

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



ITEM
10.3
(ID # 9940)

MEETING DATE:

Tuesday, June 18, 2019

FROM : HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Approval of Project Based Voucher Housing Assistance Payments Contract New Construction or Rehabilitation for Perris Park Apartments, Located in the City of Perris, Between the Housing Authority of the County of Riverside (Housing Authority) and Perris Park Housing LLC, Providing 70 Project Based Vouchers, Approval of Consent to Assignment of Housing Assistance Payments Contract as Security for Financing in Favor of Banner Bank, Approval of the Unconditional Guaranty of Payment by the Housing Authority for the Benefit of Banner Bank Guaranteeing a Loan to an Affiliate of the Housing Authority to Acquire the Perris Park Apartments, and Approval of Indemnity Agreement (Environmental and Building Laws) Entered into by the Housing Authority and Perris Park Housing LLC, for the Benefit of Banner Bank ; District 5, [\$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the project is a categorically excluded activity (subject to Title 24 Code of Federal Regulations (CFR) Section 58.5) and meets the conditions specified for such exemption pursuant to Title 24 CFR Section 58.35(a) and pursuant to the National Environmental Policy Act (NEPA);

Continued on page 2

ACTION:Policy

Robert Field, Assistant County Executive Officer/ECD 5/17/2019

MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Commissioner Spiegel, seconded by Commissioner Hewitt and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: June 18, 2019
xc: Housing Authority

Kecia Harper
Clerk of the Board

By:
Deputy

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

2. Approve the attached form of Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation (HAP Contract) to be entered into between the Housing Authority of the County of Riverside (Housing Authority) and Perris Park Housing LLC, a California limited liability company (Perris Park Housing), providing 70 U.S. Housing and Urban Development (HUD) Housing Choice Voucher Program Project Based Vouchers for the Perris Park Apartments located at 1450 South Perris Boulevard, Perris, CA 92570 Identified as Assessor's Parcel NO. 313-290-020, 15 year term with options to extend in accordance with HUD requirements;
3. Approve the attached form of Unconditional Guaranty of Payment (limited to unrestricted funds) to be entered into between the Housing Authority of the County of Riverside, as guarantor, and Banner Bank, a Washington state chartered commercial bank, as beneficiary,(Payment Guaranty) guaranteeing a loan in the amount of \$2,100,000 to be provided to Perris Park Housing LLC, an affiliate of the Riverside Community Housing Corp. (an affiliate of the Housing Authority), to acquire the Perris Park Apartments located at 1450 South Perris Boulevard, Perris, CA 92570, payment guaranty terminates when loan is repaid by Perris Park Housing LLC;
4. Approve the attached form of Indemnity Agreement (Environmental and Building Laws) to be entered into by Perris Park Housing and the Housing Authority for the benefit of Banner Bank (Indemnity Agreement), indemnifying Banner Bank against third-party claims relating to environmental and fair housing violations concerning the Property, wherein the Housing Authority's obligations are limited to unrestricted funds;
5. Authorize the Executive Director, or designee, to execute a HAP Contract, Payment Guaranty and Indemnity Agreement, conforming in form and substance to the attached form of HAP Contract, Payment Guaranty and Indemnity Agreement, subject to approval by County Counsel;
6. Authorize the Executive Director, or designee, to execute a Consent to Assignment of HAP Contract as Security for Financing in favor of Banner Bank, subject to review and approval by County Counsel; and
7. Authorize the Executive Director, or designee, to take all necessary steps to implement the HAP Contract, Payment Guaranty and Indemnity Agreement, including, but not limited to signing subsequent necessary and relevant documents, subject to approval by County Counsel.

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment: No	
			For Fiscal Year: 2019/2020	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Riverside Community Housing Corp., a non-profit public benefit corporation (RCHC) and affiliate of the Housing Authority of the County of Riverside (Housing Authority) is proposing to acquire the Perris Park Apartments, an 80 unit apartment community located in the City of Perris at 1450 South Perris Boulevard, Perris, CA 92570, identified as Assessor's Parcel No. 313-290-020 (Property). The proposed purchase is memorialized in that certain Purchase and Sale Agreement between RCHC and Perris Park Apartments, a California limited partnership, dated September 19, 2018 as amended by that certain First Amendment Purchase and Sale Agreement dated December 1, 2018 (Purchase Agreement). The Purchase Agreement was approved by RCHC's Board of Directors on May 22, 2018 via Minute Order No. 14.1. The Board of Commissioners also serve as RCHC's Board of Directors. The purchase price for the Property set forth in the Purchase Agreement is \$1,672,318 which is below the fair market value based on an August 29, 2018 appraisal prepared by Kinetic Valuation Group, Inc. The Property is need of repairs and is in financial distress. The proposed sale, if completed, will result in the preservation of 80 affordable housing rental units ranging from 1 to 4 bedroom units, to be rented to and occupied by low-income households.

To protect RCHC and the Housing Authority, RCHC anticipates creating Perris Park Housing LLC, a limited liability company, in which RCHC will be the sole managing member. Approval of the formation of the proposed limited liability company will be brought before the RCHC Board of Directors for approval. If formed, Perris Park Housing LLC will acquire the Property pursuant to the existing Purchase Agreement. Subject to approval of the RCHC Board of Directors, Banner Bank, a Washington State chartered commercial bank (Lender) has tentatively agreed to provide an acquisition loan in the amount of \$2,100,000 (Acquisition Loan) to Perris Park Housing LLC to pay costs to acquire the Property and pay for soft costs. The term of the Acquisition Loan will be approximately 24 months and will be secured by, among things, a deed of trust, an assignment of leases and rents, and fixture filing. As a condition precedent to the financing of the Acquisition Loan, Lender is requiring that the Housing Authority guaranty payment of the Acquisition Loan by Perris Park Housing LLC and indemnify Lender against any third party claims relating to environmental and fair housing violations concerning the Property. Both the proposed form of Indemnity Agreement (Environmental and Building Laws) and Unconditional Guaranty of Payment explicitly provide that the obligations of the parties contained therein are not the obligations or debt of the County of Riverside nor shall any of the obligations and/or debts be payable out of the County's general funds or other funds or properties other than those explicitly pledged by the parties.

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

The proposed form of Indemnity Agreement (Environmental and Building Laws) (Indemnity) to be entered into by the Housing Authority and Perris Park Housing LLC for the benefit of Lender is attached. Salient terms of the proposed Indemnity are as follows: (i) The Indemnity protects Lender against any third-party claims relating to, among other things, (1) any hazardous substances on or other environmental problem or liability with respect to the Property or any nearby property that violates environmental laws, (2) violations of the Fair Housing Act of 1968, the Fair Housing Amendments Act of 1988, the Americans With Disabilities Act of 1990, (3) violations of building code requirements and all other federal, state and local laws, relating to the construction, operation, and maintenance of the improvements on the Property, and (4) any environmental proceeding affecting the Property; (ii) any enforcement action by Lender against the Housing Authority is limited to unrestricted and unencumbered funds of the Housing Authority (i.e. does not include, Section 8, HOME, NSP,CDBG and RAD assets); and (iii) Lender acknowledges and agrees that the County of Riverside is not liable for the obligations set forth thereunder.

The proposed form of Unconditional Guaranty of Payment (Guaranty) to be executed by the Housing Authority is attached. Salient terms of the proposed Guaranty are as follows: (i) guaranty payment of \$2,100,000 Acquisition Loan, (ii) payment guaranty limited to unrestricted and unencumbered funds of the Housing Authority (i.e. does not include, Section 8, HOME, NSP,CDBG and RAD assets), (iii) if enforcing the guaranty, Lender will be required to force a sale or foreclosure of the Property under the deed of trust before seeking repayment from the Housing Authority except in the event of a casualty, property damage or discovery of hazardous materials, (iv) payment obligation terminates upon repayment of Acquisition Loan by Perris Park Housing LLC; and (v) Lender acknowledges and agrees that the County of Riverside is not liable for the obligations set forth thereunder. The Guaranty will appear as a contingent liability on the Housing Authority's financials until the loan is repaid by Perris Park Housing LLC and may be reported on the Electronic Municipal Market Access (EMMA) website if required by the Municipal Securities Rulemaking Board (MSRB).

Upon Perris Park Housing LLC's acquisition of the Property, Housing Authority staff recommends placing 70 Housing Choice Voucher Program Project Based Vouchers (PBVS) on the Property which will subsidize the rent of 70 low-income households as allowed under the Housing Authority's Administrative Plan for the Housing Choice Voucher Program and in accordance with Federal Register Notice 82 FR 5458 published on January 18, 2017, and revised by FR notice 82 FR 32461 published on July 14, 2017. Staff recommends the Housing Authority and Perris Park Apartments LLC, enter into the attached proposed Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation (HAP Contract). The HAP Contract will have a term of 15 years, with options to extend as permitted by the U.S. Department of Housing and Urban Development (HUD) regulations. As additional security for the Acquisition Loan, Lender may require a collateral assignment of Perris Park LLC's interest in the HAP Contract. To facilitate the financing of the proposed purchase, staff recommends the Board of Commissioner's approve a consent to the assignment of the HAP Contract in favor of Lender, subject to approval as to form and substance by County Counsel.

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

Pursuant to HUD requirements, the Housing Authority must comply with the National Environmental Protection Agency Act (NEPA) prior to the execution of the HAP Contract. If this item is approved by the Board, the Executive Director of the Housing Authority will execute a HAP Contract that shall conform in form and substance to the attached HAP Contract.

Pursuant to NEPA, the purchase and sale of the existing improved Property was reviewed and it was determined that the proposed activities meet the conditions of categorical exclusion under Title 24 Code of Federal Regulations (CFR) Section 58.35 (a) and are exempt activities pursuant to Title 24 CFR Section 58.34 (a)(12) and are accordance with the provisions of NEPA. As such, an Environmental Impact Statement under NEPA was not required.

Staff recommends that the Board of Commissioners approve and authorize the Executive Director of the Housing Authority of the County of Riverside, or designee, to execute an Unconditional Guaranty of Payment, Indemnity Agreement and HAP Contract, substantially conforming in form and substance to the attached forms, subject to approval by County Counsel. County Counsel has reviewed and approved as to form the attached form of Unconditional Guaranty of Payment, Indemnity Agreement and HAP Contract.

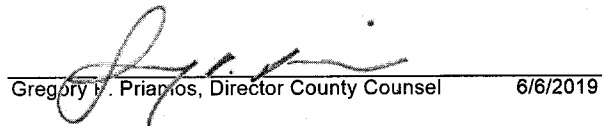
Impact on Citizens and Businesses

The acquisition of the Perris Park Apartments will have a positive impact on citizens and businesses as it will result in the preservation of much needed affordable housing with supportive services to residents.

Attachments:

- A. Form of HAP Contract
- B. Form of Unconditional Guaranty of Payment
- C. Form of Indemnity Agreement (Environmental and Building Laws)


Rohini Dasika, Principal Management Analyst 6/10/2019


Gregory B. Priamos, Director County Counsel 6/6/2019

CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

**UNCONDITIONAL GUARANTY OF
PAYMENT**



PROJECT NAME: Perris Park Apartments
BANNER LOAN NO: 1403958

This Unconditional Guaranty of Payment (this "**Guaranty**"), is made as of _____, 20___, by the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a California public entity, corporate and politic ("**Guarantor**"), for the benefit of BANNER BANK, a Washington state chartered commercial bank, and its successors, participants and assigns ("**Lender**").

RECITALS

A. Guarantor has requested that Lender make a term loan to Riverside Community Housing Corp, an affiliate of Guarantor, ("**Borrower**"), in the amount of \$ _____ (the "**Loan**") to finance the acquisition of an 80-unit multifamily housing complex known as the Perris Park Apartments.

B. The Loan is evidenced by a Promissory Note of even date herewith (the "**Note**"), governed by a Term Loan Agreement between Borrower and Lender of even date herewith (the "**Loan Agreement**"), and will be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith ("**Deed of Trust**") granted by Borrower to Lender and recorded against that certain real property located in Riverside County, California, described therein, and the improvements located thereon (collectively, the "**Project**").

C. Lender's agreement make the Loan is conditioned on Guarantor's execution of this Guaranty, and Lender would not make the Loan to Borrower without the agreements of Guarantor set forth herein. Guarantor will receive direct and tangible financial benefits from the Loan.

D. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan Agreement.

AGREEMENTS

NOW, THEREFORE, intending to be legally bound, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Lender to enter into the Loan, Guarantor hereby agrees as follows:

1. **Unconditional Guaranty of Payment.** Guarantor unconditionally, absolutely, and irrevocably guarantees the following "**Guaranteed Obligations**":

1.1 the due and punctual payment of any and all amounts (collectively herein, the "**Indebtedness**") payable by Borrower under the Loan Agreement, the Note, the Deed of Trust, and other agreements and instruments that evidence, secure, or otherwise govern the Loan, but excluding the Indemnity Agreement (the "**Loan Documents**"); and

6.18.19 10.3

1.2 Limitation of Funds for Guaranty of Payment. Notwithstanding anything to the contrary contained herein, Lender acknowledges and agrees that Guarantor has no authority to provide the Lender with guarantees or indemnifications involving assets of Guarantor arising under any program, including, but not limited to programs administered by the U.S. Department of Housing and Urban Development (HUD) and HUD restricted funds, including, but not limited to, public housing or Section 8 voucher assets, assets covered by a RAD use Agreement, HOME Program assets, NSP assets, CDBG assets and any operating subsidies of any Guarantor project. Guarantor's performance under this Guaranty is subject to applicable HUD requirements, as now in effect or hereafter enacted. Notwithstanding anything to the contrary contained herein, Lender further acknowledges and agrees that Lender has no legal right of recourse under this Guaranty against any real property assets of Guarantor, any operating receipts of Guarantor, any housing operating reserve of Guarantor reflected in Guarantor's annual operating budget, or deposit required by HUD, any rents or other income from Guarantor owned real property, or real property in which Guarantor holds a security interest, other than a claim against:

- i. Available surplus cash;
- ii. Any excess fees contained in Guarantor's Section 8 administrative fee reserve under 24 CFR Section 982.155

For purposes of this Section 1.2, the following capitalized terms are defined as follows:

"CDBG" means The Community Development Block Grant (CDBG) is a Federally funded block grant program created by Congress in 1974.

"HOME program" means HOME Investment Partnerships Act and HOME Investment Partnerships("HOME") Program, which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the "Act"), as amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92).

"NSP" means the Neighborhood Stabilization Program which is authorized under Title III of the Housing and Economic Recovery Act of 2008. There have been three rounds of funding for NSP through the Housing and Economic Recovery Act of 2008 (NSP1), The American Recovery and Reinvestment Act in 2009 (NSP2), and, the Dodd-Frank Wall Street Reform Act in 2010 (NSP3).

"operating subsidies" means the amount of annual contributions for operations Guarantor receives each funding period from HUD for various HUD funded programs.

"operating reserve" means the account established by the Guarantor from excess administrative fee income. The operating reserve must be used for housing purposes.

"RAD" means the Rental Assistance Demonstration authorized by Congress under the FY12 HUD appropriations act, RAD allows public housing agencies (PHAs) and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts.

"surplus cash" means the cash that exceeds the cash required for day-to-day operations.

2. Guarantor's Obligations are Absolute. This is an absolute, present, and continuing guaranty of payment and not of collection. This Guaranty may be enforced by Lender only after first resorting to and exhausting any other Collateral (defined below) through foreclosure or sale proceedings, as the case may be, under the Deed of Trust or otherwise, and Guarantor hereby waives any right to require Lender to join Borrower or any other Guarantor in any action brought hereunder or to commence any action against or obtain any judgment against Borrower or to pursue any other remedy or enforce any other right. Lender's exercise of any of its rights or remedies shall not constitute a discharge of Guarantor's obligations hereunder, it being the purpose and intent of Guarantor that the obligations of Guarantor hereunder shall be absolute, independent, and unconditional under any and all circumstances whatsoever. None of Guarantor's

obligations under this Guaranty nor any of Lender's rights or remedies shall be impaired, modified, changed, or released in any manner whatsoever by any impairment, modification, change, release, or limitation of Borrower's liability under any of the Loan Documents or by reason of the insolvency, bankruptcy, dissolution, liquidation, or reorganization of Borrower or any Guarantor.

3. Rights of Lender.

3.1 Guarantor agrees that Lender may deal exclusively with Borrower in all matters relating to the Loan without notice of any kind to or the approval of Guarantor. Specifically, Lender is not required to (a) notify Guarantor of Lender's acceptance of this Guaranty; (b) notify Guarantor when Lender advances Loan proceeds, extends credit to Borrower, or pays any obligations of Borrower; (c) ; or (d) make presentment and demand for payment, protest, or notice of demand, protest, dishonor, and nonpayment. It is intended that Guarantor shall remain fully liable regardless of any act or omission by Lender that might otherwise directly or indirectly result, by operation of law or otherwise, in the discharge or release in whole or in part of Borrower, any other guarantor, or any other person, or the discharge, release, or impairment of any collateral now or hereafter held as security for any of the obligations under the Loan Documents (collectively herein, the "*Collateral*").

3.2 Lender shall have the right, at its option, either before, during, or after commencing judicial or nonjudicial foreclosure proceedings, and before, during, or after pursuing any other right or remedy against Borrower or Guarantor, to perform any and all of the Guaranteed Obligations by or through any agent, receiver, contractor, or subcontractor of its selection, all as Lender in its sole discretion deems proper, but Lender shall have no obligation to do so.

3.3 Guarantor shall hold harmless, indemnify, and defend Lender from and against any and all losses, damages, costs, expenses, injuries, and liabilities Lender may suffer or incur in connection with the exercise of its rights under this Guaranty or the performance of the Guaranteed Obligations, including reasonable attorney's fees incurred by Lender; provided, however, Guarantor shall not be liable to Lender for any portion of such indemnification liabilities discussed in this Section 3.3 to the extent they have resulted from the negligence or willful misconduct of Lender.

4. Modifications and Actions by Lender. Without limiting the generality of the foregoing, Guarantor agrees that Lender may do, or fail to do, any of the following one or more times, without notice to or the approval of Guarantor, without diminishing, altering, or otherwise affecting the liability of Guarantor hereunder, and even though Borrower's financial condition may have deteriorated or Guarantor may object: (a) Lender may renew, extend, or otherwise change the time for payment of the obligations of Borrower to Lender; (b) Lender may increase the amount of the Loan; (c) Lender may modify any other terms of the Loan; (d) Lender may release, surrender, substitute, or exchange any of the Collateral, or take and hold additional or other security for the payment of this Guaranty or any other indebtedness guaranteed, and exchange, enforce, waive, or release any such security; (e) Lender may release Borrower, any Guarantor, or any other guarantor from obligations under the Loan or any guaranty thereof; (f) Lender is not required to marshal assets and Lender may take a deed in lieu of foreclosure or foreclose or realize upon such security and direct the amount or manner of sale thereof as Lender in its discretion may determine; (g) Lender may apply the Collateral to the repayment of any amounts owing to Lender under the Loan Documents in any order Lender may determine in its discretion; (h) Lender may forbear from pursuing Borrower, any Guarantor, or any other guarantor or any other person, or forbear from foreclosing or otherwise realizing upon any of the Collateral; (i) Lender may impair or fail to perfect a security interest in any of the Collateral; (j) Lender may take actions that have the effect of diminishing Guarantor's subrogation rights; and (k) Lender may take any other actions with respect to the terms of or security for the Guaranteed Obligations. Notwithstanding any such action by Lender, Guarantor's obligations hereunder shall remain in full force and effect.

5. Guarantor Waivers.

5.1 Waiver of Suretyship Defenses. Guarantor hereby waives any defenses based on the action or inaction of Lender that might otherwise be deemed a legal or equitable discharge of a surety, including, without limitation,

any defense based on any of the following: (a) the lack of diligence or any delay in enforcing, or any waiver of or failure to enforce, any right or remedy under the Loan Documents; (b) the failure or invalidity of, or any defect in, the Loan Documents; (c) any disability or other defense of Borrower, any Guarantor, any other guarantor, or any other person; (d) the termination from any cause whatsoever of any of the obligations under the Loan Documents, except upon full satisfaction of the Guaranteed Obligations; (e) the loss or impairment of any right of subrogation; (f) any modification of any of the terms and conditions of the Loan Documents in any form whatsoever and without notice to Guarantor; or (g) the foreclosure of the Collateral or any portion thereof, it being intended that this Guaranty shall survive the realization upon any of the Collateral, including, but not limited to, any nonjudicial foreclosure action and any deed in lieu of foreclosure, to the extent permitted under applicable law.

5.2 Waiver of Right of Reimbursement. Unless and until the Guaranteed Obligations have been fully satisfied, Guarantor hereby waives any right of reimbursement, contribution, recourse, or any other right or remedy of Guarantor against Borrower, any Guarantor, any other guarantor or any other person to recover amounts that Guarantor is obligated to pay under this Guaranty.

5.3 Waiver of Right of Subrogation. Unless and until the Guaranteed Obligations have been fully satisfied, Guarantor hereby waives any right of subrogation, any right to enforce any remedy Lender may have against Borrower, any Guarantor, any other guarantor, or any other person, and any benefit of, and the right to participate in, any of the Collateral.

6. Subordination of Debt. Any debt of Borrower now or hereafter held by any Guarantor is hereby subordinated to the Indebtedness. Guarantor shall not seek, accept, or retain for its own account any payment from Borrower on account of any subordinated debt related to the Project until the entire Indebtedness has been paid in full. Any payment of such subordinated indebtedness by Borrower to Guarantor before payment in full of the Indebtedness shall be collected, enforced and received by Guarantor as trustee for Lender and promptly paid to Lender in payment of the Indebtedness.

7. Costs and Reasonable Attorneys' Fees. Guarantor shall pay all of Lender's actual expenses incurred in any effort to enforce any terms of this Guaranty, whether or not any suit is filed, including, without limitation, reasonable attorneys' fees and disbursements, foreclosure costs, and title charges. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate set forth in the Loan Documents, or the maximum rate that may be collected from Borrower under applicable law, if less.

8. Representations and Warranties. In order to induce Lender to make the Loan, each Guarantor makes the following representations and warranties to Lender set forth in this Section. Guarantor acknowledges that but for the truth and accuracy of the matters covered by the following representations and warranties, Lender would not have agreed to make the Loan.

8.1 All representations and warranties of Guarantor set forth in the Loan Agreement are true and correct and made and affirmed by Guarantor as though set forth fully herein.

8.2 Any and all balance sheets, net worth statements, bank and brokerage statements, and other financial data with respect to Guarantor that have been given to Lender by or on behalf of that Guarantor fairly and accurately represent the financial condition of that Guarantor as of the respective dates thereof.

8.3 This Guaranty creates legal, valid, and binding obligations of Guarantor enforceable in accordance with its terms. Except as otherwise provided herein, the execution, delivery, and performance by Guarantor of this Guaranty does not and will not contravene or conflict with (a) any law, order, rule, regulation, writ, injunction, or decree now in effect of any government authority, or court having jurisdiction over Guarantor; (b) any contractual restriction binding on or affecting Guarantor or Guarantor's property or assets that may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty; (c) the instruments creating any trust holding title to any assets included in Guarantor's

financial statements; or (d) the organizational or other documents of Guarantor.

8.4 Except as disclosed in writing to Lender, there is no action, proceeding, or investigation pending or, to the actual knowledge of Guarantor, threatened or affecting Guarantor, that may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty.

8.5 Guarantor is not in default under any agreements that may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty.

8.6 Guarantor (a) is not insolvent and will not become insolvent as a result of this Guaranty; (b) is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which the property of Guarantor constitutes unreasonably small capital and that would leave Guarantor insolvent; (c) does not intend to or believe that it will incur debts that would be beyond Guarantor's ability to pay as such debts mature; (e) has reviewed and approved all of the terms and conditions of the Loan Documents; and (d) has established adequate means of obtaining, and will obtain from Borrower on a continuing basis, all financial and other information regarding Borrower, any other guarantor, and the Loan, without any obligation on the part of Lender to provide any such information.

All of the foregoing representations and warranties shall survive so long as any of the Guaranteed Obligations have not been satisfied. Guarantor hereby agrees to indemnify, defend, and hold Lender free and harmless from and against all loss, cost, liability, damage, and expense, including reasonable attorneys' fees and costs that Lender may sustain by reason of the inaccuracy or breach of any of the foregoing representations and warranties, except in the event of the negligence or willful misconduct of Lender.

9. **Insolvency.** So long as any of the Guaranteed Obligations are unpaid and this Guaranty remains in effect, Guarantor agrees to file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required by law in connection with indebtedness owed by Borrower to Guarantor and to assign to Lender all rights of Guarantor thereunder up to the amount of such unpaid Guaranteed Obligations. In all such cases the Persons authorized to pay such claims shall pay to Lender the full amount thereof to the full extent necessary to pay the Guaranteed Obligations and Guarantor hereby assigns to Lender all of Guarantor's rights to all such payments to which Guarantor would otherwise be entitled. Notwithstanding the foregoing, and except to the extent that any sums owed by Borrower to Lender under the Loan Documents have been fully satisfied thereby, the liability of Guarantor hereunder shall in no way be affected by (a) the release or discharge of Borrower in any creditors', receivership, bankruptcy or other proceedings; or (b) the impairment, limitation or modification of the liability of Borrower or the estate of Borrower in bankruptcy resulting from the operation of any present or future statute, regulation, or from the decision of any court.

10. **Preferences, Fraudulent Conveyances, Etc.** If Lender is required to refund, or voluntarily refunds, any payment received from Borrower because such payment is or may be avoided, invalidated, declared fraudulent, set aside or determined to be void or voidable as a preference, fraudulent conveyance, impermissible setoff or a diversion of trust funds under applicable bankruptcy laws or for any similar reason, including, without limitation, any judgment, order or decree of any court or administrative body having jurisdiction over Lender or any of its property, or any settlement or compromise of any claim effected by Lender with Borrower or any other claimant ("**Rescinded Payment**"), then Guarantor's liability to Lender shall continue in full force and effect, or Guarantor's liability to Lender shall be reinstated, as the case may be, with the same effect and to the same extent as if the Rescinded Payment had not been received by Lender, notwithstanding the cancellation or termination of the Note or any of the other Loan Documents. In addition, Guarantor shall pay or reimburse Lender for all actual expenses (including all reasonable attorneys' fees, court costs and related disbursements) incurred by Lender in the defense of any claim that a payment received by Lender in respect of all or any part of the Guaranteed Obligations must be refunded. The provisions of this Section shall survive the termination of this Guaranty and any satisfaction and discharge of Borrower by virtue of any payment, court order or any federal or state law.

11. **Reserved.**

12. **Guarantor's Ongoing Reporting Obligations.** So long as any Guaranteed Obligations remain unsatisfied, Guarantor acknowledges that it has read or adequately understands the content of the Loan Documents. Guarantor agrees to provide Lender with updated financial statements, certifications of liquidity, and other reports and information as required of Guarantor under the Loan Agreement. Guarantor shall further notify Lender in writing of any change of address, telephone number, fax number, marital status (if an individual), or legal organization (if an entity) within 10 days after such event.

13. **Guarantor Covenants.** Guarantor shall perform all covenants of Guarantor under the Loan Documents, including, without limitation, any financial covenants and reporting requirements applicable to Guarantor under the Loan Agreement.

14. **Notices.** Any notice, demand, request, or other communication that any party hereto may be required or may desire to give hereunder shall be given in writing to the addresses set forth below and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three Business Days after mailing; (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service; or (d) if by confirmed e-mail transmission on the day of transmission so long as a copy is sent on the same day by overnight courier to the address set forth below:

If to Guarantor: Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Carrie Harmon, Deputy Executive Director

with a copy to: County of Riverside Office of County Counsel
3960 Orange Street, Suite 500
Riverside, CA 92501
Attention: Jhaila Brown, Deputy County Counsel

If to Lender: Banner Bank
Commercial Real Estate Lending
3005 112th Avenue NE, Suite 100
Bellevue, WA 98004

Any party may change its address for notices by notifying the others in writing of the change as set forth herein.

15. **Assignment.** The term "**Lender**" shall include any subsequent holder of or participant in any of the Loan Documents. Lender may assign the Loan Documents in whole or in part and grant participations therein, without notice and without affecting Guarantor's liability under this Guaranty. Lender may make available to any proposed assignee or participant all credit and financial data with respect to Guarantor as may be in the possession of Lender. Guarantor agrees to furnish any additional information that any proposed assignee or participant may reasonably request.

16. **APPLICABLE LAW.** THIS GUARANTY, THE NOTE, AND ALL OTHER INSTRUMENTS EVIDENCING AND SECURING THE LOAN WERE NEGOTIATED IN THE STATE OF CALIFORNIA, AND DELIVERED BY GUARANTOR OR BORROWER, AS APPLICABLE, AND ACCEPTED BY LENDER IN THE STATE OF CALIFORNIA, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND THE UNDERLYING TRANSACTIONS EMBODIED HEREBY. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS GUARANTY AND THE OBLIGATIONS ARISING HEREUNDER, THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. Any legal action related to the performance or interpretation of this Guaranty shall be filed only in the Superior Court of the State of

California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location.

17. **Counterparts.** This Guaranty may be signed in one or more counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

18. **WAIVER OF JURY TRIAL.** TO THE GREATEST EXTENT PERMITTED BY LAW, GUARANTOR, BY ITS EXECUTION AND DELIVERY HEREOF, AND LENDER, BY ITS ACCEPTANCE HEREOF, EACH HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS GUARANTY OR ANY OTHER LOAN DOCUMENTS OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT MATTER OF THE LOAN DOCUMENTS, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY SUBJECT TO SECTION 26.1 BELOW. GUARANTOR FURTHER ACKNOWLEDGES THAT (I) IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER, AND (II) THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOANS. GUARANTOR HEREBY AGREES THAT THIS GUARANTY CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631.

19. **State-Specific Provisions - California.**

19.1 **Judicial Reference.** In the event the waiver of jury trial set forth above is not enforceable, the parties agree to proceed under this judicial reference provision as follows:

19.1.1 With the exception of the items specified in Section 26.1.2 below, any controversy, dispute or claim (each a "**Claim**") between the parties arising out of or relating to this Guaranty or any of the other Loan Documents will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure, or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "**Court**").

19.1.2 The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interests in real or personal property; (ii) exercise of self-help remedies (including, without limitation, set-off); (iii) appointment of a receiver; and (iv) temporary, provisional, or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Section 26.1 as provided herein.

19.1.3 The single referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the presiding judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to Section 170.6 of the California Code of Civil Procedure, each party shall have one peremptory challenge to the referee selected by the presiding judge of the Court (or his or her representative).

19.1.4 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee,

(ii) if practicable, try all issues within one hundred twenty (120) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision,

19.1.5 The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

19.1.6 Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award fees and costs (including, without limitation, attorneys' fees) to the prevailing party, the parties will share equally the cost of the referee and the cost of the court reporter at trial.

19.1.7 The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to enter equitable orders that will be binding on the parties, and to rule on any motion that would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding that disposes of all claims of the parties that are the subject of the reference. Pursuant to Section 644 of the California Code of Civil Procedure, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court, and any such decision will be final, binding, and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

19.1.8 If the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the California Code of Civil Procedure, as amended from time to time. The limitations with respect to discovery set forth in this Section shall apply to any such arbitration proceeding.

19.1.9 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES, AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS, OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS GUARANTY OR THE OTHER LOAN DOCUMENTS.

19.2 Guarantor Waivers:

19.2.1 Pursuant to Cal. Civil Code § 2856(c) and without limiting the other waivers contained herein but except as set forth herein, Guarantor waives all rights and defenses that Guarantor may have because

Borrower's debt is secured by real property. This means, among other things: (1) if Lender forecloses on any real property collateral pledged by Borrower: (a) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; and (b) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower.

19.2.2 This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

19.2.3 Except as set forth herein, Guarantor also waives all rights and defenses arising out of an election of remedies by Lender even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

19.2.4 Guarantor affirms its intention to waive all benefits that might otherwise be available to Guarantor or Borrower under California Code of Civil Procedure Sections 580a, 580b, 580d, and 726 and California Civil Code Sections 2809, 2810, 2819, 2822, 2839, 2845, 2849, 2850, 2899, and 3433, among other provisions of like effect.

20. Independent Obligation. Guarantor understands and agrees that (a) the obligations under this Guaranty are separate and independent from Borrower, any Guarantor, any other guarantor, or any other person, and represent an unconditional, absolute, and irrevocable obligation on the part of Guarantor to pay the full amount of the indebtedness when due subject to the limitations set forth herein; (b) Guarantor shall remain fully liable under this Guaranty even if the Collateral is impaired or discharged or Borrower, any Guarantor, any other guarantor, or any other person is discharged or otherwise relieved of liability under the Loan Documents.

21. Termination. The obligations of Guarantor under this Guaranty shall terminate when the Guaranteed Obligations have been satisfied.

22. NONLIABILITY OF COUNTY OF RIVERSIDE. LENDER HEREBY ACKNOWLEDGES AND AGREES THAT THE GUARANTEED OBLIGATIONS OF GUARANTOR UNDER THIS GUARANTY SHALL NOT BE A DEBT OF THE COUNTY OF RIVERSIDE (COUNTY) OR ANY OF THE COUNTY'S AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES AND NEITHER THE COUNTY NOR ANY OF ITS AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH GUARANTEED OBLIGATIONS BE PAYABLE OUT OF THE COUNTY'S GENERELA FUND, OR OTHER FUNDS OR PROPERTIES OTHER THAN THOSE OF THE GURANTOR PLEDGED THERETO.

[Remainder of page intentionally left blank; signatures appear on following page]

A CONTRACT, PROMISE, UNDERTAKING OR COMMITMENT TO LOAN MONEY OR GRANT OR EXTEND CREDIT, IN AN AMOUNT GREATER THAN \$100,000, NOT PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, MADE BY A PERSON ENGAGED IN THE BUSINESS OF LENDING MONEY OR EXTENDING CREDIT MUST BE IN WRITING AND SUBSCRIBED BY LENDER OR ITS AGENT TO BE VALID UNDER CALIFORNIA LAW.

Dated as of the date set forth above.

Guarantor:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

By _____

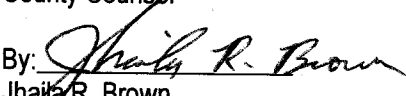
Name: _____

Title: _____

APPROVED AS TO FORM:

Gregory P. Priamos

County Counsel

By: 

Jhalla R. Brown

Deputy County Counsel

WHEN DOCUMENT IS FULLY EXECUTED RETURN
CLERK'S COPY
to Riverside County Clerk of the Board, Stop 1010
Post Office Box 1147, Riverside, Ca 92502-1147
Thank you.

INDEMNITY AGREEMENT (Environmental and Building Laws)



THIS INDEMNITY AGREEMENT ("**Indemnity Agreement**" or "**Agreement**"), dated for reference purposes June __, 2019, is entered into by PERRIS PARK HOUSING LLC, a California limited liability company ("**Borrower**"), and by HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic (collectively, if more than one individual and/or entity, "**Guarantor**") (Borrower and Guarantor are collectively referred to as "**Indemnitors**"), for the benefit of BANNER BANK, a Washington state chartered commercial bank ("**Lender**") and its successors, participants and assigns and the other Indemnified Parties (defined below).

RECITALS

A. Borrower has requested that Lender make a loan to Borrower in the amount of ONE MILLION EIGHT HUNDRED THOUSAND AND NO/100THS U.S. DOLLARS (\$1,800,000.00) (the "**Loan**"). The Loan shall be evidenced by a promissory note (the "**Note**") executed by Borrower in favor of Lender in the amount of the Loan. The Loan shall be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "**Deed of Trust**") encumbering Borrower's interest in certain real property described in EXHIBIT A attached hereto.

B. Lender's agreement to make the Loan to Borrower is conditioned on Indemnitors' execution of this Indemnity Agreement. Indemnitors acknowledge that they will derive material financial benefits from Borrower's financing arrangements with Lender and that Lender would not make the Loan to Borrower absent this Agreement.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as a material inducement for Lender's agreement to make the Loan to Borrower, Indemnitors certify, represent, warrant, covenant, and agree as follows:

1. Defined Terms.

1.1 "**Building and Access Laws**" means the Fair Housing Act of 1968, as amended, the Fair Housing Amendments Act of 1988, the Americans With Disabilities Act of 1990, as amended, all government and private covenants, conditions, and restrictions relating to the Property, building code requirements and laws affecting the improvements on the Property, and all other federal, state and local laws, ordinances, regulations and rules relating to the construction, operation, and maintenance of the improvements on the Property and the marketing and use of such improvements in a non-discriminatory manner.

1.2 "**Environmental Laws**" means all federal, state and local laws, statutes, codes, ordinances, regulations, judgments, orders, injunctions, decrees, covenants, restrictions and standards presently in effect or that may be promulgated in the future applicable to Borrower or to the Property relating to industrial hygiene or to environmental or unsafe conditions or to human health including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, emission or discharge of Hazardous Substances, those relating to or connected with the construction (or construction-related activities), fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Property, and those relating to the atmosphere, soil, grading, excavation, surface and ground water, storm water, wetlands, stream sediments and vegetation on, under, in or about the Property and Nearby Property (including those relating to the construction of improvements on the Property and the resulting water quality, air quality, soils quality and other environmental quality of the Property and Nearby Property). "Environmental Law" also shall include, but not be limited to, the following laws,

6.18.19 10.3

as they have been or will be amended from time to time: (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986; (b) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984; (c) the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977; (d) the Toxic Substances Control Act; (e) the Emergency Planning and Community Right-to-Know Act of 1986; (f) the Clean Air Act, as amended by the Clean Air Act Amendments; (g) the National Environmental Policy Act of 1969; (h) the River and Harbor Act of 1899; (i) the Endangered Species Act of 1973; (j) the Occupational Safety and Health Act of 1970; (k) the Safe Drinking Water Act; (l) the Hazardous Materials Transportation Act; (m) the Federal Resource Conservation and Recovery Act of 1976; (n) the Federal Hazardous Materials Transportation Control Act; and (o) the Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978; and all regulations from time to time adopted in respect to the foregoing laws, and all other federal, state and local laws, statutes, codes, ordinances, regulations, judgments, orders, injunctions, decrees, covenants, restrictions and standards presently in effect or that may be promulgated in the future relating to the use, release, handling, storage, transportation, clean-up, or other disposal of Hazardous Substances, or relating to the water quality, air quality, soils quality, and other environmental quality of real property and improvements located or to be constructed upon real property, or related to the protection of endangered species, as such laws and ordinances may be amended from time to time.

1.3 "Environmental Proceeding" means any lawsuit or proceeding, whether civil (including actions by private parties), criminal, or administrative, relating to the environmental condition of the Property or the presence of Hazardous Substances thereon.

1.4 "Environmental Reports" means soils, geologic, and engineering reports prepared to assess any environmental risks associated with any portion of the Property that have been provided to Lender by Borrower or otherwise obtained by Lender prior to Lender's making the Loan.

1.5 "Hazardous Substances" means any waste, pollutants, contaminants, petroleum or petroleum product, asbestos, tremolite, anthophyllite or actinolite, polychlorinated biphenyls, or other chemical, substance, or material that: (a) after release into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities, or (b) is now or at any time in the future becomes regulated under, or is defined, classified or designated as hazardous, toxic, radioactive or dangerous, or other similar term or category under any Environmental Laws; but shall not include: (1) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, operation, maintenance or use of comparable multifamily properties, (2) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Environmental Laws.

1.6 "Indemnified Parties" means Lender, any person or entity who is or will have been involved in the origination or servicing of the Loan, any person or entity in whose name the encumbrance created by the Deed of Trust has been recorded, persons and entities who may hold or acquire an interest in the Loan, as well as custodians, trustees and other fiduciaries who hold a full or partial interest in the Loan for the benefit of third parties (each, individually, an "**Indemnified Party**").

1.7 "Loan Documents" means any and all documents evidencing, securing or otherwise governing the Loan, specifically excluding, however, this Indemnity Agreement.

1.8 **"Nearby Property"** means real property that is adjacent to or in the immediate vicinity of the Property that could reasonably cause contamination of the Property or could become contaminated with Hazardous Substances as a result of construction, operations, or other activities involving Hazardous Substances on, over, or under the Property or on, over, or under such adjacent or nearby property.

1.9 **"Property"** means the real property legally described on EXHIBIT A hereto and all other property that now or hereafter secures the Loan, all buildings, improvements, and personal property now or hereafter located thereon, the soil, groundwater, streams crossing or abutting the real property, and the aquifers underlying such real property.

1.10 **"Transition Date"** means the earlier of the following dates: (a) the date on which the lien of the Deed of Trust is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective and possession of the Property has been given to and accepted by Lender or any other purchaser or grantee, or (b) prior to completion of any foreclosure or deed in lieu of foreclosure, if Lender, its agents, employees, affiliates, or any receiver appointed to take possession of the Property on behalf of or at the request of Lender and causes any release of Hazardous Substances or other contamination, alteration, or change in physical condition, the date prior to the date when such release, contamination, or change in physical condition by actions of Lender or its agent, employee, affiliate or receiver has occurred. However, as to clause (b), the Transition Date applies only to any release of Hazardous Substances or other contamination, alteration, or change in physical characteristics caused by Lender, its agents, employees, affiliates, or any receiver appointed at Lender's request, but not to Hazardous Substances that existed on the Property prior to such change in custody and possession or receivership, nor to Hazardous Substances that enter onto the Property after the Transition Date from natural forces that cannot be reasonably controlled by Lender (e.g., contaminated groundwater intrusion).

2. **Scope of Indemnitors' Investigation.** Indemnitors' investigation of the environmental condition of the Property has included all of the following undertaken by Borrower and confirmed to the other Indemnitors: physical examination of the Property; the acquisition and review of the applicable Environmental Reports; review of or consultation with consultants about applicable Environmental Laws; and any other actions deemed necessary by Indemnitors to confirm the accuracy of all representations and warranties contained in the Loan Documents regarding such matters.

3. **Lender's Right to Enter.** Lender shall have the right to enter and inspect the Property at any time after reasonable notice to Indemnitors, and, in the event of a default under any of the Loan Documents, and consistent with remedies provided in the Loan Documents, shall also have the right to appoint a receiver to enforce Lender's right to inspect the Property.

4. **Obligation to Cure Non-Compliance.**

4.1 **Notice.** If Indemnitors at any time become aware of: (a) any Hazardous Substances on or other environmental problem or liability with respect to the Property or any Nearby Property in any manner or quantity that would violate any Environmental Laws, (b) any failure of the Property or the improvements thereon to comply with any of the Environmental Laws, (c) any failure of the Property or the improvements thereon or the marketing and other operations undertaken with respect thereto to comply with any of the Building and Access Laws, (d) any lien, action or notice resulting from violation of any Environmental Laws, or Building and Access Laws or (e) any Environmental Proceeding affecting the Property, Indemnitors shall immediately notify Lender thereof in writing, and shall thereafter exercise due diligence to ascertain the scope and nature of such condition. If the condition is such that state or federal law requires the giving of notice to the governmental agencies having appropriate jurisdiction or the implementation of other preventive measures, Indemnitors shall promptly furnish such notice or implement such preventive measures.

4.2 **Cure.** If, upon giving such notice or for any other reason, one or more governmental agencies having appropriate jurisdiction requires removal or treatment of Hazardous Substances from or on the

Property or the making of alterations to the Property to conform to Building and Access Laws or Environmental Laws, or such removal, treatment, or alteration is required by Environmental Laws or Building and Access Laws, Indemnitors will: (a) to the extent required by Environmental Laws, take all actions that are necessary or desirable to clean up any Hazardous Substances affecting the Property, including removal, treatment, containment or any other remedial action required to restore the Property to a safe condition in compliance with applicable laws and regulations, including Environmental Laws, (b) take all actions that are necessary or desirable to modify the Property and all improvements and marketing materials so as to achieve compliance with applicable laws and regulations, including Building and Access Laws and/or Environmental Laws, and/or (c) attempt to contest, appeal, or obtain a stay of enforcement proceedings if Indemnitors believe in good faith that Indemnitors are not required by law to cure such Hazardous Substances condition or to make alterations to comply with Environmental Laws or Building and Access Laws.

4.3 Indemnitors' Expense. Except for the correction of any violations of Building and Access Laws and/or Environmental Laws to the extent caused by Indemnified Parties, their agents, successors and assigns, Indemnitors agree that the amelioration, treatment, containment, or removal of all Hazardous Substances that may be discovered on the Property or Nearby Property (occurring from Hazardous Substances originating on the Property) arising prior to the Transition Date and the modification of any Improvements on the Property in order to comply with Environmental Laws or Building and Access Laws for violations occurring prior to the Transition Date shall be at Indemnitors' sole expense, reserving unto Indemnitors any claims for contribution or indemnity that Indemnitors may have against other parties who may be held liable therefor.

5. Indemnification of Indemnified Parties. Indemnitors shall indemnify, defend, and hold harmless Indemnified Parties from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including actual attorneys' fees and costs), that (a) accrue to or are made against or incurred by Indemnified Parties relating to any Transferred Property that result in actual cost and expense to an Indemnified Party arising after one or more Indemnified Parties is in title to the Transferred Property; and (b) directly or indirectly arise from or out of, or are in any way connected with:

5.1 the inaccuracy of any Indemnitor's representations regarding (a) the environmental condition of the Property or (b) compliance of the Property or the improvements with Environmental Laws or Building and Access Laws;

5.2 any spills, releases, discharges or disposal of Hazardous Substances at or from the Transferred Property occurring prior to the Transition Date;

5.3 the imposition, recording or filing of any lien with regard to Hazardous Substances prior to the Transition Date or relating to Hazardous Substances that existed on the Property prior to the Transition Date;

5.4 any non-compliance with or violation of any Environmental Laws occurring prior to the Transition Date;

5.5 any activities on the Transferred Property prior to the Transition Date that directly or indirectly result in the Property or any Nearby Property becoming contaminated with Hazardous Substances, provided, such activities have not been conducted by any Indemnified Party, their agents, successors or assigns;

5.6 the discovery and/or cleanup of Hazardous Substances that were deposited on or were existing on the Transferred Property prior to the Transition Date except to the extent that an Indemnified Party, its agents, successors or assigns deposited such Hazardous Substances on the Transferred Property;

5.7 the discovery and/or cleanup of Hazardous Substances that were deposited on any Nearby Property as a result of an Indemnitor's actions or omissions; or

5.8 any alleged or actual failure of any improvements now or hereafter constructed by Borrower on the Transferred Property to continuously substantially comply with all Building and Access Laws now or hereafter enacted for any reason whatsoever, so long as such failure or violation did not first occur after the Transition Date.

Indemnitors acknowledge that, as between Indemnitors and Indemnified Parties, for those obligations of Indemnitors described in this Section 5, Indemnitors will be solely responsible for all costs and expenses relating to the cleanup of Hazardous Substances from the Transferred Property or from any related Nearby Property or to the modification and correction of any of the improvements constructed on the Transferred Property to make them comply substantially with all Building and Access Laws. If Lender becomes the owner of, or acquires an interest in or rights to the Property by foreclosure or by a conveyance in lieu of foreclosure of the Deed of Trust, or any other instruments securing the Loan, or by any other means, the foregoing indemnification and defense obligations of Indemnitor shall survive such transfer of the Transferred Property. Notwithstanding the preceding sentence, Indemnitor shall have no obligation to defend, indemnify or hold Lender harmless from any claim, demand, damage, loss, lien, liability, etc. to the extent arising from the negligence or willful misconduct of any Indemnified Party or arising on or after the Transition Date.

6. **Defense of Indemnified Parties.** If any party asserts a claim against an Indemnified Party for which Indemnitors have agreed to defend and indemnify such Indemnified Party, Indemnified Party shall have the right to choose its own legal counsel in the event the Indemnified Party reasonably determines that such counsel is necessary due to a conflict of interest (at Indemnitors' expense) and make all decisions relating to the dispute, including, without limitation, the litigation strategy and the terms of any settlement. The obligations and liabilities of Indemnitors under this Indemnity Agreement shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure relating to any of the Loan Documents, including, without limitation, any assignment and assumption of Indemnitors' obligations hereunder.

7. **Promises of Indemnity Are Unconditional and Separate from the Loan.** Indemnitors' obligations under this Indemnity Agreement are unconditional and shall not be limited by any limitations of liability provided for in any of the Loan Documents. Furthermore, the representations, warranties, and covenants of Indemnitors set forth in this Indemnity Agreement: (a) are separate and distinct obligations from Borrower's and each Guarantor's obligations under the Loan Documents, (b) are not secured by the Deed of Trust or any other security instruments securing the Loan and shall not be discharged or satisfied by foreclosure of the liens created by the Deed of Trust or other security instruments, and (c) shall continue in effect after the Transition Date, to the extent provided in Section 5 above.

8. **Payments to Indemnified Parties.** All amounts payable under this Indemnity Agreement shall be paid when due or, for reimbursement of amounts paid by an Indemnified Party, within ten (10) days after an Indemnified Party's delivery of demand to Indemnitors. Any amount not paid when due shall thereafter bear interest at the default rate of interest under the promissory note evidencing the Loan (whether or not such promissory note itself remains enforceable).

9. **Attorney and Professional Fees.** Each Indemnitor agrees to reimburse, within ten (10) days of demand, the applicable Indemnified Parties for all costs, expenses, and reasonable attorneys' fees that such Indemnified Parties incur in connection with the realization or enforcement of any obligation or remedy contained in this Indemnity Agreement, with or without litigation. Payment by an Indemnified Party shall not be a condition precedent to the obligations of any Indemnitor under this Indemnity Agreement.

10. **Indemnitors' Waivers.** Each Indemnitor agrees that its obligations hereunder shall not be affected by any circumstances, whether or not referred to herein, that might otherwise constitute a legal or equitable discharge of a guarantor or a surety. Without limiting the generality of the foregoing, each Indemnitor waives any rights, claims, defenses, abatements, or rights of setoff or recoupment based on or arising out of: (a) all statutes of limitations that may offer a defense to any action brought against such Indemnitor by Indemnified Parties; (b) any legal disability, discharge, or limitation of the liability of Borrower to Lender, whether consensual or arising by operation of law or any

proceeding; (c) any laws in effect from time to time limiting the liability of a surety; (d) the death or disability of Borrower or any Indemnitor; or (e) any right to require Lender to exhaust any security for the performance of obligations under any of the Loan Documents or to proceed against Borrower, Guarantor, or any other person in any particular order, whether such right exists by statute or otherwise.

11. Miscellaneous.

11.1 Notices. Any notice, demand, request or other communication that any party hereto may be required or may desire to give hereunder shall be made in writing to the addresses below and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three (3) business days after mailing; (c) if by Federal Express or other reliable overnight courier service, on the next business day after delivery to such courier service; or (d) if by confirmed e-mail transmission on the day of transmission so long as a copy is sent on the same day by overnight courier to the applicable address set forth below:

If to Indemnitor: Perris Park Housing LLC
c/o Riverside Community Housing Corp.
5555 Arlington Avenue
Riverside, CA 92504
Attention: Michael Walsh

with a copy to: County of Riverside County Office of County Counsel
3960 Orange Street, Suite 500
Riverside, CA 92501
Attention: Jhaila Brown, Deputy County Counsel

If to Lender: BANNER BANK
Commercial Real Estate Lending
3005 112th Avenue NE, Suite 100
Bellevue, WA 98004

Any party may change its address by notifying the other party in writing as set forth above.

11.2 Benefit of Lender's Affiliates, Successors, and Purchasers. Each representation, warranty, covenant, promise of indemnity, and other obligation of Indemnitors herein in favor of Lender shall also inure to the benefit of any successors and assigns of Lender's interest in the Loan or any portion of the Property, as well as any purchasers of all or any portion of the Property at a foreclosure sale and the purchaser under the first conveyance of any portion of Property following the consummation of any foreclosure or deed in lieu of foreclosure, but not any other purchasers of the Property.

11.3 Rights Cumulative. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies that Lender has under the Loan Documents or that Lender would otherwise have at law or in equity.

11.4 No Waiver. The failure of an Indemnified Party to promptly enforce any right or remedy under this Indemnity Agreement shall not constitute a waiver thereof and shall not affect or impair the liability of Indemnitors.

11.5 Release of Liability. Any one or more parties liable upon or in respect of this Indemnity Agreement may be released without affecting the liability of any party not so released.

11.6 Successors. This Indemnity Agreement shall be binding upon Indemnitors and their heirs, representatives, successors and assigns.

11.7 Severability. If any provision of this Indemnity Agreement is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Indemnity Agreement and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included.

11.8 Joint and Several Liability. The liability hereunder of each Indemnitor shall be joint and several.

11.9 Mutual Negotiation. Each Indemnitor and Indemnified Party confirm that they have mutually negotiated this Indemnity Agreement and that none of the terms or provisions of this Indemnity Agreement shall be construed by presumption against either party.

11.10 Governing Law. This Indemnity Agreement shall be governed by the laws of the State of in which the Property is located, without regard to that state's choice of law rules.

11.11 Execution of Counterparts. This Indemnity Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

11.12 Jury Trial Waiver. TO THE GREATEST EXTENT PERMITTED BY LAW, EACH INDEMNITOR, BY ITS EXECUTION AND DELIVERY HEREOF, AND INDEMNIFIED PARTIES, BY LENDER'S ACCEPTANCE HEREOF, EACH HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS INDEMNITY AGREEMENT OR UNDER THE LOAN DOCUMENTS OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT MATTER OF THIS INDEMNITY AGREEMENT, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY, SUBJECT TO SECTION 10.1 BELOW. INDEMNITORS FURTHER ACKNOWLEDGE THAT (I) THEY HAVE READ AND UNDERSTAND THE MEANING AND RAMIFICATIONS OF THIS WAIVER, AND (II) THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOAN. INDEMNITORS HEREBY AGREE THAT THIS INDEMNITY AGREEMENT CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631.

12. CALIFORNIA PROVISIONS

12.1 Judicial Reference. In the event the waiver of jury trial set forth above is not enforceable, the parties agree to proceed under this judicial reference provision as follows:

12.1.1 With the exception of the items specified in Section 10.1.2 below, any controversy, dispute or claim (each a "**Claim**") between the parties arising out of or relating to this Agreement will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure, or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Venue for the reference proceeding will be in the state or federal court in the county or district where venue is otherwise appropriate under applicable law (the "**Court**").

12.1.2 The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver, and (iv) temporary, provisional, or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and

remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Section 10.1 as provided herein.

12.1.3 The single referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the presiding judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to Section 170.6 of the California Code of Civil Procedure, each party shall have one peremptory challenge to the referee selected by the presiding judge of the Court (or his or her representative).

12.1.4 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues within one hundred twenty (120) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision,

12.1.5 The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

12.1.6 Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award fees and costs (including, without limitation, attorneys' fees) to the prevailing party, the parties will share equally the cost of the referee and the cost of the court reporter at trial.

12.1.7 The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to enter equitable orders that will be binding on the parties, and to rule on any motion that would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding that disposes of all claims of the parties that are the subject of the reference. Pursuant to Section 644 of the California Code of Civil Procedure, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court, and any such decision will be final, binding, and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

12.1.8 If the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the California Code of Civil Procedure, as amended from time to time. The limitations with respect to discovery set forth in this Section shall apply to any such arbitration proceeding.

12.1.9 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES, AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS, OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS INDEMNITY AGREEMENT.

12.2 Waiver. Each Indemnitor hereby unconditionally and irrevocably waives:

12.2.1 an election of remedies by any Indemnified Party, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for the Loan (whether such security is real property or personal property), has destroyed such Indemnitor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

12.2.2 any and all benefits which might otherwise be available to such Indemnitor under California Civil Code Sections 2787 through 2855, 2899, 2953, or 3433, and California Code of Civil Procedure Sections 580a, 580b, 580d and 726.

12.3 Loan Amount; No Limitation. The amount of Indemnitors' liability under this Indemnity Agreement is unrelated to, and independent of, the amount of any loss that Lender may suffer by reason of the failure of the Loan to be repaid in full, and shall not be determined by reference to the amount of any Loan loss. No amount paid to any Indemnified Party pursuant to this Indemnity Agreement shall be considered to be paid on account of the Loan or any deficiency or loss suffered by Lender by reason of the failure of the Loan to be repaid in full. The enforcement of this Indemnity Agreement by any Indemnified Party shall not be construed as an indirect attempt to recover any such loan loss, Indemnitors acknowledge that Indemnitors may have liability under this Indemnity Agreement even if the Loan is repaid in full by reason of a full credit bid at any foreclosure sale, and that the amount of Indemnitors' liability hereunder could exceed the entire amount paid by an Indemnified Party for the Property.

12.4 Legal Effect of this Agreement. Indemnitors and Indemnified Parties agree that: (a) this Indemnity Agreement is intended as Lender's written request for information (and Indemnitors' response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure Section 726.5; and (b) each provision in this Indemnity Agreement (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by Lender and Indemnitors to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736, and as such it is expressly understood that Indemnitors' duty to indemnify Indemnified Parties hereunder shall survive: (i) any judicial or non-judicial foreclosure under any security instrument, or transfer of the Property in lieu thereof; (ii) the release and reconveyance or cancellation of any security instrument; and (iii) the satisfaction of all of Indemnitors' obligations under the Loan Documents.

12.5 Inspection Rights. Lender shall have the right to enter and inspect the Property for Hazardous Substances pursuant to California Civil Code Section 2929.5, to obtain a court order to enforce that right, and to have a receiver appointed pursuant to California Code of Civil Procedure Section 564 to enforce Lender's right to enter and inspect the Property.

12.6 Remedies.

12.6.1 Upon any breach of this Indemnity Agreement, each Indemnified Party shall have the right to commence and maintain an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred or advanced by Lender (collectively, the "**Environmental Costs**") relating to the cleanup, remediation or other response action required by Environmental Laws or which Lender believes necessary to protect the Property. Each Indemnitor acknowledges and agrees that notwithstanding any term of provision contained herein or in the Loan Documents, the Environmental Costs shall be exceptions to any non-recourse or exculpatory provision, and each Indemnitor shall be fully and personally liable for the Environmental Costs hereunder and such liability shall not be limited to the original principal amount of the obligations secured by the Deed of Trust or any other security instrument.

12.6.2 Upon any Event of Default under the Loan Documents, in addition to any other remedies provided therein and applicable law, Lender shall have the right to waive the lien of the Deed of Trust against the Property or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with California Code of Civil Procedure Section 726.5 and to exercise any and all rights and remedies of an unsecured creditor against Indemnitors and all of Indemnitors' assets and property for the recovery of any deficiency, including, without limitation, seeking an attachment order pursuant to California Code of Civil Procedure Section 483.010. As between Indemnified Parties and Indemnitors, for purposes of California Code of Civil Procedure Section 726.5, Indemnitors shall have the burden of proving that they or any related party (or any affiliate or agent of any Indemnitor or any related party) were not in any way negligent in permitting the release or threatened release of the Hazardous Substances. Each Indemnitor acknowledges and agrees that, notwithstanding any term or provision contained herein or in the Loan Documents, all judgments and awards entered against an Indemnitor under this Section and California Code of Civil Procedure Section 726.5 shall be exceptions to any non-recourse or exculpatory provisions of the Loan Documents.

12.7 California Code Sections. This Indemnity Agreement is intended to be cumulative of any rights of Lender under California Code of Civil Procedure Sections 564, 726.5 and 736 and under California Civil Code Section 2929.5. Each Indemnitor hereby agrees that its liability hereunder shall not be affected by any restrictions or limitations such statutes may contain.

13. Limitation of Funds for Guaranty of Payment. Notwithstanding anything to the contrary contained herein, Lender acknowledges and agrees that Guarantor has no authority to provide the Lender with guarantees or indemnifications involving restricted assets of Guarantor arising under any program, including, but not limited to programs administered by the U.S. Department of Housing and Urban Development (HUD) and HUD restricted funds, including, but not limited to, public housing or Section 8 voucher assets, assets covered by a RAD use Agreement, HOME Program assets, NSP assets, CDBG assets and any operating subsidies of any Guarantor project. Guarantor's performance under this Indemnity Agreement is subject to applicable HUD requirements, as now in effect or hereafter enacted. Notwithstanding anything to the contrary contained herein, Lender further acknowledges and agrees that Lender has no legal right of recourse under this Indemnity Agreement against any real property assets of Guarantor, any operating receipts of Guarantor, any housing operating reserve of Guarantor reflected in Guarantor's annual operating budget, or deposit required by HUD, any rents or other income from Guarantor owned real property, or real property in which Guarantor holds a security interest, other than a claim against:

- i. Available surplus cash;
- ii. Any excess fees contained in Guarantor's Section 8 administrative fee reserve under 24 CFR Section 982.155

For purposes of this Section 13, the following capitalized terms are defined as follows:

"CDBG" means The Community Development Block Grant (CDBG) is a Federally funded block grant program created by Congress in 1974.

"HOME program" means HOME Investment Partnerships Act and HOME Investment Partnerships("HOME") Program, which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the "Act"), as amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92).

"NSP" means the Neighborhood Stabilization Program which is authorized under Title III of the Housing and Economic Recovery Act of 2008. There have been three rounds of funding for NSP through the Housing and Economic Recovery Act of 2008 (NSP1), The American Recovery and Reinvestment Act in 2009 (NSP2), and, the Dodd-Frank Wall Street Reform Act in 2010 (NSP3).

"operating subsidies" means the amount of annual contributions for operations Guarantor receives each funding period from HUD for various HUD funded programs.

"operating reserve" means the account established by the Guarantor from excess administrative fee income. The operating reserve must be used for housing purposes.

"RAD" means the Rental Assistance Demonstration authorized by Congress under the FY12 HUD appropriations act, RAD allows public housing agencies (PHAs) and owners of other HUD-assisted properties to convert units from their original sources of HUD financing to project-based Section 8 contracts.

"surplus cash" means the cash that exceeds the cash required for day-to-day operations.

14. NONLIABILITY OF COUNTY OF RIVERSIDE. LENDER HEREBY ACKNOWLEDGES AND AGREES THAT THE INDEMNIFICATION OBLIGATIONS OF BORROWER UNDER THIS INDEMNIFICATION AGREEMENT SHALL NOT BE A DEBT OF THE COUNTY OF RIVERSIDE (COUNTY), OR ANY OF ITS AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES AND NEITHER THE COUNTY, NOR ANY OF ITS AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH INDEMNIFICATION OBLIGATIONS BE PAYABLE OUT OF THE COUNTY'S GENERAL FUND, OR OTHER FUNDS OR PROPERTIES OTHER THAN THOSE OF THE BORROWER PLEDGED THERETO.

[Remainder of Page Intentionally Left Blank; Signature(s) Appear on the Following Page.]

A CONTRACT, PROMISE, UNDERTAKING OR COMMITMENT TO LOAN MONEY OR GRANT OR EXTEND CREDIT, IN AN AMOUNT GREATER THAN \$100,000, NOT PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, MADE BY A PERSON ENGAGED IN THE BUSINESS OF LENDING MONEY OR EXTENDING CREDIT MUST BE IN WRITING AND SUBSCRIBED BY LENDER OR ITS AGENT TO BE VALID UNDER CALIFORNIA LAW.

Dated as of the date first set forth above.

Indemnitors:

Borrower:

Perris Park Housing LLC,
a California limited liability company
By: Riverside Community Housing Corp.,
a California nonprofit public benefit
corporation, its sole manager/member
By: _____
Name: Carrie Harmon
Its: Chief Operating Officer

APPROVED AS TO FORM:

Gregory P. Priamos
General Counsel

By: _____
Deputy General Counsel

Guarantor:

HOUSING AUTHORITY OF THE COUNTY OF
RIVERSIDE, a public entity, corporate and politic

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Gregory P. Priamos
County Counsel

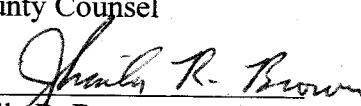
By: 
Jhaila R. Brown,
Deputy County Counsel

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

[behind this page]

EXHIBIT A

LEGAL DESCRIPTION

That portion of Lot 5 of Perou's Subdivision of the South half of the Southeast quarter of section 31, Township 4 South, Range 3 West, as shown by Map on file in Book 15 page(s) 698, of Maps Records of San Diego County, California, described as follows:

Beginning at Southeast corner of said Section 31, said point also being the centerline intersections of Perris Boulevard and Ellis Avenue as shown on Record(s) of Survey Map filed in Book 86 Page 48; Thence North $00^{\circ}14'13''$ West 660.04 feet along the centerline of Perris Avenue, said centerline also being the East line of said Lot 5; thence South $89^{\circ}45'47''$ West 30.00 feet perpendicular to said centerline to the West right(s) of way Line of Perris Boulevard 30.00 feet wide half width, said point also being the northeast corner Parcel 1 as shown on said Record(s) of survey to the true point of beginning, thence South $89^{\circ}45'44''$ West 475.35 feet along the North line of said Parcel 1; thence south $00^{\circ}14'16''$ East 629.40 feet perpendicular to said North line to a point on the North right of way of Ellis Avenue, 30.00 feet wide half width; thence North $89^{\circ}50'04''$ East 475.34 feet along said North right of way to a point on the West right (s) of way Perris Boulevard, 30.00 feet wide half width; thence North $00^{\circ}14'13''$ West 630.00 feet along said West right (s) of way line to the true point of beginning.

Said Land is shown on a Map Recorded in Book 86 Page 48, of Record(s) of survey, Records of said county.

Note: Said Land is described and delineated as Lot 1 on Lot line adjustment NO 99-0022, Recorded April 29, 1999 as Instrument No. 1999-182554 of Official Records.

Property Address: 1450 South Perris Boulevard, Perris, California
Assessor's Parcel No.: 008029/313-290-020-2



CLERK'S COPY

to Riverside County Clerk of the Board, Stop 1010

Post Office Box 1147, Riverside, Ca 92502-1147

Thank you.

OMB Approval No. 2577-0169

(exp. 04/30/2018)

**U.S. Department Of Housing and Urban Development
Office of Public and Indian Housing**

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 1 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

1. CONTRACT INFORMATION

a. Parties

This housing assistance payments (HAP) contract is entered into between:

Housing Authority of the County of Riverside, a public entity, corporate and politic (PHA) and

Perris Park Housing LLC, a California limited liability company (owner).

b. Contents of contract

The HAP contract consists of Part 1, Part 2 and the contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP contract includes the following exhibits:

EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR 983.203 for required items.) If this is a multi-stage project, this exhibit must include a description of the units in each completed phase.

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

**HUD 52530A Page - 1 -
of Part 1
(04/2015)**

6.18.19 10.3

EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

ADDITIONAL EXHIBITS

d. **Single-Stage and Multi-Stage Contracts (Check the applicable box.)**

1. **Single-Stage Project**

This is a single-stage project.

For all contract units, the effective date of the HAP contract is:
<date of the first HAP signed>

The PHA enters the effective date, and executes the HAP contract, after completion and PHA acceptance of all units in the single stage project.

2. **Multi-Stage Project**

This is a multi-stage project. The units in each completed stage are designated in Exhibit A.

The PHA enters the effective date for each stage after completion and PHA acceptance of all units in that stage. The PHA enters the effective date for each stage in the "Execution of HAP contract for contract units completed in stages" (starting on page 8).

The annual anniversary date of the HAP contract for all contract units in this multi-stage project is the anniversary of the effective date of the HAP contract for the contract units included in the first stage. The expiration date of the HAP contract for all of the contract units completed in stages must be concurrent with the end of the HAP contract term for the units included in the first stage. (See 24 CFR 983.206(c).)

e. Term of the HAP contract

1. Beginning of Term

The PHA may not enter into a HAP contract for any contract unit until the PHA has determined that the unit complies with the housing quality standards. The term of the HAP contract for any unit begins on the effective date of the HAP contract.

2. Length of initial term

a. Subject to paragraph 2.b, the initial term of the HAP contract for any contract units is: 15 years (ending 5/XX/2034).

b. The initial term of the HAP contract for any unit may not be less than one year, nor more than fifteen years.

3. Extension of term

The PHA and owner may agree to enter into an extension of the HAP contract at the time of initial HAP contract execution or any time prior to expiration of the contract. Any extension, including the term of such extension, must be in accordance with HUD requirements.

A PHA must determine that any extension is appropriate to achieve long-term affordability of the housing or expand housing opportunities.

4. Requirement for sufficient appropriated funding

a. The length of the initial term and any extension term shall be subject to availability, as determined by HUD, or by the PHA in accordance with HUD requirements, of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the PHA's annual contributions contract (ACC) with HUD, to make full payment of housing assistance payments due to the owner for any contract year in accordance with the HAP contract.

b. The availability of sufficient funding must be determined by HUD or by the PHA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, the PHA has the right to terminate the HAP contract by notice to the owner for all or any of the contract units. Such action by the PHA shall be implemented in accordance with HUD requirements.

f. Occupancy and payment

1. Payment for occupied unit

During the term of the HAP contract, the PHA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the calendar month when the family moves out ("move-out month"). However, the owner may not keep the payment if the PHA determines that the vacancy is the owner's fault.

2. Vacancy payment

THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH f.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.

- a. If an assisted family moves out of a contract unit, the PHA may provide vacancy payments to the owner for a PHA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.
- b. The vacancy payment to the owner for each month of the maximum two-month period will be determined by the PHA, and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant's security deposit). Any vacancy payment may only cover the period the unit remains vacant.
- c. The PHA may only make vacancy payments to the owner if:
 1. The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner's knowledge and belief);
 2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
 3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and

4. The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.
 - d. The PHA must take every reasonable action to minimize the likelihood and length of vacancy.
 - e. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.
 - f. The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payments.
3. **PHA is not responsible for family damage or debt to owner**

Except as provided in this paragraph f (Occupancy and Payment), the PHA will not make any other payment to the owner under the HAP contract. The PHA will not make any payment to owner for any damages to the unit, or for any other amounts owed by a family under the family's lease.

g. Income-mixing requirement

1. Except as provided in paragraphs g.2 and 3, the PHA will not make housing assistance payments under the HAP contract for more than 25 percent of the total number of dwelling units (assisted or unassisted) in any project. The term "project" means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land assisted under this HAP contract.
2. The limitation in paragraph g.1 does not apply to single-family buildings.
3. In referring eligible families to the owner for admission to the number of contract units in any project exceeding the 25 percent limitation under paragraph g.1, the PHA shall give preference to elderly or disabled families, or to families receiving supportive services, for the number of contract units designated for occupancy by such families. The owner shall rent the designated number of contract units to such families referred by the PHA from the PHA waiting list.
4. The PHA and owner must comply with all HUD requirements regarding income mixing.

5. The following specifies the number of contract units (if any):
- a. Designated for occupancy by disabled families;
 - b. Designated for occupancy by elderly families;
 - c. Designated for occupancy by elderly or disabled families; or
 - d. Designated for occupancy by families receiving supportive services.

Check this box if any contract units are designated for disabled families.

The following number of contract units shall be rented to disabled families: _____.

Check this box if any contract units are designated for elderly families.

The following number of contract units shall be rented to elderly families:

_____.

Check this box if any contract units are designated for elderly or disabled families.

The following number of contract units shall be rented to elderly or disabled families:

_____.

Check this box if any contract units are designated for families receiving supportive services.

The following number of contract units shall be rented to families

receiving supportive services: _____.

EXECUTION OF HAP CONTRACT FOR SINGLE-STAGE PROJECT

PUBLIC HOUSING AGENCY (PHA)

Name of PHA (Print)

Housing Authority of the County of Riverside, a public entity, corporate and politic

By:

Signature of authorized representative

Carrie Harmon, Deputy Executive Director

Name and official title (Print)

Date

OWNER

Name of Owner (Print)

Perris Park Housing LLC, a California Limited Liability Company

By:

Signature of authorized representative

Robert Field, Chief Executive Officer

Name and title (Print)

Date

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

Previous editions are obsolete

**HUD 52530A Page - 7 -
of Part 1
(04/2015)**

FORM APPROVED COUNTY COUNSEL

BY: Sharla R. Brown 5/29/19
SHARLA R. BROWN DATE

**U.S. Department Of Housing and Urban Development
Office of Public and Indian Housing**

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 2 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

2. DEFINITIONS

Agreement. Agreement to enter into HAP Contract between the owner and the PHA. The HAP contract was entered into following new construction or rehabilitation of the contract units by the owner pursuant to an Agreement.

Contract units. The housing units covered by this HAP contract. The contract units are described in Exhibit A.

Family. The persons approved by the PHA to reside in a contract unit with assistance under the program.

HAP contract. This housing assistance payments contract between the PHA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP contract).

Housing assistance payment. The monthly assistance payment by the PHA for a contract unit, which includes: (1) a payment to the owner for rent to the owner under the family's lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.

Household. The family and any PHA-approved live-in aide.

Housing quality standards (HQS). The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.

HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives.

Newly constructed housing. Housing units that do not exist on the proposal selection date and are developed after the date of selection pursuant to an Agreement between the PHA and owner for use under the project-based voucher program.

Owner. Any person or entity who has the legal right to lease or sublease a unit to a participant.

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP contract, or in any proceeds or benefits arising from the HAP contract.

Program. The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

PHA. Public Housing Agency. The agency that has entered into the HAP contract with the owner. The agency is a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Proposal selection date. The date the PHA gives written notice of proposal selection to the owner whose proposal is selected in accordance with the criteria established in the PHA's administrative plan.

Rehabilitated housing. Housing units that exist on the proposal selection date, but do not substantially comply with the HQS at that date, and are developed, pursuant to an Agreement between the PHA and owner, for use under the project-based voucher program.

Rent to owner. The total monthly rent payable to the owner under the lease for a contract unit. Rent to owner includes payment for any housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

Tenant. The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

Tenant rent. The portion of the rent to owner payable by the family, as determined by the PHA in accordance with HUD requirements. The PHA is not responsible for paying any part of the tenant rent.

3. PURPOSE

- a. This is a HAP contract between the PHA and the owner.
- b. The purpose of the HAP contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the owner.
- c. The PHA must make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible families during the HAP contract term. HUD provides funds to the PHA to make housing assistance payments to owners for eligible families.

4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to owner

The initial rent to owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP contract. At the beginning of the HAP contract term, and until rent to owner is adjusted in accordance with section 5 of the HAP contract, the rent to owner for each bedroom size (number of bedrooms) shall be the initial rent to owner amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP contract, the rent to owner may in no event exceed the amount authorized in accordance with HUD requirements. The PHA has the right to reduce the rent to owner, at any time, to correct any errors in establishing or adjusting the rent to owner in accordance with HUD requirements. The PHA may recover any overpayment from the owner.

c. PHA payment to owner

1. Each month the PHA must make a housing assistance payment to the owner for a unit under lease to and occupied by an eligible family in

accordance with the HAP contract.

2. The monthly housing assistance payment to the owner for a contract unit is equal to the amount by which the rent to owner exceeds the tenant rent.
3. Payment of the tenant rent is the responsibility of the family. The PHA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The PHA is only responsible for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract.
4. The owner will be paid the housing assistance payment under the HAP contract on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.
5. To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract. Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.
6. If the PHA determines that the owner is not entitled to the payment or any part of it, the PHA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner, including amounts due under any other housing assistance payments contract.
7. The owner will notify the PHA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

d. Termination of assistance for family

The PHA may terminate housing assistance for a family under the HAP contract in accordance with HUD requirements. The PHA must notify the owner in writing of its decision to terminate housing assistance for the family in such case.

5. ADJUSTMENT OF RENT TO OWNER

a. PHA determination of adjusted rent

1. At each annual anniversary during the term of the HAP contract, the PHA

shall adjust the amount of rent to owner, upon request to the PHA by the owner, in accordance with law and HUD requirements. In addition, the PHA shall adjust the rent to owner when there is a five percent or greater decrease in the published, applicable Fair Market Rent in accordance with 24 CFR 983.302.

2. The adjustment of rent to owner shall always be determined in accordance with all HUD requirements. The amount of the rent to owner may be adjusted up or down, in the amount defined by the PHA in accordance with HUD requirements.

b. Reasonable rent

The rent to owner for each contract unit, as adjusted by the PHA in accordance with 24 CFR 983.303, may at no time exceed the reasonable rent charged for comparable units in the private unassisted market. The reasonable rent shall be determined by the PHA in accordance with HUD requirements.

c. No special adjustments

The PHA will not make any special adjustments of the rent to owner.

d. Owner compliance with HAP contract

The PHA shall not approve, and the owner shall not receive, any increase of rent to owner unless all contract units are in accordance with the HQS, and the owner has complied with the terms of the assisted leases and the HAP contract.

e. Notice of rent adjustment

Rent to owner shall be adjusted by written notice by the PHA to the owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

6. OWNER RESPONSIBILITY

The owner is responsible for:

- a. Performing all management and rental functions for the contract units.
- b. Maintaining the units in accordance with HQS.

- c. Complying with equal opportunity requirements.
- d. Enforcing tenant obligations under the lease.
- e. Paying for utilities and housing services (unless paid by the family under the lease).
- f. Collecting from the tenant:
 - 1. Any security deposit;
 - 2. The tenant rent; and
 - 3. Any charge for unit damage by the family.

7. OWNER CERTIFICATION

The owner certifies that at all times during the term of the HAP contract:

- a. All contract units are in good and tenantable condition. The owner is maintaining the premises and all contract units in accordance with the HQS.
- b. The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- c. Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements.
- d. To the best of the owner's knowledge, the members of the family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- e. The owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- f. The amount of the housing assistance payment is the correct amount due under the HAP contract.
- g. The rent to owner for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.

- h. Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payments or other consideration (from the family, the PHA, HUD, or any other public or private source) for rental of the contract unit.
- i. The family does not own, or have any interest in the contract unit. If the owner is a cooperative, the family may be a member of the cooperative.

8. CONDITION OF UNITS

a. Owner maintenance and operation

The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

b. PHA inspections

1. The PHA must inspect each contract unit before execution of the HAP contract. The PHA may not enter into a HAP contract covering a unit until the unit fully complies with the HQS.
2. Before providing assistance to a new family in a contract unit, the PHA must inspect the unit. The PHA may not provide assistance on behalf of the family until the unit fully complies with the HQS.
3. At least annually during the term of the HAP contract, the PHA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.
4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the PHA must reinspect 100 percent of the contract units in the building.
5. The PHA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the owner is providing

maintenance, utilities, and other services in accordance with the HAP contract. The PHA must take into account complaints and any other information that comes to its attention in scheduling inspections.

c. Violation of the housing quality standards

1. If the PHA determines a contract unit is not in accordance with the HQS, the PHA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP contract.
2. The PHA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
3. The PHA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

d. Maintenance and replacement—owner's standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

9. LEASING CONTRACT UNITS

a. Selection of tenants

1. During the term of the HAP contract, the owner must lease all contract units to eligible families selected and referred by the PHA from the PHA waiting list. (See 24 CFR 983.251.)
2. The owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant's ability to perform the lease obligations.
3. Consistent with HUD requirements, the owner may apply its own admission procedures in determining whether to admit a family referred

by the PHA for occupancy of a contract unit. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.

4. The owner must promptly notify in writing any rejected applicant of the grounds for rejection.
5. The PHA must determine family eligibility in accordance with HUD requirements.
6. The contract unit leased to each family must be appropriate for the size of the family under the PHA's subsidy standards.
7. If a contract unit was occupied by an eligible family at the time the unit was selected by the PHA, or is so occupied on the effective date of the HAP contract, the owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP contract.
8. The owner is responsible for screening and selecting tenants from the families referred by the PHA from its waiting list.

b. Vacancies

1. The owner must promptly notify the PHA of any vacancy in a contract unit. After receiving the owner notice, the PHA shall make every reasonable effort to refer a sufficient number of families for owner to fill the vacancy.
2. The owner must rent vacant contract units to eligible families on the PHA waiting list referred by the PHA.
3. The PHA and the owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.
4. If any contract units have been vacant for a period of 120 or more days since owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the PHA to fill such vacancies), the PHA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

10. TENANCY

a. Lease

The lease between the owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

b. Termination of tenancy

1. The owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The owner must give the PHA a copy of any owner eviction notice to the tenant at the same time that the owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

c. Family payment

1. The portion of the monthly rent to owner payable by the family ("tenant rent") will be determined by the PHA in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.
2. The amount of the tenant rent as determined by the PHA is the maximum amount the owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the owner in accordance with the HAP contract and the lease.
3. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess rent payment to the tenant.
4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of the PHA housing assistance payment.

5. The PHA is only responsible for making the housing assistance payments to the owner on behalf of the family in accordance with the HAP contract. The PHA is not responsible for paying the tenant rent, or any other claim by the owner.

d. Other owner charges

1. Except as provided in paragraph 2, the owner may not require the tenant or family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.
2. In assisted living developments receiving project-based voucher assistance, owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.
3. The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

e. Security deposit

1. The owner may collect a security deposit from the family.
2. The owner must comply with HUD and PHA requirements, which may change from time to time, regarding security deposits from a tenant.
3. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted families.
4. When the family moves out of the contract unit, the owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the owner, the owner must

promptly refund the full amount of the balance to the family.

5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the owner may seek to collect the balance from the family. However, the PHA has no liability or responsibility for payment of any amount owed by the family to the owner.

11. FAMILY RIGHT TO MOVE

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate (with a copy to the PHA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the PHA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the PHA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the PHA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

The PHA subsidy standards determine the appropriate unit size for the family size and composition. The PHA and owner must comply with the requirements in 24 CFR 983.259.

13. PROHIBITION OF DISCRIMINATION

- a. The owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.
- b. The owner must comply with the following requirements: The Fair Housing Act (42 U.S.C. 3601–19) and implementing regulations at 24 CFR part 100 *et seq.* ; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959–1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the

Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.*; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964–1965 Comp., p. 339; 3 CFR, 1966–1970 Comp., p. 684; 3 CFR, 1966–1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971–1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

- c. The PHA and the owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

14. PHA DEFAULT AND HUD REMEDIES

If HUD determines that the PHA has failed to comply with the HAP contract, or has failed to take appropriate action to HUD's satisfaction or as directed by HUD, for enforcement of the PHA's rights under the HAP contract, HUD may assume the PHA's rights and obligations under the HAP contract, and may perform the obligations and enforce the rights of the PHA under the HAP contract.

15. OWNER DEFAULT AND PHA REMEDIES

a. Owner default

Any of the following is a default by the owner under the HAP contract:

1. The owner has failed to comply with any obligation under the HAP contract, including the owner's obligations to maintain all contract units in accordance with the housing quality standards.
2. The owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

3. The owner has committed any fraud or made any false statement to the PHA or HUD in connection with the HAP contract.
4. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
 - A. The owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
 - B. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
6. The owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. PHA remedies

1. If the PHA determines that a breach has occurred, the PHA may exercise any of its rights or remedies under the HAP contract.
2. The PHA must notify the owner in writing of such determination. The notice by the PHA to the owner may require the owner to take corrective action (as verified by the PHA) by a time prescribed in the notice.
3. The PHA's rights and remedies under the HAP contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP contract.

c. PHA remedy is not waived

The PHA's exercise or non-exercise of any remedy for owner breach of the HAP contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

**16. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS
REQUIRED BY HUD OR PHA**

a. Required information

The owner must prepare and furnish any information pertinent to the HAP contract as may reasonably be required from time to time by the PHA or HUD. The owner shall furnish such information in the form and manner required by the PHA or HUD.

b. PHA and HUD access to premises

The owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the owner to the extent necessary to determine compliance with the HAP contract, including the verification of information pertinent to the housing assistance payments or the HAP contract.

17. PHA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of owner action or failure to act

The PHA has no responsibility for or liability to any person injured as a result of the owner's action or failure to act in connection with the implementation of the HAP contract, or as a result of any other action or failure to act by the owner.

b. Legal relationship

The owner is not the agent of the PHA. The HAP contract does not create or affect any relationship between the PHA and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with the implementation of the HAP contract.

c. Exclusion of third party claims

Nothing in the HAP contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the PHA or the owner under the HAP contract.

d. Exclusion of owner claims against HUD

Nothing in the HAP contract shall be construed as creating any right of the owner to assert any claim against HUD.

18. PHA-OWNED UNITS

Notwithstanding Section 17 of this HAP contract, a PHA may own units assisted under the project-based voucher program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units.

19. CONFLICT OF INTEREST

a. Interest of members, officers, or employees of PHA, members of local governing body, or other public officials

1. No present or former member or officer of the PHA (except tenant-commissioners), no employee of the PHA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP contract.
2. HUD may waive this provision for good cause.

b. Disclosure

The owner has disclosed to the PHA any interest that would be a violation of the HAP contract. The owner must fully and promptly update such disclosures.

c. Interest of member of or delegate to Congress

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP contract or to any benefits arising from the contract.

20. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

The owner must comply with and is subject to requirements of 2 CFR part 2424.

b. Disclosure

The owner certifies that:

1. The owner has disclosed to the PHA the identity of the owner and any principal or interested party.
2. Neither the owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

21. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

1. The owner agrees that neither the HAP contract nor the property may be transferred without the advance written consent of the PHA in accordance with HUD requirements.
2. "Transfer" includes:
 - A. Any sale or assignment or other transfer of ownership, in any form, of the HAP contract or the property;
 - B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP contract;
 - C. The creation of a security interest in the HAP contract or the property;
 - D. Foreclosure or other execution on a security interest; or
 - E. A creditor's lien, or transfer in bankruptcy.

3. If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the PHA pursuant to paragraph a for transfer of a passive and non-controlling interest in the ownership entity (such as a stock transfer or transfer of the interest of a limited partner), if any interests so transferred cumulatively represent less than half the beneficial interest in the HAP contract or the property. The owner must obtain advance consent pursuant to paragraph a for transfer of any interest of a general partner.

b Transferee assumption of HAP contract

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP contract, or to exercise any rights or remedies under the HAP contract, unless the PHA has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the PHA in accordance with HUD requirements, to assume the obligations of the owner under the HAP contract, and to comply with all the terms of the HAP contract.

c. Effect of consent to transfer

1. The creation or transfer of any security interest in the HAP contract is limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.
2. The PHA's consent to transfer of the HAP contract or the property does not change the terms of the HAP contract in any way, and does not change the rights or obligations of the PHA or the owner under the HAP contract.
3. The PHA's consent to transfer of the HAP contract or the property to any transferee does not constitute consent to any further transfers of the HAP contract or the property, including further transfers to any successors or assigns of an approved transferee.

d. When transfer is prohibited

The PHA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the

U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. SUBSIDY LAYERING

a. Owner disclosure

The owner must disclose to the PHA, in accordance with HUD requirements, information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

b. Limit of payments

Housing assistance payments under the HAP contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide affordable housing after taking account of such related assistance. The PHA will adjust in accordance with HUD requirements the amount of the housing assistance payments to the owner to compensate in whole or in part for such related assistance.

23. OWNER LOBBYING CERTIFICATIONS

a. The owner certifies, to the best of owner's knowledge and belief, that:

1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of the HAP contract, or the extension, continuation, renewal, amendment, or modification of the HAP contract.
2. If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the HAP contract, the owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in

**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

accordance with its instructions.

- b. This certification by the owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. COMPLETION AND ACCEPTANCE OF CONTRACT UNITS

The owner certifies that the contract units have been completed in accordance with the Agreement. Completion and acceptance of the units is subject to the provisions of the Agreement.

25. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS

The HAP contract may be terminated upon at least 30 days notice to the owner by the PHA or HUD if the PHA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

26. NOTICES AND OWNER CERTIFICATIONS

- a. Where the owner is required to give any notice to the PHA pursuant to the HAP contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the PHA.
- b. Any certification or warranty by the owner pursuant to the HAP contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

27. ENTIRE AGREEMENT; INTERPRETATION

- a. The Agreement and the HAP contract, including the exhibits, is the entire agreement between the PHA and the owner.
- b. The Agreement and the HAP contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP contract. The owner agrees to comply with all such laws and HUD requirements.

EXHIBIT A

Project: Perris Park Apartments located at 1450 South Perris Boulevard, Perris, CA 92570, identified as Assessor's Parcel Number 313-290-020

Total Number of Project Based Voucher (PBV) Units in Project Covered by HAP Contract: 70

Total Number of Units in Project: 80 (including 1 manager's unit)

Description and Quantity of Units in project: PBV Units will be floating

- 2BR/1BA apartment: 32 units
- 3BR/2BA apartment: 32 units*
- 4BR/2.5BA apartment: 16 units

*One 3BR/2BA apartment to be designated as a manager's unit.

Initial Rent to Owner for Contract Units (net of Housing Authority utility allowance):

- Contract rent for 2BR/1BA apartment: \$ 1,123 = (\$1,220 payment std - \$97 UA)
- Contract rent for 3BR/2BA apartment: \$ 1,560 = (\$1,682 payment std - \$122 UA)
- Contract rent for 4BR/2.5BA apartment: \$ 1,773 = (\$1,919 payment std - \$146 UA)

EXHIBIT B

Services, Maintenance, and Equipment to be Provided by the Owner Without Charges in Addition to Rent to Owner:

- Maintenance of building exterior, interior, and site areas
- Utilities paid by Owner - water, sewer, trash, gas (water heating)
- Common area, tot lot, pool
- Common laundry machines – machines purchased and maintained by Owner; Residents pay to use laundry machines.

EXHIBIT C

Utilities paid by Owner:

- Water, sewer, trash, gas (water heating)

Utilities paid by Residents:

- Electricity, telephone, cable TV, internet.

EXHIBIT D

Features Provided to Comply with Program Accessibility Features of Section 504 of the Rehabilitation Act of 1973

At Section 504 Accessible Units (Units XXX, XXX, XXX - ground floor units)

- Accessible path to unit entrance
- Kitchens - countertops at 34" height
- Kitchens - upper cabinets at 46" max to lower shelf
- Adaptable cabinets (removable base and doors)
- Kitchen sink depth 6" or less
- Bathrooms - appropriate toilet clearances, grab bars; vanity height and faucet clearances; grab bars as required

At Units for Visually or Hearing Impaired (Units XXX, XXX)

- Visual/flashing doorbell
- Additional audible/visual fire alarms