

SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
10.1
(ID # 5999)

MEETING DATE:
Tuesday, May 1, 2018

FROM : HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Approve Exclusive Negotiation Agreement (With Predevelopment Loan) Between the Housing Authority of the County of Riverside and Abode Communities in Connection with the Villa Verde Affordable Rental Housing Project, located in the City of Coachella, District 4, [\$450,000 Former Coachella RDA 2006 Series A Housing Bonds]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached Exclusive Negotiation Agreement (with Predevelopment Loan), including exhibits (ENA) between the Housing Authority of the County of Riverside and Abode Communities, a California nonprofit corporation, in connection with the Villa Verde affordable housing project, located in the City of Coachella, and a predevelopment loan in the maximum amount of \$450,000, with an approximate 2 year term and 1 year option to extend;
2. Authorize the Chairman of the Board of Commissioners to execute the attached ENA; and
3. Authorize the Executive Director or designee to take all necessary steps to implement the attached ENA, including but not limited to, signing subsequent necessary and relevant documents, releasing predevelopment loan funds as set forth in the ENA, and approving the option to extend the term of the ENA, subject to County Counsel approval.

ACTION: Policy

Robert Field, Assistant County Executive Officer/ECD 12/27/2017

MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Commissioner Perez, seconded by Commissioner Ashley and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Tavaglione, Perez and Ashley
Nays: None
Absent: Washington
Date: May 1, 2018
xc: Housing Authority

Kecia Harper-Ihem
Clerk of the Board
By Deputy

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FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 450,000	\$ 0	\$ 450,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Former Coachella Redevelopment Agency 2006 Series A Housing Bonds			Budget Adjustment:	No
			For Fiscal Year:	17/18

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Housing Authority of the County of Riverside (HACR), in its capacity as the housing successor to the former Coachella Redevelopment Agency pursuant to the Redevelopment Dissolution Laws and that certain Memorandum of Understanding, dated June 4, 2013, between the HACR and the City of Coachella, is the current owner of 9.44 acres of vacant land in the City of Coachella. The site is located on the corner of Calle Techa and Calle Verde in the City of Coachella, and also identified as Assessor Parcel Numbers 768-350-002 and 768-400-001 (Site).

HACR staff issued Request for Proposals No. 2016-005 for a collaborative developer partner to develop affordable housing on the Site. Two proposals were received and after thorough review of both proposals, HACR staff selected Abode Communities, a California non-profit public benefit corporation (Abode), as its collaborative developer partner. The selection was due to, among other things, Abode's extensive experience in the development of affordable housing, sustained history of leveraging multiple funding sources and excellent references.

Abode proposes to lease the Site from HACR for the development and construction thereon of a two phase affordable rental housing development, with a farmworker preference, that will include a splash pad, BBQ area, pavilion, resident center, bike co-op, picnic area, van pool area and walking paths (Project). The Project is proposed to be developed in two phases as follows: Phase I will consist of the development of 85 units as well as all onsite amenities and Phase II will consist of the development of 68 units, for a total of 153 units. Each phase will have one unit set-aside for an on-site manager. Forty-nine percent the units are proposed to be rented to and occupied by low-income households earning 80% or less of the area median income for the County of Riverside, with a preference for farmworker households. Abode has also requested HACR provide a predevelopment loan in the amount of \$450,000 to pay the costs of preparing engineering and architecture plans and specifications for the Project.

Abode desires to enter into the attached proposed Exclusive Negotiation Agreement (With Predevelopment Loan) (ENA) with the HACR to explore and negotiate in good faith a possible Disposition and Development Agreement and Ground Lease (DDA), or such other type of agreement as the parties may deem appropriate to specify the rights and obligations of the parties with respect to the leasing of the Site and development of the Project. The proposed

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ENA also provides for a predevelopment loan to Abode in the amount of \$450,000 (Predevelopment Loan) to pay certain predevelopment costs pursuant to a HACR approved project budget. The Predevelopment Loan funds will be derived from former Coachella Redevelopment Agency 2006 Series A Housing Bonds. The Predevelopment Loan will be evidenced by a Promissory Note and secured by an Assignment of Agreements, Plans, Specifications and Entitlements, each attached hereto. In the event that Abode and HACR successfully negotiate and execute a DDA approved by the HACR's Board of Commissioners, all accrued interest owing under the Promissory Note shall become due and payable concurrently with the closing of a third-party construction loan and the unpaid principal of the Predevelopment Loan shall be evidenced by a new Promissory Note. In the event that a DDA is not executed and the ENA expires, all outstanding principal balance and accrued interest owed under the Promissory Note shall be immediately due and payable to HACR.

The ENA does not constitute a commitment to lease or develop the Site. Any agreements arising out of or as a result of the ENA will be subject to the prior approval of the Board of Commissioners and the County of Riverside Board of Supervisors. Under the ENA Abode will process entitlements and may seek other leveraging sources for the development of the Project. The term of the proposed ENA is for approximately 24 months with a 1 year extension, should the parties mutually agree.

County Counsel has reviewed and approved, as to form, the attached ENA, including all exhibits. Staff recommends approval of the attached ENA.

Impact on Residents and Businesses

The potential development of 153 units will have a positive impact on the residents in the County of Riverside as it will create much needed affordable housing in the County as well as create construction, maintenance and property management jobs.

Additional Fiscal Information

No general funds will be used for the proposed ENA. Abode will bear its own costs and expenses incurred in connection with the negotiating and preparing in good faith of a possible Disposition and Development Agreement and Ground Lease for the Villa Verde Project.


Attachments:

- Exclusive Negotiation Agreement (With Predevelopment Loan), including exhibits

RF: HM: HC: MW: JG: SA MinuteTraq ID 5999

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Rohini Dasika, Principal Management Analyst 4/23/2018


Gregory V. Priamos, Director County Counsel 4/19/2018

**EXCLUSIVE NEGOTIATION AGREEMENT
WITH PREDEVELOPMENT LOAN**

THIS EXCLUSIVE NEGOTIATION AGREEMENT WITH PREDEVELOPMENT LOAN ("Agreement") is entered into as of May 1, 2018 by and between the Housing Authority of the County of Riverside, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency ("Authority"), and Abode Communities, a California nonprofit public benefit corporation ("Abode"), on the terms and provisions set forth below:

RECITALS

A. The Coachella Redevelopment Agency ("RDA") located in the County of Riverside ("County"), was duly created pursuant to California Redevelopment Law (Health and Safety Code Section 33000 et seq. the "CRL");

B. Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (collectively the "Dissolution Act"), added Parts 1.8 and 1.85 to Division 24 of the California Community Redevelopment Law (Health and Safety Code sections 33000 et seq., the "CRL"). Pursuant to the Dissolution Act, the RDA was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code section 34173;

C. Pursuant to Health and Safety Code 34176, on January 25, 2012, the City of Coachella adopted Resolution No. 2012-10 electing not to retain responsibility for the housing assets and functions of the former RDA thus transferring the housing assets and functions of the former RDA to the Authority;

D. Pursuant to Health and Safety Code Section 34176, on June 4, 2013, the Authority Board of Commissioners approved that certain Memorandum of Understanding accepting the transfer of housing assets and functions previously performed by the former RDA, excluding any enforceable obligations retained by the successor agency ("Asset Transfer"). The Asset Transfer included, among other things, the transfer of a fee interest in that certain real property consisting of approximately 9.44 acres of land located on the corner of Calle Verde and Calle Techa, in the City of Coachella, identified as Assessor Parcel Numbers 768-350-002 and 768-400-001, as further described in the Legal Description and depicted on the Site Map attached hereto as Exhibits A and B respectively and each incorporated herein by this reference ("Property"). The Property was acquired by the former RDA using 2006 Series A Taxable Housing Bonds. The Authority now owns fee title to the Property;

E. The Authority procured proposals through a Request for Proposals ("RFP") and selected Abode as the successful proposer and collaborative developer partner, due to, among other things, Abodes extensive experience in the development of affordable housing, sustained history of leveraging multiple funding sources, excellent references, and distinguished property management team;

F. Abode is a California nonprofit public benefit corporation engaged in building safe and affordable housing for low-income families;

G. Pursuant to the RFP, Authority desires to enter into two separate Ground Lease Agreements with Abode (or a limited partnership in which Abode or its affiliate acts as a general partner) (for each Phase (as defined below), the "Tenant") to convey a leasehold interest in the applicable portion of the Property to Tenant for the development and construction thereon, in two separate phases (each a "Phase"), of one hundred and fifty three (153) affordable rental housing units, in the aggregate, to be rented to and occupied by low income households, with a preference for farmworkers, a splash pad, BBQ area, play structure, pavilion, resident center, bike co-op, picnic area, van pool area and walking paths (collectively the "Project");

H. Abode has applied to Authority for a loan in the amount of \$450,000 to pay the costs of preparing engineering and architecture plans and specifications for the Project as set forth in the Predevelopment project Budget attached hereto as Exhibit C and incorporated herein by this reference ("Eligible Predevelopment Costs") and Authority has agreed to provide the predevelopment loan to Abode. The predevelopment loan funds shall be derived from the former RDA's 2006 Series A Taxable Housing Bonds.

I. The Authority desires to encourage and effectuate the development of the Property which will serve to preserve, protect, improve and increase the affordable housing stock and help eliminate blight within the County of Riverside;

J. Facilitating the development of the Property for affordable multi-family rental housing through the conveyance of a leasehold interest in the Property will also assist the County and the State of California in achieving its goals of assisting families of low-income, including low-income farmworkers and their families; and

K. The purpose of this Agreement is to establish the terms of a predevelopment loan and the procedures and standards for the negotiation by the Authority and Abode (hereinafter the "Parties") of a Disposition and Development Agreement with a Ground Lease (collectively, "DDA") or such other type of agreement as the parties may deem appropriate for the disposition of the leasehold interest and development of the proposed Project on the Property. This Agreement in itself does not grant Abode or any successor or affiliated entity the right to acquire the Property and/or develop the Project.

NOW, THEREFORE, Authority and Abode hereby mutually agree as follows:

I. Recitals

The aforementioned recitals are incorporated herein by this reference and made a part of this Agreement.

II. Negotiation

A. Good Faith Negotiations

The Parties agree for the Negotiation Period (defined below) to negotiate diligently and in good faith, pursuant to this Agreement, to prepare a DDA to be entered into between the Parties with respect to the conveyance of a leasehold interest in and development of the Property; provided, however, by entering into this Agreement, the Parties are not required to enter into a DDA. Authority agrees for the Negotiation Period, and the Extension Period (defined below) not to negotiate with any other person or entity to enter into any agreement regarding the acquisition, disposition or development of the Property. "Good faith negotiations" as used herein shall mean that the Parties shall use their best efforts to communicate frequently and follow reasonable negotiation procedures to develop a DDA mutually acceptable to the Parties.

Each of the Parties will bear its own costs and expenses, including, but not limited to, attorneys' fees, incurred or to be incurred in connection with negotiating and preparing this Agreement and the DDA and in carrying out the obligations under this Agreement ("Direct Costs").

Nothing in this Agreement shall be deemed a covenant, promise, or commitment by the Authority with respect to the disposition of a leasehold interest in the Property.

B. Period of Negotiations

The negotiation period shall commence on the Effective Date (defined below) and end January 31, 2020 ("Negotiation Period"), subject to extension. The Negotiation Period may be extended for an additional one-year period (the "Extension Period") by the written mutual agreement of the Parties. The Executive Director of the Authority, or designee, has the authority, in his discretion, to consent to an extension of the Negotiation Period on behalf of the Authority. In determining whether or not to consent to an extension of the Negotiation Period, the Executive Director may consider the following factors, (i) whether sufficient progress in accomplishing the tasks set forth in the Schedule of Performance, attached hereto as Exhibit D and incorporated herein by this reference, has occurred, and (ii) whether the Parties are continuing to work toward a mutually acceptable DDA.

If a DDA has not been executed by the Parties by the expiration of the Negotiation Period, including any Extension Period, then this Agreement shall terminate, and neither party shall have any further rights or obligations under this Agreement, except as otherwise set forth in this Agreement and as to the Predevelopment Loan which shall be governed by the Predevelopment Loan Documents, and the Authority shall be free to negotiate with any other persons or entities with regard to the Property. If a DDA is executed by the Parties, then, upon such execution, this Agreement shall terminate and all rights and obligations of the Parties shall be as set forth in the fully executed DDA, except as to the Predevelopment Loan which shall be governed by the Predevelopment Loan Documents.

The term "Effective Date" used herein shall mean that certain date this Agreement is executed by the Chairman of the Authority's Board of Commissioners.

Time is of the essence with respect to the performance of each of the covenants and agreements contained in this Agreement. While it is understood that all Parties will work in good faith, care will also be taken to ensure consistent and regular progress toward timely completion of the obligations set forth herein.

C. Abode Obligations During the Negotiation Period

Abode shall, within the Negotiation Period (including any mutually agreed upon Extension Period) satisfy the following obligations (unless otherwise waived in writing by the Authority's Executive Director or designee):

1. Investigate the projected costs of developing the Project, including the performance of all related on-site and off-site improvements for the Project;
2. Identify and develop a plan to obtain the necessary land use entitlements required for the Project and secure those land use entitlements required herein no later than the dates set forth in the Schedule of Performance attached hereto as Exhibit D;
3. Agree to participate and/or conduct community meetings as requested by the Authority in relation to the Project;
4. Identify sources of funding and submit funding applications after consultation with Authority staff within the time frames set forth in the attached Schedule of Performance. Evaluate and provide a comprehensive written description of the estimated competitive score and feasibility of all funding applications to be submitted in connection with financing the Project on a quarterly basis commencing upon the Effective Date;
5. Conduct necessary geotechnical, cultural, traffic and environmental studies and investigations for the development of the residential, service facility and commercial uses at the Property;
6. Contract and pay for the Authority consultant services set forth in Sections II. D. 2 and II. D. 5 below;
7. Initiate and submit to the appropriate Governmental Authorities all applications for necessary entitlements (i.e., General Plan amendments, zone changes, parcel maps etc.) required for the development and construction of the Project as contemplated herein within the Negotiation Period. The requirements set forth in this subsection 7. include performing any necessary studies and or plans required for the entitlement process;
8. Prepare and submit to Authority for its review the following pursuant to the Schedule of Performance attached hereto as Exhibit D:
 - a. Preliminary and final engineering plans and specifications, site plan and architectural/design concept for the proposed development of the Project, showing building layout and dimensions, parking, amenities, landscaping and access;

- b. A schedule of the development of all structures and improvements proposed for the Project and an estimate of development costs including hard and soft costs;
 - c. A detailed financial plan for the Project containing matters typically contained in such analysis, including, without limitation, a detailed pro forma, development cost budget and sources of equity and debt capital securing construction and long term financing. The estimates and project date shall be in sufficient detail to permit adequate financial analysis by the Authority;
 - d. Copies of all completed reports, studies, analyses, and similar documents, but excluding confidential or proprietary information, prepared or commissioned by Abode with respect to this Agreement and the Project, promptly upon their completion; and
 - e. Abode shall submit to the Authority a written report of the progress of the predevelopment activities when and as reasonably requested by Authority. The report shall be in such form and detail as may be reasonably required by Authority, except where delays are due to causes beyond the control and without the fault Abode (an "Enforced Delay") including: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; or acts or failure to act of any Governmental Agency; the imposition of any applicable moratorium by a Governmental Agency, provided Abode provides Authority with written notice of such Enforced Delay no later than 3 days after commencement of such enforced Delay event occurring .
9. Abode shall perform all acts required of it in this Agreement within the times provided in the Schedule of Performance attached hereto as Exhibit D.

D. Authority's Obligations

Authority shall, within the Negotiation Period (and mutually agreed upon Extension Period) satisfy the following obligations:

1. Negotiate exclusively through its staff with Abode for the disposition and development of the leasehold estate in the Property and development of the Project.
2. Determine and process any California Environmental Quality Act ("CEQA") documentation, at Abode's expense, including the fees and expenses of any consultants to Authority employed in connection with the preparation of said CEQA documentation required in connection with the proposed sale of the Property to Abode and Authority's approval of a DDA or similar agreement;

3. Review site plans and, without cost to Authority, use best efforts to assist Abode with securing Project Entitlements (as hereinafter defined), which may be required by the County of Riverside or any other Governmental Authorities (as defined in Section III.A. 4. below);
4. Review Abode's lease and development proposal;
5. Prepare a summary report, at Abode's expense, in accordance with Section 33433 of the Health and Safety Code, including the fees and expenses of any consultants to Authority employed in connection with the preparation of said summary report; and
6. Arrange for and obtain, at Authority's expense, publication of notices of the public hearing for consideration of the Section 33433 Report.

III. Proposed Development

A. Development Concept and Essential Terms and Conditions

The proposed development to be negotiated hereunder shall include the development and construction of the Project on the Property in two separate phases as follows, (i) phase one shall include the construction and development of 85 affordable units consisting of 42 two-bedroom units and 43 three-bedroom units with a farmworker housing preference (one unit will be set-aside for an on-site manager), a 15,150 square foot outdoor plaza that will consist of a 1,230 square foot resident center, a 1,143 square foot pavilion and 1,127 square feet of covered space for resident-led events, and related infrastructure such as public improvements and other utilities, and (ii) phase two shall consist of the development and construction of a total of sixty eight (68) affordable rental housing units, with a preference for farmworkers (one unit will be set-aside for an on-site manager), for a total upon Project completion of one hundred and fifty three (153) affordable rental housing units, (collectively defined herein as the Project). At a minimum, each unit shall be rented to and occupied by qualified low income households.

The essential terms and conditions of any such DDA entered into with Abode shall be in conformance with the following requirements:

1. Each Tenant shall acquire from Authority a leasehold interest in the portion of the Property related to the applicable phase in accordance with the Schedule of Performance negotiated as part of the DDA; and satisfaction of certain conditions precedent to be negotiated as part of the DDA. The conveyance of the leasehold interests will occur after Abode has satisfactory evidence of committed financing for the development of the Property as contemplated by the DDA;
2. Abode shall design and construct the Project on the Property, at its own cost and expense, in accordance with a Schedule of Performance to be negotiated as part of the DDA and in accordance with the scope of development and plans and specifications prepared by Abode and approved in writing by Authority;

3. Abode shall design and construct, if applicable, all on-site infrastructure improvements in connection with the Project on the Property and develop a plan for financing the cost of infrastructure improvements;
4. Abode shall secure at its own cost and expense, as required, in accordance with the Schedule of Performance to be negotiated as part of the DDA, an amendment to the General Plan for the City of Coachella ("City"), as the case may be, a change of zone for the Property, the request of a density bonus and any and all entitlements (other than grading or building permits or approvals which are simply ministerial and nondiscretionary in nature) (the "Entitlements"), which may be required by the City, County or any other governmental agency with jurisdiction over the construction and development of the Project (the "Governmental Authorities") to allow development of the Project;
5. Abode shall be responsible for marketing the Project;
6. Other terms and conditions applicable to the DDA are as follows:
 - a. It is understood by Abode that design and architectural approval by Authority will be required for the Project and that sketches, plans, working drawings, specifications and similar documents will be required to be submitted for written approval pursuant to the terms and provisions in the DDA.
 - b. It is understood that in developing the Property, Abode will coordinate with the Authority the design and architectural theme of the Project to be compatible with other developments in the area.
7. At least forty-nine (49%) percent of the housing units developed and operated as part of the Project shall be rented to and occupied by low income households earning 80 percent or less of the area median income, as determined by the California Department of Housing and Community Development, adjusted for household size appropriate for the unit. The final affordability, maximum income and lease rate requirements will be established in the DDA and shall conform to the CRL, including, but not limited to the requirements set forth in Health and Safety Code Sections 34176 and 34176.1.
8. Repayment of the Predevelopment Loan concurrently with the closing for the third-party construction loan for the project.

B. Abode's Findings, Determinations, Studies, and Reports

From time-to-time, as reasonably requested by Authority, Abode shall provide oral Project status, and on the 15th of every other month Abode shall provide written progress reports, advising Authority on all matters related to the development, including financial feasibility analyses, construction cost estimates, marketing studies, and similar due diligence matters. Should negotiations not result in a DDA between Authority and Abode, Authority may use the information provided by Abode (excluding any privileged or exempt documents pursuant to the California

Public Records Act (Ca. Government Code Section 6250 et seq.)) in any way deemed by Authority to be of benefit to Authority. All costs incurred by Abode in the preparation and presentation of such findings, determinations, studies, reports or other requests by the Authority under this Agreement shall be at the sole expense of Abode.

IV. Purchase Price and/or Other Consideration

The purchase price for a leasehold interest in the Property to be paid to the Authority by Abode will be established in the DDA.

V. Environmental Requirements

Certain State and local environmental requirements under California Environmental Quality Act ("CEQA") may be applicable to the proposed Project. Authority's Board of Commissioners will consider the DDA upon submission of Authority's successful negotiations with Abode on the terms and conditions of DDA. Authority will act as the "lead agency" under CEQA. Accordingly, Abode agrees to supply information and otherwise cooperate with Authority, as requested by Authority to determine the environmental impact of the proposed Project, and to allow Authority to prepare such environmental documents as Authority may determine to be necessary pursuant to CEQA and Authority's guidelines and procedures.

Abode shall indemnify and hold harmless the Authority and the County of Riverside, their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as "Indemnitees") from any liability whatsoever, based or asserted upon any CEQA challenge related to the Project, except to the extent such liability is caused by the gross negligence or willful misconduct of any Indemnitees; provided, however any gross negligence or willful misconduct by an Indemnitee shall only affect Abode's duty to indemnify for the specific act found to be gross negligence or willful misconduct, and will not preclude a duty to indemnify for any and all other acts or omissions of Abode. Abode shall pay, at its sole expense, all costs and fees including, but not limited, to attorneys' fees, cost of investigation, defense and settlements or awards, of the Indemnitees in any claim or action based upon such alleged acts or omissions.

Nothing contained in this Agreement shall constitute a waiver, amendment, promise or agreement by the Authority or the County of Riverside ("County") (or any of its departments or boards) as to the granting of any approval, permit, consent or other entitlement in the exercise of the Authority's or County's regulatory capacity or function, including, but not limited to any approvals required under CEQA. Abode acknowledges and agrees that since this Agreement relates only to a predevelopment loan and an agreement to negotiate, with no development or construction requirement, any future development of the Property will be subject to separate CEQA environmental review prior to taking any choice limiting action or discretionary action.

VI. Authority Predevelopment Loan

A. Predevelopment Loan Amount; Terms and Security. In accordance with and subject to the terms and conditions of this Agreement, Authority hereby agrees to loan to Abode and Abode hereby agrees to borrow from Authority a predevelopment loan derived from available housing bond proceeds in the maximum total amount of FOUR HUNDRED AND FIFTY THOUSAND DOLLARS (\$450,000) ("Predevelopment Loan"). The Predevelopment Loan shall be used exclusively to pay Eligible Predevelopment Costs set forth in the Predevelopment Project Budget attached hereto as Exhibit C.

The Predevelopment Loan shall be evidenced by and subject to the terms and conditions of a full recourse Predevelopment Promissory Note attached hereto as Exhibit D and incorporated herein by this reference ("Predevelopment Loan Note"), and shall be secured by an Assignment of Agreements, Plans, Specifications and Entitlements attached hereto as Exhibit F and incorporated herein by this reference ("Assignment of Agreements"). The Predevelopment Loan Note and Assignment of Agreements are collectively referred to herein as the "Predevelopment Loan Documents."

This Agreement, together with the Predevelopment Loan Note and the Assignment of Agreements, sets forth the requirements of the Predevelopment Loan.

The Predevelopment Loan shall be a 3% interest, deferred payment loan. All outstanding principal and accrued interest owing under the Predevelopment Loan shall become due and payable upon the earlier to occur of the termination of this Agreement by the Authority due to a default by Abode in accordance with the terms hereof, or in the event that a DDA is not entered into by the Parties, even in the absence of a default by Abode, or in the event the parties enter into a DDA in which case, concurrently with the occurrence of the closing for the third-party construction loan for the Project, all accrued interest owing under the Predevelopment Loan Note shall be due and payable in full to the Authority and Abode shall deliver to Authority a new promissory note in favor of Authority evidencing the outstanding principal balance due under the Predevelopment Loan Note, which new promissory note shall be secured by, among things, a Deed of Trust for the benefit of Authority, secured against real property owned by Borrower .

As to the Predevelopment Loan only, in the event of a conflict between the terms of this Agreement and the Predevelopment Loan Documents, the terms of the Predevelopment Loan Documents shall prevail.

B. Repayment of Predevelopment Loan.

In the event the parties successfully negotiate and execute a DDA approved by the Authority's Board of Commissioners, all accrued interest owing under the Predevelopment Loan Note shall become due and payable concurrently with the closing of the third-party construction loan for the Project and the unpaid principal of the Predevelopment Loan shall be evidenced by a new promissory promissory note in favor of Authority, which note shall be secured by a deed of trust, as discussed in Section VI. A. above and as provided in the Predevelopment Loan Note. In the event the parties are unable to negotiate and execute a DDA and this Agreement is terminated or expires, all outstanding principal balance and accrued interest owing under the Authority

Predevelopment Loan shall be immediately due and payable by Abode to the Authority in accordance with the Authority Predevelopment Note (Exhibit E).

C. Conditions Precedent to Disbursement of the Authority Predevelopment Loan Proceeds.

Upon Abode's satisfaction of the conditions precedent set forth below, as reasonably determined by the Authority Executive Director or designee (unless otherwise waived in writing by the Authority's Executive Director or designee), Authority shall disburse the Predevelopment Loan proceeds to reimburse Abode for Eligible Predevelopment Costs:

1. Deliver to Authority proof of insurance as required in Section XIX of this Agreement;
2. Execution and delivery of the Predevelopment Loan Note substantially conforming in form and substance to Exhibit E attached hereto;
3. Execution and delivery of the Assignment of Agreements substantially conforming in form and substance to the attached Exhibit F. The attached Consent to Assignment shall also be executed by Abode's architect;
4. Prior to each disbursement of the Predevelopment Loan proceeds Abode shall have submitted to Authority invoices, receipts and copies of checks or other written documentation satisfactory to the Authority Executive Director, or designee, evidencing Abode's payment of Eligible Predevelopment Costs as identified in the Predevelopment Project Budget attached hereto as Exhibit C;
5. There shall exist no condition, event or act which, upon the giving of notice or the passage of time, or both, would constitute an event of default hereunder or under any of the Predevelopment Loan Documents; and
6. All representations and warranties of Abode made in this Agreement, including all exhibits, and the Predevelopment Loan Documents, shall be true and correct as if made on and as of the date of the disbursement.

D. Disbursement Request for Predevelopment Loan Proceeds. Provided the conditions precedent to the disbursement of the Predevelopment Loan set forth in Section VI. C. above remain satisfied, the Predevelopment Loan shall be disbursed to Abode, in amounts as necessary and approved by Authority, based upon requests for disbursement submitted by Abode in a form approved by Authority and accompanied by invoices, receipts and copies of checks or other written documentation satisfactory to the Authority Executive Director, or designee, evidencing Abode's payment of Eligible Predevelopment Costs as identified in the Predevelopment Project Budget attached hereto as Exhibit C. Abode shall not request disbursement of Predevelopment Loan proceeds until the proceeds are needed for payment of Eligible Predevelopment Costs. Predevelopment Loan proceeds shall be disbursed to pay costs incurred for approved line items as itemized in the approved Predevelopment Project Budget. The amount to be disbursed for each line item of the Predevelopment Project Budget shall not exceed the specified amount without the prior written approval of Authority in its discretion.

Authority shall disburse Predevelopment Loan proceeds on a reimbursable basis subject to the satisfaction of the conditions precedent set forth in Section VI. C. above.

VII. Assignment

Abode shall not assign all or any part of the Predevelopment Loan Documents and this Agreement without the prior written approval of Authority, except to a limited partnership, limited liability company or other entity formed for financing the Project, in which Abode (or a single member limited liability company wholly owned by Abode) is a co-general partner (if a limited partnership) or a managing member (if a limited liability company); provided, however, any of the aforementioned transfers shall be subject to the approval of documentation by the Executive Director or designee. Authority, in its reasonable discretion, may approve an assignment to any other entity if, in the reasonable determination of Authority, the proposed assignee is comparable in all material respects (including experience, character and financial capability) to Abode. Any such change (or assignment of this Agreement in connection therewith) shall be by instruments approved in writing as to form and content by the Authority's Executive Director, or designee, and County Counsel, and if Authority approval is required pursuant to this Section VII, subject to the approval by Authority's Board of Commissioners of evidence of the proposed assignee's qualifications to meet the obligations of Abode under this Agreement. Abode shall promptly notify Authority in writing of any and all changes whatsoever in the identity of the parties in control of Abode or the degree thereof, of which it or any of its officers have been notified or otherwise have knowledge or information.

VIII. Condition of Site

Abode will assume the full and complete responsibility to make all investigations of surface and subsurface conditions as may be necessary or appropriate and to evaluate the suitability of the Property for the proposed Project. Neither Authority nor the County shall make any representations or warranties concerning the Property, its suitability for the use intended by Abode, or the surface or subsurface conditions of the Property.

Upon successful negotiation and approval of the DDA, a leasehold interest in the Property shall be conveyed to Abode "AS IS", meaning that Abode will be accepting a leasehold interest to the Property in its present condition, including, but not limited to, the physical condition of the Property and all laws, rules and regulations, whether federal, state or local, having or potentially having any impact on possession, ownership, use, subdivision, improvement or other aspects of the Property. If a DDA is executed and approved by Authority, Abode shall be responsible, at its own sole cost and expense, for improvements on the Property in connection with the construction of the Project, and will do all things necessary to prepare the Property for the construction and development of the Project in accordance with the Entitlements therefore.

IX. Right of Entry

Authority hereby grants to Abode and its employees, agents and contractors (herein referred to collectively as "Abode Designees") the nonexclusive right to enter upon the Property at any time during the Negotiation Period to perform a survey and certain work, consisting of

geotechnical investigation, soil testing, a Phase I Environmental Assessment prepared in compliance with the most recent published American Society for Testing and Materials Phase I Environmental Property Assessment Standard, a Phase II Environmental Investigation and Report, if required, and other due diligence related activities (collectively, "Work"), and for no other purposes without the prior written approval of Authority's Executive Director.

Prior to each entry onto the Property, Abode shall provide 48- hours advance written notice to Authority to arrange for access. Email communications shall constitute valid written notice provided such notice is (i) submitted 48-hours in advance, (ii) sent to Stephanie Adams at sjadams@rivco.org, and (iii) delivery of such email notice is confirmed with a documented reply and confirmation from Stephanie Adams at sjadams@rivco.org.

Prior to any entry onto the Property for the taking of environmental samples or testing, Abode shall provide Authority with a work plan for on-site activity, including but not limited to a copy of its sampling and testing procedures. Such work plan shall be provided not less than three (3) business days in advance of any environmental testing or sampling activity contemplated under this Agreement.

Abode shall provide to Authority, without any representation or warranty, a copy of all results generated by the sampling and testing performed pursuant to this Agreement. Abode acknowledges and agrees for itself and on the behalf of Abode Designees as follows:

- A. Abode will not permit any dangerous condition to be created on the Property as a result of the activities of Abode or Abode Designees;
- B. That all acts and things done by Abode on the Property will be done in a careful and reasonable manner, in accordance with all federal, state and local laws;
- C. Abode will enter the Property entirely at its own cost, risk and expense;
- D. That prior to Abode's entry upon the Property and during the term of this Agreement, Abode shall require each and all of Abode's contractors/consultants responsible for the Work under this Agreement with whom Abode enters into a written contract for such Work to maintain, in full force and effect, the insurance coverages set forth in Section XIX of this Agreement. Not less than three (3) business days prior to entry on the Property, Abode shall cause Abode's contractors/consultants with whom Abode enters into a written contract for such Work to provide certificates evidencing such coverage and naming Authority as additionally insured, as its interests may appear, pursuant to Section XIX of this Agreement;
- E. Abode shall not suffer or permit to be enforced against the Property, or any part thereof, any mechanics', material men's, contractors' or subcontractors' liens or any claim for damage arising from any Work performed by Abode or Abode's designee's use of and activities upon the Property pursuant to this Agreement. Abode shall pay, or cause to be paid, all said liens, claims or demands before any action is brought to enforce the same against the Property.

- F. Abode shall not have any interest in the Property or be entitled to any reimbursement or repayment for any Work performed upon the Property pursuant to this Agreement;
- G. Abode shall take all necessary precautions to prevent the import and/or release into the environment of any hazardous materials which are imported to, in, on or under the Property during the performance of the Work. If hazardous materials are imported onto the Property as a result of the performance of the Work, Abode shall be solely responsible for removing such imported hazardous materials in conformance with all governmental requirements. Abode shall report to Authority, as soon as possible after each incident, any incidents with respect to the environmental condition of the Property; and
- H. Abode shall obtain and maintain all governmental permits and approvals required for the Work conducted under this Agreement and shall comply with all statutes, ordinances, rules, regulations, orders and requirements now in effect or that become effective during the term of this Agreement applicable to its sampling and other activities pursuant to the access granted by this Agreement.
- I. The term "hazardous materials" used herein shall include, but not be limited to, oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, including the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Sections 9601 et seq. ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. Sections 6901, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. Section 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. Section 1251 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. Section 651; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Section 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. Section 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. Section 300f et seq.; and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code, or "hazardous materials" as defined in Section 353 of the California Vehicle Code; waste that exhibits the characteristics set forth in Section 25141 (b) of the California Health and Safety Code; and in the regulations adopted and orders and publications promulgated pursuant to said laws.

X. Indemnity

Abode shall indemnify and hold harmless the Authority and the County of Riverside, their respective Agencies, Districts, Special Districts and Departments, their respective directors, officer's, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as "Indemnitees") from any liability whatsoever, based or asserted upon any services of Abode, its officers, employees, subcontractors, consultants, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Abode, its officers, agents, employees, subcontractors, agents or representatives under this Agreement. Abode shall pay, at its sole expense, all costs and fees including, but not limited, to attorneys' fees, cost of investigation, defense and settlements or awards, of the Indemnitees in any claim or action based upon such alleged acts or omissions. Abode shall not be liable to an Indemnitee for any claim to the extent that such claim is caused by the gross negligence or willful misconduct of an Indemnitee; provided, however, any gross negligence or willful misconduct by an Indemnitee shall only affect Abode's duty to indemnify for the specific act found to be gross negligence or willful misconduct, and will not preclude a duty to indemnify for any and all other acts or omissions of Abode.

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

Abode's obligation hereunder shall be satisfied when Abode has provided to Authority the appropriate form of dismissal relieving Authority and/or the Indemnitees from any liability for the action or claim involved.

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

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

The indemnification and hold harmless obligations set forth in this section shall survive the expiration and termination of this Agreement.

XI. Default and Remedies

(a) Failure by either party to negotiate in good faith as provided in this Agreement or a default under the Predevelopment Loan Documents shall constitute an event of default under this Agreement. The non-defaulting party shall give written notice of a default to the defaulting party, specifying the nature of the default and the required action to cure the default. If a default remains uncured thirty (30) days after receipt by the defaulting party of such notice, the non-defaulting Party may exercise the remedies set forth in subsection (b) below, except in the event of a default

under the Predevelopment Loan Documents in which case the notice, cure and default provisions set forth therein shall apply.

(b) Remedies.

(1) Authority Default. In the event of an uncured default by Authority under this Agreement, Abode shall be entitled to terminate this Agreement in which case following such termination, neither party shall have any further right, remedy or obligation under this Agreement, except as to those obligations which specifically survive termination and expiration of this Agreement, and except as otherwise provided in the Predevelopment Loan Documents.

(2) Abode Default. In the event of an uncured default by Abode under this Agreement, Authority shall be entitled to terminate this Agreement. Following such termination, neither party shall have any right, remedy or obligation under this Agreement, except for those obligations which by their terms survive termination and expiration of this Agreement and except for the terms and provisions set forth in the Predevelopment Loan Documents. Abode and the Authority hereby waive the right to specific performance as a remedy under this Agreement.

(c) Waiver of Default.

Except as otherwise expressly provided in this Agreement, any failure or delay by either Party in asserting any of its rights or remedies as to any default shall not operate as a waiver of said default or of any rights or remedies in connection therewith or of any subsequent default or any rights or remedies in connection therewith, or deprive such Party 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.

XII. Abode Employees and Liabilities

It is understood that persons engaged or employed by Abode as employees, agents, or independent contractors shall be engaged or employed by Abode and not by Authority or County. Abode alone is responsible for their work, direction, compensation and personal conduct. Nothing included in any provision of this Agreement shall impose any liability or duty upon Authority or County to persons, firms, or corporations employed or engaged by Abode in any capacity whatsoever, or make Authority or County liable to any such persons, firms, or corporations, or to any government, for the acts, omissions, liabilities, obligations, and taxes, of whatsoever nature, of Abode or of its employees, agents, or independent contractors.

XIII. Abode's Obligation to Refrain from Discrimination; Abode's Obligation Toward Equal Opportunity

Abode covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that there shall be no discrimination against or segregation of any person, or group of persons, on account of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, disability, medical condition, or marital status, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Abode itself or any person claiming under or through it, establish or permit such practice or practices of

discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases, or vendors of the Property.

Abode will not discriminate against any employees or applicants for employment because of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, disability, medical condition, or marital status.

XIV. Nonliability of Officials, Officers, Members, and Employees

No member, official, officer, or employee of the Authority or the County shall be personally liable to Abode, or any successor in interest, in the event of any default or breach by the Authority or for any amount which may become due to Abode or to his successor, or on any obligations under the term of this Agreement.

XV. Waivers; Amendments

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Party to be charged, and all amendments and modifications hereto must be in writing and signed by the appropriate authorities of the Authority and Abode.

XVI. Actions By Authority

The Executive Director of Authority or designee(s) are authorized to take such ministerial actions as may be necessary or appropriate to implement the terms, provisions, and conditions of this Agreement as it may be amended from time to time by Authority.

XVII. Real Estate Commissions

Authority shall not be liable for any real estate commissions or brokerage fees which may arise here from. Authority and Abode each represents that it has engaged no broker, agent or finder in connection with this transaction, and Abode agrees to hold the Authority harmless from any claim by any broker, agent or finder which it has retained.

XVIII. Acknowledgments and Reservations

If the negotiations hereunder culminate into a DDA, such DDA will become effective only after and if it has been considered and approved by Authority's Board of Commissioners and the County Board of Supervisors, as required by law.

a. Not Binding

The Parties acknowledge and agree that this Agreement is for the sole purpose of issuing a predevelopment loan and stating the intention of the Parties to negotiate a DDA. The Parties have not reached agreement on the matters to be set forth in the DDA, and do not intend to be bound to

the disposition and development of the Property until such time as a final written DDA is executed by both Parties.

The Authority's acknowledgment of this Agreement is merely an agreement to enter into a period of negotiations according to the concepts presented herein, reserving final discretion and approval by the Authority's Board of Commissioners, or any other agencies of the County as to any actions required of them, if any.

b. No Further Obligations

The Authority and Abode agree that neither the Authority nor Abode shall be under any further obligation to each other regarding the disposition of the Property or the development of the proposed project on the Property if this Agreement expires, is terminated for any reason, or a DDA is not executed by both the Authority and Abode.

c. No Agreement

Abode acknowledges and agrees that no provision of this Agreement shall be deemed to be an offer by the Authority, nor an acceptance by the Authority of any offer or proposal from Abode, for the Authority to convey to Abode any interest in all or a portion of the Property or in or to the Property, or for the Authority to provide any financial or other assistance to Abode for development of the Property.

d. No Acquisition

Abode acknowledges and agrees that it has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in the Property or any other real or personal property of the Authority.

e. Limitations of this Agreement

Nothing contained in this Agreement shall constitute a waiver, amendment, promise or agreement by the Authority or County (or any of its departments or boards) as to the granting of any approval, permit, consent or other entitlement in the exercise of the Authority or County's regulatory capacity or function. The final form of any proposed DDA to be negotiated may contain matters not contemplated by this Agreement, including, but not limited to, matters necessary to accommodate compliance with law, including without limitation CEQA.

XIX. Insurance

Without limiting or diminishing the Abode's obligation to indemnify or hold the Indemnitees harmless, Abode shall procure and maintain or cause to be maintained, at its sole cost and expense, the insurance coverages set forth below during the term of this Agreement, including any extension thereto.

As respects to the insurance section only, the Authority herein refers to the Authority, the County of Riverside, their respective Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

A. Workers' Compensation:

If Abode has employees as defined by the State of California, Abode shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The Authority.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of Abode's performance of its obligations hereunder. Policy shall name the Authority as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

C. Vehicle Liability:

If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then Abode shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Authority as Additional Insureds.

D. Professional Liability

Abode shall maintain Professional Liability Insurance providing coverage for Abode's performance of work included within this Agreement, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate. If Abode's Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement, including any extensions, and Abode shall purchase at his sole expense either 1) an Extended Reporting Endorsement (also, known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or 3) demonstrate through Certificates of Insurance that Abode has maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2), or 3) will continue as long as the law allows.

If Abode maintains broader coverage and/or higher limits than the minimums shown above, the Authority requires and shall be entitled to the broader coverage and/or higher limits maintained by Abode. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the Authority.

E. General Insurance Provisions - All lines:

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

2) Abode must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceed

\$500,000 per occurrence each such retention shall have the prior written consent of the Authority Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the Authority, and at the election of the Authority's Risk Manager, Abode's carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the Authority, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) Abode shall cause Abode's insurance carrier(s) to furnish the Authority with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the Authority's Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. *Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that a minimum of thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. If Abode's insurance carrier(s) policies does not meet the minimum notice requirement found herein, Abode shall cause Abode's insurance carrier(s) to furnish a 30 day Notice of Cancellation Endorsement.*

4) In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the Authority receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Abode shall not commence operations until the Authority has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

6) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the Authority reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the Authority Risk Management's reasonable judgment, the amount or type of insurance carried by the Abode has become inadequate.

7) Abode shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

8) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the Authority.

9) Abode agrees to notify Authority of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

XX. Authority to Execute

The persons executing this Agreement or exhibits attached hereto on behalf of the Parties to this Agreement hereby warrant and represent that they have the authority to execute this Agreement and warrant and represent that they have the authority to bind the respective Parties to this Agreement to the performance of its obligations hereunder.

XXI. Notices

Formal notices, demands and communications between the Parties shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested, or sent by express delivery or overnight courier service, to the office of the Parties shown as follows, or such other addresses as the Parties may designate in writing from time to time:

Authority: Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Deputy Executive Director

Abode: Abode Communities
1149 S. Hill Street, Suite 700
Los Angeles, CA 90015
Attention: Chief Executive Officer

With copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West 5th Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens

Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered or the date on which delivery was refused.

XXII. Entire Agreement

This Agreement constitutes the entire agreement of the Parties regarding the subject matter of this Agreement and supersedes all negotiations or previous agreements between the Parties with respect to all or any part of the Property.

XXIII. Conflict of Interest

No member, official, or employee of the Authority shall have any personal interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested.

XXIV. No Third Party Beneficiaries.

The parties to this Agreement acknowledge and agree that the provisions of this Agreement are for the sole benefit of the Authority and Abode, and not for the benefit, directly or indirectly, of any other person or entity, except as otherwise expressly provided herein. The Parties acknowledge and agree that the County of Riverside is an intended third party beneficiary of this Agreement.

XXV. Not Construed Against Drafter

Authority and Abode acknowledge that they have read this Agreement, have had the opportunity to review it with an attorney of their respective choice, and have agreed to all its terms. Under these circumstances, Authority and Abode agree that the rule of construction that a contract be construed against the drafter shall not be applied in interpreting this Agreement and that in the event of any ambiguity in any of the terms or conditions of this Agreement, including any exhibits or schedules hereto and whether or not placed of record, such ambiguity shall not be construed for or against any party hereto on the basis that such party did or did not author same.

XXVI. Further Assurances.

Each of the Parties hereto shall execute and deliver any and all additional papers, documents and other assurances, and shall do any and all necessary acts and things in connection with the performance of their obligations hereunder and to carry out the intent and agreements of the parties.

XXVII. Administration/Agreement Liaison.

The Authority's Executive Director, or designee, shall implement and administer this Agreement on behalf of Authority.

XXVIII. Severability

In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby.

XXIX. Jurisdiction and Venue

Any action at law or in equity arising under this Agreement 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 consolidated 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. In the event that either Party to this Agreement brings an action to enforce the terms of this Agreement or declare the Party's rights under this Agreement, each Party shall bear its own costs and expense, including attorneys' fees, regardless of prevailing Party.

XXX. Interpretation and Governing Law

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

XXXI. Counterparts

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

[Remainder of Page Intentionally Blank]

Exhibits

Exhibit A-	Legal Description
Exhibit B-	Site Map
Exhibit C-	Predevelopment Project Budget
Exhibit D-	Schedule of Performance
Exhibit E-	Predevelopment Loan Promissory Note
Exhibit F-	Assignment of Agreements, Plans, Specifications and Entitlements

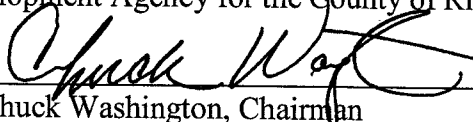
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[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the dates set forth below.

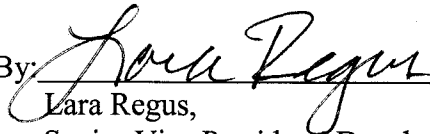
AUTHORITY:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the County of Riverside

By: 
Chuck Washington, Chairman
Board of Commissioners

Abode:

Abode Communities,
a California nonprofit public benefit corporation

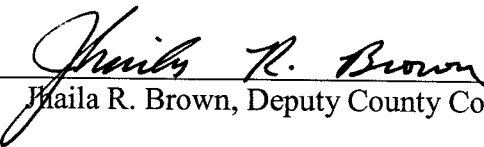
By: 
Lara Regus,
Senior Vice President, Development

Date: Mar 01 2018

Date: 4/9/18

APPROVED AS TO FORM:

GREGORY PRIAMOS
COUNTY COUNSEL

By: 
Naila R. Brown, Deputy County Counsel

ATTEST:

KECIA HARPER-IHEM
Clerk of the Board

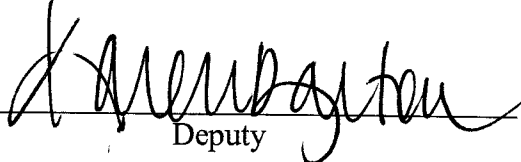
By: 
Deputy

EXHIBIT A
LEGAL DESCRIPTION

**ATTACHMENT A
LEGAL DESCRIPTION**

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

THE NORTH HALF OF LOT 8 OF THE COACHELLA LAND AND WATER CO'S, SUBDIVISION OF SECTION 7 IN TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO MERIDIAN, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON

FILE IN BOOK 4 PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, LYING WESTERLY OF THE FOLLOWING DESCRIBED LINE:

BEGINNING AT THE NORTHEAST CORNER OF LOT "G" (CALLE ZAMORA) SHOWN BY MAP OF RUIZ

SUBDIVISION, RECORDED IN BOOK 20 PAGE 56 OF NAPS, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 89° 59' 00" WEST, 981.44 FEET ON THE CENTER LINE OF SAID CALLE ZAMORA, FOR THE TRUE POINT OF BEGINNING;

THENCE NORTH 00° 01' 00" EAST 130.00 FEET;

THENCE NORTH 89° 59' 00" WEST 30.00 FEET TO THE BEGINNING OF A NON-TANGENT CURVE

CONCAVE WESTERLY, OF 473.88 FEET RADIUS, A RADIAL TO SAID BEGINNING BEARS SOUTH

89° 59' 00" EAST;

THENCE NORTHERLY 53.38 FEET ON SAID CURVE, THROUGH A CENTRAL ANGLE OF 6° 23' 11";

THENCE NORTH 6° 22' 11" WEST, 368.51 FEET TO THE BEGINNING OF A CURVE, CONCAVE

EASTERLY OF 538.88 FEET RADIUS;

THENCE NORTHERLY 60.07 FEET ON LAST SAID CURVE THROUGH A CENTRAL ANGLE OF 6° 23'

11" TO THE BEGINNING OF A REVERSE CURVE OF 20.00 FEET RADIUS;

THENCE NORTHERLY AND WESTERLY 31.42 FEET ON SAID REVERSED CURVE, THROUGH A

CENTRAL ANGLE OF 90° 00' 00";

THENCE NORTH 0° 01' 00" EAST, 30.00 FEET TO THE NORTH LINE OF SAID LOT 8.

EXCEPT THAT PORTION, IF ANY, NOT INCLUDED WITHIN THE EXTERIOR BOUNDARY LINES OF

THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SAID SECTION, ACCORDING TO THE

OFFICIAL PLAT THEREOF.

ALSO EXCEPTING THAT PORTION DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF THE NORTHEAST QUARTER OF SAID SECTION;

**ATTACHMENT A
LEGAL DESCRIPTION (cont.)**

**All that Certain real property, located in the City of Coachella, County of Riverside,
described as follows:**

THENCE NORTH 0° 33' 30" EAST ON THE EAST LINE OF SAID SECTION, 660.03 FEET TO
THE
EASTERLY EXTENSION OF THE CENTER LINE OF CALLE ZAMORA AS SHOWN ON THE
MAP OF
RUIZ SUBDIVISION ON FILE IN BOOK 20 PAGE 56 OF MAPS, OF CALLE ZAMORA, 981.44
FEET TO THE INTERSECTION WITH THE CENTER LINE OF CALLE TECHA AS SHOWN ON
SAID
MAP, THE TRUE POINT OF BEGINNING;
THENCE NORTH ON THE CONTINUATION OF THE NORTHERLY EXTENSION OF THE
CENTER LINE
OF CALLE TECHA, 130 FEET;
THENCE WEST, PARALLEL WITH THE CENTER LINE OF CALLE ZAMORA, 180 FEET;
THENCE SOUTH PARALLEL WITH THE NORTHERLY EXTENSION OF THE CENTER LINE
OF CALLE
TECHA, 130 FEET TO THE CENTER LINE OF CALLE TECHA;
THENCE EAST ON THE CENTER LINE OF CALLE ZAMORA, 180 FEET TO THE TRUE POINT
OF
BEGINNING.

APN: 768-400-001-8

THE EASTERLY RECTANGULAR 330 FEET OF THE NORTH-HALF OF LOT 7 OF
COACHELLA LAND AND
WATER COMPANY'S SUBDIVISION OF SECTION 7, TOWNSHIP 6 SOUTH, RANGE 8 EAST,
SAN
BERNARDINO MERIDIAN IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER
MAP RECORDED IN BOOK 4 PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY
RECORDER OF SAID COUNTY.

EXCEPTING THEREFROM THE NORTHERLY 30 FEET FOR ROADWAY PURPOSES.

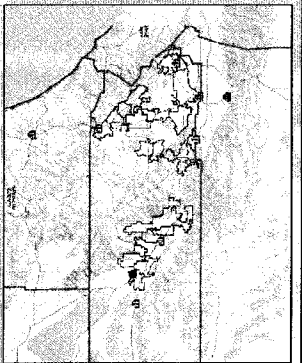
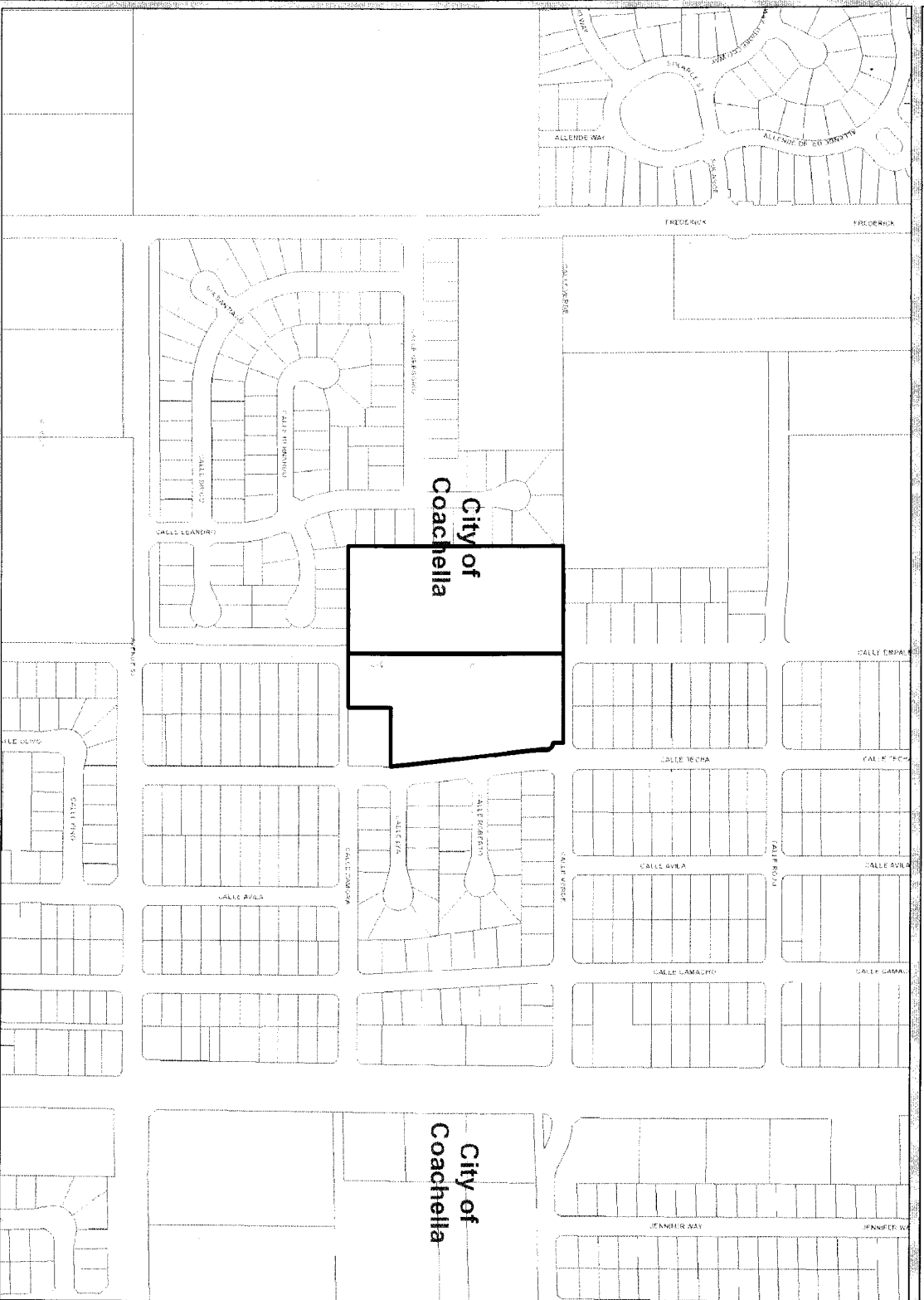
APN: 768-350-002-5

EXHIBIT B

SITE MAP

Map 1

My Map



Legend

- Display Parcels
- City Boundaries
- Cities
- roadsanno
- highways
- Hwy
- INTERCHANGE
- INTERSTATE
- OFFRAMP
- ONRAMP
- USHWY
- counties
- cities
- hydrography/lines
- waterbodies
- Lakes
- Rivers

Notes

IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.



0 566 1,133 Feet



REPORT PRINTED ON...4/18/2018 8:21:15 AM

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EXHIBIT C
PREDEVELOPMENT PROJECT BUDGET
(ELIGIBLE PREDEVELOPMENT COSTS)

Predevelopment Budget

Villa Verde - Phase I

Predevelopment Budget / Financing

USES	Total
ACQUISITION	
Land & Buildings	778,400
Title, Escrow & Recording	0
ARCHITECTURE & ENGINEERING	
Design	1,064,495
Reimbursables & Additional Services	21,250
Soils, Survey, Engineering	163,370
LEED/Sustainable Design	33,500
Other Design Consultants	0
Geotechnical Report	10,000
Other Engineering	
FINANCING COSTS	
Acq Loan Interest & Fees	0
Predev Loan I Interest & Fees	13,400
Predev Loan II Interest & Fees	60,000
Taxes	20,271
Insurance	30,000
Title, Escrow & Recording (predev & acq loans)	0
Lender Transaction Costs	11,050
REPORTS	
Appraisal	10,725
Market Study	10,000
Capital Needs Assessment	0
Other Reports	21,075
SOFT COSTS	
TCAC Fees	173,850
CDLAC Fees	0
Other Financing Fees	0
Environmental Audit	7,355
Permit Fees	1,286,937
Relocation	0
Entitlement/Community Outreach	100,000
Cost-estimating	15,000
Holding Costs	18,500

DEVELOPER COSTS	
Project Administration	3,750
Accounting	2,775
SYNDICATION COSTS	
Consultant - Syndication	25,000
Partnership formation & taxes	1,800
CONTINGENCY	86,803
TOTAL	\$3,969,305

Villa Verde - Phase II

Predevelopment Budget / Financing

USES	Total
ACQUISITION	
Land & Buildings	611,600
Title, Escrow & Recording	0
ARCHITECTURE & ENGINEERING	
Design	785,278
Reimbursables & Additional Services	21,250
Soils, Survey, Engineering	163,370
LEED/Sustainable Design	33,500
Other Design Consultants	0
Geotechnical Report	10,000
Other Engineering	
FINANCING COSTS	
Acq Loan Interest & Fees	0
Predev Loan I Interest & Fees	10,928
Predev Loan II Interest & Fees	60,000
Taxes	23,572
Insurance	30,000
Title, Escrow & Recording (predev & acq loans)	0
Lender Transaction Costs	10,450
REPORTS	
Appraisal	10,725
Market Study	10,000
Capital Needs Assessment	0
Other Reports	21,075

SOFT COSTS

TCAC Fees	133,500
CDLAC Fees	0
Other Financing Fees	0
Environmental Audit	7,355
Permit Fees	1,029,549
Relocation	0
Entitlement/Community Outreach	100,000
Cost-estimating	15,000
Holding Costs	24,500
DEVELOPER COSTS	
Project Administration	3,750
Accounting	3,675
SYNDICATION COSTS	
Consultant - Syndication	25,000
Partnership formation & taxes	1,800
CONTINGENCY	72,831
TOTAL	\$3,218,709

EXHIBIT D

SCHEDULE OF PERFORMANCE

- | | | |
|-----|---|---|
| 1. | Investigate the projected costs of developing the Project, including the performance of all related on-site and off-site improvements for the Project. | Upon approval of ENA and prior to completion of DDA with Ground Lease attached |
| 2. | Identify and develop a plan to obtain the necessary land use entitlements required for the Project. | Within six (6) months of ENA approval |
| 3. | Agree to participate and/or conduct community meetings as requested by the Authority in relation to the Project. | Ongoing, as needed |
| 4. | Identify sources of funding for Project and commence financing process for Phase I after consultation with Authority staff. Evaluate and provide a comprehensive written description of the estimated competitive score and feasibility of all funding applications to be submitted in connection with financing the Project on a quarterly basis commencing upon the effective date. | Quarterly report commencing upon ENA approval |
| 5. | Conduct necessary studies and investigations for the development of the residential, service facility and commercial uses at the Property such as geotechnical, cultural, traffic, and environmental. | Within six (6) months of ENA approval |
| 6. | Abode shall initiate and submit application for the necessary entitlements (General Plan Amendment / Change of Zone / Parcel Map) required for the Project within the negotiation period. The requirements set forth in Section II, subsection C.7. include performing any necessary studies and or plans required for the entitlement process. | Within eighteen (18) months of ENA approval. |
| 7. | A preliminary and final site plan and architectural/design concept for the proposed development of the Project, showing building layout and dimensions, parking, landscaping and access. | Preliminary site plan within twelve (12) months of ENA approval; Final site plan within 18 months of ENA approval |
| 8. | Prepare and submit to Authority for its review A schedule of the development of all structures and improvements proposed for the Project and an estimate of development costs including hard and soft costs. | Within ten (10) months of ENA approval |
| 9. | Prepare and submit to Authority for its review A detailed financial plan for the Project containing matters typically contained in such analysis, including, without limitation, a detailed pro forma, development cost budget and sources of equity and debt capital securing construction and long term financing. The estimates and project date shall be in sufficient detail to permit adequate financial analysis by the Authority. | Within twelve (12) months of ENA approval |
| 10. | Prepare and submit to Authority for its review <u>Copies of all completed reports, studies, analyses, and similar documents, but excluding</u> | Ongoing, as completed |

confidential or proprietary information, prepared or commissioned by
Abode with respect to this Agreement and the Project, promptly upon their
completion.

EXHIBIT E

PREDEVELOPMENT PROMISSORY NOTE

**PREDEVELOPMENT PROMISSORY NOTE
TO THE HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, CALIFORNIA**

3% Interest
Not to exceed \$450,000

Riverside, California
_____, 2018

FOR VALUE RECEIVED, ABODE COMMUNITIES, a California non-profit public benefit corporation (“**Borrower**”), hereby promises to pay to the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency (“**Authority**”), or holder, the principal amount of FOUR HUNDERED AND FIFTY THOUSAND DOALLARS AND NO CENTS (\$450,000) (“Predevelopment Loan”), or so much thereof as may be advanced by the Authority to the Borrower as the Predevelopment Loan pursuant to that certain Exclusive Negotiation Agreement With Predevelopment Loan dated as of _____, 2018 (“**ENA**”) between the Borrower and the Authority, incorporated herein by this reference. The Predevelopment Loan shall be used to pay certain Authority approved Eligible Predevelopment Costs in connection with the Project (all as defined in the ENA) as set forth in the Predevelopment Project Budget attached to the ENA as Exhibit C. The term “ENA” as used herein shall mean, refer to and include the ENA, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the ENA. The Borrower shall pay interest at the rate, in the amount and at the time hereinafter provided. The holder of this Note shall have full recourse against the undersigned, and shall not be required to proceed against the collateral securing this Note in the event of default.

1. Capitalized Terms. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the ENA.

2. Term. The term of this Predevelopment Promissory Note (“Predevelopment Note” or “Note”) shall commence on the date first stated above and shall terminate upon the earlier of (i) the date that the ENA is terminated or expires, for any reason, or expires, and (ii) the date Authority issues a residual receipt loan to Borrower pursuant to a Disposition and Development Agreement or similar document (“Maturity Date”).

3. Evidence of Obligation. This Predevelopment Note evidences the obligation of the Borrower to the Authority for the repayment of the Predevelopment Loan. All of the funds provided pursuant to the Predevelopment Loan were funded from Authority’s 2006 Series A Taxable Housing Bonds.

4. Where and How Payable. This Predevelopment Note is payable at the principal office of the Authority, Housing Authority of the County of Riverside, 5555 Arlington Avenue, Riverside, CA 92555 Attention: Executive Director, or at such other place as the holder hereof may inform the Borrower in writing, in lawful money of the United States.

5. Payments. Except in an event of acceleration described in Section 10, below, no payments are due under this Predevelopment Note until the Maturity Date. Upon the occurrence of the Maturity Date due to the expiration or termination of the ENA all unpaid principal and interest owing under this Predevelopment Note shall be due and payable in full to the Authority, and once such payment is received by Authority, this Predevelopment Note shall be endorsed as "paid in full" and returned to Borrower; provided, however, in the event the Maturity Date occurs due to the Authority's issuance of a residual receipts loan to Borrower pursuant to a Disposition and Development Agreement or similar document, all unpaid interest owing under this Predevelopment Note shall be due and payable in full to the Authority and Borrower shall deliver to Authority a new promissory note in favor of Authority evidencing the outstanding principal balance due hereunder which note shall be secured by, among things, a Deed of Trust secured against real property owned by Borrower, and once such interest payment, new promissory note and deed of trust are received by Authority, this Predevelopment Note shall be endorsed as "paid in full" and returned to Borrower; In the event that the Authority and Borrower successfully negotiate and execute a DDA all accrued interest owing under the Predevelopment Loan Note shall become due and payable concurrently with the closing of the third-party construction loan for the Project and the balance of the Predevelopment Loan shall be paid over a fifty year term from Project residual receipts.

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 herein, 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.

6. Disbursement. The proceeds of this Predevelopment Note shall be disbursed to Borrower in accordance with Section VI of the ENA.

7. Use of Funds. The Predevelopment Loan proceeds shall be used solely to reimburse Borrower for Eligible Predevelopment Costs (as identified in Exhibit C to the ENA), not to exceed a total disbursement of FOUR HUNDRED AND FIFTY THOUSAND DOLLARS and NO CENTS (\$450,000.00). Borrower shall submit to Authority invoices, receipts, copies of checks or other written documentation satisfactory to the Executive Director or designee evidencing Borrower's payment of Eligible Predevelopment Costs incurred up to the date of the disbursement request ("Borrower's Share") and identified in the Predevelopment Project Budget (Exhibit C of the ENA). Borrower's Share shall not be subject to reimbursement from Authority Predevelopment Loan proceeds hereunder.

8. Interest. Except in an event of acceleration described in Section 10, below, this Predevelopment Note shall bear interest at the rate of three percent (3%) per annum, simple interest, which shall begin to accrue once funds are disbursed.

9. Security. This Predevelopment Note shall be secured by Assignment of Agreements, Plans, Specifications and Entitlements (Exhibit F of the ENA) executed by the Borrower in favor of the Authority of even date herewith.

10. Due on Expiration of Term or Upon Acceleration. The entire unpaid principal balance of this Predevelopment Note and accrued but unpaid interest, if any, shall be due and payable on the Maturity Date or immediately upon the occurrence of either of the following events of acceleration:

- (a) In the event Borrower uses the Predevelopment Loan funds to pay costs other than the Eligible Predevelopment Costs identified in the Predevelopment Loan Budget attached to the ENA as Exhibit C; or
- (b) The date on which there is a default by Borrower under the terms of this Predevelopment Note, the ENA, the Schedule of Performance attached as Exhibit D to the ENA, or the Assignment of Plans, which is not cured or waived within the respective time period provided herein and therein; or
- (c) The ENA is terminated for any reason (other than a termination caused by Authority); or
- (d) If the ENA is transferred or assigned by Borrower without the prior written approval of the Authority.

11. Prepayment. Borrower may prepay the principal balance of this Predevelopment Note in full at any time; provided that the Authority shall have actually received from Borrower prior written notice of Borrower's intent to prepay in full and the date on which the prepayment will be made.

12. Waivers. Borrower waives presentment for payment, demand, protest, and notices of dishonor and of protest; the benefits of all waivable exemptions; and all defenses and pleas on the ground of any extension or extensions of the time of payment or of any due date under this Predevelopment Note, in whole or in part, whether before or after maturity and with or without notice. Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the holder hereof, in the enforcement of this Predevelopment Note, the ENA, the Assignment of Plans or any term or provision of either thereof.

13. Exercise of Rights and Waivers. Upon the failure of the Borrower to perform or observe any term or provision of this Predevelopment Note, upon an event of acceleration described in Section 10 herein, or upon the occurrence of any event of default under the terms of the ENA or the Assignment of Plans (collectively referred to herein as the "Authority Loan Documents"), the holder may exercise its rights or remedies hereunder or thereunder.

14. Application of Payments. Each payment under this Predevelopment Note shall be credited first to interest then due and any remainder to principal. All payments of principal under this Predevelopment Note shall be applied to the most remote principal installment then unpaid.

15. Costs of Collection. If this Predevelopment Note is not paid when due, whether on the Maturity Date or on acceleration of this Predevelopment Note, Borrower promises to pay all collection costs, including, but not limited to, attorney fees and court costs, whether or not suit is filed on this Predevelopment Note.

16. Default Rate of Interest. On the occurrence of a Default under this Predevelopment Note, the entire unpaid principal balance shall then automatically bear interest at an annual rate equal to the lesser of ten percent (10%) or the highest rate of interest permitted by law (the Default Rate).

17. Defaults.

(a) Subject to the extensions of time set forth in Section II. B. of the ENA, and subject to the further provisions of this Section 17, failure or delay by the Borrower to perform any term or provision of this Predevelopment Note, the ENA or any other Authority Loan Document constitutes a default hereunder.

(b) Authority shall give written notice of default to the Borrower, specifying the default complained of by the Authority. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

(c) Any failures or delays by the Authority 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 the Authority in asserting any of its rights and remedies shall not deprive the Authority 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.

(d) If a monetary event of default occurs under the terms of this Predevelopment Note, the ENA or any Authority Loan Document, prior to exercising any remedies hereunder or thereunder the Authority shall give the Borrower written notice of such default. Borrower shall have a ten (10) days after such notice is given within which to cure the default prior to exercise of remedies by the Authority under the ENA or any Authority Loan Document. In no event shall the Authority be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ten (10) days after the notice of default is first given.

(e) If a non-monetary event of default occurs under the terms of this Predevelopment Note, the ENA or any Authority Loan Document, prior to exercising any remedies hereunder or thereunder, the Authority shall give the Borrower written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, the Borrower shall have such period to effect a cure prior to exercise of remedies by the Authority under the ENA or any Authority Loan Document. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and the Borrower (i) initiates corrective action within said period, and (ii) diligently and in good faith works to effect a cure as soon as possible, then the Borrower shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the Authority, but in no event longer than sixty (60) days from the date the first written notice was given. In no event shall the Authority be precluded from exercising remedies if its security becomes or is

about to become materially jeopardized by any failure to cure a default or the default is not cured within sixty (60) days after the notice of default is first given.

(f) Any notice of default shall be deemed given only if either (i) dispatched by first class mail, registered or certified, postage prepaid, return receipt requested, to the addresses specified for the Borrower, or (ii) by personal delivery (including by means of professional messenger or courier service such as United Parcel Service or Federal Express) to the addresses specified for the Borrower. Receipt shall be deemed to have occurred on the date marked on a written postal service or messenger or courier service receipt as the date of delivery or refusal of delivery (or attempted delivery if undeliverable). If either party gives notice of a change of address in the manner specified in this paragraph, all notices, demands and communications originated after receipt of the change of address (or the effective date specified in the notice of change of address, if later) shall be transmitted, delivered or sent to the new address.

Authority: Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn: Deputy Executive Director
Tel: 951-343-5455

Borrower: Abode Communities
1149 S. Hill Street
Suite 700
Los Angeles, CA 90071

With copy to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 W. Fifth Street, 64th Floor
Los Angeles, CA 90071
Attention: Nicole Deddens

18. Application of Payments. Each payment under this Predevelopment Note shall be credited first to interest then due and any remainder to principal. All payments of principal under this Predevelopment Note shall be applied to the most remote principal installment then unpaid.

19. Costs of Collection. If this Predevelopment Note is not paid when due, whether on the Maturity Date or on acceleration of this Predevelopment Note, Borrower promises to pay all collection costs, including, but not limited to, attorney fees and court costs, whether or not suit is filed on this Predevelopment Note.

20. Default Rate of Interest. On the occurrence of a Default under this Predevelopment Note, the entire unpaid principal balance shall then automatically bear interest at an annual rate equal to the lesser of ten percent (10%) or the highest rate of interest permitted by law (the Default Rate).

21. Governing Law. 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.

22. Highest Interest Rate. All agreements between Borrower and Authority are expressly limited, so that in no event or contingency, whether because of the advancement of the proceeds of this Predevelopment Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to Authority for the use, forbearance, or retention of the money to be advanced under this Predevelopment Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances, fulfillment of any provision of this Predevelopment Note or any other agreement pertaining to this Predevelopment Note, after timely performance of such provision is due, shall involve exceeding the limit of validity prescribed by law that a court of competent jurisdiction deems applicable, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity. If, under any circumstances, Authority shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to reduce the unpaid principal balance under this Predevelopment Note and not to pay interest, or, if such excessive interest exceeds the unpaid principal balance under this Predevelopment Note, such excess shall be refunded to Borrower. This provision shall control every other provision of all agreements between Borrower and Authority.

23. Force Majeure. Notwithstanding specific provisions of this Predevelopment Note, non-monetary performance hereunder shall not be deemed to be in default where delays are due to causes beyond the control and without the fault of the party claiming an extension of time to perform (an "**Enforced Delay**"), provided that they actually delay and interfere with the timely performance of the matter to which they would apply and despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such interference, including: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; or acts or failure to act of any Governmental Agency (except acts or failure to act of the Authority shall not excuse performance by the Authority); the imposition of any applicable moratorium by a Governmental Agency. Notwithstanding the foregoing, none of the foregoing events shall constitute an Enforced Delay unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge, the date the event commenced, and the estimated delay resulting therefrom. Any party claiming an Enforced Delay shall deliver such written notice within ten (10) business days after it obtains actual knowledge of the event.

24. No Modification. 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 Authority.

25. Assignment by Authority. The Authority 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.

26. Prohibition against Assignment by Borrower. 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 Authority, which consent the Authority may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the Authority, no unauthorized assignment or transfer, or approval thereof by the Authority, shall be deemed to relieve Borrower or any other party from any obligations under the ENA or this Note. This provision shall not affect or diminish the Authority's assignment rights under this Note.

27. No Encumbrance. Borrower shall not encumber the Property for any purpose.

28. Relationship of Parties. The relationship of Borrower and Authority 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.

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

30. Binding on Borrower's Successors and Assigns. This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the Authority and its successors and assigns.

31. Partial Invalidity. If the rights created by this Predevelopment 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 must be completely performed and paid.

32. Conflicts. In addition to the other terms of this Predevelopment Note, Borrower hereby agrees and acknowledges that, notwithstanding any internal accounting procedures or provision pertaining to the use of receipts, payments, reserves and distributions contained in its agreement of partnership or other organizational document, the terms of this Predevelopment Note and the ENA shall control as to the use of the Authority funds provided under the ENA and this Note.

33. Joint and Several. If Borrower is comprised of more than one person or entity, the obligations hereunder shall be the joint and several obligations of each such person or entity so comprising Borrower.

34. Time Is of the Essence. Time is of the essence with respect to all obligations of Borrower under this Predevelopment Note.

IN WITNESS WHEREOF Borrower has executed this Predevelopment Promissory Note as of the day and year set forth below.

BORROWER:

ABODE COMMUNITIES, a California nonprofit
public benefit corporation

By: Lara Regus
Lara Regus,
Senior Vice President, Development

Date: 4/9/18

EXHIBIT F

ASSIGNMENT OF AGREEMENTS, PLANS,
SPECIFICATIONS AND ENTITLEMENTS

EXHIBIT F

ASSIGNMENT OF AGREEMENTS, PLANS, SPECIFICATIONS AND ENTITLEMENTS

FOR VALUE RECEIVED, the undersigned, ABODE COMMUNITIES, a California nonprofit public benefit corporation (“Borrower”), pursuant to that certain Exclusive Negotiation Agreement (“ENA”) by and between the Borrower and the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic (“Authority”), dated as of _____, hereby assigns to the Authority all of Borrower’s rights and interest, in, under and to the following, as they relate to the Proposed Development and oftentimes referred to as Project (defined in the ENA), as of the date hereof, _____, 2018 (the “Effective Date”):

1. All architectural, design, engineering and development agreements, and any and all amendments, modifications, supplements, addenda and general conditions thereto (collectively, “Architectural or Engineering Agreements”) heretofore or hereafter entered into or prepared by any Architect/Engineer, engineer or other person or entity (collectively “Architect/Engineer(s)”), for or on behalf of Borrower in connection with the construction of the Project;
2. All plans and specifications, shop drawings, working drawings, amendments, modifications, changes, supplements, general conditions and addenda thereto (collectively “Plans and Specifications”) heretofore or hereafter prepared by any architect, engineer or other person or entity (collectively “Architect/Engineer(s)”), for or on behalf of Borrower in connection with the construction of the Project; and
3. All governmental permits, approvals and entitlements (collectively “Entitlements”) relating to the construction and operation of the Project heretofore or hereafter granted by the City of Coachella or any other governmental authority having jurisdiction over the Property.

The Architectural or Engineering Agreements, Plans and Specifications and Entitlements consist of are those which Borrower has heretofore entered into, received or obtained and shall include but not be limited to those described in the Schedule of Architectural and Engineering Agreements, Plans and Specifications and Entitlements attached to this Assignment as Exhibit B.

This ASSIGNMENT OF AGREEMENTS, PLANS AND SPECIFICATIONS AND ENTITLEMENTS (“Assignment”) constitutes an assignment to Authority as the Effective Date for security purposes. Borrower represents and warrants to Authority, as of the Effective Date, that, to the actual knowledge of Borrower: (a) all Architectural or Engineering Agreements entered into by Borrower are in full force and effect and no default, or event which would constitute a default after notice or the passage of time, or both, exists with respect to said Architectural or Engineering Agreements; (b) all copies of the Architectural or Engineering Agreements and Plans and Specifications delivered to Authority are complete and correct copies; (c) any Architectural and Engineering Agreements entered into by Borrower after the Effective Date will be delivered to Authority at the Authority address as stated in the ENA; and (d)

Borrower has not assigned any of its rights under the Architectural and Engineering Agreements or with respect to the Plans and Specifications.

This Assignment shall be governed by the laws of the State of California, except to the extent that Federal laws preempt the laws of the State of California, and Borrower consents to the jurisdiction of any Federal or State Court within the State of California having proper venue for the filing and maintenance of any action arising hereunder and agrees that the prevailing party in any such action shall be entitled, in addition to any other recovery, to reasonable attorney s fees and costs.

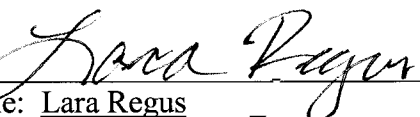
This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, and successors-in-interest of Borrower and Authority.

Except as expressly provided herein, the Borrower makes this Assignment without representation or warranty, express or implied, regarding the Architectural or Engineering Agreements, the Plans and Specifications, and the Entitlements.

The Borrower hereby irrevocably appoints the Authority as its attorney-in-fact (which Authority is coupled with an interest) to, upon the occurrence of a Default by Borrower (after notice and opportunity to cure) under and as defined in the ENA, demand, receive, and enforce any and all of the Borrower's rights with respect to the Architectural or Engineering Agreements, Plans and Specifications, and Entitlements, and perform any and all acts in the name of the Borrower or in the name of the Authority with the same force and effect as if performed by the Borrower in the absence of this Assignment.

The attached Consent, Schedule 1 and Exhibit A and Exhibit B are incorporated by reference.

ABODE COMMUNITIES,
a California nonprofit public benefit corporation

By: 
Name: Lara Regus
Title: Senior Vice President, Development

CONSENT

[TO BE ADDED FOR EACH ARCHITECT, LANDSCAPE ARCHITECT AND ENGINEER PREPARING PLANS FOR THE IMPROVEMENTS]

The undersigned Architect/Engineer ("Architect" or "Engineer" as the case may be) hereby consents to the foregoing Assignment to which this Consent ("Consent") is part, and acknowledges that there presently exists no unpaid claims due to the Architect/Engineer except as set forth on Schedule 1 attached hereto, arising out of the preparation and delivery of the Plans and Specifications to Borrower and/or the performance of the Architect/Engineer's obligations under the Assignment.

Architect/Engineer agrees that if Authority shall become the owner of said Property and elects to undertake or the construction of the Improvements on any portion of the Property, in accordance with the Plans and Specifications, and gives Architect/Engineer written notice of such election; THEN, so long as Architect/Engineer has received, receives or continues to receive the compensation called for under the Agreements, Authority may, at its option, use and rely on the Plans and Specifications for the purposes for which they were prepared, and Architect/Engineer will continue to perform its obligations under the Agreements for the benefit and account of Authority in the same manner as if performed for the benefit or account of Borrower in the absence of the Assignment.

Architect/Engineer warrants and represents that they have no knowledge of any prior assignment(s) of any interest in the Plans and Specifications and/or the Agreements, except for an assignment to the senior lender, _____. Except as otherwise defined herein, the terms used herein shall have the meanings given them in the Assignment.

Executed on _____, 20_____.

ARCHITECT/ENGINEER:

By: _____

Architect/Engineer s Address:

Authority's Address:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency
c/o Executive Director

CONSENT

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SCHEDULE 1 TO ASSIGNMENT
SCHEDULE OF UNPAID CLAIMS

Schedule 1 to Assignment of Agreements, Plans and Specifications and Entitlements dated as of _____, 2018 between Abode Communities, a California nonprofit public benefit corporation as “Borrower”, and Housing Authority of the County of Riverside, a public entity, corporate and politic, in its capacity as housing successor to the former Coachella Redevelopment Agency, as “Authority”.

EXHIBIT B

LIST OF ARCHITECTURAL OR ENGINEERING AGREEMENTS, PLANS AND
SPECIFICATIONS AND ENTITLEMENTS

[TO BE ADDED]