrower shall cause the Senior Loans
22 or any other COUNTY approved senior lender to execute and
23 record in the Official Records, a Subordination Agreement,
24 substantially in a form and of substance approved by the COUNTY,
25 which, among other things, grants the COUNTY notice and
26 opportunity to cure events of default under the Senior Loan
27 documents.

28 e. Prepayment. Prepayment of principal and/or interest under the HOME

1 Note may occur at any time without penalty; provided, however (i) the
2 requirements of **Section 17**, Compliance with Laws and Regulations,
3 shall remain in full force and effect for the term of the Agreement
4 specified in **Section 6** below; and (ii) the affordability requirements set
5 forth in the Covenant Agreement, attached hereto as **Exhibit G**, shall
6 remain in effect until the expiration of the Affordability Period.

7 5. PRIOR COUNTY APPROVAL.

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

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

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

24 6. TERM OF AGREEMENT. This Agreement shall become effective upon
25 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to the
26 terms hereof, shall continue in full force and effect until the later to occur of (i) July 1, 2074 or
27 (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records
28 for the last building for which rehabilitation is completed for the Project (“Term of Agreement”).

1 7. BORROWER’S REPRESENTATIONS. BORROWER represents and
2 warrants to COUNTY as follows:

3 a. Authority. BORROWER is a duly organized limited partnership
4 in good standing under the laws of the State of California. The
5 copies of the documents evidencing the organization of
6 BORROWER, which have been delivered to COUNTY, are true
7 and complete copies of the originals, amended to the date of this
8 Agreement. BORROWER has full right, power and lawful
9 authority to enter into this Agreement and accept the loan of HOME
10 Loan funds and undertake all obligations as provided herein. The
11 execution, performance and delivery of this Agreement by
12 BORROWER have been fully authorized by all requisite actions
13 on the part of BORROWER.

14 b. No Conflict. To the best of BORROWER’s knowledge,
15 BORROWER’s execution, delivery and performance of its
16 obligations under this Agreement will not constitute a default or a
17 breach under contract, agreement or order to which BORROWER
18 is a party or by which it is bound.

19 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
20 proceeding.

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

1 and/or operation of the Project Site.

2 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
3 with the implementation schedule (“Implementation Schedule”) set forth in **Exhibit A**, (as such
4 schedule may be amended pursuant to **Section 10**) and subject to Force Majeure Delays, as
5 defined in **Section 9**.

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

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

27 10. EXTENSION OF TIME. COUNTY may grant an extension to the
28 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's

1 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request said
2 extension in writing, stating the reasons therefore, which extension must be first approved in
3 writing by the COUNTY in its reasonable discretion. The Assistant CEO/EDA or designee, on
4 behalf of the COUNTY and without referring such matter to the County's Board of Supervisor's
5 may extend all pending deadlines in the Implementation Schedule on two (2) or fewer occasions,
6 so long as the aggregate duration of such administrative time extensions is no greater than ninety
7 (90) days. Every term, condition, covenant, and requirement of this Agreement shall continue
8 in full force and effect during the period of any such extension.

9 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN
10 FUNDS. COUNTY, through its Economic Development Agency ("EDA"), shall: (1) make
11 payments of the HOME Loan funds to BORROWER as designated in **Exhibit A** subject to
12 Borrower's satisfaction of the conditions precedent set forth below, and (2) monitor the Project
13 to ensure compliance with applicable federal regulations and the terms of this Agreement.
14 COUNTY shall not disburse any HOME Loan funds pursuant to this Agreement until the
15 following conditions precedent have been satisfied:

- 16 a. BORROWER executes this Agreement and delivers to COUNTY for
17 recordation in the Official Records;
- 18 b. Borrower submits written evidence to COUNTY that Borrower has
19 obtained sufficient financing commitments necessary to undertake the
20 acquisition and rehabilitation of the project as required herein;
- 21 c. BORROWER provides COUNTY with the Data Universal Number as
22 assigned by the Date Universal Number System assigned to Borrower
23 as required by the Federal Accountability and Transparency Act of
24 2006;
- 25 d. BORROWER provides COUNTY with evidence of insurance as
26 required herein;
- 27 e. BORROWER executes the HOME Deed of Trust, substantially
28 conforming in form and substance to the Deed of Trust and Assignment

1 of Rents attached hereto as **Exhibit B**, in recordable form, and delivers
2 such document to the County of Riverside for recordation in the
3 Official Records;

4 f. BORROWER executes the HOME Note, substantially conforming in
5 form and substance to the Promissory Note attached hereto as **Exhibit**
6 **C** and delivers to COUNTY;

7 g. BORROWER executes the Covenant Agreement, substantially
8 conforming in form and substance to the Covenant Agreement attached
9 hereto as **Exhibit G** and incorporated herein by this reference, in
10 recordable form, and delivers to the County of Riverside for
11 recordation in the Official Records;

12 h. COUNTY executes and records the Requests for Notice of Default
13 conforming in form and substance to **Exhibit H** attached hereto;

14 i. BORROWER provides, at its expense, an ALTA lender's policy in
15 favor of COUNTY, insuring the HOME Deed of Trust as a fourth
16 priority lien against the Property junior only to the Senior Loans
17 identified in **Section 4(d)(5)**;

18 j. BORROWER provides satisfactory evidence that it has all the
19 financing documents required to cause the proceeds of the Senior
20 Loans, when combined with the HOME Loan, to pay for all
21 development and construction costs for the Project;

22 k. BORROWER is not in default under the terms of this Agreement or
23 any other agreement related to the financing of the Project;

24 l. BORROWER submits evidence that all jobs created, if any, as a result
25 of this project shall be posted with the Riverside County Workforce
26 Development Center (WDC);

27 m. BORROWER provides satisfactory evidence that it has secured any
28 and all land use entitlements, permits, approvals which may be required

1 for construction of the Project pursuant to the applicable rules and
2 regulations of COUNTY, or any other governmental agency affected
3 by such construction work. BORROWER shall, without limitation,
4 secure all entitlement, change of zone, lot line adjustment, any and all
5 necessary studies required including but not limited to archaeological,
6 cultural, environmental, traffic studies and lead-based paint surveys, as
7 applicable, and required, and pay all costs, charges and fees associated
8 therewith, all conditions precedent to the issuance of all permits
9 necessary for the construction of the Project and all such permits are
10 available for issuance, other than payment of fees;

- 11 n. BORROWER provides duly executed documents and instruments
12 evidencing that BORROWER owns fee title to the Property;
- 13 o. BORROWER consults and complies with concerned Native American
14 tribes pursuant to Section 106 requirements, including entering into a
15 Native American monitoring agreement, and if necessary, a cultural
16 resource treatment and disposition agreement;
- 17 p. If Davis Bacon and/or prevailing wages are required to be paid,
18 BORROWER hires a qualified professional firm to review and monitor
19 Davis Bacon and/or prevailing wage compliance for all submissions of
20 contractors certified payrolls to COUNTY. In the event that the Project
21 requires prevailing wages, BORROWER shall comply with any
22 applicable labor regulations and all other State laws in connection with
23 the construction of the improvements which compromise the Project,
24 including if applicable, requirements relating to prevailing wages.
25 BORROWER agrees and acknowledges that it is the responsibility of
26 BORROWER to obtain legal determination, at BORROWER's sole
27 cost and expense, as to whether prevailing wages must be paid during
28 the construction of the Project. If the Project is subject to prevailing

1 wage, then BORROWER shall be solely responsible to pay its
2 contractors and subcontractors the required prevailing wage rates.
3 BORROWER agrees to indemnify, defend, and hold COUNTY
4 harmless from and against any and all liability arising out of and related
5 to BORROWER's failure to comply with any and all applicable Davis
6 Bacon and/or prevailing wage requirements;

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

17 r. BORROWER shall search and provide a single comprehensive list of
18 Developer Associates (individuals and firms) and print and maintain
19 evidence of the search results of each Developer Associate as
20 verification of compliance with this requirement as provided in **Exhibit**
21 **I**, Contractor Debarment Certification Form, which is attached hereto
22 and by this reference incorporated herein.

23 COUNTY shall retain ten percent (10%) of the total HOME Loan amount and
24 release final draw down of HOME funds until COUNTY receives all of the following:

- 25 1) Conditional lien release from general contractor;
- 26 2) recorded Notice of Completion;
- 27 3) Permanent Certificate of Occupancy;
- 28 4) architect certification identifying units that are accessible to

1 individuals with mobility impairments and units that are
2 accessible to individuals with sensory impairments in
3 compliance with Section 504 of the Rehabilitation Act of
4 1973, as described in **Section 17(i)**;

- 5 5) final Contract and Subcontract Activity report, Minority
6 Business Enterprise/Women Business Enterprise
7 (“MBE/WBE”) report, HUD form 2516;
- 8 6) submission of documentation that shows compliance with
9 the Uniform Relocation Assistance and Real Property
10 Acquisition Policies Act of 1970 and 24 CFR Part 42;
- 11 7) submission of a Project completion report including Tenant
12 Checklist as shown in **Exhibit F** which is attached hereto
13 and by this reference incorporated herein;
- 14 8) Affirmative Fair Housing Marketing Plan – Multifamily
15 Housing, HUD form 935.2A, as described in **Section 17(c)**;
- 16 9) Tenant Selection Policy;
- 17 10) Management Plan;
- 18 11) Certified statement of final development costs; and
- 19 12) Certified statement of final sources and uses of funds for the
20 project.

21 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
22 Construction Start Deadline as set forth in **Section 49(a)**, (2) the Completion Deadline as set
23 forth in **Section 49(b)**, (3) the Lease Deadline as set forth in **Section 19(b)**, or (4) the Project
24 Financing Contingency in **Section 50**, all of which are herein (collectively, the “Performance
25 Deadlines”), subject to the notice and cure periods set forth in **Section 32** herein, then the HOME
26 Loan funds allocated, reserved, or placed in a HOME account pursuant to this Agreement may
27 be reallocated by COUNTY after at least thirty (30) days’ prior written notice is given to
28 BORROWER. Upon such reallocation and repayment of funds, this Agreement shall be

1 terminated and be of no further force and effect and Borrower shall be released and discharged
2 from any obligations under this Agreement, except as to those obligations which by their terms
3 survive termination of this Agreement.

4 13. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
5 established in the United States Treasury is managed through HUD, Integrated Disbursement
6 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS
7 System is a computerized system which manages, disburses, collects, and reports information on
8 the use of HOME funds in the United States Treasury Account. Disbursement of HOME funds
9 shall occur upon the satisfactory receipt of copies of invoices and conditional (upon receipt of
10 payment) lien releases for construction costs to be paid with the proceeds of the HOME Loan.
11 Any disbursement of funds is expressly conditioned upon the satisfaction of conditions set forth
12 in **Section 11**. COUNTY shall pay BORROWER the sum specified in **Section 1** above on a
13 "cost-as-incurred" basis for all eligible approved costs under itemized schedule shown in
14 **Exhibit "A"** as follows:

- 15 a. Up to fifty percent (50%) of the HOME Loan at the commencement
16 of construction.
- 17 b. Up to ninety percent (90%) of the HOME Loan upon fifty-one
18 percent (51%) completion of Project, as certified and documented
19 by the project architect.
- 20 c. COUNTY shall release final draw down of ten percent (10%) of
21 the HOME Loan following receipt of all of the items listed in
22 **Section 11**.

23 14. TERMS OF AFFORDABILITY. The COUNTY HOME-Assisted Units
24 shall remain occupied and rented to Qualified Very Low Income Households for an affordable
25 rent pursuant to **Sections 18 and 19** below, **Exhibit A** and the Covenant Agreement attached
26 hereto as **Exhibit G** until the later of (i) fifty-five (55) years from the recordation of the Notice
27 of Completion in the Official Records for the last building for which construction is completed
28 for the Project, or (ii) July 1, 2074 ("Affordability Period").

1 15. INSURANCE. Without limiting or diminishing BORROWER'S
2 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain,
3 at its sole cost and expense, the following insurance coverage's during the Term of Agreement.

4 a. Builder's All Risk (Course of Construction) Insurance.
5 BORROWER shall provide a policy of Builder's All Risk (Course
6 of Construction) insurance coverage including (if the work is
7 located in an earthquake or flood zone or if required on financed or
8 bond financing arrangements) coverage for earthquake and flood,
9 covering the COUNTY, BORROWER and every subcontractor, of
10 every tier, for the entire Project, including property to be used in
11 the construction of the work while such property is at off-site
12 storage locations or while in transit or temporary off-site storage.
13 Such policy shall include, but not be limited to, coverage for fire,
14 collapse, faulty workmanship, debris removal, expediting expense,
15 fire department service charges, valuable papers and records, trees,
16 grass, shrubbery and plants. If scaffolding, false work and
17 temporary buildings are insured separately by the BORROWER or
18 others, evidence of such separate coverage shall be provided to
19 Authority prior to the start of the work. Such policy shall be written
20 on a completed value form. Such policy shall also provide
21 coverage for temporary structures (on-site offices, etc.), fixtures,
22 machinery and equipment being installed as part of the work.
23 BORROWER shall be responsible for any and all deductibles
24 under such policy. Upon request by COUNTY, BORROWER
25 shall declare all terms, conditions, coverages and limits of such
26 policy. If the Authority so provides, in its sole discretion, the All
27 Risk (Course of Construction) insurance for the Project, then
28 BORROWER shall assume the cost of any and all applicable policy

1 deductibles (currently, \$50,000 per occurrence) and shall insure its
2 own machinery, equipment, tools, etc. from any loss of any nature
3 whatsoever.

4 b. Worker’s Compensation Insurance.

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

14 c. Commercial General Liability Insurance.

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

28 d. Vehicle Liability Insurance.

1 If vehicles or mobile equipment are used in the performance of the
2 obligations under this Agreement, then BORROWER shall
3 maintain liability insurance for all owned, non-owned or hired
4 vehicles so used in an amount not less than \$1,000,000 per
5 occurrence combined single limit. If such insurance contains a
6 general aggregate limit, it shall apply separately to this agreement
7 or be no less than two (2) times the occurrence limit. Policy shall
8 name the County of Riverside, its Agencies, Boards, Districts,
9 Special Districts, and Departments, their respective directors,
10 officers, Board of Supervisors, employees, elected or appointed
11 officials, agents or representatives as Additional Insured or provide
12 similar evidence of coverage approved by COUNTY's Risk
13 Manager.

14 e. General Insurance Provisions – All Lines.

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

22 2) BORROWER's insurance carrier(s) must declare its
23 insurance self-insured retentions. If such self-insured retentions
24 exceed \$500,000 per occurrence such retentions shall have the prior
25 written consent of COUNTY Risk Manager before the
26 commencement of operations under this Agreement. Upon
27 notification of self-insured retention unacceptable to COUNTY,
28 and at the election of COUNTY's Risk Manager, BORROWER's

1 carriers shall either: (a) reduce or eliminate such self-insured
2 retention as respects this Agreement with COUNTY, or (b) procure
3 a bond which guarantees payment of losses and related
4 investigations, claims administration, and defense costs and
5 expenses.

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

1 endorsements for each policy and the Certificate of Insurance.

2 4) It is understood and agreed to by the parties hereto that
3 BORROWER's insurance shall be construed as primary insurance,
4 and COUNTY's insurance and/or deductibles and/or self-insured
5 retention's or self-insured programs shall not be construed as
6 contributory.

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

18 6) BORROWER shall pass down the insurance obligations
19 contained herein to all tiers of subcontractors working under this
20 Agreement.

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

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

27 16. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
28 financial, programmatic, statistical, and other supporting records of its operations and financial

1 activities in accordance with the requirements of the HOME, and the regulations as amended
2 and promulgated thereunder, which records shall be open to inspection and audit by authorized
3 representatives of COUNTY, HUD, and the Comptroller General of the United States during
4 regular working hours. COUNTY, HUD, and the Comptroller General, or any of their
5 representatives, have the right of access with at least forty-eight (48) hours prior notice, to any
6 pertinent books, documents, papers, or other records of BORROWER, in order to make audits,
7 examinations, excerpts, and transcripts. Said records shall be retained for such time as may be
8 required by the regulations of HOME, but in no event no less than five (5) years after the Project
9 completion date as evidenced by recordation of the Notice of Completion; except that records of
10 individual tenant income verifications, project rents, and project inspections must be retained for
11 the most recent five (5) year period, until five (5) years after the Affordability Period terminates.
12 If any litigation, claim, negotiation, audit, or other action has been started before the expiration
13 of the regular period specified, the records must be retained until completion of the action and
14 resolution of all issues which arise from it, or until the end of the regular period, whichever is
15 later.

16 17. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
17 Agreement, BORROWER hereby certifies that it will adhere to and comply with all federal, state
18 and local laws, regulations and ordinances. In particular, BORROWER shall comply with the
19 following as they may be applicable to BORROWER in connection with the loan of funds
20 granted pursuant to the HOME:

- 21 a. HOME and its implementing regulations set forth in pursuant to
22 Title III of Division B of the Housing and Economic Recovery Act
23 of 2008, as amended, Public Law 110-289 (“Act”) and Federal
24 Register Notice, Vol. 73, No. 194, Docket No. FR-5255-N-01,
25 dated October 6, 2008, as amended. Since HOME is a component
26 of the Community Development Block Grant (CDBG) Program,
27 the CDBG regulatory structure is the platform used to implement
28 HOME. The regulations created by the Office of the Assistant

1 Secretary of Community Planning and Development that pertain to
2 Community Development programs are contained within 24 CFR
3 part 570 - Community Development Block Grants. HOME is
4 governed by CDBG regulations except where specifically waived.

5 b. Section 92.350 Other Federal requirements and nondiscrimination.

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

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

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

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

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

- 1 (4) Records that will be kept describing actions taken by
2 BORROWER to affirmatively market units and records to
3 assess the results of these actions.
- 4 (5) A description of how BORROWER will annually assess the
5 success of affirmative marketing actions and what
6 corrective actions will be taken where affirmative
7 marketing requirements are not met.
- 8 (6) BORROWER must prescribe procedures to establish and
9 oversee a minority outreach program to ensure the
10 inclusion, to the maximum extent possible, of minorities
11 and women, and entities owned by minorities and women,
12 including, without limitation, real estate firms, construction
13 firms, appraisal firms, management firms, financial
14 institutions, investment banking firms, underwriters,
15 accountants, and providers of legal services, in all contracts
16 entered into by BORROWER with such persons or entities,
17 public and private, in order to facilitate the activities of
18 COUNTY to provide affordable housing authorized under
19 this Act or any other Federal housing law. Section 24 CFR
20 85.36(e) provided affirmative steps to assure that minority
21 business enterprises and women business enterprises are
22 used when possible in the procurement of property and
23 services. The steps include:
- 24 (i) Placing qualified small and minority businesses and
25 women's business enterprises on solicitation lists.
- 26 (ii) Assuring that small and minority businesses, and
27 women's business enterprises are solicited
28 whenever they are potential sources.

- 1 (iii) Dividing total requirements, when economically
2 feasible, into smaller tasks or quantities to permit
3 maximum participation by small and minority
4 business, and women's business enterprises.
- 5 (iv) Establishing delivery schedules, where the
6 requirement permits, which encourage participation
7 by small and minority business, and women's
8 business enterprises.
- 9 (v) Using the services and assistance of the Small
10 Business Administration, and the Minority Business
11 Development Agency of the Department of
12 Commerce.
- 13 (vi) Requiring the prime contractor, if subcontracts are
14 to be let, to take the affirmative steps listed in (i)
15 through (v) above of this section.

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

22 e. Section 92.353 Displacement, relocation, and acquisition. The
23 relocation requirements of Title II and the acquisition requirements
24 of Title III of the Uniform Relocation Assistance and Real Property
25 Acquisition Policies Act of 1970, and the implementing regulations
26 at 24 CFR Part 42. BORROWER must ensure that it has taken all
27 reasonable steps to minimize the displacement of persons as a result
28 of this project assisted with HOME Funds.

- 1 f. Section 92.354 Lead-based paint. Housing assisted with HOME
2 funds is subject to the lead-based paint requirements of 24 CFR
3 Part 35 issued pursuant to the Lead-Based Paint Poisoning
4 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
5 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401 (j)(1)(i),
6 also apply, irrespective of the applicable property standard under
7 §92.251.
- 8 g. Section 92.354 Labor. Every contract for the construction of
9 housing that includes twelve (12) or more units assisted with
10 HOME funds must contain a provision requiring the payment of
11 not less than the wages prevailing in the locality, as predetermined
12 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
13 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
14 the development of any part of the housing. Such contracts must
15 also be subject to the overtime provisions, as applicable, of the
16 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
17 332). BORROWER must apply most current wage rate
18 determination at the date of execution of this Agreement.
- 19 h. Section 92.356 Conflict of Interest. In the procurement of property
20 and services by BORROWER, the conflict of interest provisions in
21 24 CFR 85.36 and 24 CFR 85.42, respectively shall apply. Section
22 92.356 shall cover all cases not governed by 24 CFR 85.36 and 24
23 CFR 84.42.
- 24 i. Section 504 of the Rehabilitation Act of 1973; Housing
25 accessibility requirement at 24 CFR Part 8, implementing Section
26 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The design
27 and construction of multi-family dwellings as defined at 24 CFR
28 100.201 must comply with the requirements set forth in 24 CFR

1 100.205 implementing the Fair Housing Act. Dwelling units must
2 be designed and constructed in accordance with the Uniform
3 Federal Accessibility Standards (UFAS) will be deemed to comply
4 with the Section 504 regulation.

5 (1) 24 CFR Part 8.22 New construction—housing
6 facilities. For new construction of multi-family
7 projects, 5 percent (5%) of the units (but not less
8 than one unit) must be accessible to individuals with
9 mobility impairments, and an additional 2 percent
10 (2%) of the units (but not less than one unit) must
11 be accessible to individuals with sensory
12 impairments.

13 (2) 24 CFR Part 8.23 Alterations of existing housing
14 facilities. If alterations are undertaken to a project
15 that has 15 or more units and the cost of the
16 alterations is 75 percent or more of the replacement
17 cost of the completed facility, then the provisions of
18 §8.22 shall apply. Alterations to dwelling units in a
19 multifamily housing project shall, to the maximum
20 extent feasible, be made to be readily accessible to
21 and usable by individuals with handicaps. If
22 alterations of single elements or spaces of a
23 dwelling unit, when considered together, amount to
24 an alteration of a dwelling unit, the entire dwelling
25 unit shall be made accessible. Once 5 percent (5%)
26 of the dwelling units in a project are readily
27 accessible to and usable by individuals with
28 mobility impairments, then no additional elements

1 of dwelling units, or entire dwelling units, are
2 required to be accessible under this paragraph.
3 Alterations to common areas or parts of facilities
4 that affect accessibility of existing housing facilities
5 shall, to the maximum extent feasible, be made to
6 be accessible to and usable by individuals with
7 handicaps. For purposes of this paragraph, the
8 phrase to the maximum extent feasible shall not be
9 interpreted as requiring that a recipient make a
10 dwelling unit, common area, facility or element
11 thereof accessible if doing so would impose undue
12 financial and administrative burdens on the
13 operation of the multifamily housing project.

14 j. Model Energy Code published by the Council of American
15 Building Officials.

16 k. Section 3 of the Housing and Urban Development Act of 1968. To
17 the greatest extent feasible, opportunities for training and
18 employment arising from HOME funds will be provided to low-
19 income persons residing in the program service area. To the
20 greatest extent feasible, contracts for work to be performed in
21 connection with HOME funds will be awarded to business
22 concerns that are located in or owned by persons residing in the
23 program service area as outlined in the Riverside County EDA
24 Section 3 Contract Requirements attached hereto as **Exhibit D**.
25 Contracts funded from Section 3 covered funding sources must
26 abide by the Section 3 Clause prescribed at 24 CFR 135.38. All
27 contracts subject to the requirements of Section 3 must include the
28 Section 3 Clause verbatim that is contained at 24 CFR 135.38

1 attached hereto as **Exhibit D-2**, which is attached hereto and by this
2 reference incorporated herein.

3 1. Section 106 of the National Historic Preservation Act of 1966
4 (NHPA). Consultation with concerned Native American tribes
5 must continue under HUD regulation 24 CFR Part 50 and 58, and
6 Section 106 of the National Historic Preservation Act and its
7 implementing regulations 36 CFR Part 800 for possible impacts on
8 historic properties. Historic properties include archeological sites,
9 burial grounds, sacred landscapes or features, ceremonial areas,
10 traditional cultural places and landscapes, plant and animal
11 communities, and buildings and structures with significant tribal
12 association.

13 m. Section 92.358 Consultant Activities. No person providing
14 consultant services in an employer-employee type relationship
15 shall receive more than a reasonable rate of compensation for
16 personal services paid with HOME funds.

17 n. BORROWER shall carry out its activity pursuant to this
18 Agreement in compliance with all federal laws and regulations
19 described in Subpart E of Part 92 of the Code of Federal
20 Regulations, except that:

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

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

26 o. Uniform Administrative Requirements of 24 CRF Part 200 as now
27 in effect and as may be amended from time to time.. Federal awards
28 expended as a recipient or a subrecipient, as defined by HUD,

1 would be subject to single audit. The payments received for goods
2 or services provided as a vendor would not be considered Federal
3 awards.

4 p. BORROWER shall include written agreements that include all
5 provisions of **Section 17** if BORROWER provides HOME funds
6 to for-profit owners or developers, non-profit owners or
7 developers, sub-recipients, homeowners, homebuyers, tenants
8 receiving tenant-based rental assistance, or contractors.

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

18 r. BORROWER shall comply with all applicable local, state and
19 federal laws in addition to the above mentioned laws.

20 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set aside
21 eleven (11 units to be designated as HOME-Assisted Units which shall be occupied and rented
22 to households whose incomes do not exceed fifty percent (50%) of the area median income for
23 the County of Riverside (“Qualified Very Low Income Households”), adjusted by family size at
24 the time of occupancy as published by HUD.

25 19. RENT LIMITATIONS. BORROWER shall comply with the rent
26 limitations set forth under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME
27 Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-
28 Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C.

1 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the
2 “HOME Program”). A total of 11 units consisting of 2 one-bedroom, 6 two-bedroom, and 3
3 three-bedroom shall be reserved as HOME-Assisted Units and rented at Low HOME rent levels
4 as published by HUD. The HOME-Assisted Units shall be a “floating” designation on the
5 Property such that the requirements of this Agreement will be satisfied so long as the total
6 number of HOME-Assisted Units and bedroom size remains the same throughout the
7 Affordability Period. COUNTY shall review and approve proposed rents to the extent required
8 under this section. BORROWER shall ensure the HOME-Assisted Units are rented to Qualified
9 Very Low Income Households at the Low HOME rent levels required herein. The maximum
10 monthly allowances for utilities and services (excluding telephone) shall not exceed the utility
11 allowance as described below. The BORROWER shall also cause the 11 HOME-Assisted Units
12 to comply with the requirements of the USDA 514 Farm Labor Housing program in all respects.

13 a. Utility Allowance: The California Utility Allowance Calculator
14 (CUAC) is California’s energy consumption model for calculating utility estimates (Treasury
15 Regulation 26 CFR §1.42-10). The BORROWER shall use the California Utility Allowance
16 Calculator (CUAC) to establish maximum monthly allowances for utilities and services to be
17 used by the BORROWER in calculating rents conditioned upon approval by the California Tax
18 Credit Allocation Committee (CTCAC) for Low Income Housing Tax Credit Projects.
19 Notwithstanding the foregoing, COUNTY agrees that BORROWER may use the Energy
20 Efficient Utility Allowance established by the Housing Authority of the County of Riverside.

21 b. Initial Occupancy of Vacant Units: All eleven (11) HOME-
22 Assisted Units consisting of 2 one-bedroom, 6 two-bedroom, and 3 three-bedroom shall be
23 occupied and rented by Qualified Very Low Income Households for an affordable rent within
24 six (6) months from the recordation of the Notice of Completion in the Official Records (“Lease
25 Deadline”) for the last building constructed as part of the Project. If a COUNTY HOME-Assisted
26 Unit remains unoccupied or not leased to an eligible tenant, BORROWER must provide to
27 COUNTY information about current marketing efforts and an enhanced plan for marketing the
28 unit so that it is leased promptly.

1 c. Rent Review and Approval: The BORROWER shall submit to the
2 COUNTY for review and written approval, all proposed rents for the HOME-Assisted Units
3 prior to lease-up. Low HOME rent limitations for COUNTY HOME-Assisted units shall be as
4 set forth under 24 CFR 92.252 of the HOME program and as published by HUD.

5
6 20. TENANT PROTECTIONS. During the Affordability Period,
7 BORROWER shall adhere to the tenant protections and selection standard set forth in 24 CFR
8 92.253, as may be amended from time to time, and the following requirements:

9 a. Provide written lease agreement for not less than one year, unless by
10 mutual agreement between the tenant and BORROWER. COUNTY
11 shall review the initial form of the lease agreement prior to
12 BORROWER executing any leases and, provided that BORROWER
13 uses the approved lease form, BORROWER shall be permitted to enter
14 into residential leases without COUNTY's prior written consent.

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

17 (1) Agreement to be sued. Agreement by the tenant to be sued,
18 to admit guilt or to a judgment in favor of BORROWER in
19 a lawsuit brought in connection with the lease.

20 (2) Treatment of property. Agreements by tenant that
21 BORROWER may take, hold, or sell personal property of
22 household members without notice to the tenant and a court
23 decision on the rights of the parties. This prohibition,
24 however, does not apply to an agreement by the tenant
25 concerning disposition of personal property remaining in
26 the housing unit after the tenant has moved out of the unit.
27 BORROWER may dispose of this personal property in
28 accordance with State law.

1 (3) Excusing BORROWER from responsibility. Agreement by
2 the tenant not to hold BORROWER or BORROWER's
3 agents legally responsible for any action or failure to act,
4 whether intentional or negligent.

5 (4) Waiver of notice. Agreement of the tenant that
6 BORROWER may institute a lawsuit without notice to the
7 tenant.

8 (5) Waiver of legal proceeding. Agreement by the tenant that
9 the BORROWER may evict the tenant or household
10 members without instituting a civil court proceeding in
11 which the tenant has the opportunity to present a defense,
12 or before a court decision on the rights of the parties.

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

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

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

24 (9) Mandatory supportive services. Agreement by the tenant
25 (other than a tenant in transitional housing) to accept
26 supportive services that are offered.

27 c. Violence Against Women Reauthorization Act of 2013. (Pub. L. 113–
28 4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes and

1 amends the Violence Against Women Act of 1994, as previously
2 amended, (title IV, sec. 40001–40703 of Pub. L. 103–322, 42 U.S.C.
3 13925 et seq.) VAWA 2013, among other things, bars eviction and
4 termination due to a tenant’s status as a victim of domestic violence,
5 dating violence, or stalking, and requires landlords to maintain
6 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
7 is a survivor of domestic violence, dating violence, sexual assault, and
8 stalking from being denied assistance, tenancy, or occupancy rights
9 based solely on criminal activity related to an act of violence
10 committed against them. It extends housing protections to survivors
11 of sexual assault, and adds “intimate partner” to the list of eligible
12 relationships in the domestic violence definition. Protections also now
13 cover an “affiliated individual,” which includes any lawful occupant
14 living in the survivor’s household, or related to the survivor by blood
15 or marriage including the survivor’s spouse, parent, brother, sister,
16 child, or any person to whom the survivor stands in loco parentis.
17 VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant
18 who engages in criminal activity directly relating to domestic
19 violence, dating violence, sexual assault, or stalking against an
20 affiliated individual or other individual, or others may be evicted or
21 removed without evicting or removing or otherwise penalizing a
22 victim who is a tenant or lawful occupant. If victim cannot establish
23 eligibility, BORROWER must give a reasonable amount of time to
24 find new housing or establish eligibility under another covered
25 housing program. A Notice of Rights under VAWA 2013 for tenants
26 must be provided at the time a person applies for housing, when a
27 person is admitted as a tenant of a housing unit, and when a tenant is
28 threatened with eviction or termination of housing benefits. Tenants

1 must request an emergency transfer and reasonably believe that they
2 are threatened with imminent harm from further violence if the tenant
3 remains in the same unit. The provisions of VAWA 2013 that are
4 applicable to HUD programs are found in title VI of VAWA 2013,
5 which is entitled “Safe Homes for Victims of Domestic Violence,
6 Dating Violence, Sexual Assault, and Stalking.” Section 601 of
7 VAWA 2013 amends subtitle N of VAWA (42 U.S.C. 14043e et seq.)
8 to add a new chapter entitled “Housing Rights.”

9 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
10 provisions of the HOME Program and any amendments thereto and all applicable federal
11 regulations and guidelines now or hereafter enacted pursuant to HERA.

12 22. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
13 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
14 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
15 which consent shall be conditioned upon COUNTY’s receipt of reasonable evidence satisfactory
16 to the COUNTY in its sole discretion, that transferee has assumed in writing and in full, and is
17 reasonably capable of performing and complying with the BORROWER’s duties and obligations
18 under this Agreement, provided, however Borrower shall not be released of all obligations
19 hereunder which accrue from and after the date of such sale. Notwithstanding anything to the
20 contrary contained herein, upon written notice to COUNTY, BORROWER may (i) admit limited
21 partners to BORROWER, and provide for the purchase of any such limited partnership interest
22 or interests by BORROWER’s general partner; (ii) remove BORROWER’s general partner, and
23 replace with an affiliate of the BORROWER’s limited partner, provided that any replacement
24 general partner for BORROWER who is not an affiliate with the BORROWER’s limited partner
25 will require the written consent of COUNTY, which consent will not be unreasonably withheld;
26 (iii) the lease for occupancy of all or any of the HOME-Assisted Units; (iv) the granting of
27 easements or permits to facilitate the development of the Property in accordance with this
28 Agreement; and (v) the withdrawal and/or replacement of any limited partner of BORROWER,

1 (collectively a “Permitted Transfer”). All Permitted Transfers shall be subject to reasonable
2 review of documentation by the COUNTY. The parties hereto acknowledge that “affiliate” for
3 purposes of this section means, as to any Person (as defined below), any general partnership,
4 limited partnership, corporation, joint venture, trust, business trust, cooperative, association,
5 limited liability company or individual (collectively, a “Person”) that (A) directly or indirectly
6 controls or is controlled by (such as any partnership or limited liability company in which the
7 Person, directly or indirectly, serves as a general partner or managing member, respectively) or
8 is under common control with the specified Person; (B) is an officer or director of, commissioner
9 of, partner in, member of or trustee of, or serves in a similar capacity with respect to, the specified
10 Person or of which the Specified Person is an officer, director, member, partner or trustee, or
11 with respect to which the specified Person serves in a similar capacity; or (C) is the beneficial
12 owner, directly or indirectly, of 10% or more of any class of equity securities of the specified
13 Person or of which the specified Person is directly or indirectly the owner of 10% or more of any
14 class of equity securities. The term “control” (including the term “controlled by” and “under
15 common control with”) means the possession, direct or indirect, of the power to direct or cause
16 the direction of the management and policies of a Person, whether through the ownership of
17 voting securities, by contract or otherwise.

18 23. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
19 and employees shall act at all times in an independent capacity during the term of this Agreement,
20 and shall not act as, shall not be, nor shall they in any manner be construed to be agents, officers,
21 or employees of COUNTY.

22 24. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
23 which requires that no person in the United States shall on the grounds of race, color, national
24 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
25 subjected to discrimination under any program or activity receiving Federal financial assistance
26 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
27 against discrimination of the basis of age under the Age Discrimination Act and the prohibitions
28 against discrimination of the basis of disability under Section 504 shall apply to programs or

1 activities receiving Federal financial assistance under Title I programs. The policies and
2 procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR Part 6. In
3 addition, BORROWER shall not discriminate on the basis of race, gender, religion, national
4 origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or
5 treatment of any contractors or consultants, to participate in subcontracting/subconsulting
6 opportunities. BORROWER understands and agrees that violation of this clause shall be
7 considered a material breach of this Lease and may result in termination, debarment or other
8 sanctions. This language shall be incorporated into all contracts between BORROWER and any
9 contractor, consultant, subcontractor, subconsultants, vendors and suppliers. BORROWER shall
10 comply with the provisions of the California Fair Employment and Housing Act (Government
11 Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended,
12 and all Administrative Rules and Regulations issued pursuant to said Acts and Orders with
13 respect to its use of the Property.

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

24 BORROWER, its successors and assigns, shall refrain from restricting the rental, sale, or
25 lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual
26 orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and
27 contract entered into with respect to the Property, or any portion thereof, after the date of this
28

1 Agreement shall contain or be subject to substantially the following nondiscrimination or
2 nonsegregation clauses:

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

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

27 c) In contracts: “There shall be no discrimination against or segregation of any person or
28 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955

1 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
2 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2
3 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or
4 enjoyment of the land, nor shall the transferee itself or any person claiming under or
5 through him or her, establish or permit any such practice or practices of discrimination or
6 segregation with reference to the selection, location, number, use, or occupancy, of tenants,
7 lessees, sublessees, subtenants, or vendees of the land.”

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

13 25. PROHIBITION AGAINST CONFLICTS OF INTEREST:

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

1 COUNTY with a list of all employees, agents, consultants, officers and
2 elected and appointed officials who are in a position to participate in a
3 decision-making process, exercise any functions or responsibilities, or
4 gain inside information with respect to the HOME activities funded
5 under this Agreement. BORROWER shall also promptly disclose to
6 COUNTY any potential conflict, including even the appearance of
7 conflict that may arise with respect to the HOME activities funded
8 under this Agreement.

- 9 d. Any violation of this section shall be deemed a material breach of this
10 Agreement, and the Agreement shall be immediately terminated by
11 COUNTY.

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

25 27. PROJECT MONITORING AND EVALUATION.

26 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist Form
27 to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
28 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic

1 composition, number and percentage of very low-income and low-income households who are
2 tenants of the COUNTY HOME-Assisted Units. The Tenant Checklist Form shall be submitted
3 upon completion of the construction and thereafter, on a semi-annual basis on or before March
4 31st and September 30th. BORROWER shall maintain financial, programmatic, statistical and
5 other supporting records of its operations and financial activities in accordance with the
6 requirements of HOME under 24 CFR 92.508, including the submission of Tenant Checklist
7 Form. Except as otherwise provided for in this Agreement, BORROWER shall maintain and
8 submit records to COUNTY within ten business days of COUNTY's request which clearly
9 documents BORROWER's performance under each requirement of HOME. A list of document
10 submissions and timeline are shown in **Exhibit A** and such list may be amended from time to
11 time subject to HUD and COUNTY reporting requirements.

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

1 ordinances, and requirements, and the ongoing property standards established by the
2 participating jurisdiction to meet the requirements of §92.251. Inspections must be based on a
3 statistically valid sample of units appropriate for the size of the COUNTY HOME-Assisted
4 project, as set forth by HUD through notice. For projects with one-to-four COUNTY HOME-
5 Assisted Units, COUNTY must inspect 100 percent of the COUNTY HOME-Assisted Units and
6 the inspectable items (site, building exterior, building systems, and common areas) for each
7 building housing COUNTY HOME-assisted units.

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

12 28. MONITORING FEE. BORROWER shall be responsible for paying an
13 annual compliance monitoring fee to the COUNTY in the total annual amount of Eight Thousand
14 Dollars (\$8,000) (“Monitoring Fee”). The first Monitoring Fee payment is due on July 1st of
15 each year for the monitoring period of July 1st to June 30th commencing July 1, 2019. The
16 Monitoring Fee will be due on July 1st thereafter and will continue until the expiration of the
17 Affordability Period. The Monitoring Fee is to be adjusted upwards annually, increased by an
18 amount equal to the increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In
19 the event of a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain
20 the same and shall not decrease.

21 29. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
22 to access the Project Site at all reasonable times, and upon completion of the Project upon
23 reasonable written notice to BORROWER, to review the operation of the Project in accordance
24 with this Agreement.

25 30. EVENTS OF DEFAULT. The occurrence of any of the following events
26 shall constitute an "Event of Default" under this Agreement:

27 a. Monetary Default. (1) BORROWER’s failure to pay when due any
28 sums payable under this Agreement, the Covenant Agreement, the

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

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

24 c. General Performance of Loan Obligations. Any substantial or
25 continuous or repeated breach by BORROWER or BORROWER's
26 agents of any material obligations of BORROWER under this
27 Agreement;

28 d. General Performance of Other Obligations. Any substantial or

1 continuous or repeated breach by BORROWER or BORROWER's
2 agents of any material obligations of BORROWER related to the
3 Project imposed by any other agreement with respect to the
4 financing, development, or operation of the Project; whether or not
5 COUNTY is a party to such agreement; but only following any
6 applicable notice and cure periods with respect to any such
7 obligation;

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

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

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

1 of final relief or ninety (90) days after such filing; (4) insolvency;
2 or (5) failure, inability or admission in writing of its inability to pay
3 its debts as they become due.

4 31. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
5 notices, demands and communications between the COUNTY and the BORROWER shall be
6 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
7 requested, to the principal offices of the COUNTY and the BORROWER, as designated below.
8 Such written notices, demands and communications may be sent in the same manner to such
9 other addresses as either party may from time to time designate by mail as provided in this
10 **Section 31**. Any notice that is transmitted by electronic facsimile transmission followed by
11 delivery of a “hard” copy, shall be deemed delivered upon its transmission; any notice that is
12 personally delivered (including by means of professional messenger service, courier service
13 such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed
14 received on the documented date of receipt by the recipient; and any notice that is sent by
15 registered or certified mail, postage prepaid, return receipt required shall be deemed received
16 on the date of delivery thereof.

17 a. Subject to the Force Majeure Delay, as provided in this Section 9, failure
18 or delay by BORROWER to perform any term or provision of this Agreement constitutes a
19 default under this Agreement. BORROWER must immediately commence to cure, correct or
20 remedy such failure or delay and shall complete such cure, correction or remedy with reasonable
21 diligence.

22 b. COUNTY shall give written notice of default to BORROWER, specifying
23 the default complained of by COUNTY. Failure or delay in giving such notice shall not
24 constitute a waiver of any default, nor shall it change the time of default. Except as otherwise
25 expressly provided in this Agreement, any failures or delays by COUNTY in asserting any of
26 its rights and remedies as to any default shall not operate as a waiver of any default or of any
27 such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall
28 not deprive COUNTY of its right to institute and maintain any actions or proceedings which it

1 may deem necessary to protect, assert or enforce any such rights or remedies.

2 c. If a monetary event of default occurs, prior to exercising any remedies
3 hereunder, COUNTY shall give BORROWER written notice of such default. BORROWER
4 shall have a period of ten (10) days after such notice is given within which to cure the default
5 prior to exercise of remedies by COUNTY.

6 d. If a non-monetary event of default occurs, prior to exercising any remedies
7 hereunder, COUNTY shall give BORROWER written notice of such default. If the default is
8 reasonably capable of being cured within thirty (30) days, BORROWER shall have such period
9 to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not
10 reasonably capable of being cured within thirty (30) days, and BORROWER (i) initiates
11 corrective action within said period, and (ii) diligently, continually, and in good faith works to
12 effect a cure as soon as possible, then BORROWER shall have such additional time as is
13 reasonably necessary to cure the default prior to exercise of any remedies by the injured party,
14 but in no event no more than sixty (60) days from the date of the notice of default. In no event
15 shall COUNTY be precluded from exercising remedies if its security becomes or is about to
16 become materially jeopardized by any failure to cure a default or the default is not cured within
17 sixty (60) days after the first notice of default is given.

18 e. Any cure tendered by Borrower's limited partner shall be accepted or
19 rejected on the same basis as if tendered by Borrower.

20 32. COUNTY REMEDIES. Upon the occurrence of an Event of Default, after
21 notice and opportunity to cure COUNTY's obligation to disburse HOME funds shall terminate,
22 and COUNTY shall also have the right, but not the obligation to, in addition to other rights and
23 remedies permitted by this Agreement or applicable law, proceed with any or all of the
24 following remedies in any order or combination COUNTY may choose in its sole discretion:

25 a. Terminate this Agreement, in which event the entire HOME Loan
26 amount as well as any other monies advanced to BORROWER by
27 COUNTY under this Agreement including administrative costs,
28 shall immediately become due and payable to COUNTY at the

option of COUNTY.

- b. Bring an action in equitable relief (1) seeking the specific performance by BORROWER of the terms and conditions of this Agreement, and/or (2) enjoining, abating, or preventing any violation of said terms and conditions, and/or (3) seeking declaratory relief.
- c. Accelerate the HOME Loan, and demand immediate full payment of the principal payment outstanding and all accrued interest under the HOME Note, as well as any other monies advanced to BORROWER by COUNTY under this Agreement.
- d. Enter the Project and take any remedial actions necessary in its judgment with respect to hazardous materials that COUNTY deems necessary to comply with hazardous materials laws or to render the Project suitable for occupancy, which costs shall be due and payable by BORROWER to COUNTY.
- e. Enter upon, take possession of, and manage the Project, either in person, by agent, or by a receiver appointed by a court, and collect rents and other amounts specified in the assignment of rents in the Deed of Trust and apply them to operate the Project or to pay off the HOME Loan or any advances made under this Agreement, as provided for by the HOME Deed of Trust.
- f. Pursue any other remedies allowed at law or in equity.

33. RESERVED.

34. BORROWER’S WARRANTIES. BORROWER represents and warrants (1) that it has access to professional advice and support to the extent necessary to enable BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out the Project, (2) that it is duly organized, validly existing and in good standing under the laws of the State of California, (3) that it has the full power and authority to undertake the Project and to

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

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

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

1 disclose accordingly. This certification is a material representation of
2 fact upon which reliance was placed when this transaction was made or
3 entered into.

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

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

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

1 The specified insurance limits required in this Agreement shall in no way limit or
2 circumscribe BORROWER's obligations to indemnify and hold harmless COUNTY herein from
3 third party claims.

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

7 BORROWER's obligations set forth in this **Section 36** shall survive the expiration or
8 earlier termination of this Agreement.

9 37. TERMINATION.

10 a. BORROWER. BORROWER may terminate this Agreement prior to
11 disbursement of any HOME Loan funds by COUNTY in accordance with the applicable HOME
12 regulations.

13 b. COUNTY. Notwithstanding the provisions of **Section 37(a)**, COUNTY
14 may suspend or terminate this Agreement upon written notice to BORROWER of the action being
15 taken and the reason for such action in the event one of the following events occur:

- 16 (1) In the event BORROWER fails to perform the covenants
17 herein contained at such times and in such manner as
18 provided in this Agreement after the applicable notice and
19 cure provision hereof; or
- 20 (2) In the event there is a conflict with any federal, state or local
21 law, ordinance, regulation or rule rendering any material
22 provision, in the judgment of COUNTY of this Agreement
23 invalid or untenable; or
- 24 (3) In the event the HOME funding from HUD identified in
25 **Section 1** above is terminated or otherwise becomes
26 unavailable.

27 c. This Agreement may be terminated or funding suspended in whole or in
28 part for cause. Cause shall be based on the failure of BORROWER to materially comply with

1 either the terms or conditions of this Agreement after the expiration of all applicable notice and
2 cure provisions hereof. Upon suspension of funding, BORROWER agrees not to incur any costs
3 related thereto, or connected with, any area of conflict from which COUNTY has determined that
4 suspension of funds is necessary. The HOME Loan may be terminated for convenience.

5 d. Upon expiration or earlier termination of this Agreement, BORROWER
6 shall transfer to COUNTY any unexpended HOME funds in its possession at the time of expiration
7 of the Agreement as well as any accounts receivable held by BORROWER which are attributable
8 to the use of HOME funds awarded pursuant to this Agreement.

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

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

27 41. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
28 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no

1 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
2 between the parties at the time of execution.

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

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

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

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

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

28 47. MINISTERIAL ACTS. COUNTY's Assistant County Executive

1 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial
2 actions as may be necessary or appropriate to implement the terms, provisions, and conditions of
3 this Agreement as it may be amended from time to time by both parties.

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

14 49. CONDITIONAL COMMITMENT.

15 a. Construction. Pursuant to 24 CFR 92.2, under the
16 definition of Commitment, all necessary financing has been secured, a budget and
17 schedule have been established, and underwriting has been completed and under
18 which construction is scheduled to start within nine (9) months of the Effective Date of this
19 Agreement (“Construction Start Deadline”). If BORROWER cannot start construction or provide
20 evidence such as construction permits within nine (9) months of the Effective Date, then
21 COUNTY and BORROWER mutually agree that this Agreement will self-terminate and any
22 HOME Loan funds drawn to date shall be returned within thirty (30) calendar days. Upon such
23 termination, this Agreement shall become null and void. COUNTY and BORROWER shall be
24 released and discharged respectively from its obligations under this Agreement, except for those
25 provisions which by their terms survive termination. All cost incurred by each party on the
26 Project will be assumed respectively.





1 b. Completion. The Project must be completed and a
2 Notice of Completion shall have been recorded in the Official Records no later than
3 two (2) years from the Effective Date of this Agreement (the “Completion
4 Deadline”). BORROWER may request a one year extension of the Completion Deadline from
5 COUNTY (“Extension”), which may be granted in COUNTY’s sole and absolute discretion, if
6 the BORROWER can provide proof that the circumstances that led to the failure to complete the
7 Project by the Completion Deadline were beyond the BORROWER’s control. Extension is
8 subject to COUNTY’s approval and not guaranteed. The Assistant County Executive
9 Officer/EDA, or designee, has the authority, at his or her discretion, to consent to such Extension.
10 If BORROWER is unable to meet the condition as required by this **Section 49** including
11 Extension, then COUNTY and BORROWER mutually agree that this Agreement will self-
12 terminate and any HOME Loan funds disbursed to BORROWER to date shall be returned to
13 COUNTY within thirty (30) calendar days of such termination. Upon such termination, this
14 Agreement shall become null and void. COUNTY and BORROWER shall be released and
15 discharged respectively from their obligations under this Agreement, except for those provisions
16 which by their terms survive termination. All costs incurred by each party on the Project will be
17 assumed respectively.

18 c. Tenant Leases. BORROWER shall comply with the initial
19 occupancy requirements set forth in **Section 19(b)** of this Agreement.

20 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
21 conditioned upon BORROWER's delivery to COUNTY, on or prior to **August 1, 2017** of (i)
22 written documentation of such binding loan commitments required to fully finance the
23 development and construction of the Project (less the HOME Loan), on terms and conditions
24 acceptable to BORROWER and COUNTY, including, but not limited any conventional
25 construction and/or permanent financing, including without limitation, a construction and
26 permanent loan from an institutional construction lender. Either COUNTY or BORROWER may
27 elect to terminate this Agreement with ten (10) days prior written notice to the other party if
28 BORROWER fails to acquire the project financing as required by this **Section 50**. Upon such

1 termination, this Agreement shall be null and void, and:

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

8 At that time all cost incurred by each party on the Project will be assumed
9 respectively, and each party shall be released from all liability under this Agreement, except
10 those obligations which by their terms survive termination.

11 51. Reserved.

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

14 53. MEDIA RELEASES. BORROWER agrees to allow COUNTY to provide
15 input regarding all media releases regarding the Project. Any publicity generated by
16 BORROWER for the Project must make reference to the contribution of COUNTY in making the
17 Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
18 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and public
19 service announcements. BORROWER agrees to cooperate with COUNTY in any COUNTY-
20 generated publicity or promotional activities with respect to the Project.

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

27 COUNTY
Assistant Director, Housing
28 Riverside County

BORROWER
President
Cesar Chavez Phase II, LP

1 Economic Development Agency
2 5555 Arlington Avenue
3 Riverside, CA 92504

6339 Paseo del Lago
Carlsbad, CA 92011

4 All notices to Borrower should include a copy to Borrower's managing general partner and
5 investor limited partner: (i) Pacific Southwest Community Development Corporation, 16935
6 West Bernardo Drive, Suite 238, San Diego, CA 92127, Attn: President; (ii) Borrower's investor
7 limited partner at U.S. Bancorp Community Development Corporation, 1307 Washington
8 Avenue, Suite 300, St. Louis, MO, 63103, Attn: Director of LIHTC Asset Management, with a
9 copy to Kutak Rock LLP, 1650 Farnam Steet, Omaha, NE, 68102, Attn: Jill H., Goldstein.

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

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

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

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

25 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.
26 a. The language in all parts of this Agreement shall in all cases be
27 construed simply, as a whole and in accordance with its fair meaning and not strictly for or against
28 any party. The parties hereto acknowledge and agree that this Agreement has been prepared
jointly by the parties and has been the subject of arm's length and careful negotiation over a
considerable period of time, that each party has been given the opportunity to independently

1 review this Agreement with legal counsel, and that each party has the requisite experience and
2 sophistication to understand, interpret, and agree to the particular language of the provisions
3 hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of
4 this Agreement, this Agreement shall not be interpreted or construed against the party preparing
5 it, and instead other rules of interpretation and construction shall be utilized.

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

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

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

25 e. As used in this Agreement, and as the context may require, the
26 singular includes the plural and vice versa, and the masculine gender includes the feminine and
27 vice versa.

28 60. TIME OF ESSENCE. Time is of the essence with respect to the

1 performance of each of the covenants and agreements contained in this Agreement.

2 61. BINDING EFFECT. This Agreement, and the terms, provisions, promises,
3 covenants and conditions hereof, shall be binding upon and shall inure to the benefit of the parties
4 hereto and their respective heirs, legal representatives, successors and assigns.

5 62. NO THIRD PARTY BENEFICIARIES. The parties to this Agreement
6 acknowledge and agree that the provisions of this Agreement are for the sole benefit of COUNTY
7 and BORROWER, and not for the benefit, directly or indirectly, of any other person or entity,
8 except as otherwise expressly provided herein.

9 63. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

17 c. All waivers of the provisions of this Agreement must be in writing
18 and signed by the appropriate authorities of the COUNTY or the BORROWER, and all
19 amendments hereto must be in writing and signed by the appropriate authorities of the COUNTY
20 and the BORROWER. This Agreement and any provisions hereof may be amended by mutual
21 written agreement by the BORROWER and the COUNTY.

22
23 (SIGNATURES ON THE NEXT PAGE)
24
25
26
27
28

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

3 COUNTY:

BORROWER:

4 COUNTY OF RIVERSIDE, a political
5 Subdivision of the State of California

6 CESAR CHAVEZ PHASE II, LP,
7 a California limited partnership

8 By: CIC Cesar Chavez Phase II, LLC
9 a California limited liability company
10 Its: Administrative General Partner

11 By: Chelsea Investment Corporation, a
12 California corporation, its sole
13 member/manager

14 By: _____
15 Heidi Marshall, Assistant Director

16 By: _____
17 Cheri Hoffman, President

18 Date: _____

19 Date: _____

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

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

24 (Signatures need to be notarized)

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

3 COUNTY:

BORROWER:


4 COUNTY OF RIVERSIDE, a political
5 Subdivision of the State of California

6 CESAR CHAVEZ PHASE II, LP,
7 a California limited partnership

8 By: CIC Cesar Chavez Phase II, LLC
9 a California limited liability company
10 Its: Administrative General Partner

11 By: Chelsea Investment Corporation, a
12 California corporation, its sole
13 member/manager

14 By: _____
15 Heidi Marshall, Assistant Director

16 By:  _____
17 Cheri Hoffman, President

18 Date: _____

19 Date: 4/18/17 _____

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

22 By: _____
23 Jhaila R. Brown, Deputy County Counsel

24
25
26
27
28
(Signatures need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF San Diego)

On 4.17, 2017, before me, N. St. Amour, Notary Public, personally appeared Cheri Hoffman, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

N. St. Amour
Signature



CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2017, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

Borrower: Cesar Chavez Phase II, LP
Address: 6339 Paseo del Lago, Carlsbad, CA 92011
Project Title: Cesar Chavez Apartments Phase II
Location: Southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella,
also identified as APN 786-230-003

Project Description:

Cesar Chavez Phase II, LP shall develop and construct a multi-family affordable rental housing project with a preference for farmworker families consisting of eighty (80) rental units, one (1) of which shall be a residential manager's unit ("Project") on approximately 5.10 acres of vacant land located at the Southeast corner of Bagdad Avenue and Libnan Street in the City of Coachella, also identified as APN 786-230-003 ("Property").

A total of eleven (11) units within the Project (2 one-bedroom unit, 6 two-bedroom units, and 3 three-bedroom units) shall be designated as HOME-Assisted Units to be rented to and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Qualified Very Low Income Households"), adjusted by family size at the time of occupancy as determined and published by HUD, for a period of 55 years. The Project shall be financed with HOME funds and Low Income Housing Tax Credits. The Project shall include a total of 16 one-bedroom units, 40 two-bedroom units, and 24 three-bedroom units. The one-bedroom units shall be approximately 744 square-feet, the two-bedroom units are approximately 854 square-feet and the three-bedroom units are approximately 1,032 square-feet.

The Project is phase II of a recently completed project and will result in the development of the remaining 80 units in a 136-unit development. Phase I consisted of 56 units which did not receive financial assistance from the County. Both Phase I and the Project will have common property management and share use of all site amenities. The owners of Phase I and the Project will enter into a joint use agreement to allow tenants to enjoy all site common areas and amenities, including a community room, two shaded tot lots, BBQ picnic stations, basketball court, passive and active recreation areas and a swimming pool.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	June 30, 2017
2. Construction Start Deadline 9 months from date of Agreement	March 2018
3. Completion Deadline 2 years from date of Agreement	June 30, 2019
4. Lease Deadline 4 months from Notice of Completion	
5. Submission of Final actual project costs and Sources and Uses of Funds	August 2019
6. Submission of income & ethnic characteristics report	August 2019

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL 2 OF PARCEL MAP NO. 36246 AS PER MAP FILED IN BOOK 235, PAGES 24 THROUGH 27, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 768-230-003-5

Permanent Sources and Uses of Funds:

Sources:

City of Coachella Fee Deferral Loan	\$ 4,272,000
Rabobank Perm Tranch Loan	\$ 6,000,000
USDA 514 Loan	\$ 3,000,000
Limited Partner Tax Credit Equity	\$ 12,268,974
Solar LIHTC Equity Rebates	\$ 331,237
County of Riverside HOME Loan	\$ 650,000
Deferred Developer Fee	\$ <u>803,248</u>
Total Sources	\$ 27,325,459

Uses:

Site Improvement (off site)	\$ 30,000
New construction (includes site work, common area bldgs and structures)	\$ 11,507,304
Contractor's Overhead & Profit & Gen'l Req.	\$ 1,725,396
General Liability Insurance	\$ 113,201
Construction Contingency (Hard and Soft)	\$ 1,449,523
Architectural & Engineering Cost	\$ 570,200
Construction Interest & Fees	\$ 1,169,402
Reserves	\$ 132,253
Land Development Impact and Permit Processing Fees	\$ 6,419,473
Other Fees, Marketing & Furnishings	\$ 626,880
TCAC Fees	\$ 86,327
Legal Fees	\$ 165,000
Developer's fee	\$ 2,000,000
Land & Acquisition Cost	\$ <u>1,330,500</u>
Total Uses	\$ 27,325,459

DOCUMENT SUBMISSION SCHEDULE

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

EXHIBIT “B”

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn. Juan Garcia

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this _____ day of March, 2017 by CESAR CHAVEZ PHASE II, LP, a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 6339 Paseo del Lago, Carlsbad, CA 92011. The trustee is First American Title Company ("Trustee"). The beneficiary is the County of Riverside, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

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

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

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

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

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

(E) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use,

development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the “Goods,” and together with the Real Property, the “Property”); and

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

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

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

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

- (a) that certain Promissory Note in favor of the Beneficiary ("County" therein) executed by Trustor ("Borrower" therein) of even date herewith (the "Note") in the principal amount of \$650,000;
- (b) that certain Loan Agreement for the Use of HOME Program Funds dated _____, 2017 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and
- (c) that certain Covenant Agreement dated _____ and recorded concurrently herewith in the Official Records, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").

2. payment of indebtedness of the Trustor to the Beneficiary not to exceed Six Hundred Fifty Thousand Dollars (\$650,000) (the "HOME Loan") according to the terms of the Note.

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

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program").

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

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

1. That Trustor shall pay the Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the HOME Loan Agreement and Covenant Agreement at the time and in the manner respectively provided therein.
2. That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use set forth in the HOME Loan Agreement and Covenant Agreement.
3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of

any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

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

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

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

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

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

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

a. Except for the liens permitted in writing by the Beneficiary, Trustor shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Trustor: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein,

if Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Beneficiary may give Trustor a notice identifying the lien. Trustor shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.

9. **Fourth Priority Position.** The HOME Deed of Trust shall be in third priority position during construction and fourth position during permanent financing to the following instruments: (1) deed of trust for the benefit of Rabobank securing a construction loan for the Project in an amount up to \$18,000,000 and converting to a permanent loan for the Project in an amount up to \$6,000,000; (2) deed of trust for the benefit of the United States Department of Agriculture ("USDA") a loan for the Project in an amount up to \$3,000,000; (3) deed of trust for the benefit the City of Coachella securing a loan for the Project in an amount up to \$4,272,000 ("Senior Lender" or "Senior Lienholders").

Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel.

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

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

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

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

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

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

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

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

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

13. **Reserved.**

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

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

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

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

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

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

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

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

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

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

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

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

approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

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

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

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

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

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

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

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

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

27. Acceleration; Remedies. Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than ten (10) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than thirty (30) 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 set forth in Section 8 of the Note, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable

Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.

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

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

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

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

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

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

functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

[Remainder of Page Blank]

[Signatures on Following Page]

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

TRUSTOR:

Cesar Chavez Phase II, LP,
a California limited partnership

By: CIC Cesar Chavez Phase II, LLC
a California limited liability company
Its: Administrative General Partner

By: Chelsea Investment Corporation,
a California, its sole member/manager

By: 
Cheri Hoffman, President

Date: 4/18/17

(Signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

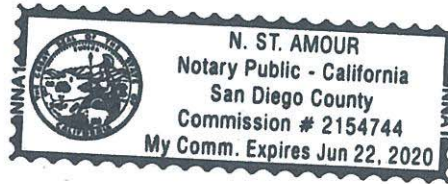
STATE OF CALIFORNIA)
) ss:
COUNTY OF San Diego)

On 4-17, 2017, before me, N. St. Amour, Notary Public, personally appeared Cheri Hoffman, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

N. St. Amour
Signature



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

TRUSTOR:

Cesar Chavez Phase II, LP,
a California limited partnership

By: CIC Cesar Chavez Phase II, LLC
a California limited liability company
Its: Administrative General Partner

By: Chelsea Investment Corporation,
a California, its sole member/manager

By: _____
Cheri Hoffman, President

Date: _____

(Signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2016, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL 2 OF PARCEL MAP NO. 36246 AS PER MAP FILED IN BOOK 235, PAGES 24 THROUGH 27, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 768-230-003-5

EXHIBIT “C”

PROMISSORY NOTE (HOME Loan)

\$650,000

Riverside, CA

In installments as hereafter stated, for value received, CESAR CHAVEZ PHASE II, LP, a California limited liability partnership (“Borrower”), promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of Six Hundred Fifty Thousand Dollars and No/100 Dollars (U.S. \$650,000.00) (the “HOME Loan” or “Note Amount”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (“Note”) is given in accordance with that certain Loan Agreement for the Use of HOME program funds executed by COUNTY and Borrower, dated as of _____, 2017 and recorded in the Official Records (“Official Records”) of the County of Riverside on or about the date hereof (the “HOME Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the HOME Loan Agreement. The Note is secured by a Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County dated _____, 2017 and recorded on or about the date hereof in the Official Records (the “HOME Deed or Trust” of “Deed of Trust”). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project’s Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project’s Residual Receipts shall be used towards the payment of the loans secured by the Project, which includes the HOME Loan and the loan from the City of Coachella to Borrower secured against the Project (“City Loan”), (“Residual Receipts Loans”). The payment shall be split pro-rata between each Residual Receipts Loan based on the percentage of each respective loan amount according to its share of the total amount of all such loans
- (4) The Project’s Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be the first to occur of (i) July 1, 2074 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the “HOME Loan Term”). The first payment shall be due on July 1st in the

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

- (5) The Project's Residual Receipts are defined as gross receipts, less the following costs reasonably and actually incurred for operation and maintenance of the project: i) auditing and accounting fees up to \$_____ ; ii) property management fee not to exceed \$55 per unit per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index for the Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year; iii) Operating Expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance; iv) replacement reserves, established in a separate account from operating reserves in an amount not to exceed \$455 per unit for all units in the Project, which amount shall be increased annually by 3%; v) operating reserves in an annual amount up to \$25,000 vi) deferred developer's fee in the amount of \$_____ ; vii) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); viii) COUNTY's Annual Monitoring Fee in the amount of \$8,000 increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the County's annual monitoring fee shall remain the same as the immediate preceding year; ix) asset management fee payable to Borrower's limited partner in an amount not to exceed \$5,000 annually (increasing by CPI annually and terminating after the expiration of the 15-year tax credit compliance period) and partnership management fee payable to Borrower's general partner in an amount not to exceed \$25,000 annually (increasing by CPI annually). Operating Expenses shall not include repayment of advances to the Borrower from its limited partner(s), general partner(s), their affiliates, and/or third parties (including without limitation, any advances of any portion of the Deferred Developer's Fee to pay (or reimburse for) and construction cost overruns), depreciation, amortization, depletion or other non-cash expenses, any amount expended from a reserve account, and any capital cost associated with development of the project. The calculation of Operating Expenses shall be subject to the reasonable approval of the COUNTY's Assistant County Executive Officer/EDA or designee.
- (6) The HOME Loan evidenced by this Note is secured by that certain HOME Deed of Trust.
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium, provided however notwithstanding such prepayment, Borrower shall be required to adhere to the affordability restrictions contained in the Covenants until the expiration of the term contained therein.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any

other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section 8, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

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

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than those costs permitted under the HOME Loan Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval that are prohibited under this agreement or that have the

effect of reducing the priority or invalidating the lien of the HOME Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HOME Loan Agreement, (4) any material default under the HOME Loan Agreement, HOME Deed of Trust with Assignment of Rents, Covenant Agreement, HOME Note, or any document executed by the County in connection with this Agreement, and/or (4) default past any applicable notice and cure period under the terms of the HOME Deed of Trust or any other instrument or document secured against the Property;

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

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

- (10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Borrower shall have thirty (30) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HOME Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the

United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.

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

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

(c) The address of Borrower for purposes of receiving notices pursuant to this Note is 6339 Paseo del Lago, Carlsbad, CA 92011, Attention: President/CEO, with a copy to Borrower's limited partner, U.S. Bancorp Community Development Corporation, 1307 Washington Avenue, Suite 300, St. Louis, MO 63103, Attn: Director of LIHTC Asset Management.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

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

TRUSTOR:

Cesar Chavez Phase II, LP,
a California limited partnership

By: CIC Cesar Chavez Phase II, LLC
a California limited liability company
Its: Administrative General Partner

By: Chelsea Investment Corporation,
a California, its sole member/manager

By: 
Cheri Hoffman, President

Date: 4/18/17

EXHIBIT “D”

**RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY**

SECTION 3

24 CFR PART 135

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

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

C. CONTRACTS

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

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

D. **SAFE HARBOR AND COMPLIANCE DETERMINATIONS**

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

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

- A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.
- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;
- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

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

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

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

SECTION 135.38 Section 3 Clause.

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

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

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

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.
- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance

positions within other housing developments; and hiring Section 3 residents in part-time positions.

C. Other business related economic opportunities:

- (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.
- (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

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

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

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

Section 3 resident means:

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

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

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

RIVERSIDE COUNTY ECONOMIC DEVELOPMENT AGENCY
CONTRACTOR CERTIFICATION
REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

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

AND

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

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

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

Signature _____ Project _____
 Date _____
 Project _____ \$ _____

HUD Effective FY 2016 – Annual Low-Income Limit

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

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

EXHIBIT D-2

§ 135.38 Section 3 Clause

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

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

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

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

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

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

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

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to

Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

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

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

Owners/Participants and Developers.

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

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

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

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

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

Exhibit F: Sample Tenant Checklist

Project Name:

Address:

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

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

Prepared by:

Title:

Phone Number:

Problems or questions please call, Juan Garcia

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

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

14 **COVENANT AGREEMENT**
15 **(Cesar Chavez Apartments Phase II)**

16 This Covenant Agreement (Cesar Chavez Apartments Phase II) (“Covenant”) is made and
17 entered into as of the day of _____ by and between the COUNTY OF RIVERSIDE, a
18 political subdivision of the State of California (“COUNTY”), and CESAR CHAVEZ PHASE II,
19 LP, a California limited liability partnership (“OWNER”).

20 **RECITALS**

21 WHEREAS, OWNER owns that certain real property located at southeast corner of Bagdad
22 Avenue and Libman Street in the City of Coachella, also identified as Assessor’s Parcel Number
23 786-230-003, described in the legal description attached hereto as **Exhibit A** and incorporated
24 herein by this reference (the “Property”);

25 WHEREAS, on _____, 2017 COUNTY and OWNER entered into that
26 certain Loan Agreement for the use of HOME Program Funds dated _____, 2017 and
27 recorded in the Official Records (“Official Records”) of the County of Riverside concurrently
28 herewith (the “HOME Loan Agreement” or “Agreement”) which provides for, among other things,
the development and construction on the Property, “Cesar Chavez Apartments Phase II,” a multi-
family affordable housing project consisting of eighty (80) rental housing units, one (1) unit shall

1 be designated as a managers unit, and 11 units of which shall be rented to and occupied by very
2 low-income households (“HOME Assisted Units”) with a preference for farmworkers (collectively
3 the “Project”). Capitalized terms not defined herein shall have the meaning ascribed to them in the
4 HOME Loan Agreement;

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

15 WHEREAS, pursuant to the HOME Loan Agreement, COUNTY loaned to OWNER
16 \$650,000 derived from HOME funds (“HOME Loan”), to pay a portion of the costs to develop
17 and construct the Project, as more fully described in the HOME Loan Agreement. The HOME
18 Loan is evidenced by a Promissory Note executed by OWNER, in favor of the COUNTY dated
19 on or about the date hereof (“HOME Loan Note”) and secured by that certain Deed of Trust and
20 Assignment of Rents executed by OWNER, for the benefit of COUNTY and recorded in the
21 Official Records concurrently herewith (“HOME Loan Deed of Trust”); and

22 WHEREAS, pursuant to the HOME Loan Agreement, OWNER has agreed to develop and
23 construct the Project on the Property and ensure the HOME Assisted unit are rented to and
24 occupied by qualified families consistent with the HOME Program requirements and as set forth
25 more specifically below.

26 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for
27 other good and valuable consideration, the receipt and sufficiency of which are hereby
28

1 acknowledged, OWNER, on behalf of itself and its successors, assigns, and each successor in
2 interest to the Property or any part thereof, hereby declares as follows:

3 1) RESTRICTIONS. The recitals set forth above are true and correct and incorporated
4 herein. This Covenant shall continue in full force and effect for the later of (i) fifty-five (55) years
5 from the recordation of the Notice of Completion for the last building for which construction is
6 completed for the Project on the Property, or (ii) July 1, 2074 (“Term” or “Affordability Period”).
7 For the duration of the Term, the Property shall be held, sold and conveyed, subject to the following
8 covenants, conditions, and restrictions:

9 a) Eleven (11) rental units within the Project shall be designated as HOME-
10 Assisted Units rented to and occupied by very low income households, with a priority given to
11 farmworker households whose incomes do not exceed fifty percent (50%) of the area median
12 income for the County of Riverside (“VLI households”), adjusted by family size at the time of
13 occupancy as published by HUD. The HOME-Assisted Units shall be a “floating” designation on
14 the Property such that the requirements of this Agreement will be satisfied so long as the total
15 number of HOME-Assisted Units remains the same throughout the Affordability Period;

16 b) HOME-Assisted Units shall be rented to and occupied by VLI households
17 that qualify for an affordable rent as defined under 24 CFR 92.252 of the HOME Investment
18 Partnerships Act and HOME Investment Partnerships (“HOME”) program, which was enacted
19 under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended
20 (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part
21 92) (collectively, the “HOME Program”). Affordable rents including utility allowance for VLI
22 households, shall be the product of 30 percent times 50 percent of the area median income adjusted
23 for family size appropriate for the unit. COUNTY shall review and approve proposed rents to the
24 extent required under this section. BORROWER shall ensure the HOME-Assisted Units are rented
25 to qualified applicants at the described rent levels herein. The maximum monthly allowances for
26 utilities and services (excluding telephone) shall not exceed the utility allowance as described
27
28

1 below. The BORROWER shall also cause the 11 HOME-Assisted Units to comply with the
2 requirements of the USDA 514 Farm Labor Housing program in all respects.

3 c) Utility Allowance: The California Utility Allowance Calculator (CUAC) is
4 California's energy consumption model for calculating utility estimates (Treasury Regulation 26
5 CFR §1.42-10). The OWNER shall use the California Utility Allowance Calculator (CUAC) to
6 establish maximum monthly allowances for utilities and services to be used by the OWNER in
7 calculating rents conditioned upon approval by the California Tax Credit Allocation Committee
8 (CTCAC) for Low Income Housing Tax Credit Projects. Notwithstanding the foregoing,
9 COUNTY agrees that OWNER may use the Energy Efficient Utility Allowance established by the
10 Housing Authority of the County of Riverside; and

11 d) OWNER shall comply with the terms of the HOME Loan Agreement,
12 HOME Loan Note, HOME Loan Deed of Trust and any other instrument secured against the
13 Property.

14 2) SENIOR PRIORITY. This Covenant Agreement shall be in a first priority lien
15 position senior to all other security instruments, including but not limited to the following liens:
16 (1) a deed of trust for the benefit of Rabobank, N.A. ("Rabobank") securing a construction loan
17 for the Project in an amount up to \$18,000,000 and converting to a permanent loan for the Project
18 in an amount up to \$6,000,000; (2) a deed of trust for the benefit of the United States Department
19 of Agriculture for a loan for the Project in an amount up to \$3,000,000; (3) a deed of trust for the
20 benefit of the City of Coachella securing a loan for the Project in an amount up to \$4,272,000; and
21 (4) a HOME Deed of Trust for the benefit of COUNTY securing the HOME Loan in the principal
22 amount of \$650,000.

23 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
24 Covenant, OWNER, for itself and on behalf of its successors and assigns, shall adhere to and
25 comply with all federal, state and local laws, regulations and ordinances., including, but not limited
26 to the following:

27 a) The HOME Investment Partnership Program as enacted under Title II of
28

1 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
2 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time, including,
3 but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252, 24 CFR
4 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing regulations
5 set forth in the Final Rule, as it now exists and may hereafter be amended.

6 b) 24 CFR Section 92.350 Other Federal requirements and nondiscrimination.

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

10 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach

11 program. OWNER must adopt affirmative marketing procedures and requirements. These must
12 include:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

26 (5) *Waiver of legal proceeding*. Agreement by the tenant that the
27 OWNER may evict the tenant or household members without
28

1 instituting a civil court proceeding in which the tenant has the
2 opportunity to present a defense, or before a court decision on the
3 rights of the parties.

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

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

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

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

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

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

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

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

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

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

1 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and
2 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,
3 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall
4 the transferee itself or any person claiming under or through him or her, establish or permit any
5 such practice or practices of discrimination or segregation with reference to the selection, location,
6 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

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

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

25 b) In leases: “The lessee herein covenants by and for himself or herself, his or
26 her heirs, executors, administrators, and assigns, and all persons claiming under or through
27 him or her, and this lease is made and accepted upon and subject to the following
28

1 conditions: That there shall be no discrimination against or segregation of any person or
2 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
3 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
4 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2
5 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure,
6 or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any
7 person claiming under or through him or her, establish or permit any such practice or
8 practices of discrimination or segregation with reference to the selection, location, number,
9 use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises
10 herein leased.”

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

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

25 13) INSURANCE. Without limiting or diminishing OWNER’s obligation to indemnify
26 or hold COUNTY harmless, OWNER shall procure and maintain or cause to be maintained, at its
27 sole cost and expense, the following insurance coverage’s during the term of this Covenant.
28

- 1 a) Worker's Compensation Insurance. If OWNER has employees as defined by the State of
2 California, OWNER shall maintain statutory Workers' Compensation Insurance (Coverage
3 A) as prescribed by the laws of the State of California. Policy shall include Employers'
4 Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000
5 per person per accident. The policy shall be endorsed to waive subrogation in favor of the
6 County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer
7 Endorsement.
- 8 b) Commercial General Liability Insurance. Commercial General Liability insurance
9 coverage, including but not limited to, premises liability, contractual liability, products and
10 completed operations liability, personal and advertising injury, and cross liability coverage,
11 covering claims which may arise from or out of OWNER's performance of its obligations
12 hereunder. Policy shall name the County of Riverside, its Agencies, Districts, Special
13 Districts, and Departments, their respective directors, officers, Board of Supervisors,
14 employees, elected or appointed officials, agents or representatives as Additional Insured.
15 Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single
16 limit. If such insurance contains a general aggregate limit, it shall apply separately to this
17 agreement or be no less than two (2) times the occurrence limit.
- 18 c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance
19 of the obligations under this Covenant, then OWNER shall maintain liability insurance for
20 all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per
21 occurrence combined single limit. If such insurance contains a general aggregate limit, it
22 shall apply separately to this agreement or be no less than two (2) times the occurrence
23 limit. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts,
24 and Departments, their respective directors, officers, Board of Supervisors, employees,
25 elected or appointed officials, agents or representatives as Additional Insured or provide
26 similar evidence of coverage approved by County's Risk Manager ("Risk Manager").
- 27 d) General Insurance Provisions – All Lines.
- 28

- 1 i) Any insurance carrier providing insurance coverage hereunder shall be
2 admitted to the State of California and have an A M BEST rating of not less
3 than A: VIII (A:8) unless such requirements are waived, in writing, by Risk
4 Manager. If Risk Manager waives a requirement for a particular insurer such
5 waiver is only valid for that specific insurer and only for one policy term.
- 6 ii) OWNER's insurance carrier(s) must declare its insurance self-insured
7 retentions. If such self-insured retentions exceed \$500,000 per occurrence such
8 retentions shall have the prior written consent of Risk Manager. Upon
9 notification of self-insured retention unacceptable to COUNTY, and at the
10 election of Risk Manager, OWNER's carriers shall either: (a) reduce or
11 eliminate such self-insured retention, or (b) procure a bond which guarantees
12 payment of losses and related investigations, claims administration, and defense
13 costs and expenses.
- 14 iii) OWNER shall cause OWNER's insurance carrier(s) to furnish the County of
15 Riverside with copies of the Certificate(s) of Insurance and Endorsements
16 effecting coverage as required herein, and 2) if requested to do so orally or in
17 writing by Risk Manager, provide copies of policies including all Endorsements
18 and all attachments thereto, showing such insurance is in full force and effect.
19 Further, said Certificate(s) and policies of insurance shall contain the covenant
20 of the insurance carrier(s) that thirty (30) days written notice shall be given to
21 the County of Riverside prior to any material modification, cancellation,
22 expiration or reduction in coverage of such insurance. OWNER shall not
23 continue operations until COUNTY has been furnished Certificate(s) of
24 Insurance and copies of endorsements and if requested, copies of policies of
25 insurance including all endorsements and any and all other attachments as
26 required herein. An individual authorized by the insurance carrier to do so, on
27 its behalf, shall sign the original endorsements for each policy and the
28

Certificate of Insurance.

- iv) It is understood and agreed to by the parties hereto that OWNER’s insurance shall be construed as primary insurance, and COUNTY's insurance and/or deductibles and/or self-insured retention’s or self-insured programs shall not be construed as contributory.
- v) If, during the term of this Covenant or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then COUNTY reserves the right to adjust the types of insurance required under this Covenant and the monetary limits of liability for the insurance coverage’s currently required herein, if; in Risk Manager's reasonable judgment, the amount or type of insurance carried by OWNER has become inadequate.
- vi) OWNER shall pass down the insurance obligations contained herein to all tiers of subcontractors.
- vii) OWNER agrees to notify COUNTY in writing of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of the Agreement.

14) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of OWNER, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of OWNER, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. OWNER

1 shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost
2 of investigation, defense and settlements or awards, the Indemnites in any claim or action based
3 upon such alleged acts or omissions. With respect to any action or claim subject to indemnification
4 herein by OWNER shall, at their sole cost, have the right to use counsel of their own choice and
5 shall have the right to adjust, settle, or compromise any such action or claim without the prior
6 consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in
7 no manner whatsoever limits or circumscribes OWNER's indemnification to Indemnites as set
8 forth herein. OWNER's obligation hereunder shall be satisfied when OWNER has provided to
9 COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action
10 or claim involved. The specified insurance limits required in this Agreement shall in no way limit
11 or circumscribe OWNER's obligations to indemnify and hold harmless the Indemnites herein
12 from third party claims. In the event there is conflict between this clause and California Civil Code
13 Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation
14 shall not relieve OWNER from indemnifying the Indemnites to the fullest extent allowed by law.
15 The indemnification set forth in this paragraph 14 shall survive the expiration and earlier
16 termination of this Covenant.

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

<p>21 <u>COUNTY</u> Assistant Director, Housing 22 Riverside County Economic Development Agency 23 5555 Arlington Avenue 24 Riverside, CA 92504</p>	<p><u>OWNER</u> President Cesar Chavez Phase II, L.P. 6339 Paseo del Lago Carlsbad, CA 92008</p>
---	--

25 All notices should include a copy to OWNER's limited partner at: U.S. Bancorp Community
26 Development Corporation, 1307 Washington Avenue, Suite 300, St. Louis, MO 63103, Attn:
27 Director of LIHTC Asset Management.
28

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

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

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

27 If a violation of any of the covenants or provisions of this Covenant remains uncured after
28

1 the respective time period set forth in this Section 18, COUNTY and its successors and assigns,
2 without regard to whether COUNTY or its successors and assigns is an owner of any land or
3 interest therein to which these covenants relate, may institute and prosecute any proceedings at
4 law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel
5 specific performance by OWNER of its obligations hereunder. No delay in enforcing the
6 provisions hereof as to any breach or violation shall impair, damage or waive the right of any
7 party entitled to enforce the provisions hereof or to obtain relief against or recover for the
8 continuation or repetition of such breach or violations or any similar breach or violation hereof at
9 any later time.

10 Any cure tendered by Owner's limited partner shall be accepted or rejected on the same
11 basis as if tendered by OWNER.

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

13 OWNER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the
14 Project, the Property or any portion thereof, without obtaining the prior written consent of
15 COUNTY, in its sole discretion. Any sale, assignment, or transfer of the Project or Property, shall
16 be memorialized an assignment and assumption agreement the form and substance of which have
17 been first approved in writing by the COUNTY in its sole discretion. Such assignment and
18 assumption agreement shall, among other things, provide that the transferee has assumed in writing
19 and in full, and is reasonably capable of performing and complying with OWNER's duties and
20 obligations under the HOME Loan Agreement and this Covenant, provided, however OWNER
21 shall not be released of all obligations under the HOME Loan Agreement and this Covenant.

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

24 21) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
25 governed by the laws of the State of California. Any legal action related to the performance or
26 interpretation of this Covenant shall be filed only in the Superior Court of the State of California
27 located in Riverside, California, and the parties waive any provision of law providing for a change
28

1 of venue to another location. In the event any provision in this Covenant is held by a court of
2 competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will
3 nevertheless continue in full force without being impaired or invalidated in any way

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

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

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

18 25) PROJECT MONITORING AND EVALUATION.

- 19 a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to COUNTY, as shown
20 in **Exhibit F** of the HOME Loan Agreement, and may be revised by COUNTY,
21 summarizing the racial/ethnic composition, number and percentage of very low-income
22 households who are tenants of the HOME-Assisted Units. The Tenant Checklist Form
23 shall be submitted upon completion of the construction and thereafter, on a semi-annual
24 basis on or before March 31 and September 30. OWNER shall maintain financial,
25 programmatic, statistical and other supporting records of its operations and financial
26 activities in accordance with the requirements of the HOME Program, including the
27 submission of Tenant Checklist Form. Except as otherwise provided for in this Covenant
28

1 and in the HOME Loan Agreement, OWNER shall maintain and submit records to
2 COUNTY within ten (10) business days of COUNTY's request which clearly documents
3 OWNER's performance under each requirement of the HOME Program.

- 4 b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability,
5 COUNTY must perform on-site inspections of HOME-Assisted rental housing to
6 determine compliance with the property standards of §92.251 and to verify the
7 information submitted by the owners in accordance with the requirements of §92.252. The
8 inspections must be in accordance with the inspection procedures that the participating
9 jurisdiction establishes to meet the inspection requirements of §92.251. The on-site
10 inspections must occur at least once every 3 years thereafter during the period of
11 affordability. If there are observed deficiencies for any of the inspectable items in the
12 property standards established by COUNTY, in accordance with the inspection
13 requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are
14 corrected must occur within 12 months. COUNTY may establish a list of non-hazardous
15 deficiencies for which correction can be verified by third party documentation (e.g., paid
16 invoice for work order) rather than re-inspection. Health and safety deficiencies must be
17 corrected immediately, in accordance with §92.251. COUNTY must adopt a more
18 frequent inspection schedule for properties that have been found to have health and safety
19 deficiencies. The property owner must annually certify to the COUNTY that each
20 building and all HOME-Assisted Units in the project are suitable for occupancy, taking
21 into account State and local health, safety, and other applicable codes, ordinances, and
22 requirements, and the ongoing property standards established by the participating
23 jurisdiction to meet the requirements of §92.251. Inspections must be based on a
24 statistically valid sample of units appropriate for the size of the HOME-Assisted project,
25 as set forth by HUD through notice. COUNTY will inspect 100 percent of the HOME-
26 Assisted Units and the inspectable items (site, building exterior, building systems, and
27 common areas) for each building housing HOME-Assisted Units.

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

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

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

14 ///

15 ///

16 ///

[remainder of page intentionally blank]

[SIGNATURES ON THE NEXT PAGE]

17

18

19

20

21

22

23

24

25

26

27

28

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

3 COUNTY:

OWNER:

4 COUNTY OF RIVERSIDE, a political
5 Subdivision of the State of California

CESAR CHAVEZ PHASE II, LP,
a California limited partnership

6 By: CIC Cesar Chavez Phase II, LLC
7 a California limited liability company
8 Its: Administrative General Partner

9 By: Chelsea Investment Corporation, a
10 California corporation, its sole
11 member/manager

12 By: _____
13 Heidi Marshall, Assistant Director

By: _____
Cheri Hoffman, President

14 Date: _____

Date: _____

16
17 APPROVED AS TO FORM:
18 GREGORY P. PRIAMOS, County Counsel

19 By: 
20 Jhanna R. Brown, Deputy County Counsel

21
22
23 (COUNTY and OWNER signatures need to be notarized)
24
25
26
27
28

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

3 COUNTY:

OWNER:

4 COUNTY OF RIVERSIDE, a political
5 Subdivision of the State of California

CESAR CHAVEZ PHASE II, LP,
a California limited partnership

6
7 By: CIC Cesar Chavez Phase II, LLC
a California limited liability company
8 Its: Administrative General Partner

9 By: Chelsea Investment Corporation, a
California corporation, its sole
10 member/manager

11
12 By: _____
Heidi Marshall, Assistant Director

11
12 By:  _____
Cheri Hoffman, President

13
14 Date: _____

13
14 Date: 4/18/17 _____

15
16
17 APPROVED AS TO FORM:
GREGORY P. PRIAMOS, County Counsel

18
19 By: _____
20 Jhaila R. Brown, Deputy County Counsel

21
22
23
24 **(COUNTY and OWNER signatures need to be notarized)**

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

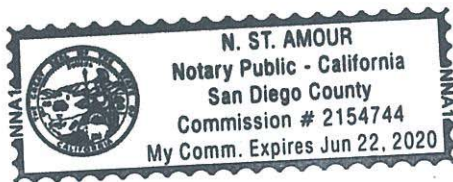
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF San Diego)

On 4-17, 2017, before me, N. St. Amour, Notary Public, personally appeared Cheri Hottman, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.



N. St. Amour
Signature

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2017, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL 2 OF PARCEL MAP NO. 36246 AS PER MAP FILED IN BOOK 235, PAGES 24 THROUGH 27, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 768-230-003-5

EXHIBIT “H”

Request for Notices

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2016 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by CESAR CHAVEZ PHASE II, LP, a California limited liability partnership, as Trustor in which Rabobank, a national banking association is named as Beneficiary, and First American Title Company as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, and is described as follows:

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

PARCEL 2 OF PARCEL MAP NO. 36246 AS PER MAP FILED IN BOOK 235, PAGES 24 THROUGH 27, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 768-230-003-5

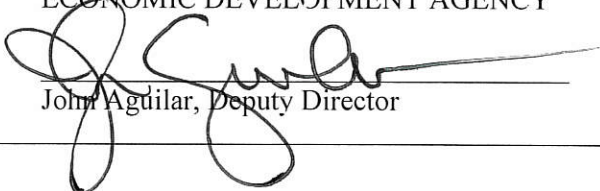
All notices to be mailed to:

Attn: Assistant Director
Riverside County EDA
Housing Division
5555 Arlington Avenue
Riverside, California 92504

Request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY


John Aguilar, Deputy Director

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2016 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by CESAR CHAVEZ PHASE II, LP, a California limited liability partnership, as Trustor in which United States Department of Agriculture is named as Beneficiary, and First American Title Company as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, and is described as follows:

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

PARCEL 2 OF PARCEL MAP NO. 36246 AS PER MAP FILED IN BOOK 235, PAGES 24 THROUGH 27, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 768-230-003-5

All notices to be mailed to:

Attn: Assistant Director
Riverside County EDA
Housing Division
5555 Arlington Avenue
Riverside, California 92504

Request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY


John Aguilar, Deputy Director

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2016 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by CESAR CHAVEZ PHASE II, LP, a California limited liability partnership, as Trustor in which the City of Coachella, a political subdivision of the State of California is named as Beneficiary, and First American Title Company as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, and is described as follows:

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

PARCEL 2 OF PARCEL MAP NO. 36246 AS PER MAP FILED IN BOOK 235, PAGES 24 THROUGH 27, INCLUSIVE OF PARCEL MAPS IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 768-230-003-5

All notices to be mailed to:

Attn: Assistant Director
Riverside County EDA
Housing Division
5555 Arlington Avenue
Riverside, California 92504

Request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

RIVERSIDE COUNTY
ECONOMIC DEVELOPMENT AGENCY


John Aguilar, Deputy Director

Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

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

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

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

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

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

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

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

DEVELOPER SIGNATURE