

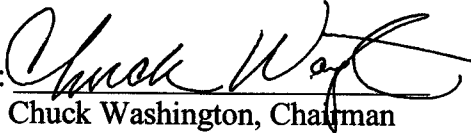
1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this
2 Agreement as of the dates written below.

3 COUNTY:

BORROWER:

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

Riverside Housing Development Corporation
a California nonprofit public benefit corporation,

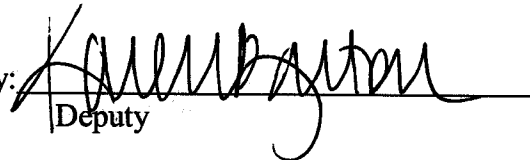
6
7 By: 
8 Chuck Washington, Chairman
Board of Supervisors

By: 
Bruce Kulpa, President & CEO

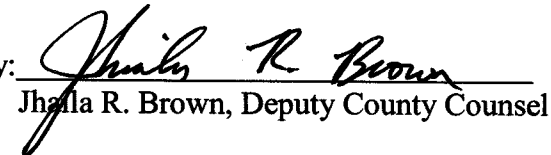
9
10 Date: FEB 27 2018

Date: 2/13/18

11
12
13 ATTEST:
14 KECIA HARPER-IHEM
15 Clerk of the Board

16
17 By: 
18 Deputy

19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel

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

24
25
26 (Signatures need to be notarized)

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

COUNTY OF RIVERSIDE

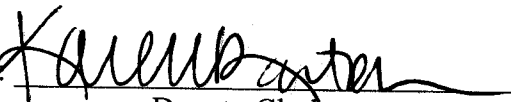
§

On February 27, 2018, before me, Karen Barton, Board Assistant, personally appeared Chuck Washington, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the 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

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy Clerk

(SEAL)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

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

County of Riverside

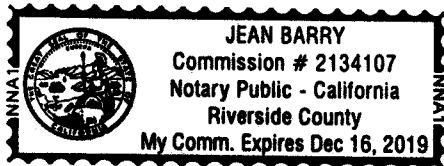
On 2-13-18 before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Bruce Kuipa
Name(s) of Signer(s)

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 Jean Barry
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

- Signer's Name: _____
- Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Individual Attorney in Fact
 - Trustee Guardian or Conservator
 - Other: _____

- Signer's Name: _____
- Corporate Officer — Title(s): _____
 - Partner — Limited General
 - Individual Attorney in Fact
 - Trustee Guardian or Conservator
 - Other: _____

Signer Is Representing: _____

Signer Is Representing: _____

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

Borrower: Riverside Housing Development Corporation
Address: 4250 Brockton Avenue
Riverside, CA 92501
Project Title: El Cajon Apartments
Location: 13600 El Cajon Drive, Desert Hot Springs, CA 92240,
identified as Assessor's Parcel Number 641-241-038

Project Description:

Riverside Housing Development Corporation (RHDC), a California nonprofit public benefit corporation will utilize \$288,373 in HOME funds for the acquisition and rehabilitation of an existing building located on 13600 El Cajon Drive, Desert Hot Springs, CA 92240, also identified as Assessor's Parcel Number 641-241-038. The project will consist of two 1-bedroom/1-bathroom units (550 square feet) and one 2-bedroom/1-bathroom unit (700 square feet).

All units will be designated as HOME assisted units. One 1-bedroom unit will be set-aside for households whose incomes do not exceed 50% of the area median income for the County of Riverside adjusted for family size appropriate to the unit, which shall be designated as Low HOME rent unit. The remaining 1-bedroom unit and 2-bedroom unit will be set-aside for households whose incomes do not exceed 60% of the area median income adjusted for family size appropriate to the unit, which shall be designated as High HOME rent units. The total of three (3) units (two 1-Bedroom and one 2-Bedroom) of the Project are to be designated as HOME rent units ("HOME-Assisted Units").

The Scope of Development includes removal of drywall, roof tile replacement, stucco repair, exterior and interior painting, new cabinetry, electrical, plumbing and new water line, insulation, new ductwork/registers/thermostats, new forced air units/compressors, carpet flooring/tile, fencing, kitchen countertops, bathroom sinks, range/ovens, dishwashers, irrigation system, planters, termite treatment, and masonry work.

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 543 DESERT HOT SPRINGS ESTATE UNIT NO. 4, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 34, PAGE 19 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No.: 641-241-038
13600 El Cajon Drive, Desert Hot Springs, CA 92240

Permanent Sources and Uses of Fund:

Sources

County of Riverside HOME Loan	\$	288,373
Provident Savings Bank Loan	\$	70,500
Total Sources	\$	358,873

Uses:

Acquisition	\$	85,000
Rehabilitation	\$	207,273
Soft Costs (Permits, Architectural Fees, etc.) and Reserves	\$	16,600
Contingency	\$	20,000
Developer's Fee	\$	30,000
Total Uses	\$	358,873

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	February 1, 2018
2. Acquisition Deadline	June 1, 2018
3. Construction Start Deadline (9 months from date of Agreement)	November 2018
4. Completion Deadline (2 years from date of Agreement)	February 2020
5. Lease Deadline	4 months from Notice of Completion
6. Submission of Final actual project costs and Sources and Uses of Funds	December 2018
7. Submission of income & ethnic characteristics report	December 2018

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– Marchst & 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. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS)**

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this _____ day of _____, 2018 by RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation, (hereinafter referred to as "Trustor"), whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is Orange Coast Title Company of Southern California ("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 Desert Hot Springs, 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 (HOME Loan) in favor of the Beneficiary ("County" therein) executed by Trustor ("Borrower" therein) of even date herewith (the "Note") in the principal amount of \$288,373;
 - (b) that certain Loan Agreement for the Use of HOME Program Funds dated _____ and recorded in the Official Records of the County of Riverside ("Official Records") concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and
 - (c) that certain Covenant Agreement dated on or about the date hereof 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 Eighty Eight Thousand Three Hundred and Seventy Three Dollars (\$288,373)** (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.

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 **Section 5** shall be applied: first, to to interest due; second, 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 directly

to the person owed payment. Trustor shall pay these obligations in the manner provided in **Section 6**. 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. **Third Priority Position.** This Deed of Trust shall be recorded in a third priority position junior in priority to the Covenant Agreement and the Deed of Trust executed by Borrower for the benefit of Provident Savings Bank ("Senior Lender" or "Senior Lienholder") securing a construction loan in a principal amount up to \$70,500 ("Senior Loan").

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 and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect. 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 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. Reserved.

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.

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 sixty (60) 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 has not cured the default within that same period, subject to any non-recourse provisions then in effect, Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

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

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

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

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

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

32. **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.

33. **Severability.** Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid by a competent court of law, the remaining provisions shall nevertheless remain in full force and effect

[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:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: _____
Bruce Kulpa, President & CEO

Date: _____

(TRUSTOR signature needs to be notarized)

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 543 DESERT HOT SPRINGS ESTATE UNIT NO. 4, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 34, PAGE 19 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No.: 641-241-038
13600 El Cajon Drive, Desert Hot Springs, CA 92240

EXHIBIT "C"

PROMISSORY NOTE (HOME Loan)

\$288,373

Riverside, CA

In installments as hereafter stated, for value received, RIVERSIDE HOUSING DEVELOPMENT CORPORATION ("BORROWER"), a California non-profit public benefit corporation 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 Eighty Eight Thousand Three Hundred Seventy Three Dollars (\$288,373.00 USD) (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 (the "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 of the County of Riverside ("Official Records") 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, Security Agreement and Fixture Filing with 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 on or about the date hereof in the Official Records between BORROWER and COUNTY.
- (2) That the HOME Loan will accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default as hereinafter provided, and shall be 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 HOME Loan. Such payment of fifty percent (50%) of the Project's Residual Receipts to COUNTY shall continue until the HOME Note is repaid in full.
- (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 the later to occur of (i) July 1, 2073 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "Maturity Date"). 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 shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER to COUNTY within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1st 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 the maturity date of the HOME Note and the expiration of the HOME Loan Term as set forth in Section 4(a). The first payment from BORROWER to COUNTY shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion, 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 the earlier of full repayment of the HOME Loan or the HOME Loan Maturity Date as set forth above. The term "Project Residual Receipts" used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the Developer derived from the ownership, operation and management of the Property, not including interest on required reserve accounts, less the following operating expenses:
- i) auditing and accounting fees;
 - ii) a reasonable property management fee not to exceed \$55 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for 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, limited to \$400 per unit per year for all units in the Project, as defined in Exhibit A of the HOME Loan Agreement, increased annually by an amount equal to the increase in CPI;
 - v) Operating Reserves replenishment in an amount up to \$25,000;
 - vi) 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"); and
 - vii) COUNTY's Annual Monitoring Fee in the total annual amount of \$300, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), as more specifically discussed in Section 29 of the HOME Loan Agreement.
- (6) The HOME Loan evidenced by this Note is secured by that certain HOME Deed of Trust executed by BORROWER for the benefit of COUNTY, dated on or about the date hereof and recorded in the Official Records.

- (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.

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 Provident Savings Bank securing a construction loan in a principal amount up to \$70,500 and (ii) 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 (5) default past any applicable notice and cure period under the terms of that certain Deed of Trust executed by BORROWER for the benefit of Provident Savings Bank securing an acquisition loan in a principal amount up to \$70,500 and 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.

- (9) 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.
- (10) 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.
- (11) 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.

- (12) 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.
- (13) 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.
- (14) 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.
- (15) 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.
- (16) 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.
- (17) 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.
- (18) 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.

- (19) 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.
- (20) (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 4250 Brockton Avenue, Riverside, CA 92501, Attention: Bruce Kulpa, Executive Director.
- (21) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (22) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (23) 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.

BORROWER:

Riverside Housing Development Corporation
a California nonprofit public benefit corporation

By: _____
Bruce Kulpa, President & CEO

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 4/11/2017 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family (80% AMI)	\$36,150	\$41,300	\$46,450	\$51,600	\$55,750	\$59,900	\$64,000	\$68,150

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.

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:
- a. 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;
 - b. 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;

- c. 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;
- d. Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;
- e. Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- f. Any other relevant considerations.

Owners/Participants and Developers.

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

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

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

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

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

Exhibit F: Sample Tenant Checklist

Project Name:

Address:

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

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

Prepared by:

Title:

Phone Number:

Problems or questions please call Mervyn Manalo at (951) 343-5495

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

EXHIBIT "G"

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103
3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

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

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 **COVENANT AGREEMENT**

15 **(El Cajon Apartments)**

16 This Covenant Agreement (El Cajon Apartments) ("Covenant") is made and entered into
17 as of the day of _____, 2018 by and between the COUNTY OF
18 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and RIVERSIDE
19 HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation
20 ("RHDC").

21 **RECITALS**

22 WHEREAS, RHDC owns that certain real property including the improvements located
23 thereon, located at 13600 El Cajon Drive, Desert Hot Springs, CA 92240, Assessor's Parcel
24 Number 641-241-038, described in the legal description attached hereto as **Exhibit A** and
25 incorporated herein by this reference (the "Property");

26 WHEREAS, on _____, COUNTY and RHDC entered into that
27 certain Loan Agreement for the Use of HOME Program Funds (El Cajon Apartments) dated
28 _____ and recorded in the Official Records of the County of Riverside ("Official
Records") concurrently herewith (the "HOME Loan Agreement" or "Agreement") which provides
for, among other things, acquisition and rehabilitation on the Property of an existing 1,800 square
foot multi-family apartment complex consisting of two 1-bedroom/1-bathroom units (550 square

1 feet) and one 2-bedroom/1-bathroom unit (700 square feet), "El Cajon Apartments," which shall
2 be rented to and occupied by qualified very low- and low-income households (the "Project").
3 Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan
4 Agreement;

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

15 WHEREAS, pursuant to the HOME Loan Agreement, COUNTY loaned to RHDC,
16 \$288,373 derived from HOME community housing development organization ("CHDO") set-
17 aside funds ("HOME Loan"), to pay a portion of the costs to acquire and rehabilitate the Property,
18 as more fully described in the HOME Loan Agreement. The HOME Loan is evidenced by a
19 Promissory Note executed by RHDC, in favor of the COUNTY dated on or about the date hereof
20 ("HOME Loan Note") and secured by that certain Deed of Trust, Security Agreement and Fixture
21 Filing with Assignment of Rents executed by RHDC, for the benefit of COUNTY and recorded in
22 the Official Records concurrently herewith ("HOME Loan Deed of Trust"); and

23 WHEREAS, pursuant to the HOME Loan Agreement, RHDC has agreed to acquire and
24 rehabilitate an existing building located on the Property consisting of a total of three (3) units, and
25 ensure all three (3) units are rented to and occupied by qualified low- and very low-income
26 households consistent with the HOME Program requirements and as set forth more specifically
27 below.

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

1 other good and valuable consideration, the receipt and sufficiency of which are hereby
2 acknowledged, RHDC, on behalf of itself and its successors, assigns, and each successor in interest
3 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 rehabilitation 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) Pursuant to the HOME Loan Agreement, RHDC shall acquire the Property
11 and rehabilitate the existing improvements located thereon which consist of three rental units
12 comprised of one 2- bedroom unit (700 square feet), and two 1-bedroom units (550 square feet
13 each) (collectively, “HOME-Assisted Units” or “Assisted-Units”). The acquisition of the
14 Property and the rehabilitation of the HOME-Assisted Units and such other improvements as
15 specified in the HOME Loan Agreement shall be referred to herein as the “Project.” One (1) of the
16 1-bedroom units within the Project shall be designated as a floating Low HOME rent unit (as
17 defined in 24 CFR Section 92.252) rented to and occupied by a very low-income households whose
18 income does not exceed fifty percent (50%) of the area median income for the County of Riverside
19 (“VLI household”), adjusted for family size appropriate to the unit. The remaining 1-bedroom
20 unit and 2-bedroom unit shall be designated as High HOME rent units (as defined in 24 CFR
21 Section 92.252) rented to and occupied by households whose incomes do not exceed 60% of the
22 area median income, adjusted for family size appropriate to the unit (“Low Income Households”).
23 The Low HOME rent Assisted Unit shall be a “floating” designation on the Property such that the
24 requirements of this Covenant will be satisfied so long as the total number of HOME Assisted
25 Units remains the same throughout the Affordability Period and the substituted Low HOME rent
26 Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally
27 designated Low HOME rent Assisted Unit;

28 b) The Low HOME rent Assisted Unit shall be rented to and occupied by a

1 VLI household that qualify for an affordable rent as defined under 24 CFR Section 92.252 of the
2 HOME Investment Partnerships Act and HOME Investment Partnerships (“HOME”) program,
3 which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the
4 “Act”), as amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations
5 thereto (24 CFR Part 92) (collectively, the “HOME Program”). COUNTY shall review and
6 approve proposed rents to the extent required under this section. RHDC shall ensure the HOME
7 Assisted Units are rented to qualified applicants at the described rent levels herein. The maximum
8 monthly allowances for utilities and services (excluding telephone) shall not exceed the utility
9 allowance as described below.

10 c) Utility Allowance: RHDC shall use the HUD Utility Schedule Model
11 (“HUSM”) to establish maximum monthly allowances for utilities and services to be used by the
12 RHDC in calculating Rents. The HUSM and use instructions can be found at:

13 <https://www.huduser.gov/portal/resources/utilallowance.html>; and

14 d) Rent limitations for the VLI household and Low Income Households are set
15 forth under 24 CFR 92.252 and the HOME Assisted Units shall be rented to and occupied by
16 income qualified applicants at the Low and High HOME rent levels for the County of Riverside,
17 which are published periodically by HUD; and

18 e) RHDC shall comply with the terms of the HOME Loan Agreement, HOME
19 Loan Note, HOME Loan Deed of Trust and any other instrument secured against the Property.

20 2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the
21 HOME Loan Agreement, including any of its attachments, this Covenant shall be in first priority
22 lien position senior to the deed of trust securing the loan from Provident Savings Bank (“PSB”)
23 and senior to the HOME Loan.

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

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

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

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

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

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

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

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

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

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

27 (5) A description of how RHDC will annually assess the
28 success of affirmative marketing actions and what corrective actions will be taken where

1 affirmative marketing requirements are not met.

2 (6) RHDC must prescribe procedures to establish and oversee
3 a minority outreach program to ensure the inclusion, to the maximum extent possible, of
4 minorities and women, and entities owned by minorities and women, including, without
5 limitation, real estate firms, construction firms, appraisal firms, management firms, financial
6 institutions, investment banking firms, underwriters, accountants, and providers of legal services,
7 in all contracts entered into by RHDC with such persons or entities, public and private, in order
8 to facilitate the activities of COUNTY to provide affordable housing authorized under this Act or
9 any other Federal housing law. Section 2 CFR Section 200.321 provides affirmative steps to
10 assure that minority business enterprises and women business enterprises are used when possible
11 in the procurement of property and services. The steps include:

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

27 4) TENANT PROTECTIONS. RHDC shall provide protection to the tenants of the
28 COUNTY HOME Assisted Units in accordance with the requirements set forth at 24 CFR Section

1 92.253 and described as follows:

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

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

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

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

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

22 (4) *Waiver of notice*. Agreement of the tenant that RHDC may institute a
23 lawsuit without notice to the tenant.

24 (5) *Waiver of legal proceeding*. Agreement by the tenant that the RHDC
25 may evict the tenant or household members without instituting a civil
26 court proceeding in which the tenant has the opportunity to present a
27 defense, or before a court decision on the rights of the parties.

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

1 trial by jury.

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

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

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

12 c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4,
13 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against
14 Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42
15 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due to a
16 tenant's status as a victim of domestic violence, dating violence, or stalking, and requires
17 landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a
18 survivor of domestic violence, dating violence, sexual assault, and stalking from being denied
19 assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of
20 violence committed against them. It extends housing protections to survivors of sexual assault,
21 and adds "intimate partner" to the list of eligible relationships in the domestic violence definition.
22 Protections also now cover an "affiliated individual," which includes any lawful occupant living
23 in the survivor's household, or related to the survivor by blood or marriage including the
24 survivor's spouse, parent, brother, sister, child, or any person to whom the survivor stands in loco
25 parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant who engages in
26 criminal activity directly relating to domestic violence, dating violence, sexual assault, or
27 stalking against an affiliated individual or other individual, or others may be evicted or removed
28 without evicting or removing or otherwise penalizing a victim who is a tenant or lawful occupant.

1 If victim cannot establish eligibility, RHDC must give a reasonable amount of time to find new
2 housing or establish eligibility under another covered housing program. A Notice of Rights under
3 VAWA 2013 for tenants must be provided at the time a person applies for housing, when a
4 person is admitted as a tenant of a housing unit, and when a tenant is threatened with eviction or
5 termination of housing benefits. Tenants must request an emergency transfer and reasonably
6 believe that they are threatened with imminent harm from further violence if the tenant remains
7 in the same unit. The provisions of VAWA 2013 that are applicable to HUD programs are found
8 in title VI of VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence,
9 Dating Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N
10 of VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

11 5) MAINTENANCE OF THE IMPROVEMENTS. RHDC, on behalf of itself and its
12 successors, assigns, and each successor in interest to the Property and Project or any part thereof
13 hereby covenants to and shall protect, maintain, and preserve the Property in compliance with all
14 applicable federal and state law and regulations and local ordinances. In addition, RHDC, its
15 successors and assigns, shall maintain the improvements on the Property in the same aesthetic and
16 sound condition (or better) as the condition of the Property at the time of the recordation of the
17 Notice of Completion for the Project, reasonable wear and tear excepted. This standard for the
18 quality of maintenance of the Property shall be met whether or not a specific item of maintenance
19 is listed below. However, representative items of maintenance shall include frequent and regular
20 inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or
21 replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash
22 receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site
23 walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of
24 all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing
25 vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular
26 program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a
27 regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining
28 security devices in good working order. In the event RHDC, its successors or assigns fails to

1 maintain the Property in accordance with the standard for the quality of maintenance, the
2 COUNTY or its designee shall have the right but not the obligation to enter the Property upon
3 reasonable notice to RHDC, correct any violation, and hold RHDC, or such successors or assigns
4 responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

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

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

26 RHDC, its successors and assigns, shall refrain from restricting the rental, sale, or lease of
27 the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual
28 orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and

1 contract entered into with respect to the Property, or any portion thereof, after the date of this
2 Agreement shall contain or be subject to substantially the following nondiscrimination or
3 nonsegregation clauses:

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

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

1 c) In contracts: "There shall be no discrimination against or segregation of any
2 person or group of persons, on account of any basis listed in subdivision (a) or (d) of
3 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
4 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
5 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
6 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
7 claiming under or through him or her, establish or permit any such practice or practices of
8 discrimination or segregation with reference to the selection, location, number, use, or
9 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

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

15 7) INSURANCE. Without limiting or diminishing RHDC's obligation to indemnify
16 or hold COUNTY harmless, RHDC shall procure and maintain or cause to be maintained, at its
17 sole cost and expense, the following insurance coverages during the term of this Covenant. As
18 respects to the insurance section only, the COUNTY herein refers to the County of Riverside, its
19 Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board
20 of Supervisors, employees, elected or appointed officials, agents or representatives as Additional
21 Insureds.

22 a) Builder's All Risk (Course of Construction) Insurance. RHDC shall provide a
23 policy of Builder's All Risk (Course of Construction) insurance coverage including
24 (if the work is located in an earthquake or flood zone or if required on financed or
25 bond financing arrangements) coverage for earthquake and flood, covering the
26 COUNTY, RHDC and every subcontractor, of every tier, for the entire Project,
27 including property to be used in the construction of the work while such property
28 is at off-site storage locations or while in transit or temporary off-site storage. Such

1 policy shall include, but not be limited to, coverage for fire, collapse, faulty
2 workmanship, debris removal, expediting expense, fire department service charges,
3 valuable papers and records, trees, grass, shrubbery and plants. If scaffolding, false
4 work and temporary buildings are insured separately by the RHDC or others,
5 evidence of such separate coverage shall be provided to County prior to the start of
6 the work. Such policy shall be written on a completed value form. Such policy
7 shall also provide coverage for temporary structures (on-site offices, etc.), fixtures,
8 machinery and equipment being installed as part of the work. RHDC shall be
9 responsible for any and all deductibles under such policy. Upon request by
10 COUNTY, RHDC shall declare all terms, conditions, coverages and limits of such
11 policy. If the County so provides, in its sole discretion, the All Risk (Course of
12 Construction) insurance for the Project, then RHDC shall assume the cost of any
13 and all applicable policy deductibles (currently, \$50,000 per occurrence) and shall
14 insure its own machinery, equipment, tools, etc. from any loss of any nature
15 whatsoever.

- 16 b) Worker's Compensation Insurance. If RHDC has employees as defined by the State
17 of California, RHDC shall maintain statutory Workers' Compensation Insurance
18 (Coverage A) as prescribed by the laws of the State of California. Policy shall
19 include Employers' Liability (Coverage B) including Occupational Disease with
20 limits not less than \$1,000,000 per person per accident. The policy shall be
21 endorsed to waive subrogation in favor of the County of Riverside, and, if
22 applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.
- 23 c) Commercial General Liability Insurance. Commercial General Liability insurance
24 coverage, including but not limited to, premises liability, unmodified contractual
25 liability, products and completed operations liability, personal and advertising
26 injury, and cross liability coverage, covering claims which may arise from or out
27 of RHDC's performance of its obligations hereunder. Policy shall name the County
28 of Riverside, its Agencies, Districts, Special Districts, and Departments, their

1 respective directors, officers, Board of Supervisors, employees, elected or
2 appointed officials, agents or representatives as Additional Insured. Policy's limit
3 of liability shall not be less than \$1,000,000 per occurrence combined single limit.
4 If such insurance contains a general aggregate limit, it shall apply separately to this
5 agreement or be no less than two (2) times the occurrence limit.

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

17 e) Professional Liability (ONLY TO BE INCLUDED IN CONTRACTS WITH
18 SERVICE PROVIDERS INCLUDING BUT NOT LIMITED TO ENGINEERS,
19 DOCTORS, AND LAWYERS).

20 RHDC shall maintain Professional Liability Insurance providing coverage for the
21 RHDC's performance of work included within this Agreement, with a limit of
22 liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual
23 aggregate. If RHDC's Professional Liability Insurance is written on a claims made
24 basis rather than an occurrence basis, such insurance shall continue through the
25 term of this Agreement and RHDC shall purchase at his sole expense either 1) an
26 Extended Reporting Endorsement (also, known as Tail Coverage); or 2) Prior Dates
27 Coverage from new insurer with a retroactive date back to the date of, or prior to,
28 the inception of this Agreement; or 3) demonstrate through Certificates of Insurance

1 that RHDC has Maintained continuous coverage with the same or original insurer.
2 Coverage provided under items; 1), 2), or 3) will continue as long as the law allows.

3 f) General Insurance Provisions – All Lines.

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

10 ii) RHDC must declare its insurance self-insured retention for each coverage
11 required herein. If any such self-insured retention exceeds \$500,000 per
12 occurrence each such retentions shall have the prior written consent of the
13 COUNTY Risk Manager. Upon notification of self-insured retention
14 unacceptable to the COUNTY, and at the election of COUNTY'S Risk
15 Manager, RHDC's carriers shall either: (a) reduce or eliminate such self-
16 insured retention as respects this Covenant with the COUNTY, or (b)
17 procure a bond which guarantees payment of losses and related
18 investigations, claims administration, and defense costs and expenses.

19 iii) RHDC shall cause RHDC's insurance carrier(s) to furnish the County of
20 Riverside with either 1) copies of the Certificate(s) of Insurance and
21 Endorsements effecting coverage as required herein, or 2) if requested to do
22 so orally or in writing by Risk Manager, provide original Certified copies
23 of policies including all Endorsements and all attachments thereto, showing
24 such insurance is in full force and effect. Further, said Certificate(s) and
25 policies of insurance shall contain the covenant of the insurance carrier(s)
26 that a minimum of thirty (30) days written notice shall be given to the
27 County of Riverside prior to any material modification, cancellation,
28 expiration or reduction in coverage of such insurance. If RHDC insurance

1 carrier(s) policies does not meet the minimum notice requirement found
2 herein, RHDC shall cause RHDC'S insurance carrier(s) to furnish a 30 day
3 Notice of Cancellation Endorsement.

4 iv) RHDC shall not continue operations until COUNTY has been furnished
5 Certificate(s) of Insurance and copies of endorsements and if requested,
6 copies of policies of insurance including all endorsements and any and all
7 other attachments as required herein. An individual authorized by the
8 insurance carrier to do so, on its behalf, shall sign the original endorsements
9 for each policy and the Certificate of Insurance.

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

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

22 vii) RHDC shall pass down the insurance obligations contained herein to all
23 tiers of subcontractors.

24 viii) The insurance requirements contained in this Agreement may be met with
25 a program(s) of self-insurance acceptable to COUNTY.

26 ix) RHDC agrees to notify COUNTY in writing of any claim by a third party
27 or any incident or event that may give rise to a claim arising from the
28 performance of the Agreement.

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

26 9) NOTICES. All Notices provided for in this Covenant shall be deemed received
27 when personally delivered, or two (2) days following mailing by certified mail, return receipt
28 requested. All mailing shall be addressed to the respective parties at their addresses set forth

1 below, or at such other address as each party may designate in writing and give to the other party:

2 //

3 COUNTY

RIVERSIDE HOUSING DEVELOPMENT CORP.

4 Assistant Director, Housing
5 Riverside County
6 Economic Development Agency
7 5555 Arlington Avenue
8 Riverside, CA 92504

Executive Director
Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501

7 //

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

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

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

1 the Property and Project. From and after such notice has been delivered to a Permitted Lender and
2 the Owner's limited partner, such Permitted Lender shall have the same period for remedying the
3 default complained of as the cure period provided to RHDC pursuant to this **Section 12**. COUNTY
4 shall accept performance by a Permitted Lender as if the same had been done by RHDC.

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

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

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

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

26 15) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
27 governed by the laws of the State of California. Any legal action related to the performance or
28 interpretation of this Covenant shall be filed only in the Superior Court of the State of California

1 located in Riverside, California, and the parties waive any provision of law providing for a change
2 of venue to another location. In the event any provision in this Covenant is held by a court of
3 competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will
4 nevertheless continue in full force without being impaired or invalidated in any way

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

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

15 18) COVENANT RUNS WITH PROPERTY. In accordance with California Civil
16 Code Section 1461 et seq., all conditions, covenants and restrictions contained in this Covenant
17 shall be covenants running with the land. Housing Authority and County shall be deemed the
18 beneficiaries of the covenants, conditions and restrictions of this Covenant both for and in their
19 own rights and for the purposes of protecting the interests of the community. The covenants,
20 conditions, and restrictions shall run in favor of the Housing Authority and County, without regard
21 to whether the Housing Authority or County has been, remains, or is an owner of any land or
22 interest therein in the Property, surrounding areas or the Project Area.

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

27 20) PROJECT MONITORING AND EVALUATION.

28 a) Tenant Checklist. RHDC shall submit a Tenant Checklist Form to

1 COUNTY, as shown in **Exhibit F** of the HOME Loan Agreement, and
2 may be revised by COUNTY, summarizing the racial/ethnic composition,
3 number and percentage of very low-income households who are tenants of
4 the HOME-Assisted Units. The Tenant Checklist Form shall be submitted
5 upon completion of the construction and thereafter, on a semi-annual basis
6 on or before March 31 and September 30. RHDC shall maintain financial,
7 programmatic, statistical and other supporting records of its operations and
8 financial activities in accordance with the requirements of the HOME
9 Program under 24 CFR Section 92.508, including the submission of Tenant
10 Checklist Form. Except as otherwise provided for in this Covenant and in
11 the HOME Loan Agreement, RHDC shall maintain and submit records to
12 COUNTY within ten (10) business days of COUNTY's request which
13 clearly documents RHDC's performance under each requirement of the
14 HOME Program.

- 15 b) Inspections. Pursuant to 24 CFR Section 92.504(d)(1)(ii), during the period
16 of affordability, COUNTY must perform on-site inspections of HOME-
17 Assisted rental housing to determine compliance with the property
18 standards of 24 CFR Section 92.251 and to verify the information
19 submitted by the owners in accordance with the requirements of 24 CFR
20 Section 92.252. The inspections must be in accordance with the inspection
21 procedures that the participating jurisdiction establishes to meet the
22 inspection requirements of 24 CFR Section 92.251. The on-site inspections
23 must occur at least once every 3 years thereafter during the period of
24 affordability. If there are observed deficiencies for any of the inspectable
25 items in the property standards established by COUNTY, in accordance
26 with the inspection requirements of 24 CFR Section 92.251, a follow-up
27 on-site inspection to verify that deficiencies are corrected must occur
28 within 12 months. COUNTY may establish a list of non-hazardous

1 deficiencies for which correction can be verified by third party
2 documentation (e.g., paid invoice for work order) rather than re-inspection.
3 Health and safety deficiencies must be corrected immediately, in
4 accordance with 24 CFR Section 92.251. COUNTY must adopt a more
5 frequent inspection schedule for properties that have been found to have
6 health and safety deficiencies. The property owner must annually certify
7 to the COUNTY that each building and all HOME-Assisted Units in the
8 project are suitable for occupancy, taking into account State and local
9 health, safety, and other applicable codes, ordinances, and requirements,
10 and the ongoing property standards established by the participating
11 jurisdiction to meet the requirements of 24 CFR Section 92.251.
12 Inspections must be based on a statistically valid sample of units
13 appropriate for the size of the HOME-Assisted project, as set forth by HUD
14 through notice. COUNTY will inspect 100 percent of the HOME-Assisted
15 Units and the inspectable items (site, building exterior, building systems,
16 and common areas) for each building housing HOME-Assisted Units.

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

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

25 23) RECITALS. The Recitals set forth above are true and correct and incorporated
26 herein by this reference.

27 24) ENTIRE UNDERSTANDING. This Covenant and the Agreement set forth and
28 contain the entire understanding and agreement of the parties hereto. There are no oral or written

1 representations, understandings, or ancillary covenants, undertakings or agreements, which are
2 not contained or expressly referred to within this Covenant, and the Agreement, including all
3 amendments and modifications to the Agreement.

4 ///

5 ///

6 ///

7 [remainder of page intentionally blank]

8
9
10 (SIGNATURES ON THE NEXT PAGE)

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28

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

3
4 COUNTY:

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

Riverside Housing Development Corporation
a California nonprofit limited partnership

7 By: _____
8 Chuck Washington, Chairman
9 Board of Supervisors

By: _____
Bruce Kulpa, President & CEO

10 Date: _____

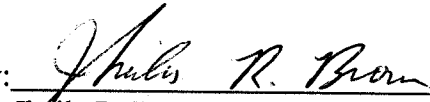
By: _____

11 Date: _____

12
13 ATTEST:
14 KECIA HARPER-IHEM
15 Clerk of the Board

16 By: _____

17
18
19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS, County Counsel
22 Clerk of the Board

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

25
26
27 (Signatures need to be notarized)

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 543 DESERT HOT SPRINGS ESTATE UNIT NO. 4, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 34, PAGE 19 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No.: 641-241-038
13600 El Cajon Drive, Desert Hot Springs, CA 92240

EXHIBIT "H"

Request for Notice

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside, CA 92504
Attn: Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2018 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Riverside Housing Development Corporation., a California nonprofit public benefit corporation, as Trustor in which Provident Savings Bank, FSB is named as Beneficiary, and _____ as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

LOT 543 DESERT HOT SPRINGS ESTATE UNIT NO. 4, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 34, PAGE 19 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No.: 641-241-038
13600 El Cajon Drive, Desert Hot Springs, CA 92240

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

Mike Walsh, Deputy Director

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

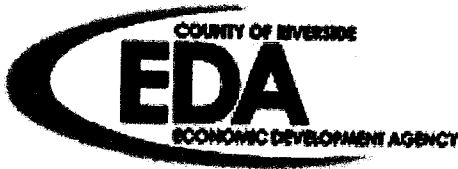


Exhibit I

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

Exhibit J

HUD HOME Income and Rent Limits As of April 11, 2017

U.S. DEPARTMENT OF HUD 04/11/2017
 STATE: CALIFORNIA

PROGRAM

Riverside-San Bernardino-Ontario, CA MSA

	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
30% LIMITS	13550	15500	17450	19350	20900	22450	24000	25550
VERY LOW INCOME	22600	25800	29050	32250	34850	37450	40000	42600
60% LIMITS	27120	30960	34860	38700	41820	44940	48000	51120
LOW INCOME	36150	41300	46450	51600	55750	59900	64000	68150

U.S. DEPARTMENT OF HUD 04/2017
 STATE: CALIFORNIA

PROGRAM

Riverside-San Bernardino-Ontario, CA MSA

	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
LOW HOME RENT LIMIT	586	628	753	871	972	1072	1172
HIGH HOME RENT LIMIT	800	859	1033	1184	1301	1417	1534
For Information Only:							
FAIR MARKET RENT	798	945	1187	1672	2056	2364	2673
50% RENT LIMIT	586	628	753	871	972	1072	1172
65% RENT LIMIT	748	802	964	1105	1214	1321	1427

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. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDERS USE

13 **COVENANT AGREEMENT**

14 **(El Cajon Apartments)**

15 This Covenant Agreement (El Cajon Apartments) ("Covenant") is made and entered into
16 as of the day of February 27, 2018 by and between the COUNTY OF
17 RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and RIVERSIDE
18 HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation
19 ("RHDC").

20 **RECITALS**

21 WHEREAS, RHDC owns that certain real property including the improvements located
22 thereon, located at 13600 El Cajon Drive, Desert Hot Springs, CA 92240, Assessor's Parcel
23 Number 641-241-038, described in the legal description attached hereto as **Exhibit A** and
24 incorporated herein by this reference (the "Property");

25 WHEREAS, on February 27, 2018, COUNTY and RHDC entered into that
26 certain Loan Agreement for the Use of HOME Program Funds (El Cajon Apartments) dated
27 _____ and recorded in the Official Records of the County of Riverside ("Official
28 Records") concurrently herewith (the "HOME Loan Agreement" or "Agreement") which provides
for, among other things, acquisition and rehabilitation on the Property of an existing 1,800 square
foot multi-family apartment complex consisting of two 1-bedroom/1-bathroom units (550 square

1 feet) and one 2-bedroom/1-bathroom unit (700 square feet), "El Cajon Apartments," which shall
2 be rented to and occupied by qualified very low- and low-income households (the "Project").
3 Capitalized terms not defined herein shall have the meaning ascribed to them in the HOME Loan
4 Agreement;

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

15 WHEREAS, pursuant to the HOME Loan Agreement, COUNTY loaned to RHDC,
16 \$288,373 derived from HOME community housing development organization ("CHDO") set-
17 aside funds ("HOME Loan"), to pay a portion of the costs to acquire and rehabilitate the Property,
18 as more fully described in the HOME Loan Agreement. The HOME Loan is evidenced by a
19 Promissory Note executed by RHDC, in favor of the COUNTY dated on or about the date hereof
20 ("HOME Loan Note") and secured by that certain Deed of Trust, Security Agreement and Fixture
21 Filing with Assignment of Rents executed by RHDC, for the benefit of COUNTY and recorded in
22 the Official Records concurrently herewith ("HOME Loan Deed of Trust"); and

23 WHEREAS, pursuant to the HOME Loan Agreement, RHDC has agreed to acquire and
24 rehabilitate an existing building located on the Property consisting of a total of three (3) units, and
25 ensure all three (3) units are rented to and occupied by qualified low- and very low-income
26 households consistent with the HOME Program requirements and as set forth more specifically
27 below.

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

1 other good and valuable consideration, the receipt and sufficiency of which are hereby
2 acknowledged, RHDC, on behalf of itself and its successors, assigns, and each successor in interest
3 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 rehabilitation 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) Pursuant to the HOME Loan Agreement, RHDC shall acquire the Property
11 and rehabilitate the existing improvements located thereon which consist of three rental units
12 comprised of one 2- bedroom unit (700 square feet), and two 1-bedroom units (550 square feet
13 each) (collectively, “HOME-Assisted Units” or “Assisted-Units”). The acquisition of the
14 Property and the rehabilitation of the HOME-Assisted Units and such other improvements as
15 specified in the HOME Loan Agreement shall be referred to herein as the “Project.” One (1) of the
16 1-bedroom units within the Project shall be designated as a floating Low HOME rent unit (as
17 defined in 24 CFR Section 92.252) rented to and occupied by a very low-income households whose
18 income does not exceed fifty percent (50%) of the area median income for the County of Riverside
19 (“VLI household”), adjusted for family size appropriate to the unit. The remaining 1-bedroom
20 unit and 2-bedroom unit shall be designated as High HOME rent units (as defined in 24 CFR
21 Section 92.252) rented to and occupied by households whose incomes do not exceed 60% of the
22 area median income, adjusted for family size appropriate to the unit (“Low Income Households”).
23 The Low HOME rent Assisted Unit shall be a “floating” designation on the Property such that the
24 requirements of this Covenant will be satisfied so long as the total number of HOME Assisted
25 Units remains the same throughout the Affordability Period and the substituted Low HOME rent
26 Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally
27 designated Low HOME rent Assisted Unit;

28 b) The Low HOME rent Assisted Unit shall be rented to and occupied by a

1 VLI household that qualify for an affordable rent as defined under 24 CFR Section 92.252 of the
2 HOME Investment Partnerships Act and HOME Investment Partnerships (“HOME”) program,
3 which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the
4 “Act”), as amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations
5 thereto (24 CFR Part 92) (collectively, the “HOME Program”). COUNTY shall review and
6 approve proposed rents to the extent required under this section. RHDC shall ensure the HOME
7 Assisted Units are rented to qualified applicants at the described rent levels herein. The maximum
8 monthly allowances for utilities and services (excluding telephone) shall not exceed the utility
9 allowance as described below.

10 c) Utility Allowance: RHDC shall use the HUD Utility Schedule Model
11 (“HUSM”) to establish maximum monthly allowances for utilities and services to be used by the
12 RHDC in calculating Rents. The HUSM and use instructions can be found at:

13 <https://www.huduser.gov/portal/resources/utilallowance.html>; and

14 d) Rent limitations for the VLI household and Low Income Households are set
15 forth under 24 CFR 92.252 and the HOME Assisted Units shall be rented to and occupied by
16 income qualified applicants at the Low and High HOME rent levels for the County of Riverside,
17 which are published periodically by HUD; and

18 e) RHDC shall comply with the terms of the HOME Loan Agreement, HOME
19 Loan Note, HOME Loan Deed of Trust and any other instrument secured against the Property.

20 2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the
21 HOME Loan Agreement, including any of its attachments, this Covenant shall be in first priority
22 lien position senior to the deed of trust securing the loan from Provident Savings Bank (“PSB”)
23 and senior to the HOME Loan.

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

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

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

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

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

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

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

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

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

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

27 (5) A description of how RHDC will annually assess the
28 success of affirmative marketing actions and what corrective actions will be taken where

1 affirmative marketing requirements are not met.

2 (6) RHDC must prescribe procedures to establish and oversee
3 a minority outreach program to ensure the inclusion, to the maximum extent possible, of
4 minorities and women, and entities owned by minorities and women, including, without
5 limitation, real estate firms, construction firms, appraisal firms, management firms, financial
6 institutions, investment banking firms, underwriters, accountants, and providers of legal services,
7 in all contracts entered into by RHDC with such persons or entities, public and private, in order
8 to facilitate the activities of COUNTY to provide affordable housing authorized under this Act or
9 any other Federal housing law. Section 2 CFR Section 200.321 provides affirmative steps to
10 assure that minority business enterprises and women business enterprises are used when possible
11 in the procurement of property and services. The steps include:

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

27 4) TENANT PROTECTIONS. RHDC shall provide protection to the tenants of the
28 COUNTY HOME Assisted Units in accordance with the requirements set forth at 24 CFR Section

1 92.253 and described as follows:

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

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

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

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

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

22 (4) *Waiver of notice*. Agreement of the tenant that RHDC may institute a
23 lawsuit without notice to the tenant.

24 (5) *Waiver of legal proceeding*. Agreement by the tenant that the RHDC
25 may evict the tenant or household members without instituting a civil
26 court proceeding in which the tenant has the opportunity to present a
27 defense, or before a court decision on the rights of the parties.

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

1 trial by jury.

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

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

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

12 c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4,
13 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against
14 Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42
15 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due to a
16 tenant's status as a victim of domestic violence, dating violence, or stalking, and requires
17 landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a
18 survivor of domestic violence, dating violence, sexual assault, and stalking from being denied
19 assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of
20 violence committed against them. It extends housing protections to survivors of sexual assault,
21 and adds "intimate partner" to the list of eligible relationships in the domestic violence definition.
22 Protections also now cover an "affiliated individual," which includes any lawful occupant living
23 in the survivor's household, or related to the survivor by blood or marriage including the
24 survivor's spouse, parent, brother, sister, child, or any person to whom the survivor stands in loco
25 parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant who engages in
26 criminal activity directly relating to domestic violence, dating violence, sexual assault, or
27 stalking against an affiliated individual or other individual, or others may be evicted or removed
28 without evicting or removing or otherwise penalizing a victim who is a tenant or lawful occupant.

1 If victim cannot establish eligibility, RHDC must give a reasonable amount of time to find new
2 housing or establish eligibility under another covered housing program. A Notice of Rights under
3 VAWA 2013 for tenants must be provided at the time a person applies for housing, when a
4 person is admitted as a tenant of a housing unit, and when a tenant is threatened with eviction or
5 termination of housing benefits. Tenants must request an emergency transfer and reasonably
6 believe that they are threatened with imminent harm from further violence if the tenant remains
7 in the same unit. The provisions of VAWA 2013 that are applicable to HUD programs are found
8 in title VI of VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence,
9 Dating Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N
10 of VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

11 5) MAINTENANCE OF THE IMPROVEMENTS. RHDC, on behalf of itself and its
12 successors, assigns, and each successor in interest to the Property and Project or any part thereof
13 hereby covenants to and shall protect, maintain, and preserve the Property in compliance with all
14 applicable federal and state law and regulations and local ordinances. In addition, RHDC, its
15 successors and assigns, shall maintain the improvements on the Property in the same aesthetic and
16 sound condition (or better) as the condition of the Property at the time of the recordation of the
17 Notice of Completion for the Project, reasonable wear and tear excepted. This standard for the
18 quality of maintenance of the Property shall be met whether or not a specific item of maintenance
19 is listed below. However, representative items of maintenance shall include frequent and regular
20 inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or
21 replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash
22 receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site
23 walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of
24 all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing
25 vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular
26 program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a
27 regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining
28 security devices in good working order. In the event RHDC, its successors or assigns fails to

1 maintain the Property in accordance with the standard for the quality of maintenance, the
2 COUNTY or its designee shall have the right but not the obligation to enter the Property upon
3 reasonable notice to RHDC, correct any violation, and hold RHDC, or such successors or assigns
4 responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

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

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

26 RHDC, its successors and assigns, shall refrain from restricting the rental, sale, or lease of
27 the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual
28 orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and

1 contract entered into with respect to the Property, or any portion thereof, after the date of this
2 Agreement shall contain or be subject to substantially the following nondiscrimination or
3 nonsegregation clauses:

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

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

1 c) In contracts: "There shall be no discrimination against or segregation of any
2 person or group of persons, on account of any basis listed in subdivision (a) or (d) of
3 Section 12955 of the Government Code, as those bases are defined in Sections 12926,
4 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and
5 Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use,
6 occupancy, tenure, or enjoyment of the land, nor shall the transferee itself or any person
7 claiming under or through him or her, establish or permit any such practice or practices of
8 discrimination or segregation with reference to the selection, location, number, use, or
9 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

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

15 7) INSURANCE. Without limiting or diminishing RHDC's obligation to indemnify
16 or hold COUNTY harmless, RHDC shall procure and maintain or cause to be maintained, at its
17 sole cost and expense, the following insurance coverages during the term of this Covenant. As
18 respects to the insurance section only, the COUNTY herein refers to the County of Riverside, its
19 Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board
20 of Supervisors, employees, elected or appointed officials, agents or representatives as Additional
21 Insureds.

22 a) Builder's All Risk (Course of Construction) Insurance. RHDC shall provide a
23 policy of Builder's All Risk (Course of Construction) insurance coverage including
24 (if the work is located in an earthquake or flood zone or if required on financed or
25 bond financing arrangements) coverage for earthquake and flood, covering the
26 COUNTY, RHDC and every subcontractor, of every tier, for the entire Project,
27 including property to be used in the construction of the work while such property
28 is at off-site storage locations or while in transit or temporary off-site storage. Such

1 policy shall include, but not be limited to, coverage for fire, collapse, faulty
2 workmanship, debris removal, expediting expense, fire department service charges,
3 valuable papers and records, trees, grass, shrubbery and plants. If scaffolding, false
4 work and temporary buildings are insured separately by the RHDC or others,
5 evidence of such separate coverage shall be provided to County prior to the start of
6 the work. Such policy shall be written on a completed value form. Such policy
7 shall also provide coverage for temporary structures (on-site offices, etc.), fixtures,
8 machinery and equipment being installed as part of the work. RHDC shall be
9 responsible for any and all deductibles under such policy. Upon request by
10 COUNTY, RHDC shall declare all terms, conditions, coverages and limits of such
11 policy. If the County so provides, in its sole discretion, the All Risk (Course of
12 Construction) insurance for the Project, then RHDC shall assume the cost of any
13 and all applicable policy deductibles (currently, \$50,000 per occurrence) and shall
14 insure its own machinery, equipment, tools, etc. from any loss of any nature
15 whatsoever.

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

23 c) Commercial General Liability Insurance. Commercial General Liability insurance
24 coverage, including but not limited to, premises liability, unmodified contractual
25 liability, products and completed operations liability, personal and advertising
26 injury, and cross liability coverage, covering claims which may arise from or out
27 of RHDC's performance of its obligations hereunder. Policy shall name the County
28 of Riverside, its Agencies, Districts, Special Districts, and Departments, their

1 respective directors, officers, Board of Supervisors, employees, elected or
2 appointed officials, agents or representatives as Additional Insured. Policy's limit
3 of liability shall not be less than \$1,000,000 per occurrence combined single limit.
4 If such insurance contains a general aggregate limit, it shall apply separately to this
5 agreement or be no less than two (2) times the occurrence limit.

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

17 e) Professional Liability (ONLY TO BE INCLUDED IN CONTRACTS WITH
18 SERVICE PROVIDERS INCLUDING BUT NOT LIMITED TO ENGINEERS,
19 DOCTORS, AND LAWYERS).

20 RHDC shall maintain Professional Liability Insurance providing coverage for the
21 RHDC's performance of work included within this Agreement, with a limit of
22 liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual
23 aggregate. If RHDC's Professional Liability Insurance is written on a claims made
24 basis rather than an occurrence basis, such insurance shall continue through the
25 term of this Agreement and RHDC shall purchase at his sole expense either 1) an
26 Extended Reporting Endorsement (also, known as Tail Coverage); or 2) Prior Dates
27 Coverage from new insurer with a retroactive date back to the date of, or prior to,
28 the inception of this Agreement; or 3) demonstrate through Certificates of Insurance

1 that RHDC has Maintained continuous coverage with the same or original insurer.
2 Coverage provided under items; 1), 2), or 3) will continue as long as the law allows.

3 f) General Insurance Provisions – All Lines.

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

1 carrier(s) policies does not meet the minimum notice requirement found
2 herein, RHDC shall cause RHDC'S insurance carrier(s) to furnish a 30 day
3 Notice of Cancellation Endorsement.

4 iv) RHDC shall not continue operations until COUNTY has been furnished
5 Certificate(s) of Insurance and copies of endorsements and if requested,
6 copies of policies of insurance including all endorsements and any and all
7 other attachments as required herein. An individual authorized by the
8 insurance carrier to do so, on its behalf, shall sign the original endorsements
9 for each policy and the Certificate of Insurance.

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

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

22 vii) RHDC shall pass down the insurance obligations contained herein to all
23 tiers of subcontractors.

24 viii) The insurance requirements contained in this Agreement may be met with
25 a program(s) of self-insurance acceptable to COUNTY.

26 ix) RHDC agrees to notify COUNTY in writing of any claim by a third party
27 or any incident or event that may give rise to a claim arising from the
28 performance of the Agreement.

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

26 9) NOTICES. All Notices provided for in this Covenant shall be deemed received
27 when personally delivered, or two (2) days following mailing by certified mail, return receipt
28 requested. All mailing shall be addressed to the respective parties at their addresses set forth

1 below, or at such other address as each party may designate in writing and give to the other party:

2 //

3 COUNTY

RIVERSIDE HOUSING DEVELOPMENT CORP.

4 Assistant Director, Housing
5 Riverside County
6 Economic Development Agency
7 5555 Arlington Avenue
8 Riverside, CA 92504

Executive Director
Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501

7 //

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

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

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

1 the Property and Project. From and after such notice has been delivered to a Permitted Lender and
2 the Owner's limited partner, such Permitted Lender shall have the same period for remedying the
3 default complained of as the cure period provided to RHDC pursuant to this **Section 12**. COUNTY
4 shall accept performance by a Permitted Lender as if the same had been done by RHDC.

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

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

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

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

26 15) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be
27 governed by the laws of the State of California. Any legal action related to the performance or
28 interpretation of this Covenant shall be filed only in the Superior Court of the State of California

1 located in Riverside, California, and the parties waive any provision of law providing for a change
2 of venue to another location. In the event any provision in this Covenant is held by a court of
3 competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will
4 nevertheless continue in full force without being impaired or invalidated in any way

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

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

15 18) COVENANT RUNS WITH PROPERTY. In accordance with California Civil
16 Code Section 1461 et seq., all conditions, covenants and restrictions contained in this Covenant
17 shall be covenants running with the land. Housing Authority and County shall be deemed the
18 beneficiaries of the covenants, conditions and restrictions of this Covenant both for and in their
19 own rights and for the purposes of protecting the interests of the community. The covenants,
20 conditions, and restrictions shall run in favor of the Housing Authority and County, without regard
21 to whether the Housing Authority or County has been, remains, or is an owner of any land or
22 interest therein in the Property, surrounding areas or the Project Area.

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

27 20) PROJECT MONITORING AND EVALUATION.

28 a) Tenant Checklist. RHDC shall submit a Tenant Checklist Form to

1 COUNTY, as shown in **Exhibit F** of the HOME Loan Agreement, and
2 may be revised by COUNTY, summarizing the racial/ethnic composition,
3 number and percentage of very low-income households who are tenants of
4 the HOME-Assisted Units. The Tenant Checklist Form shall be submitted
5 upon completion of the construction and thereafter, on a semi-annual basis
6 on or before March 31 and September 30. RHDC shall maintain financial,
7 programmatic, statistical and other supporting records of its operations and
8 financial activities in accordance with the requirements of the HOME
9 Program under 24 CFR Section 92.508, including the submission of Tenant
10 Checklist Form. Except as otherwise provided for in this Covenant and in
11 the HOME Loan Agreement, RHDC shall maintain and submit records to
12 COUNTY within ten (10) business days of COUNTY's request which
13 clearly documents RHDC's performance under each requirement of the
14 HOME Program.

- 15 b) Inspections. Pursuant to 24 CFR Section 92.504(d)(1)(ii), during the period
16 of affordability, COUNTY must perform on-site inspections of HOME-
17 Assisted rental housing to determine compliance with the property
18 standards of 24 CFR Section 92.251 and to verify the information
19 submitted by the owners in accordance with the requirements of 24 CFR
20 Section 92.252. The inspections must be in accordance with the inspection
21 procedures that the participating jurisdiction establishes to meet the
22 inspection requirements of 24 CFR Section 92.251. The on-site inspections
23 must occur at least once every 3 years thereafter during the period of
24 affordability. If there are observed deficiencies for any of the inspectable
25 items in the property standards established by COUNTY, in accordance
26 with the inspection requirements of 24 CFR Section 92.251, a follow-up
27 on-site inspection to verify that deficiencies are corrected must occur
28 within 12 months. COUNTY may establish a list of non-hazardous

1 deficiencies for which correction can be verified by third party
2 documentation (e.g., paid invoice for work order) rather than re-inspection.
3 Health and safety deficiencies must be corrected immediately, in
4 accordance with 24 CFR Section 92.251. COUNTY must adopt a more
5 frequent inspection schedule for properties that have been found to have
6 health and safety deficiencies. The property owner must annually certify
7 to the COUNTY that each building and all HOME-Assisted Units in the
8 project are suitable for occupancy, taking into account State and local
9 health, safety, and other applicable codes, ordinances, and requirements,
10 and the ongoing property standards established by the participating
11 jurisdiction to meet the requirements of 24 CFR Section 92.251.
12 Inspections must be based on a statistically valid sample of units
13 appropriate for the size of the HOME-Assisted project, as set forth by HUD
14 through notice. COUNTY will inspect 100 percent of the HOME-Assisted
15 Units and the inspectable items (site, building exterior, building systems,
16 and common areas) for each building housing HOME-Assisted Units.

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

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

25 23) RECITALS. The Recitals set forth above are true and correct and incorporated
26 herein by this reference.

27 24) ENTIRE UNDERSTANDING. This Covenant and the Agreement set forth and
28 contain the entire understanding and agreement of the parties hereto. There are no oral or written

1 representations, understandings, or ancillary covenants, undertakings or agreements, which are
2 not contained or expressly referred to within this Covenant, and the Agreement, including all
3 amendments and modifications to the Agreement.

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7 [remainder of page intentionally blank]

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10 (SIGNATURES ON THE NEXT PAGE)

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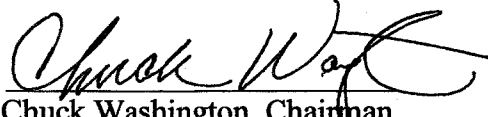
28

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

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4 COUNTY:

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

Riverside Housing Development Corporation
a California nonprofit limited partnership

7 By: 
8 Chuck Washington, Chairman
9 Board of Supervisors

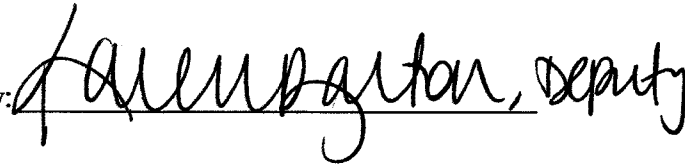
By: 
Bruce Kulpa, President & CEO

10 Date: FEB 27 2018


By: BRUCE KULPA

Date: 2/13/18

11
12 ATTEST:
13 KECIA HARPER-IHEM
14 Clerk of the Board

15
16 By: , Deputy

17
18
19 APPROVED AS TO FORM:
20 GREGORY P. PRIAMOS, County Counsel
21 Clerk of the Board

22
23 By: 
24 Jhazla R. Brown, Deputy County Counsel

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26
27 (Signatures need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

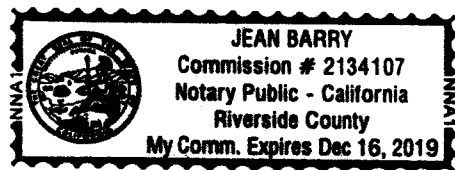
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of Riverside)
On 2-13-18 before me, Jean Barry, Notary Public
Date Here Insert Name and Title of the Officer
personally appeared Bruce Kulpa
Name(s) of Signer(s)

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 Jean Barry
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

Signer's Name: _____
 Corporate Officer — Title(s): _____
 Partner — Limited General
 Individual Attorney in Fact
 Trustee Guardian or Conservator
 Other: _____
Signer Is Representing: _____

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.

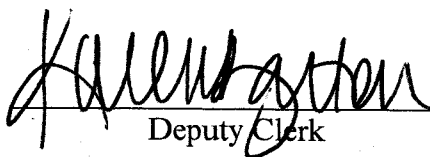
STATE OF CALIFORNIA }
COUNTY OF RIVERSIDE } §

On February 27, 2018, before me, Karen Barton, Board Assistant, personally appeared Chuck Washington, Chairman of the Board of Supervisors, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument; and that a copy of this paper, document or instrument has been delivered to the chairperson.

I certify under the 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

Kecia Harper-Ihem
Clerk of the Board of Supervisors

By: 
Deputy Clerk

(SEAL)

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 543 DESERT HOT SPRINGS ESTATE UNIT NO. 4, IN THE CITY OF DESERT HOT SPRINGS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 34, PAGE 19 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel No.: 641-241-038
13600 El Cajon Drive, Desert Hot Springs, CA 92240