

1 to the use of HOME funds awarded pursuant to this Agreement.

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

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

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

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

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

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

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


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


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

25 48. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
26 consider it in its best interest to change, modify or extend a term or condition of this Agreement,
27 provided such change, modification or extension is agreed to in writing by the other party. Any
28 such change, extension or modification, which is mutually agreed upon by COUNTY and

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

7 49. CONDITIONAL COMMITMENT.

8 a. Construction. Pursuant to 24 CFR 92.2, under the 
9 definition of Commitment, all necessary financing has been secured, a budget and
10 schedule have been established, and underwriting has been completed and under
11 ~~which construction is scheduled to start within four (4) months of the Effective Date of this~~
12 Agreement ("Construction Start Deadline"). If BORROWER cannot start construction or provide
13 evidence such as construction permits within four (4) months of the Effective Date, then
14 COUNTY and BORROWER mutually agree that this Agreement will self-terminate and any
15 HOME Loan funds drawn to date shall be returned within thirty (30) calendar days. Upon such
16 termination, this Agreement shall become null and void. COUNTY and BORROWER shall be
17 released and discharged respectively from its obligations under this Agreement, except for those
18 provisions which by their terms survive termination. All cost incurred by each party on the
19 Project will be assumed respectively.

20 b. Completion. The Project must be completed and a 
21 Notice of Completion shall have been recorded in the Official Records no later than
22 two (2) years from the Effective Date of this Agreement (the "Completion
23 Deadline"). BORROWER may request a one year extension of the Completion Deadline from
24 COUNTY ("Extension"), which may be granted in COUNTY's sole and absolute discretion, if
25 the BORROWER can provide proof that the circumstances that led to the failure to complete the
26 Project by the Completion Deadline were beyond the BORROWER's control. Extension is
27 subject to COUNTY's approval and not guaranteed. The Assistant County Executive
28 Officer/EDA, or designee, has the authority, at his or her discretion, to consent to such Extension.

1 If BORROWER is unable to meet the condition as required by this **Section 49** including
2 Extension, then COUNTY and BORROWER mutually agree that this Agreement will self-
3 terminate and any HOME Loan funds disbursed to BORROWER to date shall be returned to
4 COUNTY within thirty (30) calendar days of such termination. Upon such termination, this
5 Agreement shall become null and void. COUNTY and BORROWER shall be released and
6 discharged respectively from their obligations under this Agreement, except for those provisions
7 which by their terms survive termination. All costs incurred by each party on the Project will be
8 assumed respectively.

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

11 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
12 conditioned upon BORROWER's delivery to COUNTY, on or prior to **January 1, 2018** of (i)
13 written documentation of such binding loan commitments required to fully finance the
14 development and construction of the Project (less the HOME Loan), on terms and conditions
15 acceptable to BORROWER and COUNTY, including, but not limited any conventional
16 construction and/or permanent financing, including without limitation, a construction and
17 permanent loan from an institutional construction lender. Either COUNTY or BORROWER may
18 elect to terminate this Agreement with ten (10) days prior written notice to the other party if
19 BORROWER fails to acquire the project financing as required by this **Section 50**. Upon such
20 termination, this Agreement shall be null and void, and:

21 a. If BORROWER elects to terminate this Agreement,
22 BORROWER shall be released and discharged by COUNTY
23 from its obligations under this Agreement; or

24 b. If COUNTY elects to terminate this Agreement, COUNTY shall
25 be released and discharged by BORROWER from its obligations
26 under this Agreement.
27
28

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

4 51. Reserved.

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

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

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

19
20 COUNTY
21 Assistant Director, Housing
22 Riverside County
23 Economic Development Agency
24 5555 Arlington Avenue
25 Riverside, CA 92504

BORROWER
Fred Young Phase II Associates, L.P.
45-701 Monroe Street, Suite G
Indio, CA 92201

26 All notices to Borrower should include a copy to Borrower's investor limited partner:

27 [insert address]

28 55. COUNTERPARTS. This Agreement may be signed by the different parties
hereto in counterparts, each of which shall be an original but all of which together shall constitute

1 one and the same agreement.

2 56. EFFECTIVE DATE. The effective date of this Agreement is the date the
3 parties execute the Agreement (“Effective Date”). If the parties execute the Agreement on more
4 than one date, then the last date the Agreement is executed by a party shall be the Effective Date.

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

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

14 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

15 a. The language in all parts of this Agreement shall in all cases be
16 construed simply, as a whole and in accordance with its fair meaning and not strictly for or against
17 any party. The parties hereto acknowledge and agree that this Agreement has been prepared
18 jointly by the parties and has been the subject of arm’s length and careful negotiation over a
19 considerable period of time, that each party has been given the opportunity to independently
20 review this Agreement with legal counsel, and that each party has the requisite experience and
21 sophistication to understand, interpret, and agree to the particular language of the provisions
22 hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of
23 this Agreement, this Agreement shall not be interpreted or construed against the party preparing
24 it, and instead other rules of interpretation and construction shall be utilized.

25 b. If any term or provision of this Agreement, the deletion of which
26 would not adversely affect the receipt of any material benefit by any party hereunder, shall be
27 held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this
28 Agreement shall not be affected thereby and each other term and provision of this Agreement

1 shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the
2 parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or
3 unenforceable, there be added as a part of this Agreement an enforceable clause or provision as
4 similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

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

8 d. References in this instrument to this Agreement mean, refer to and
9 include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are
10 hereby incorporated herein by this reference) or other documents expressly incorporated by
11 reference in this instrument. Any references to any covenant, condition, obligation, and/or
12 undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer
13 to, and include the covenants, obligations, and undertakings existing pursuant to this instrument
14 and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly
15 incorporated by reference in this instrument.

16 e. As used in this Agreement, and as the context may require, the
17 singular includes the plural and vice versa, and the masculine gender includes the feminine and
18 vice versa.

19 60. TIME OF ESSENCE. Time is of the essence with respect to the
20 performance of each of the covenants and agreements contained in this Agreement.

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

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

28 63. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

8 c. All waivers of the provisions of this Agreement must be in writing
9 and signed by the appropriate authorities of the COUNTY or the BORROWER, and all
10 amendments hereto must be in writing and signed by the appropriate authorities of the COUNTY
11 and the BORROWER. This Agreement and any provisions hereof may be amended by mutual
12 written agreement by the BORROWER and the COUNTY.

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14 (SIGNATURES ON THE NEXT PAGE)
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IN WITNESS WHEREOF, COUNTY and BORROWER have executed this

Agreement as of the dates written below.

COUNTY:

BORROWER:

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

FRED YOUNG PHASE II ASSOCIATES, LP,
a California limited partnership

By: Fred Young Phase II, LLC
a California limited liability company
Its: Administrative General Partner

By: The Coachella Valley Housing Coalition, a
California corporation, its sole
member/manager

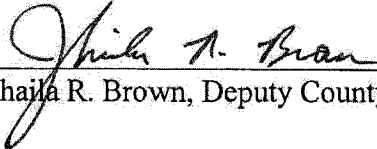
By: _____
Heidi Marshall, Assistant Director

By: _____
Julie Bornstein, Executive Director

Date: _____

Date: _____

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

By: 
Jhaila R. Brown, Deputy County Counsel

(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 _____)

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"

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

PARCEL 2 OF CERTIFICATE OF COMPLIANCE NO. 2017-08, IN THE CITY OF INDIO, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED SEPTEMBER 20, 2017 AS INSTRUMENT NO. 2017-0390516 OF OFFICIAL RECORDS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THAT PORTION OF PARCEL B, OF CERTIFICATE OF COMPLIANCE FOR LOT LINE ADJUSTMENT NO. 2015-04, RECORDED MARCH 16, 2016 AS DOCUMENT NO. 2016-0101282 OF OFFICIAL RECORDS OF SAID RIVERSIDE COUNTY, LOCATED IN SECTION 25, TOWNSHIP 5 SOUTH, RANGE 7 EAST, SAN BERNARDINO MERIDIAN, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID PARCEL B, ALSO BEING A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF DR. CARREON BOULEVARD, 32.00 FEET IN HALF-WIDTH;

THENCE ALONG THE WESTERLY LINE OF SAID PARCEL B THROUGH THE FOLLOWING FIVE (5) COURSES:

- (1) THENCE SOUTH 00°01'44" EAST, A DISTANCE OF 270.51 FEET;**
- (2) THENCE SOUTH 89°58'16" WEST, A DISTANCE OF 43.33 FEET;**
- (3) THENCE SOUTH 13°14'12" WEST, A DISTANCE OF 25.55 FEET;**
- (4) THENCE SOUTH 28°06'48" EAST, A DISTANCE OF 41.68 FEET;**
- (5) THENCE NORTH 90°00'00" EAST, A DISTANCE OF 19.78 FEET TO A POINT ON SAID WESTERLY LINE;**

THENCE CONTINUING NORTH 90°00'00" EAST, AND LEAVING SAID WESTERLY LINE A DISTANCE OF 8.91 FEET;

THENCE SOUTH 28°06'48" EAST, A DISTANCE OF 55.24 FEET TO A POINT ON SAID WESTERLY LINE OF PARCEL B;

THENCE ALONG THE WESTERLY LINE OF SAID PARCEL

THENCE ALONG THE WESTERLY LINE OF SAID PARCEL B THROUGH THE FOLLOWING SIX (6) COURSES:

- (1) THENCE NORTH 90°00'00" EAST, A DISTANCE OF 32.16 FEET;**
- (2) THENCE SOUTH 28°06'48" EAST, A DISTANCE OF 38.26 FEET;**
- (3) THENCE SOUTH 00°01'44" EAST, A DISTANCE OF 50.19 FEET;**
- (4) THENCE SOUTH 28°06'48" EAST, A DISTANCE OF 23.99 FEET; (5)**
- THENCE SOUTH 61°53'12" WEST, A DISTANCE OF 62.62 FEET;**
- (6) THENCE SOUTH 00°24'55" WEST, A DISTANCE OF 234.49 FEET TO THE SOUTHWEST CORNER OF SAID PARCEL B;**

THENCE LEAVING SAID WESTERLY LINE AND ALONG THE SOUTHERLY LINE OF SAID PARCEL B THROUGH THE FOLLOWING NINE (9) COURSES:

- (1) THENCE NORTH 66°35'15" EAST, A DISTANCE OF 43.81 FEET;**
- (2) THENCE NORTH 89°58'33" EAST, A DISTANCE OF 137.49 FEET;**
- (3) THENCE NORTH 00°02'08" WEST, A DISTANCE OF 299.79 FEET TO THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE SOUTHERLY, HAVING A RADIUS OF 500.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 16°43'37" WEST;**
- (4) THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01°58'02", AN ARC DISTANCE OF 17.17 FEET;**
- (5) THENCE NORTH 75°14'25" EAST, A DISTANCE OF 26.47 FEET;**
- (6) THENCE NORTH 81°00'45" EAST, A DISTANCE OF 355.98 FEET;**
- (7) THENCE NORTH 90°00'00" EAST, A DISTANCE OF 87.87 FEET;**
- (8) THENCE SOUTH 45°05'20" EAST, A DISTANCE OF 8.52 FEET;**
- (9) THENCE NORTH 89°48'53" EAST, A DISTANCE OF 95.32 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL B, ALSO BEING A POINT ON THE WESTERLY RIGHT-OF-WAY LINE OF VAN BUREN STREET, 43 FEET IN HALF-WIDTH;**

THENCE LEAVING SAID SOUTHERLY LINE AND ALONG THE EASTERLY LINE OF SAID PARCEL B THROUGH THE FOLLOWING THREE (3) COURSES:

- (1) THENCE NORTH 00°11'07" WEST, A DISTANCE OF 75.00 FEET;**
- (2) THENCE SOUTH 89°48'53" WEST, A DISTANCE OF 282.00 FEET;**
- (3) THENCE NORTH 00°01'44" WEST A DISTANCE OF 297.60 FEET TO THE NORTHEAST CORNER OF SAID PARCEL B, ALSO BEING A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF DR. CARREON BOULEVARD, 32.00 FEET HALF-WIDTH;**

THENCE LEAVING SAID EASTERLY LINE AND ALONG THE NORTHERLY LINE OF SAID PARCEL B AND SAID SOUTHERLY RIGHT-OF-WAY LINE SOUTH 89°58'16" WEST, A DISTANCE OF 507.97 FEET TO THE POINT OF BEGINNING.

Assessor's Parcel Number: **612-170-031 and a portion of 612-170-032**

EXHIBIT "A"

Borrower: Fred Young Phase II Associates, L.P.

Address: 45-701 Monroe Street, Suite G, Indio, CA 92201

Project Title: Villa Hermosa Apartments II

Location: Southwest corner of Van Buren Street and Dr. Carreon Boulevard, City of Indio, also identified as APN 612-170-017

Project Description:

Fred Young Phase II Associates, L.P. shall develop and construct a multi-family affordable rental housing project for farmworker families consisting of sixty eight (68) rental units including one (1) residential manager's unit ("Project" or "Phase 2") on real property located on approximately 6.32 acres of vacant land located on the Southwest corner of Van Buren Street and Dr. Carreon Boulevard, in the City of Indio also identified as APN 612-170-017 ("Property").

A total of 11 units (3 three-bedroom units and 8 four-bedroom units) shall be designated as HOME Assisted Units and rented at Low HOME rent levels as published by HUD. The HOME assisted units shall be "floating" designation on the Property and shall 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, 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 comprised of affordable units in addition to the HOME Assisted Units financed through Low Income Housing Tax Credits, the United States Department of Agriculture and a County NSP1 Loan. The Project shall include a total of 4 one-bedroom units, 32 two-bedroom units, 23 three-bedroom units and 8 four-bedroom units. The one-bedroom units shall be approximately 621 square-feet, the two-bedroom units shall be approximately 861 square-feet, the three-bedroom units shall be approximately 1,150 square-feet and the four-bedroom units shall be approximately 1,293 square-feet.

Villa Hermosa Apartments ("Phase 1") consists of 85 affordable rental housing units and is adjacent to the current Project which is the subject of this Agreement, Phase 2. For tax credit purposes, Phase 1 and Phase 2 will be owned by separate limited partnerships, but will share the Developer, The Coachella Valley Housing Coalition as the same general partner. The limited partner for Phase 1 and the limited partner for Phase 2 will enter into a joint use agreement to allow tenants to enjoy all common areas and amenities, including a 3,172 square foot community room with internet access, soccer fields, four tot-lots and a swimming pool.

All units will be equipped with energy start appliances including stoves, refrigerators, dishwashers and washers and dryers.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	November 30, 2017
2. Construction Start Deadline 9 months from date of Agreement	January 1, 2018
3. Completion Deadline 2 years from date of Agreement	January 1, 2020
4. Lease Deadline 4 months from Notice of Completion	
5. Submission of Final actual project costs and Sources and Uses of Funds	August 2020
6. Submission of income & ethnic characteristics report	August 2020

LEGAL DESCRIPTION OF PROPERTY

(Insert Legal for Villa Hermosa)

Permanent Sources and Uses of Funds:

Sources:

USDA 514 Loan	\$5,300,000
County of Riverside NSP 1 Loan	\$720,000
County of Riverside HOME Loan	\$280,000
Limited Partner Tax Credit Equity	\$18,694,217
AHP Loan	\$670,000
Deferred Developer Fee/GP Equity	\$100
Total Sources	\$25,664,317

Uses:

Site Improvement (off site)	\$ 0
New construction (includes site work, common area bldgs and structures)	\$ 16,583,563
Contractor's Overhead & Profit & Gen'l Req.	\$ 1,613,233
General Liability Insurance	\$ 390,330
Construction Contingency (Hard and Soft)	\$ 1,642,545
Architectural & Engineering Cost	\$ 950,000
Construction Interest & Fees	\$ 1,225,918
Reserves	\$ 542,580
Land Development Impact and Permit Processing Fees	\$ 583,000
Other Fees, Marketing & Furnishings	\$ 440,000
TCAC Fees	\$ 103,148
Legal Fees	\$ 165,000
Developer's fee	\$ 1,400,000
Land & Acquisition Cost	\$ 25,000
Total Uses	\$25,664,317

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 5 th 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 5 th 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. Stephanie Adams

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 _____ by Fred Young Phase II Associates, L.P., a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 45-701 Monroe Street, Suite G, Indio, CA 92201. The trustee is _____ ("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 Indio, 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 \$280,000
 - (b) that certain Loan Agreement for the Use of HOME Program Funds dated _____ 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 Two Hundred and Eighty Thousand Dollars (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"). Pursuant to the HOME Loan Agreement, the maturity of the HOME Loan shall be the first to occur of (i) July 1, 2073 or (ii) fifty five (55) years from recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the HOME Loan Agreement)(the "HOME Loan Term")

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

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

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

4a. That upon default hereunder or under any of the Secured Obligations and after giving notice and opportunity to cure, Beneficiary shall be entitled to the appointment of receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, profits and income therefrom

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 fourth priority position during the construction period and third position during permanent financing junior to the following instruments: (1) deed of trust for the benefit of Wells Fargo Bank, N.S. securing a construction loan for the Project in an amount up to \$15,359,498; (2) deed of trust for the benefit of the United States Department of Agriculture ("USDA") securing a loan for the Project in an amount up to \$5,300,000; (3) deed of trust for the benefit the County of Riverside securing a Neighborhood Stabilization Program loan for the Project in an amount up to \$720,000 ("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. **Modifications 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 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:

Fred Young Phase II Associates, LP,
a California limited partnership

By: Fred Young Phase II, LLC
a California limited liability company
Its: Administrative General Partner

By: The Coachella Valley Housing Coalition,
a California nonprofit public benefit
corporation, its sole member/manager

By: _____
Julie Bornstein, Executive Director

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

EXHIBIT "C"

PROMISSORY NOTE (HOME Loan)

\$280,000

Riverside, CA

In installments as hereafter stated, for value received, FRED YOUNG PHASE II ASSOCIATES, 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 Two Hundred and Eighty Thousand Dollars and No/100 Dollars (U.S. \$280,000.00) (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 _____ 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 _____ and recorded on or about the date hereof in the Official Records (the "HOME Deed of 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, the County of Riverside Neighborhood Stabilization Program loan and the Affordable Housing Program 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, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to Borrower.
- (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, 2073 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; 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 \$400 per unit increased annually by an amount equal to the increase in CPI; v) operating reserves in an annual amount up to \$25,000 vi) deferred developer's fee; 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 \$6,800 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). 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 and Assignment of Rents executed by Borrower for the benefit of the County, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (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 (i) that certain Deed of Trust executed by Borrower for the benefit of Wells Fargo Bank securing a construction loan in a principal amount up to \$15,359,498, (ii) that certain Deed of Trust for the benefit of the United States Department of Agriculture 514 Loan in a principal amount up to \$5,300,000, (iii) that

certain Deed of Trust for the benefit of the County of Riverside NSP1 Loan in a principal amount up to \$720,000 and (iv) 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 ten (10) 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 45-701 Monroe Street, Suite G, Indio, CA 92201, Attention: Executive Director, with a copy to Borrower's limited partner, _____.

- (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:

Fred Young Phase II Associates, LP,
a California limited partnership

By: Fred Young Phase II, LLC
a California limited liability company
Its: Administrative General Partner

By: The Coachella Valley Housing Coalition,
a California, its sole member/manager

By: _____
Julie Bornstein, Executive Director

Date: _____

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

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

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

Prepared by:
Title:

Phone Number:

Problems or questions please call, Stephanie Adams at 951-343-5455

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

9/8/17, File No. HM4-17-004
Villa Hermosa Apartments II

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. Stephanie Adams

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 **COVENANT AGREEMENT**
15 **(Villa Hermosa Apartments II)**

16 This Covenant Agreement (Villa Hermosa Apartments II) ("Covenant") is made and
17 entered into as of the day of _____ by and between the COUNTY
18 OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), FRED YOUNG
19 PHASE II ASSOCIATES, LP, a California limited liability partnership ("OWNER").

20 **RECITALS**

21 WHEREAS, OWNER owns that certain real property located at southwest corner of Van
22 Buren Street and Dr. Carreon Boulevard in the City of Indio, also identified as Assessor's Parcel
23 Number 612-170-017, described in the legal description attached hereto as **Exhibit A** and
24 incorporated herein by this reference (the "Property");

25 WHEREAS, on _____ COUNTY and OWNER entered into that certain
26 Loan Agreement for the use of HOME Program Funds (Villa Hermosa Apartments II) dated
27 _____ and recorded in the Official Records ("Official Records") of the County of
28 Riverside concurrently herewith (the "HOME Loan Agreement" or "Agreement") which provides
for, among other things, the development and construction on the Property, also known as "Villa
Hermosa Apartments II," a multi-family affordable housing project consisting of sixty eight (68)

1 rental housing units, one (1) unit shall be designated as a managers unit, and 11 units of which
2 shall be rented to and occupied by very low-income households (“HOME Assisted Units”) with a
3 preference for farmworkers (collectively the “Project”). Capitalized terms not defined herein shall
4 have the meaning ascribed to them in the 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 \$280,000 derived from HOME community housing development organization (“CHDO”) set-
17 aside funds (“HOME Loan”), to pay a portion of the costs to develop and construct the Project, as
18 more fully described in the HOME Loan Agreement. The HOME Loan is evidenced by a
19 Promissory Note executed by OWNER, in favor of the COUNTY dated on or about the date hereof
20 (“HOME Loan Note”) and secured by that certain Deed of Trust and Assignment of Rents executed
21 by OWNER, for the benefit of COUNTY and recorded in the Official Records concurrently
22 herewith (“HOME Loan Deed of Trust”); and

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

27 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for
28

1 other good and valuable consideration, the receipt and sufficiency of which are hereby
2 acknowledged, OWNER, on behalf of itself and its successors, assigns, and each successor in
3 interest to the Property or any part thereof, hereby declares as follows:

4 1) RESTRICTIONS. The recitals set forth above are true and correct and incorporated
5 herein. This Covenant shall continue in full force and effect for the later of (i) fifty-five (55) years
6 from the recordation of the Notice of Completion for the last building for which construction is
7 completed for the Project on the Property, or (ii) July 1, 2073 ("Term" or "Affordability Period").
8 For the duration of the Term, the Property shall be held, sold and conveyed, subject to the following
9 covenants, conditions, and restrictions:

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

19 b) HOME-Assisted Units shall be rented to and occupied by VLI households
20 that qualify for an affordable rent as defined under 24 CFR 92.252 of the HOME Investment
21 Partnerships Act and HOME Investment Partnerships ("HOME") program, which was enacted
22 under Title II of the Cranston-Gonzalez National Affordable Housing Act (the "Act"), as amended
23 (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part
24 92) (collectively, the "HOME Program"). Affordable rents including utility allowance for VLI
25 households, shall be the product of 30 percent times 50 percent of the area median income adjusted
26 for family size appropriate for the unit. COUNTY shall review and approve proposed rents to the
27 extent required under this section. BORROWER shall ensure the HOME-Assisted Units are rented
28

1 to qualified applicants at the described rent levels herein. The maximum monthly allowances for
2 utilities and services (excluding telephone) shall not exceed the utility allowance as described
3 below. The BORROWER shall also cause the 11 HOME-Assisted Units to comply with the
4 requirements of the USDA 514 Farm Labor Housing program in all respects.

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

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

16 2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the
17 HOME Loan Agreement, including any of its attachments, this Covenant Agreement shall be in
18 third priority lien position junior to the USDA Regulatory Agreement and the County of Riverside
19 Neighborhood Stabilization Program 1 Covenant Agreement ("NSP1 Covenant Agreement") and
20 position senior to all other security instruments, including but not limited to the following liens:
21 (1) a deed of trust for the benefit of Wells Fargo Bank, N.A. ("Wells Fargo") securing a
22 construction loan for the Project in an amount up to \$15,359,498, which shall be paid in full at the
23 conversion and filing of the 8609 form; (2) a deed of trust for the benefit of the United States
24 Department of Agriculture for a loan for the Project in an amount up to \$5,300,000; (3) a deed of
25 trust for the benefit of the County of Riverside securing a Neighborhood Stabilization Program
26 Loan in an amount up to 720,000; (4) a HOME Deed of Trust for the benefit of COUNTY securing
27 the HOME Loan in the principal amount of \$280,000; and (5) a deed of trust for the benefit of the
28

1 Affordable Housing Program Loan securing a loan for the Project in an amount up to \$670,000.

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

6 a) The HOME Investment Partnership Program as enacted under Title II of
7 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
8 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time, including,
9 but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252, 24 CFR
10 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing regulations
11 set forth in the Final Rule, as it now exists and may hereafter be amended.

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

16 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach
17 program. OWNER must adopt affirmative marketing procedures and requirements. These must
18 include:

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

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

27 (6) Procedures to be used by OWNER to inform and solicit applications from persons
28

1 in the housing market area who are not likely to apply without special outreach (e.g., use of
2 community organizations, employment centers, fair housing groups, or housing counseling
3 agencies).

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

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

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

- 19 (i) Placing qualified small and minority businesses and
20 women's business enterprises on solicitation lists.
- 21 (ii) Assuring that small and minority businesses, and women's
22 business enterprises are solicited whenever they are
23 potential sources.
- 24 (iii) Dividing total requirements, when economically feasible,
25 into smaller tasks or quantities to permit maximum
26 participation by small and minority business, and women's
27 business enterprises.
- 28

- 1 (iv) Establishing delivery schedules, where the requirement
2 permits, which encourage participation by small and
3 minority business, and women's business enterprises.
4 (v) Using the services and assistance of the Small Business
5 Administration, and the Minority Business Development
6 Agency of the Department of Commerce.

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

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

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

- 17 (1) *Agreement to be sued*. Agreement by the tenant to be sued, to admit
18 guilt or to a judgment in favor of OWNER in a lawsuit brought in
19 connection with the lease.
20 (2) *Treatment of property*. Agreements by tenant that OWNER may
21 take, hold, or sell personal property of household members without
22 notice to the tenant and a court decision on the rights of the parties.
23 This prohibition, however, does not apply to an agreement by the
24 tenant concerning disposition of personal property remaining in the
25 housing unit after the tenant has moved out of the unit. OWNER
26 may dispose of this personal property in accordance with State law.
27 (3) *Excusing OWNER from responsibility*. Agreement by the tenant
28

1 not to hold OWNER or OWNER's agents legally responsible for
2 any action or failure to act, whether intentional or negligent.

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

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

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

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

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

20 (9) *Mandatory supportive services.* Agreement by the tenant (other
21 than a tenant in transitional housing) to accept supportive services
22 that are offered.

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

23 11) MAINTENANCE OF THE IMPROVEMENTS. OWNER, on behalf of itself and
24 its successors, assigns, and each successor in interest to the Property and Project or any part thereof
25 hereby covenants to and shall protect, maintain, and preserve the Property in compliance with all
26 applicable federal and state law and regulations and local ordinances. In addition, OWNER, its
27 successors and assigns, shall maintain the improvements on the Property in the same aesthetic and
28

1 sound condition (or better) as the condition of the Property at the time of the recordation of the
2 Notice of Completion for the Project, reasonable wear and tear excepted. This standard for the
3 quality of maintenance of the Property shall be met whether or not a specific item of maintenance
4 is listed below. However, representative items of maintenance shall include frequent and regular
5 inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or
6 replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash
7 receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site
8 walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of
9 all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing
10 vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular
11 program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a
12 regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining
13 security devices in good working order. In the event OWNER, its successors or assigns fails to
14 maintain the Property in accordance with the standard for the quality of maintenance, the
15 COUNTY or its designee shall have the right but not the obligation to enter the Property upon
16 reasonable notice to OWNER, correct any violation, and hold OWNER, or such successors or
17 assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the
18 Property.

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

3 OWNER herein covenants by and for itself, its successors and assigns, and all persons
4 claiming under or through them, that this Covenant is made and accepted upon and subject to the
5 following conditions: There shall be no discrimination against or segregation of any person or
6 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the
7 Government 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 Code,
9 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall
10 the transferee itself or any person claiming under or through him or her, establish or permit any
11 such practice or practices of discrimination or segregation with reference to the selection, location,
12 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

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

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

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

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

26 In addition to the obligations and duties of OWNER set forth herein, OWNER shall, upon
27 notice from COUNTY, promptly pay to COUNTY all fees and costs, including administrative and
28

1 attorneys' fees, incurred by COUNTY in connection with responding to or defending any
2 discrimination claim brought by any third party and/or local, state or federal government entity,
3 arising out of or in connection with the Agreement or this Covenant.

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

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

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

24 c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance
25 of the obligations under this Covenant, then OWNER shall maintain liability insurance for
26 all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per
27 occurrence combined single limit. If such insurance contains a general aggregate limit, it
28

1 shall apply separately to this agreement or be no less than two (2) times the occurrence
2 limit. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts,
3 and Departments, their respective directors, officers, Board of Supervisors, employees,
4 elected or appointed officials, agents or representatives as Additional Insured or provide
5 similar evidence of coverage approved by County's Risk Manager ("Risk Manager").

6 d) General Insurance Provisions – All Lines.

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

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

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

8 iv) It is understood and agreed to by the parties hereto that OWNER's insurance
9 shall be construed as primary insurance, and COUNTY's insurance and/or
10 deductibles and/or self-insured retention's or self-insured programs shall not be
11 construed as contributory.

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

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

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

25 14) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold
26 harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their
27 respective directors, officers, Board of Supervisors, elected and appointed officials, employees,
28

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

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

27 COUNTY

28 Assistant Director, Housing
Riverside County

OWNER

The Coachella Valley Housing Coalition
45-701 Monroe Street

1 Economic Development Agency Suite G
2 5555 Arlington Avenue Indio, CA 92201
3 Riverside, CA 92504

4 All notices should include a copy to OWNER's limited partner at:

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

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

13 18) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY
14 shall give OWNER notice of such default pursuant to section 9 above. Any monetary default shall
15 be cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein,
16 if a non-monetary default is reasonably capable of being cured within thirty (30) days of delivery
17 of such notice of default, OWNER shall have such period to effect a cure prior to exercise of
18 remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of
19 being cured within thirty (30) days of delivery of such notice of default, and OWNER (a) initiates
20 corrective action within said period, and (b) diligently, continually, and in good faith works to
21 effect a cure as soon as possible, then OWNER shall have such additional time as is reasonably
22 necessary to cure the default prior to exercise of any remedies by the COUNTY; but in no event
23 no later than sixty (60) days from delivery of such notice of default. COUNTY, upon providing
24 OWNER with any notice of default under this Covenant, shall, within a reasonable time, provide
25 a copy of such default notice to a Permitted Lender who has given written notice to COUNTY of
26 its interest in the Property and Project. From and after such notice has been delivered to a Permitted
27 Lender and the Owner's limited partner, such Permitted Lender shall have the same period for
28

1 remedying the default complained of as the cure period provided to OWNER pursuant to this
2 Section 18. COUNTY shall accept performance by a Permitted Lender or limited partner of Owner
3 as if the same had been done by OWNER.

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

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

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

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

26 20) AMENDMENTS OR MODIFICATIONS. This Covenant may be changed or
27 modified only by a written amendment signed by authorized representatives of both parties.
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1 21) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
2 governed by the laws of the State of California. Any legal action related to the performance or
3 interpretation of this Covenant shall be filed only in the Superior Court of the State of California
4 located in Riverside, California, and the parties waive any provision of law providing for a change
5 of venue to another location. In the event any provision in this Covenant is held by a court of
6 competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will
7 nevertheless continue in full force without being impaired or invalidated in any way

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

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

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

22 25) PROJECT MONITORING AND EVALUATION.

- 23 a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to COUNTY, as shown
24 in Exhibit F of the HOME Loan Agreement, and may be revised by COUNTY,
25 summarizing the racial/ethnic composition, number and percentage of very low-income
26 households who are tenants of the HOME-Assisted Units. The Tenant Checklist Form
27 shall be submitted upon completion of the construction and thereafter, on a semi-annual
28

1 basis on or before March 31 and September 30. OWNER shall maintain financial,
2 programmatic, statistical and other supporting records of its operations and financial
3 activities in accordance with the requirements of the HOME Program, including the
4 submission of Tenant Checklist Form. Except as otherwise provided for in this Covenant
5 and in the HOME Loan Agreement, OWNER shall maintain and submit records to
6 COUNTY within ten (10) business days of COUNTY's request which clearly documents
7 OWNER's performance under each requirement of the HOME Program.

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

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

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

13 28) Recitals. The Recitals set forth above are true and correct and incorporated herein
14 by this reference.

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

20 ///

21 ///

22 ///

[remainder of page intentionally blank]

[SIGNATURES ON THE NEXT PAGE]

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

FRED YOUNG PHASE II ASSOCIATES, LP,
a California limited partnership

6 By: Fred Young Phase II, LLC
7 a California limited liability company
8 Its: Administrative General Partner

9 By: The Coachella Valley Housing Coalition, a
10 California corporation, its sole
member/manager

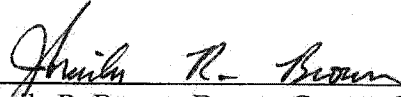
11
12 By: _____
13 Heidi Marshall, Assistant Director

By: _____
Julie Bornstein, Executive Director

14 Date: _____

Date: _____

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

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

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

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

II

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

9/8/17, File No. HM4-17-004
Villa Hermosa Apartments II

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: Stephanie Adams

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 _____, 2017 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by FRED YPOUNG PHASE II ASSOCIATES, LP, a California limited liability partnership, as Trustor in which Wells Fargo Bank, a national banking association is named as Beneficiary, and _____ as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Indio, State of California, and is described as follows:

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

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: Stephanie Adams

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 _____, 2017 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by FRED YOUNG PHASE II ASSOCIATES, LP, a California limited liability partnership, as Trustor in which United States Department of Agriculture is named as Beneficiary, and _____ 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:

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



Notice of Determination

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

Street Address:
 1400 Tenth St.
 Sacramento, CA 95814

From:
 Public Agency: County of Riverside Economic Developme
 Address: 5555 Arlington Avenue
 Riverside, CA 92504
 Contact: Stephanie Adams
 Phone: (951) 343-5455

County Clerk
 County of: Riverside
 2724 Gateway Drive
 P.O. Box 751
 Address: Riverside, CA 92502-0751

Lead Agency (if different from above): SAA
 Address: _____
 Contact: _____
 Phone: _____

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): _____

Project Title: Loan Agreement for the Use of HOME and NSPI funds associated with Villa Hermosa Apartments II

Project Location (include county): County of Riverside-Assessor Parcel Number 612-170-017

Project Description: The Loan Agreements for the Use of HOME funds and NSPI funds (collectively "Loan Agreements") is between the County of Riverside and Fred Young Phase II Associates, a California Limited Partnership ("Partnership") and involves APN 612-170-017, located in the City of Indio, County of Riverside, which is the proposed location for Villa Hermosa Apartments II. The project is for the construction, operation and maintenance of Villa Hermosa Apartments II that includes a 68 unit affordable multi-family housing complex, community room, tot-lots and a swimming pool.

The potential environmental effects of the housing complex, including the project, were fully studied in Mitigated Negative Declaration (MND) and Mitigation Monitoring and Reporting Program (MMP) 10-4-494, which was prepared by the City of Indio and adopted on December 15, 2010.

Pursuant to CEQA Guidelines section 15096(f) the County of Riverside, as a Responsible Agency, complies with CEQA by considering the environmental effects of the project as shown in the MND and MMP 10-4-494. The County has received and considered MND and MMP 10-4-494. The project will not result in any new significant environmental effects not identified in MND and MMP 10-4-494, nor will it substantially increase the severity of the environmental effects identified in MND and MMP 10-4-494. In addition, no considerably different mitigation measures have been identified and no mitigation measures found infeasible have become feasible.

Project Sponsor: Fred Young Phase II Associates, a California Limited Partnership

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

Lead agency or Responsible Agency

November 7, 2017 and has made the following determinations regarding the above described project:
(tentative date)

1. The County of Riverside considered the MND and MMP 10-4-494, as prepared and adopted by the City of Indio.
2. The project will not have a significant effect on the environment.

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

John Aguilar, Deputy Director
Economic Development Agency
County of Riverside

Signature: (Public Agency) _____ Title: _____
Date: _____ Date received for filing at OPR: _____