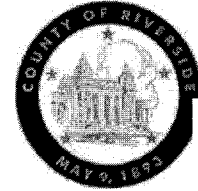


SUBMITTAL TO THE RIVERSIDE COMMUNITY
HOUSING CORP. BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM
14.1
(ID # 9350)

FROM : RIVERSIDE COMMUNITY HOUSING CORP.:

MEETING DATE:
Tuesday, June 18, 2019

SUBJECT: RIVERSIDE COMMUNITY HOUSING CORP.: Adopt Resolution No. 2019-001 Approving the formation of Perris Park Housing LLC, a California limited liability company and Perris Park Housing Associates, L.P., a California limited partnership; Authorizing Riverside Community Housing Corp. to Obtain an Ownership Interest in Perris Park Housing Associates, L.P.; Approving Operating Agreement for Perris Park Housing LLC and Agreement of Limited Partnership of Perris Park Housing Associates, L.P.; Delegation of Authority to Act and Execute Documents ; Adopt Resolution No. 2019-002 Approving and Authorizing Riverside Community Housing Corp. to Assign to Perris Park Housing LLC its rights under that certain Purchase and Sale Agreement between Riverside Community Housing Corp. and Perris Park Apartments relating to Assessor's Parcel No. 313-290-020 in the City of Perris, Ca (Property); Approving and Authorizing Perris Park Housing LLC to assume Riverside Community Housing Corp.'s rights under the Purchase and Sale Agreement and Delegation of Authority to Execute All Documents Related to such Assignment and Assumption and Purchase and Sale Agreement; Authorization for Perris Park Housing LLC to Submit an Application to the California Debt Limit Allocation Committee for the Issuance of Tax Exempt Bonds; Approve PBV Housing Assistance Payments Contract Between Housing Authority of the County of Riverside and Perris Park Housing LLC; Approve Property Management Agreement Between Hyer & Company and Perris Park Housing LLC; Approve Professional Service Agreement Relocation Consultant Services Between Perris Park Housing LLC and Overland, Pacific, & Cutler, LLC; Approve Legal Services Agreement between Perris Park Housing LLC and the Office of County Counsel; Approve Legal Services Agreement between The Riverside Community Housing Corp. and Office of County Counsel; District 5, [3,017,000] Project Cash Flow 100%, CEQA Exempt

RECOMMENDED MOTION: That the Board of Directors: Continued on page 2

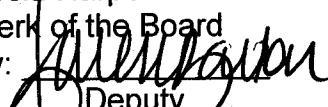
ACTION: Policy


Heidi Marshall, Managing Director 6/8/2019

MINUTES OF THE BOARD OF DIRECTORS

On motion of Director Washington, seconded by Director Jeffries 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: RCHC

Kecia Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE RIVERSIDE COMMUNITY
HOUSING CORP. BOARD OF DIRECTORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to state CEQA Guidelines Section 15301 and Section 15061 (b)(3);
2. Adopt Resolution No. 2019-001, Approving the formation of Perris Park Housing LLC, a California limited liability company and Perris Park Housing Associates, L.P., a California limited partnership; Authorizing Riverside Community Housing Corp. to Obtain an Ownership Interest in Perris Park Housing Associates, L.P.; Approving Operating Agreement for Perris Park Housing LLC and Agreement of Limited Partnership of Perris Park Housing Associates, L.P.; Delegation of Authority to Act and Execute Documents;
3. Adopt Resolution No. 2019-002 Approving and Authorizing Riverside Community Housing Corp. to Assign to Perris Park Housing LLC its rights under that certain Purchase and Sale Agreement between Riverside Community Housing Corp. and Perris Park Apartments relating to that certain real property identified as Assessor's Parcel No. 313-290-020 in the City of Perris, Ca (Property); Approving and Authorizing Perris Park Housing LLC to assume Riverside Community Housing Corp.'s rights under the Purchase and Sale Agreement and Delegation of Authority to Execute All Documents Related to such Assignment and Assumption and Purchase and Sale Agreement; and Approving and Authorizing Perris Park Housing LLC to obtain an Acquisition Loan from Banner Bank in the Amount of \$2,100,000 to acquire the Property and Delegation of Authority to Execute All Documents Related to such Loan;
4. Approve the form of the following attached documents, (i) Term Loan Agreement, including all exhibits (Loan Agreement) to be entered into between Banner Bank, a Washington state chartered commercial bank, as lender (Banner Bank) and Perris Park Housing LLC, a California limited liability company, as borrower (Perris Park Housing), providing for, among other things, a loan in the amount \$2,100,000 (Loan) to acquire that certain real property located at 1450 South Perris Boulevard, Perris, California, Identified as Assessor's Parcel No. 313-290-020 (Property), with a 2 year term, and requiring borrower to open certain deposit accounts with lender, (ii) Promissory Note to be executed by Perris Park Housing in favor of Banner Bank evidencing the Loan, which matures on July 1, 2021 (Promissory Note), (iii) Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, to be executed by Perris Park Housing, as borrower, for the benefit of Banner Bank, as beneficiary, securing the Promissory Note and performance under the Loan Agreement and related documents (Deed of Trust), (iv) Indemnity Agreement (Environmental and Building Laws), including all exhibits, to be entered into by Perris Park Housing, as borrower, and the Housing Authority of the County of Riverside, as guarantor, for the benefit of Banner Bank (Indemnity), (v) Assignment and Subordination of Property Management Agreement, including all exhibits, to be executed by Perris Park Housing, as borrower, and Hyder & Company, a California Corporation, as property manager, for the benefit of Banner Bank (Assignment and Subordination of Property Management Agreement), assigning to Banner Bank Perris Park Housing's interest in the Property Management Agreement between Perris Park Housing and Hyder & Company relating to the Property; (vi) Replacement Reserve and Security Agreement, including all exhibits, to be entered into

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by Perris Park Housing, as borrower, and Banner Bank, as lender, requiring, among other things, Perris Park Housing to make certain deposits with Banner Bank as provided therein as additional security for all borrower obligations under the Loan Agreement, Promissory Note and Deed of Trust (replacement reserve account to be funded out of operations at \$2,000 a month) (Replacement Reserve Agreement), and (vii) Immediate Needs Reserve and Security Agreement, including all exhibits, to be entered into by Perris Park Housing LLC, as borrower, and Banner Bank, as lender, requiring borrower to make certain deposits with Lender as provided therein as additional security for borrower's obligations under the Loan Agreement, Promissory Note and Deed of Trust (immediate needs reserve account to be funded with \$300,000 of Loan proceeds at closing) (Immediate Needs Reserve Agreement);

5. Authorize the Chief Operating Officer or the Chief Executive Officer of the Riverside Community Housing Corp. (RCHC), acting alone, on behalf of RCHC in its capacity as the sole member/manager of Perris Park Housing LLC, to negotiate and execute, subject to approval by RCHC's General Counsel, (i) a Subordination Agreement, or similar agreement, to be entered into between Perris Park Housing, Tax Credit Allocation Committee (TCAC), and Banner Bank (TCAC Subordination Agreement), subordinating the existing lien on the Property of that certain Regulatory Agreement dated May 12, 2000, executed by TCAC and Perris Park Apartments, a California limited partnership, recorded in the official records on November 3, 2000 as Document No.2000-438609, and (ii) a Subordination Agreement, or similar agreement, to be entered into between Perris Park Housing, the California Housing Finance Agency, a public instrumentality and a political subdivision, and Banner Bank (California Housing Finance Agency Subordination Agreement), subordinating the existing lien on the Property of that certain California Housing Finance Agency School Facility Fee Reimbursement Program ("SFFRP") Regulatory Agreement SFFRP No. 1999-015, dated May 21, 2001, executed by Perris Park Apartments and the California Housing Finance Agency, recorded in the official records on June 7,2001 as Document No.2001-253432;
6. The Board of Directors in its capacity as the sole member/manager of Perris Park Housing LLC approves the attached form of Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation, including all exhibits (HAP Contract) to be entered into between the Housing Authority of the County of Riverside and Perris Park Housing LLC, allocating up to 70 Housing Choice Voucher Program Project Based Vouchers to the Property (aka Perris Park Apartments), 15 year term with options to extend as permitted by the U.S. Department of Housing and Urban Development (HUD);
7. Authorize the Chief Operating Officer or the Chief Executive Officer of the Riverside Community Housing Corp. (RCHC), on behalf of RCHC in its capacity as the sole member/manager of Perris Park Housing LLC, to negotiate and execute a Assignment of HAP Contract as Security for Financing in favor of Banner Bank (Assignment of HAP Contract), subject to review and approval by RCHC's General Counsel;

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8. The Board of Directors in its capacity as the sole member/manager of Perris Park Housing LLC approves the attached form of Property Management Agreement by and between Perris Park Housing LLC and Hyder & Company, a California corporation (Property Management Agreement), providing for property management services at the Property, for a maximum contract amount of \$38,400, with four 1-year options to extend at \$38,400 maximum per year (maximum total over 5 yrs with exercise of all options is \$192,000);
9. The Board of Directors in its capacity as the sole member/manager of Perris Park Housing LLC approves the attached form of Professional Services Agreement Relocation Consultant Services for the Perris Parks Apartments by and between Perris Park Housing LLC and Overland, Pacific, & Cutler, LLC, a Delaware limited liability company (Relocation Consultant Services Agreement), providing relocation services for the tenants residing on the Property, in the maximum contract amount of \$125,000, with a term of 3 years;
10. The Board of Directors in its capacity as the sole member/manager of Perris Park Housing LLC approves the attached form of Legal Services Agreement (Perris Park Housing Legal Services Agreement) to be entered into between Perris Park Housing LLC, and the County of Riverside, a political subdivision of the State of California, on behalf of the Office of County Counsel (County Counsel), with an estimated contract amount not to exceed \$100,000 annually, effective date through June 30, 2022, with successive 1-year renewal periods;
11. Approve the attached form of Legal Services Agreement (RCHC Legal Services Agreement) to be entered into between Riverside Community Housing Corp., and County Counsel, with an estimated contract amount not to exceed \$100,000 annually, effective date through June 30, 2022, with successive 1-year renewal periods, and authorize the Chief Operating Officer or the Chief Executive Officer of the Riverside Community Housing Corp. (RCHC), acting alone, on behalf of RCHC, to execute a Legal Services Agreement with County Counsel, substantially conforming in form, and substance to the attached form of RCHC Legal Services Agreement;
12. Authorize the Chief Operating Officer or the Chief Executive Officer of the Riverside Community Housing Corp. (RCHC), on behalf of RCHC in its capacity as the sole member/manager of Perris Park Housing LLC, to prepare, execute, and submit to the California Debt Limit Allocation Committee(CDLAC) an application for the issuance of tax-exempt bonds in an amount not to exceed \$14,000,000,subject to approval by RCHC General Counsel, to finance the rehabilitation of the Property;
13. Authorize the Chief Operating Officer or the Chief Executive Officer of the Riverside Community Housing Corp. (RCHC), on behalf of RCHC in its capacity as the sole member/manager of Perris Park Housing LLC, to execute, the following documents and agreements, substantially conforming in form and substance to the forms attached hereto, subject to approval by RCHC's General Counsel, (i) Loan Agreement, (ii) Promissory Note, (iii) Deed of Trust, (iv) Indemnity, (v) Assignment and Subordination of

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Property Management Agreement, (vi) Replacement Reserve Agreement, (vii) Immediate Needs reserve Agreement, (viii) HAP Contract, (ix) Property Management Agreement, (x) Relocation Consultant Services Agreement, and (xi) Perris Park Housing Legal Services Agreement (collectively the "Project Documents"); and

14. Authorize and direct the Chief Operating Officer or the Chief Executive Officer of the Riverside Community Housing Corp. (RCHC), on behalf of RCHC in its sole capacity and/or on behalf of RCHC in its capacity as the sole member/manager of Perris Park Housing LLC, to execute any documents and administer all actions necessary to implement Resolution Nos. 2019-001 and 2019-002, the Project Documents, Assignment of HAP Contract, TCAC Subordination Agreement, California Housing Finance Agency Subordination Agreement, RCHC Legal Services Agreement, and CDLAC application, subject to approval by RCHC's General Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 2,100,000	\$363,400	\$3,017,000	\$ 553,600
NET COUNTY COST	\$ 0	\$ 0	\$ 0	0
SOURCE OF FUNDS: 100% Project Cash Flow (Initial Acquisition Loan in the Amount of \$2,100,000 from Banner Bank)			Budget Adjustment: No	
			For Fiscal Year: 2018/19, 19/20, 20/21 and 21/22	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

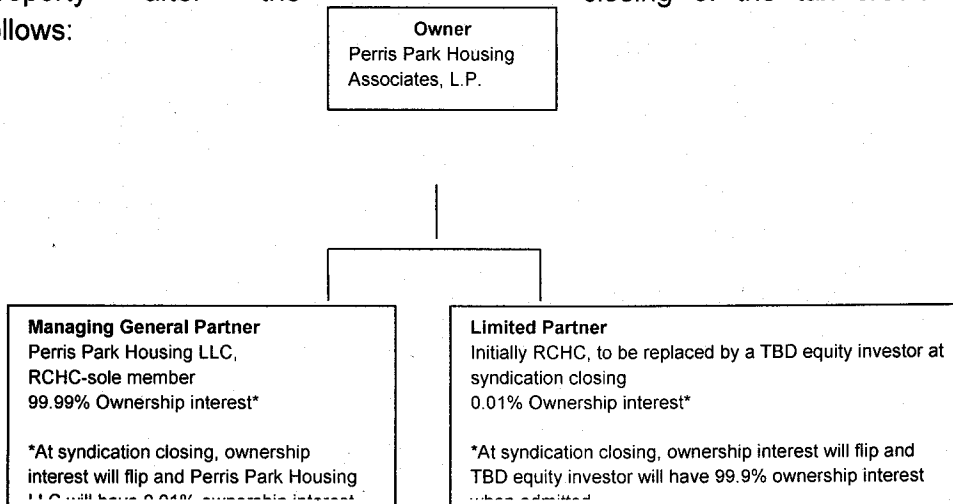
Riverside Community Housing Corp., a non-profit public benefit corporation (RCHC) and affiliate of the Housing Authority of the County of Riverside (Housing Authority) is proposing to acquire the Perris Park Apartments, an 80 unit apartment community located in the City of Perris at 1450 South Perris Boulevard, Perris, CA 92570, identified as Assessor's Parcel No. 313-290-020 (Property). The Property consists of 32 two-bedroom units, 32 three-bedroom units, and 16 four-bedroom units. 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, to be rented to and occupied by low-income households.

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In furtherance of RCHC's mission to create affordable housing within the County of Riverside, to address the County's affordable housing crisis, and to protect the assets of RCHC, staff recommends the formation of Perris Park Housing LLC, a California limited liability company (Perris Park Housing LLC) in which RCHC will be the sole member and manager. If approved, Perris Park Housing will assume RCHC's obligations under the Purchase Agreement pursuant to an assignment and assumption agreement and proceed with the acquisition of the Property as provided therein. In order to facilitate tax credit financing, title to the Property will need to be conveyed by Perris Park Housing LLC to a limited partner affiliate. To leverage such tax credit financing staff recommends the Board of Directors authorize Perris Park Housing LLC to form Perris Park Housing Associates, L.P., a California limited partnership (Partnership) and obtain a 99.99% general partner interest in the Partnership. If approved, staff also recommends RCHC obtain a .01% ownership interest in and become the initial limited partner of the Partnership.

Perris Park Housing LLC will serve as the initial owner entity of the Property after the close of escrow pursuant to the Purchase Agreement. Subject to approval of tax credit financing for the Project and a to be determined scope of rehabilitation, which will be brought before this Board at a later date, At the close of tax credit financing, the Property will then be transferred to the Partnership. Staff recommends the Board of Directors adopt the attached Resolution No. 2019-001 Approving the formation of Perris Park Housing LLC, a California limited liability company and Perris Park Housing Associates, L.P., a California limited partnership; Authorizing Riverside Community Housing Corp. to obtain an ownership interest in Perris Park Housing Associates, L.P.; Approving Operating Agreement for Perris Park Housing LLC and Agreement of Limited Partnership of Perris Park Housing Associates, L.P.; delegation of authority to act and execute documents, including all exhibits (Resolution No. 2019-001).

In order to facilitate the tax credit financing, if approved, the Property will be owned by Perris Park Housing Associates, L.P. RCHC will be the sole member and manager of Perris Park Housing LLC, the managing general partner. An organization chart for new ownership of the Property after the closing of the tax credit financing will be as follows:



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To finance the acquisition of the Property, staff reached out to four affordable housing lenders to verify loan terms and interest rates for an acquisition loan and concluded that Banner Bank, a Washington state chartered commercial bank (Banner Bank) currently has the lowest rates. As such, staff recommends using Banner Bank as the acquisition lender and is proposing to acquire the Property and close escrow no later than June 30, 2019. Banner Bank offered an acquisition loan in the amount of \$2,100,000 (Acquisition Loan) with a 2 year term. In order for the proposed acquisition of the Property and financing of such acquisition loan from Banner Bank to move forward, staff recommends the Board of Directors adopt the attached Resolution No. 2019-002 approving and authorizing Riverside Community Housing Corp. to assign to Perris Park Housing LLC its rights under that certain Purchase and Sale Agreement between Riverside Community Housing Corp. and Perris Park Apartments relating to that certain real property identified as Assessor's Parcel No. 313-290-020 in the City of Perris, Ca (Property); approving and authorizing Perris Park Housing LLC to assume Riverside Community Housing Corp.'s rights under the Purchase and Sale Agreement and delegation of authority to execute all documents related to such Assignment and Assumption and Purchase and Sale Agreement; and approving and authorizing Perris Park Housing LLC to obtain an acquisition loan from Banner Bank in the amount of \$2,100,000 to acquire the Property and delegation of authority to execute all documents related to such loan (Resolution No. 2019-002).

The terms of the Acquisition Loan will be set forth in a Term Loan Agreement, will be evidenced by a Promissory Note and secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, the forms of which are each attached. Additional documents required by Banner Bank as a condition precedent to issuance of the Acquisition Loan include the following, Indemnity Agreement (Environmental and Building Laws), Assignment and Subordination of Property Management Agreement, Replacement Reserve and Security Agreement, and Immediate Needs Reserve and Security Agreement, forms of which are attached. Subordination of regulatory agreements currently on title to the Property will also need to be subordinated to the lien of the Acquisition Loan. The terms of the aforementioned documents are set forth in the recommended motions to this action. Banner Bank is also requiring the Housing Authority guaranty payment of the Acquisition Loan by Perris Park Housing LLC and indemnify Banner Bank 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 are being brought before the Housing Authority Board of Commissioners for approval via a separate action.

Subject to the close of escrow under the Purchase Agreement, staff desire to place 70 Housing Choice Voucher Program Project Based Vouchers on existing units within the Property whose household incomes do not exceed 80% of the area median income for the County of Riverside, as outlined in the attached form of Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation, including exhibits (Housing

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Assistance Payments Contract). The 70 Project Based Vouchers will serve as a rental subsidy for the 70 households. Approval of the Housing Assistance Payments Contract is also being brought before the Housing Authority's Board of Commissioners via a separate action. Staff also conducted a formal Request for Qualifications for an on-site property management company and is recommending the approval of the attached Property Management Agreement with Hyder Property Management Co., the highest rated proposal (Property Management Agreement), who if approved, is prepared to begin managing the Property upon the close of escrow. In addition, staff also recommends approval of the attached form of Professional Services Agreement Relocation Consultant Services for the Perris Parks Apartments by and between Perris Park Housing LLC and Overland, Pacific, & Cutler, LLC (Relocation Consultant Agreement). The proposed forms of the Housing Assistance Payments Contract, Property Management Agreement, and Relocation Consultant Agreement are each attached hereto. The terms of each of the aforementioned agreements are set forth in the recommended motions for this action.

Subject to the close of escrow for the Property under the Purchase Agreement, staff is proposing to rehabilitate the Property and is requesting approval to submit an application to the California Debt Limit Allocation Committee for the issuance of tax-exempt bonds in the amount of \$14,000,000, in December of 2019. The California Municipal Finance Authority (CMFA) will serve as the issuer of the bonds and therefore will not have any impact on the County of Riverside's bond issuing capacity. CMFA will also hold the responsibility of monitoring on-going compliance of the bonds. The scope of rehabilitation has not yet been determined and any future actions will be brought before this Board for separate approval. Any action relating to the issuance of tax-exempt bonds after submission of the initial application will also be brought before this Board for additional approval.

To ensure both RCHC and Perris Park Housing LLC receive proper legal representation, staff recommend both RCHC and Perris Park Housing LLC enter into the attached forms of Legal Services Agreements with the Office of County Counsel. Each agreement is for a 3 year term with successive 1 year renewal periods, with estimated contract amounts not to exceed \$100,000 each annually.

Pursuant to the California Environmental Quality Act (CEQA), Resolution No. 2019-001, Resolution No. 2019-002, the Purchase Agreement, Banner Bank Acquisition Loan Documents, Housing Assistance Payments Contract, Property Management Agreement, Relocation Consultant Agreement, and Legal Services Agreements (collectively the "Project") were reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061 (b)(3), General Rule or "Common Sense" exemption. The Project consists of the acquisition of existing Property and no expansion of an existing use will occur. In addition, it can be seen with certainty that there is no possibility that the proposed Project may have a significant effect on the environment since it is merely a continuation of existing use, the provision of an acquisition loan and the creation of entities to leverage available tax credit and bond financing. Any scope of rehabilitation for the

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Property will be subject to a separate CEQA action and will be brought before this Board for approval. Staff will file a Notice of Exemption with the County Clerk upon approval of Resolution No. 2019-001, Resolution No. 2019-002, the Purchase Agreement, Banner Bank Acquisition Loan Documents, Housing Assistance Payments Contract, Property Management Agreement, Relocation Consultant Agreement, and Legal Services Agreements.

County Counsel has approved the following attached documents as to form, Resolution 2019-001, including all exhibits, Resolution No. 2019-002, including all exhibits, Form of Term Loan Agreement, Form of Promissory Note, Form of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing, Form of Indemnity Agreement (Environmental and Building Laws), Form of Assignment and Subordination of Property Management Agreement, Form of Replacement Reserve and Security Agreement, Form of Immediate Needs Reserve and Security Agreement, Form of Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation, including exhibits, Form of Property Management Agreement by and between Perris Park Housing LLC and Hyder & Company, and Form of Professional Services Agreement Relocation Consultant Services for the Perris Parks Apartments by and between Perris Park Housing LLC and Overland, Pacific, & Cutler, LLC.

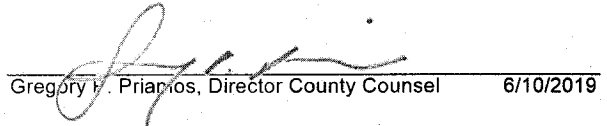
Attachments:

- Site Map
- Resolution 2019-001, including all exhibits
- Resolution No. 2019-002, including all exhibits
- Form of Term Loan Agreement, including all exhibits
- Form of Promissory Note
- Form of Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing
- Form of Indemnity Agreement (Environmental and Building Laws), including all exhibits
- Form of Assignment and Subordination of Property Management Agreement, including all exhibits
- Form of Replacement Reserve and Security Agreement, including all exhibits
- Form of Immediate Needs Reserve and Security Agreement, including all exhibits
- Form of form of Section 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New Construction or Rehabilitation, including exhibits
- Form of Property Management Agreement by and between Perris Park Housing LLC and Hyder & Company
- Form of Professional Services Agreement Relocation Consultant Services for the Perris Parks Apartments by and between Perris Park Housing LLC and Overland, Pacific, & Cutler, LLC
- Form of Legal Services Agreement (Perris Park Housing LLC)
- Form of Legal Services Agreement (RCHC)

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RF: HM: HC: MW: SA


Rekini Dasika, Principal Management Analyst 6/11/2019


Gregory V. Priamos, Director County Counsel 6/10/2019

BOARD OF DIRECTORS

RIVERSIDE COMMUNITY HOUSING CORP.

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RESOLUTION NO. 2019-001

APPROVING THE FORMATION OF PERRIS PARK HOUSING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY AND PERRIS PARK HOUSING ASSOCIATES, L.P., A CALIFORNIA LIMITED PARTNERSHIP; AUTHORIZING RIVERSIDE COMMUNITY HOUSING CORP. TO OBTAIN AN OWNERSHIP INTEREST IN PERRIS PARK HOUSING ASSOCIATES, L.P.; APPROVING OPERATING AGREEMENT FOR PERRIS PARK HOUSING LLC AND AGREEMENT OF LIMITED PARTNERSHIP OF PERRIS PARK HOUSING ASSOCIATES, L.P.; DELEGATION OF AUTHORITY TO ACT AND EXECUTE DOCUMENTS

WHEREAS, the Riverside Community Housing Corp., a California nonprofit public benefit corporation ("RCHC") is an affiliate of the Housing Authority of the County of Riverside, a public entity, corporate and politic, and was created for the purpose of financing, acquiring, developing, rehabilitating, owning, managing and selling affordable housing in the County of Riverside for persons of low and moderate income, and to access certain state and federal programs available to non-profit corporations;

WHEREAS, RCHC is governed by a Board of Directors as provided in the Amended and Restated Bylaws of RCHC approved pursuant to RCHC Resolution No. 2014-002 adopted on August 5, 2014;

WHEREAS, according to that certain May 2019 Housing Emergency Update for the County of Riverside prepared by the California Housing Partnership, cuts in Federal and State funding have reduced investment in affordable housing in the County of Riverside ("County") by nearly \$159 million annually since 2008 and Low Income Housing Tax Credit production and preservation in the County decreased 70% from 2016-2018;

WHEREAS, approximately 84% of extremely low income households in the County are paying more than half of their income on housing costs and the County needs approximately 64,452 more affordable rental homes to meet the current demand;

WHEREAS, in furtherance of RCHC's mission to create affordable housing within the County and to address the County's affordable housing crisis, the Board of

FORM APPROVED COUNTY COUNSEL
BY: *Jhaila R. Brown*
DATE: *6/11/19*
JHAILA R. BROWN

1 Directors of RCHC deems it to be in the best interests of RCHC to form Perris Park
2 Housing LLC, a California limited liability company ("Perris Park Housing") with RCHC
3 acting as the sole member and manager, and to enter into any and all documents and
4 agreements necessary to form Perris Park Housing, including but not limited to that
5 certain Operating Agreement For Perris Park Housing, LLC attached hereto as Exhibit
6 A and incorporated herein by this reference ("Operating Agreement") and that certain
7 Secretary of State Articles of Organization Limited Liability Company attached hereto
8 as Exhibit B and incorporated herein by this reference ("LLC-1"), and to take any and
9 all actions necessary for the formation of Perris Park Housing;

10 **WHEREAS**, Perris Park Housing will pursue affordable housing opportunities
11 within the County and protect the assets of RCHC;

12 **WHEREAS**, in furtherance of RCHC's mission to create affordable housing
13 within the County and to address the County's affordable housing crisis, the Board of
14 Directors of RCHC, acting as the sole member and manager of the Company, deems it
15 to be in the best interests of Perris Park Housing to form Perris Park Housing
16 Associates, L.P., a California limited partnership ("Partnership") and to obtain a 99.99%
17 general partner interest in the Partnership, and to enter into any and all agreements,
18 including, but not limited to that certain the Agreement of Limited Partnership of Perris
19 Park Housing Associates, L.P. a California limited partnership, attached hereto as
20 Exhibit C and incorporated herein by this reference ("Agreement of Limited
21 Partnership"), that certain Certificate of Limited Partnership attached hereto as Exhibit
22 D and incorporated herein by this reference ("Form LP-1"), and any other types of
23 agreements to do any and all acts necessary for the formation of the Partnership;

24 **WHEREAS**, the Partnership will pursue affordable housing opportunities within
25 the County and protect the assets of RCHC;

26 **WHEREAS**, the Board of Directors of RCHC deems it to be in the best interests
27 of RCHC to obtain a .01% ownership interest in and become the initial limited partner
28 of the Partnership and to enter into any and all agreements, including, but not limited to

1 an Agreement of Limited Partnership, a Form LP-1, and any other types of agreements
2 to do any and all acts necessary for the formation of the Partnership; and

3 **WHEREAS**, due to limited staffing, and to increase the efficiency of RCHC in
4 facilitating the production of affordable housing opportunities within the County, the
5 Board of Directors of RCHC desires to authorize the Chief Executive Officer and Chief
6 Operating Office of RCHC, in its capacity as the sole member and manager of Perris
7 Park Housing, on behalf of Perris Park Housing and the Partnership, to enter into
8 contracts, expend capital, incur any indebtedness, and pledge or grant liens on any
9 assets, in a maximum amount not to exceed \$75,000 per contract, subject to approval
10 by RCHC's General Counsel.

11 **NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by
12 the Board of Directors of the Riverside Community Housing Corp., State of California,
13 in regular session assembled on June 18, 2019, as follows:

- 14 1. That the Board of Directors hereby finds and declares that the above Recitals
15 are true, correct and incorporated herein.
- 16 2. That the Board of Directors hereby authorizes and directs RCHC to form
17 Perris Park Housing, LLC, a California limited liability company ("Perris Park
18 Housing") with RCHC acting as the sole member and manager, and enter into
19 any and all documents and agreements necessary to form Perris Park
20 Housing, including but not limited to an operating agreement and articles of
21 organization and shall take any and all actions necessary for the formation of
22 Perris Park Housing, subject to approval by RCHC's General Counsel.
- 23 3. That the Board of Directors hereby approve that certain Operating Agreement
24 for Perris Park Housing LLC ("Operating Agreement") and that certain
25 Secretary of State Articles of Organization Limited Liability Company (LLC)
26 (LLC-1") attached hereto as Exhibit A and Exhibit B respectively, each
27 incorporated herein by this reference.

28

- 1 4. That the Board of Directors hereby further authorize and direct Perris Park
2 Housing to form Perris Park Housing Associates, L.P., a California limited
3 partnership ("Partnership") and obtain a 99.99% ownership interest in and
4 become the general partner of the Partnership and to enter into an agreement
5 of limited partnership, certificate of limited partnership, and any other
6 documents and agreements necessary to form the Partnership, subject to
7 approval by RCHC's General Counsel.
- 8 5. That the Board of Directors hereby approve the Agreement of Limited
9 Partnership of Perris Park Housing Associates, L.P. a California limited
10 partnership, attached hereto as Exhibit C and incorporated herein by this
11 reference ("Agreement of Limited Partnership") and that certain Secretary of
12 State Certificate of Limited Partnership (LP) attached hereto as Exhibit D and
13 incorporated herein by this reference ("LP-1").
- 14 6. That RCHC shall obtain a .01% ownership interest in and become the initial
15 limited partner of the Partnership and shall enter into the LP-1 and Agreement
16 of Limited Partnership attached hereto, and any other documents and
17 agreements necessary to form the Partnership.
- 18 7. Due to limited staffing, and to increase the efficiency of RCHC in facilitating
19 the production of affordable housing opportunities within the County, the
20 Board of Directors of RCHC hereby authorizes the Chief Executive Officer
21 and Chief Operating Office of RCHC, in its capacity as the sole member and
22 manager of Perris Park Housing, on behalf of Perris Park Housing and the
23 Partnership, to enter into contracts, expend capital, incur any indebtedness,
24 and pledge or grant liens on any assets, in a maximum amount not to exceed
25 \$75,000 per contract, subject to approval by RCHC's General Counsel.
- 26 8. That the Board of Directors hereby authorizes and directs the Chief Executive
27 Officer and Chief Operating Officer, in its sole capacity and in its capacity as
28 the sole member and manager of Perris Park Housing, to execute any and all

1 necessary documents, including but not limited to the Operating Agreement,
2 the LLC-1, the Agreement of Limited Partnership, the LP-1 and any other
3 types of agreements to form Perris Park Housing and the Partnership, and to
4 take any and all further actions necessary to consummate the activities
5 contemplated in this Resolution and granting of authority, subject to approval
6 by RCHC's General Counsel.

7
8 9. That all actions taken in connection with Perris Park Housing and the
9 Partnership by any officer of RCHC prior to the date of these resolutions is
10 hereby approved and ratified.

11 10. That the Secretary or any assistant or any other officer of RCHC is authorized
12 to execute and certify any form of resolution required by any lender, regulator
13 or other third party involved in the transaction, subject to approval by RCHC's
14 General Counsel, upon a determination that the substance of such
15 resolutions does not materially conflict with the substance of this Resolution,
16 granting of authority and any delegation of authority authorized by the Board
17 of Directors in connection with this action.

18 ROLL CALL:

19 Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
20 Nays: None
21 Absent: None

22 The foregoing is certified to be a true copy of a resolution duly
23 adopted by said Board of Supervisors on the date therein set forth.

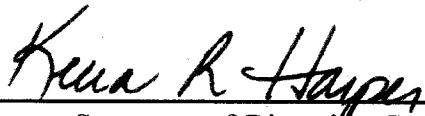
24 Kecia R. Harper, Clerk of said Board

25 By 
26 Deputy

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3 **CERTIFICATION**

4 I, Kecia Harper, Secretary of Riverside Community Housing Corp., a
5 California nonprofit public benefit corporation ("Corporation"), the sole member and manager of
6 Perris Park Housing LLC, a California limited liability company ("LLC") do hereby certify and
7 declare that the foregoing is a full, true and correct copy of the resolution duly passed and adopted
8 by the Board of Directors of the Corporation, by written consent of the Board of Directors of the
9 Corporation, or at a meeting of the Board of Directors of the Corporation duly and regularly called,
10 noticed and held on June 18, 2019; that said resolutions are now in full force
11 and effect; that there is no provision in the Articles of Incorporation or Amended and Restated
12 Bylaws of the Corporation or the Articles of Organization or the Operating Agreement of said
13 Company, limiting the powers of the Board of Directors of the Corporation to pass the foregoing
14 resolutions and that such resolutions are in conformity with the provisions of such Articles of
15 Incorporation and Amended and Restated Bylaws of the Corporation and the Articles of
16 Organization and Operating Agreement of the Company.

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IN TESTIMONY WHEREOF, I have hereunto set my hand as of June 18, 2019.



Kecia R. Harper, Secretary of Riverside Community
Housing Corp., a California nonprofit public benefit
corporation

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EXHIBIT A
OPERATING AGREEMENT FOR PERRIS PARK HOUSING LLC
(behind this page)

**OPERATING AGREEMENT
FOR
PERRIS PARK HOUSING LLC**

The undersigned, the sole member of the company, does hereby enter into this contract and operating agreement for operation of the above-named limited liability company, hereinafter referred to as the "Company."

I

Contract and Intent of the Parties

This operating agreement ("Agreement") is a contract between its parties (the member and the Company) and is enforceable against any party who violates its terms. All members must sign this operating agreement as a condition precedent of membership.

It is the specific intent of the parties to this Agreement to form a limited liability company that is to be treated as a disregarded entity until additional members, if any, gain membership and then the intent is that the entity be classified as a partnership for federal income tax purposes.

II

Members

Each member of this Company shall be a "Qualified Organization" which shall mean an organization that is exempt under Section 501(c)(3) of the Internal Revenue Code or under Section 23701(d) of the California Revenue and Taxation Code and that qualifies for exemption under Section 214 of the California Revenue and Taxation Code. Each "Qualifying Organization" shall have a valid, unrevoked letter from the Internal Revenue Service or the Franchise Tax Board, stating that it qualifies as an exempt organization under section 501(c)(3) of the Internal Revenue Code or under section 23701(d) of the California Revenue and Taxation Code.

Each member is prohibited from transferring, directly or indirectly, its member interest to any person or entity which is not a Qualified Organization.

III

Office

The principal office of the Company in California is located at 5555 Arlington Avenue, Riverside, CA 92504. The Company may have such other offices, either within or without the state as the members may designate or as the business of the Company may require. The registered office of the Company as required by the Act to be maintained in the State of California may be, but need not be, identical with the principal office, if within the State of California, and may be changed from time to time by the members.

IV
Purpose

The Company is formed for the purpose of operating exclusively for one or more exempt purposes as specified in section 214 of the California Revenue and Taxation Code pursuant to the provisions of the California Revised Uniform Limited Liability Company Act, Corporations Code 17701.01 – 17713.13, as the same may be amended from time to time (the “Act”) upon the terms and conditions contained in this Agreement. The rights and obligations of the members are as provided in the Act, except as provided herein.

The Company is organized and operated exclusively to further the following specific charitable purposes of its members: (1) to provide housing for low income persons, where no adequate housing exists for such groups; and (2) to serve as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons who are in need of affordable, decent, safe and sanitary housing and related services.

V
Duration of the Company

The Company shall commence on the date of the filing of the articles of organization with the Office of the California Secretary of State and shall exist in perpetuity unless otherwise dissolved pursuant to the terms of this Agreement.

VI
Limitation of Company Activities

Notwithstanding any other provision of this Agreement, the Company is organized and operated exclusively to further exempt purposes as specified in Section 214 of the California Revenue and Taxation Code. Any amendments to this Agreement and the articles of organization shall be consistent with the exempt purposes as specified in Section 214 of the California Revenue and Taxation Code.

VII
Dedication of Property

All real and personal property owned by the Company shall be owned by and in the name of the Company and is irrevocably dedicated to one or more exempt purposes as set forth in Sections 214 or 214.01 of the California Revenue and Taxation Code. No member shall have any ownership interest in such property in its individual name or right. Each member’s interest in the Company shall be personal property.

VIII
Allocation of Profits and Losses

The sole member has a 100% interest in capital, profits and losses. With only one member, the entity does not have standing for federal partnership tax treatment, but rather is treated as a disregarded entity. Therefore, the sole member treats the profits and losses for federal income tax purposes on the member's tax returns. Notwithstanding anything to the contrary, no distribution shall be made to any member which ceases to be a Qualified Organization.

IX
Capital Contributions

The Company shall have a single member, Riverside Community Housing Corp., a California nonprofit public benefit corporation and Qualified Organization, which shall own 100% of the beneficial interest in the business and Company and shall make such capital contributions as it determines.

X
Rights and Duties of the Parties

This entity is to be managed by a manager ("Manager"). The Manager is Riverside Community Housing Corp., which is governed by a Board of Directors as provided in the bylaws of the Manager. All Company powers shall be exercised under direction of the Board of Directors of the Manager.

XI
Costs and Expenses

The member shall determine the compensation and expenses payable by the Company. The member may act in any capacity and serve with or without compensation.

XII
Indemnification

The member may indemnify any member, manager, employee or agent against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him/her in connection with action, suit or proceeding, if the member determines that it acted in good faith in a manner reasonably believed to be in the best interest of the Company. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, will not in itself create a presumption that the person did or did not act in good faith and in a manner which he/she reasonably believed to be in the best interest of the Company and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

**XIII
Banking**

All funds of the Company shall be deposited in its name in such checking account or accounts as shall be designated by the member. All withdrawals therefrom are to be made upon written bank instruments which must be signed by member.

**XIV
Books**

The Company books shall be maintained at the Company offices located at 5555 Arlington Avenue, Riverside, CA 92504 to be retained by the entity. The books shall be kept on a calendar year basis, and shall be closed and balanced at the end of each tax year. The Company hereby covenants and agrees to cause all known business transactions pertaining to the purpose of the Company, to be entered properly and completely into the books. The Company is to furnish copies of annual financial statements to the member to enable it to prepare its annual tax returns in a timely manner.

**XV
Insurance**

During the course of the term for which this Company is formed, the Company shall carry liability insurance in such amounts as are deemed appropriate by the member.

**XVI
Voluntary Termination**

If the Company is dissolved the member shall proceed with reasonable promptness to liquidate the Company. The assets of the Company shall be distributed in the following order:

A. To pay or provide for the payment of all Company liabilities to creditors other than members, and liquidating expenses and obligations; and

B. To an entity organized and operated exclusively for exempt purposes, as specified in Section 214 of the California Revenue and Taxation Code, and which has established tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, or under Section 23701(d) of the California Revenue and Taxation Code.

**XVII
Distributions**

Prior to dissolution and at least annually as income is received by the Company, its accounts determined and tax returns filed, the member shall determine funds available for distribution. Upon

liquidation, a reasonable reserve as determined by the member in amount shall be established to cover follow-on or subsequent complaint and warranty construction requirements, if any. Liquidation of the Company need not be delayed provided that such amounts are properly escrowed and arrangement made for performance of such services as may be required in the interest of the Company. Escrows, reserves or liquidating accounts may be established as escrows or otherwise, which activity need not unduly delay the termination of the Company for all other purposes.

XVIII
Foreign Qualification

Management shall not permit the Company to engage in any business outside the State of California unless and until the Company has complied with the requirements necessary to qualify the Company as a foreign limited liability company in the jurisdiction in which the Company shall conduct business.

XIX
Merger

Management shall not permit the Company to merge or combine with, or convert into an entity organized for the private gain of any person.

XX
NON-LIABILITY OF COUNTY OF RIVERSIDE

NEITHER THE COUNTY OF RIVERSIDE ("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 FOR ANY OBLIGATIONS OF THE COMPANY OR THE CORPORATION, NOR IN ANY EVENT SHALL SUCH OBLIGATIONS BE PAYABLE OUT OF THE COUNTY'S GENERAL FUND, OR OTHER FUNDS OR PROPERTIES OF THE 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.

IN WITNESS WHEREOF, the sole member has executed this operating agreement effective as of _____, 2019.

Riverside Community Housing Corp.,
a California nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

FORM APPROVED COUNTY COUNSEL
BY: Jhaide R. Brown 6/1/19
JHAIDE R. BROWN DATE

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EXHIBIT B
SECRETARY OF STATE ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY (LLC)
(behind this page)



**Secretary of State
Articles of Organization
Limited Liability Company (LLC)**

LLC-1

IMPORTANT — Read instructions before completing this form.

Filing Fee - \$70.00

Copy Fees - First page \$1.00; each attachment page \$0.50;
Certification Fee - \$5.00

Note: LLCs may have to pay minimum \$800 tax to the California Franchise Tax Board each year. For more information, go to <https://www.ftb.ca.gov>.

This Space For Office Use Only

1. Limited Liability Company Name (See Instructions – Must contain an LLC ending such as LLC or L.L.C. "LLC" will be added, if not included.)

Perris Park Housing LLC

2. Business Addresses

a. Initial Street Address of Designated Office in California - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
5555 Arlington Avenue	Riverside	CA	92504
b. Initial Mailing Address of LLC, if different than item 2a	City (no abbreviations)	State	Zip Code

3. Service of Process (Must provide either Individual OR Corporation.)

INDIVIDUAL – Complete Items 3a and 3b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
Carrie		Harmon	
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
5555 Arlington Avenue	Riverside	CA	92504

CORPORATION – Complete Item 3c. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 3a or 3b

4. Management (Select only one box)

The LLC will be managed by:

One Manager More than One Manager All LLC Member(s)

5. Purpose Statement (Do not alter Purpose Statement)

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

6. The Information contained herein, including in any attachments, is true and correct.

By: Carrie Harmon, Chief Operating Officer of
Riverside Community Housing Corp., its sole
manager/member

Organizer sign here

Print your name here

LLC-1 (REV 04/2017)

FORM APPROVED COUNTY COUNSEL

BY: Jhaila R. Brown 6/5/19
JHAILA R. BROWN DATE

2017 California Secretary of State
www.sos.ca.gov/business/be

ATTACHMENT
TO LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION
(LLC-1)
PERRIS PARK HOUSING LLC (the "Company")

Additional Information:

Each member of this Company shall be a "Qualified Organization" which shall mean an organization that is exempt under Section 501(c)(3) of the Internal Revenue Code or under Section 23701(d) of the California Revenue and Taxation Code and that qualifies for exemption under Section 214 of the California Revenue and Taxation Code. Each "Qualifying Organization" shall have a valid, unrevoked letter from the Internal Revenue Service or the Franchise Tax Board, stating that it qualifies as an exempt organization under Section 501(3) of the Internal Revenue Code or under Section 23701(d) of the California Revenue and Taxation Code.

Each member is prohibited from transferring, directly or indirectly, its member interest to any person or entity which is not a Qualified Organization.

The Company is organized and operated exclusively for charitable purposes as specified in Section 214 of the California Revenue and Taxation Code and to further the following specific charitable purposes of its members: (1) to provide housing for low income persons, where no adequate housing exists for such groups; and (2) to serve as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons who are in need of affordable, decent, safe and sanitary housing and related services. Any amendments to the articles of organization shall be consistent with the exempt purposes as specified in Section 214 of the California Revenue and Taxation Code.

All real and personal property owned by the Company shall be owned by and in the name of the Company and is irrevocably dedicated to charitable purposes as set forth in Sections 214 or 214.01 of the California Revenue and Taxation Code. No member shall have any ownership interest in such property in its individual name or right.

No distribution shall be made to any member which ceases to be a Qualified Organization.

Upon dissolution of the Company, all assets of the Company shall be distributed to an entity organized and operated exclusively for charitable purposes, as specified in Section 214 of the California Revenue and Taxation Code, and which has established tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, or under Section 23701(d) of the Revenue and Taxation Code.

To the fullest extent permitted by law, for the purpose of qualifying for the Welfare Exemption under the rules of the California Board of Equalization, this limited liability company is prohibited from merging or converting into a for-profit entity.

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EXHIBIT C
AGREEMENT OF LIMITED PARTNERSHIP OF PERRIS PARK HOUSING
ASSOCIATES, L.P. A CALIFORNIA LIMITED PARTNERSHIP
(behind this page)

**AGREEMENT OF LIMITED PARTNERSHIP
OF
PERRIS PARK HOUSING ASSOCIATES, L.P.
A CALIFORNIA LIMITED PARTNERSHIP**

This Agreement of Limited Partnership is made as of the ____ day of _____, 2019 (the "Agreement") by and between Perris Park Housing LLC, a California limited liability company ("General Partner" or the "Managing General Partner") and Riverside Community Housing Corp., a California nonprofit public benefit corporation (the "Initial Limited Partner"), and those parties who shall hereafter be admitted as Additional Limited Partners (together, the "Partners").

The above-named parties agree to form a limited partnership under the California Uniform Limited Partnership Act of 2008 (the "Act") on the terms and conditions hereinafter set forth.

**ARTICLE I
NAME OF PARTNERSHIP**

The name of the partnership shall be Perris Park Housing Associates, L.P. (the "Partnership").

**ARTICLE II
BUSINESS OF PARTNERSHIP**

The Partnership's primary purpose shall be to acquire, construct, own, hold for investment, operate, manage, lease or sell an affordable rental housing development for low-income persons (the "Project" or the "Apartment Complex").

**ARTICLE III
CERTIFICATE OF LIMITED PARTNERSHIP**

The parties shall immediately execute a Certificate of Limited Partnership and shall cause such certificate to be filed with the California Secretary of State. Such amended certificates as may be required by the laws of the state of California shall be executed and filed by the Partners as necessary.

**ARTICLE IV
PLACE OF BUSINESS; AGENT FOR SERVICE OF PROCESS**

The principal place of business of the Partnership shall be located at 5555 Arlington Avenue, Riverside, CA 92504 and at such other place or places as may be agreed upon by the Partners. The Partnership's agent for service of process shall be Carrie Harmon, whose address is 5555 Arlington Avenue, Riverside CA 92504.

ARTICLE V

TERM

5.1 Effective Date. This Agreement shall be effective as of the date first above written; provided, however, that the Partnership shall not be formed under the Act and the Partnership's term shall not commence until the later of (a) the date that a Partner files the Partnership's Certificate of

Limited Partnership in the office of the California Secretary of State and (b) the date on which all the Partners shall have executed a copy of this Agreement.

5.2 Dissolution. The Partnership shall dissolve upon the first to occur of the following dates and events:

- (a) Seventy-five (75) years from the date hereof;
- (b) A majority vote of the Limited Partners and the written consent of the General Partner;
- (c) The entry of a decree of judicial dissolution under the Act by a court of competent jurisdiction; or
- (d) The sale of all or substantially all the Partnership property.

5.3 Continuation. If the General Partner ceases to be the General Partner for any reason and there is no remaining or surviving General Partner, admission of a new General Partner and a decision to continue the Partnership's business must be approved by a majority vote of the Limited Partners. Expenses relating to the Partnership's continuation shall constitute Partnership expenses.

ARTICLE VI CONTRIBUTION OF PARTNERS

6.1 General Partner's Contributions. The General Partner's total contributions to the Partnership shall be equal to \$99.99.

6.2 Initial Limited Partner. The Initial Limited Partner's contribution shall be \$.01. Upon the admission of the Additional Limited Partners pursuant to Article 6.3, the Initial Limited Partner shall withdraw from the Partnership and shall be entitled to receive a return of its contribution without interest.

6.3 Additional Limited Partners. The General Partner is authorized to admit Additional Limited Partners to the Partnership. The contributions of the Additional Limited Partners may be in form of cash and/or a note. The manner of offering additional limited partnership interests and the terms and conditions thereof shall be as determined by the General Partner and shall be consistent with applicable laws and regulations.

6.4 Additional Contributions. Except as set forth in this Article VI, a Partner shall not be required to make any contribution or otherwise advance funds to the Partnership. A Limited Partner shall not be personally liable for payment or performance of any Partnership obligation, except to the extent that a Partner may be required to return a distribution to the Partnership under the Act.

6.5 No Interest on Capital. The Partnership shall not pay to any Partner interest on any contribution or on undistributed or reinvested profits.

6.6 Withdrawals and Return of Capital. A Partner shall not have the right to demand return of any contribution or to withdraw any other portion of Partnership capital. If the Partnership assets remaining after the payment or discharge of Partnership expenses are insufficient to return any Partner's total contributions, a Partner shall have no recourse against any of the Partners or against the Partnership.

**ARTICLE VII
ALLOCATIONS OF PROFITS AND LOSSES**

Profits and losses for any year shall be allocated .01% to the Initial Limited Partner and 99.99% to the General Partner. Upon admission of Additional Limited Partners the allocations of profit and losses among the Partners shall be adjusted to reflect the fair market value of such Limited Partners' capital contribution at the time of such admission.

**ARTICLE VIII
DUTIES AND RIGHTS OF GENERAL PARTNER**

8.1 Control by General Partner.

(a) General Partner shall be the managing general partner of the Partnership. General Partner shall provide regular, continuous and substantial services to the Partnership and shall materially participate (within the meaning of Section 42(h) of the Internal Revenue Code (the "Code")) in the development of the Project and operations of the Partnership. General Partner shall use its best efforts to carry out the purposes, business and objectives of the Partnership of providing affordable housing to low-income persons, and shall devote to Partnership business such time and effort as may be reasonably necessary to achieve the Partnership's purpose. Subject to the applicable rights of any Limited Partners specified elsewhere in this Agreement, and the other limitations on General Partner's actions contained herein, (i) General Partner shall manage the day-to-day operations and the business and affairs of the Partnership; (ii) General Partner shall devote to the Partnership such time as may be necessary for the proper performance of its duties; (iii) General Partner, in the proper and reasonable exercise of its management authority, may delegate all or any of its powers, rights, and obligations hereunder and may appoint, employ, contract or otherwise deal with any person for the transaction of business of the Partnership, which person may, under the supervision of General Partner, perform any acts or services for the Partnership as General Partner may approve, except in no event shall General Partner delegate its management responsibilities hereunder, nor shall any delegation relieve General Partner of its obligations under this Agreement; and (iv) General Partner shall promptly take all action that may be necessary or appropriate for the proper construction, rehabilitation, maintenance and operation of the Project in accordance with the provisions of this Agreement. General Partner shall have all rights, powers and authority conferred by law, or necessary, or advisable, and consistent with accomplishing the Partnership's purpose and is hereby authorized, acting alone, to execute and deliver in the name and on behalf of the Partnership all such documents and papers (including any required by any lender or authority) as General Partner deems necessary or desirable in carrying out such duties hereunder. Without limiting the generality of the foregoing, General Partner shall have the right, subject to the applicable rights of any Limited Partner specified elsewhere in this Agreement and the limitations on General Partner's actions contained herein, to do each of the following:

- (i) Acquire, hold, sell, lease, exchange or convey real and personal property or any interest therein on the Partnership's behalf upon such terms as it deems advisable;
- (ii) If applicable, to construct the Project in accordance with plans, a construction contract, and all other requirements;
- (iii) Enter into all documents relating to loans and each of them, to otherwise borrow money on the Partnership's behalf, and to mortgage or otherwise encumber Partnership property upon such terms as it may deem necessary or advisable;
- (iv) Repay in whole or in part, refinance, increase, modify or extend any agreement, note, lease, mortgage, deed of trust or other obligation affecting Partnership property;

(v) Subject to the terms of this Agreement, delegate duties to and employ from time to time, at the Partnership's expense, any Persons necessary or advisable for the management and operation of the Partnership's business, including property managers, on-site personnel, insurance brokers, leasing agents, real estate consultants, accountants, attorneys, architects and engineers, on terms and for compensation as are reasonable and customary for similar services;

(vi) Pay all expenses and liabilities of the Partnership and fund all Project reserves;

(vii) Negotiate, enter into and execute notes, deeds, deeds of trust, contracts, leases, assignments and other instruments and to take any other actions necessary or desirable on the Partnership's behalf in connection with any of the rights of General Partner set forth in this Section 8.1;

(viii) Enter into, execute and deliver on the Partnership's behalf the Project documents and any other agreements or documents relating to the Project required by any authority, lender or investor;

(ix) Initiate legal actions, settle legal actions and defend legal actions on behalf of the Partnership;

(x) Make any and all elections for federal, state and local tax purposes;

(xi) Obtain and maintain insurance to protect the Partnership and the Project;

(xii) Take all actions necessary to obtain and maintain the Property Tax

Exemption;

(xiii) Inspect the Project to determine if it is being properly maintained and that necessary repairs are being made; if repairs are needed, authorize such repairs;

(xiv) Prepare or cause to be prepared all reports of operations that the Partnership is to furnish to any lender or investor or any authority; and

(xv) Take any other action incidental to any of the foregoing or consistent with the purposes of the Partnership.

(b) General Partner shall obtain and maintain the Property Tax Exemption for the Project. Any savings to the Partnership and Partnership's property attributable to the Property Tax Exemption shall be used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower income individuals or otherwise be passed on to the low-income tenants at the Project in accordance with all applicable provisions of Section 214 of the Revenue and Taxation Code, as amended, and may be used for some or all of the following: (i) teaching tenants life and job skills (e.g., English language, job interviewing techniques, resume writing, etc.) so that they might obtain better jobs; (ii) subsidizing child care or transportation to assist tenants in going to school or work; (iii) repair physical deterioration problems unique to an underprivileged area including graffiti removal and security; (iv) reduce rents or make direct payment of utility bills during unusually high utility usage months; (v) conduct surveys and otherwise evaluate the Project to determine how the lives and general environment of the tenants can be improved; (vi) assist in monitoring the tenants to assure that they qualify as low-income tenants; and/or (vii) contract with existing counseling services to provide counseling services for tenants.

(c) General Partner shall interface with the California Tax Credit Allocation Committee ("TCAC") and shall supervise all activities with TCAC reasonably necessary to enjoyment of the low income housing tax credits for the Project.

(d) General Partner shall effect and supervise the compliance of the Partnership and the Project with all legal requirements including, without limitation, Sections 4(b) and 5 of the Article XIII of the Constitution of the State of California and Sections 214, 254 and 259.5 of the California Revenue and Taxation Code, as amended;

(e) Subject to the terms of this Agreement, the General Partner shall undertake the following specific substantial management duties on behalf of the Partnership:

(i) rent, maintain, and repair the Project or, if such duties are delegated to the property manager participate in the hiring and overseeing of the property manager;

(ii) participate in hiring and overseeing the work of all persons necessary to provide services to the Partnership for the management and operation of the Partnership business including the property manager, auditors, attorneys, and other professionals rendering services to the Partnership;

(iii) execute and deliver all Partnership documents on behalf of the Partnership;

(iv) execute and enforce all contracts executed by the Partnership; and

(v) prepare or cause to be prepared all reports to be provided to the Partners or lenders consistent with the requirements of this Agreement;

(vi) coordinate the efforts of any developer, contractor, and architect in developing, and constructing or rehabilitating the Project;

(vii) monitor compliance with all government regulations and file or supervise the filing of all required documents with governmental entities;

(viii) borrows money on behalf of the limited partnership, encumbers limited partnership assets, places title in the name of a nominee to obtain financing, prepays in whole or in part, refinances, increases, modifies or extends any obligation; and

(ix) determines the amount and timing of distributions to partners and establishes and maintains all required reserves.

(f) The General Partner shall annually conduct a physical inspection of the Project to ensure that the Project is being used as a low income housing project meeting the requirements applicable to Federal Credits and meeting all the requirements of the Board of Equalization ("BOE") and the rules promulgated by the BOE regarding the Property Tax Exemption (the "**Property Tax Rules**").

(g) The General Partner shall submit a certification to the assessor for the county where the Project is located that the Project meets all of the requirements set forth in the Property Tax Rules applicable to the Property Tax Exemption.

(h) The General Partner will maintain records and documents evidencing the duties performed by the General Partner ("**Management Documents**"). Such records and documents will include:

(i) accounting books and records;

(ii) tax returns;

(iii) budgets and financial reports;

(iv) reports required by lenders;

- (v) documents related to the construction of the Project;
- (vi) legal documents such as contracts, deeds, notes, leases and deeds of trust;
- (vii) documents related to complying with government regulations and filings;
- (viii) documents related to property inspections;
- (ix) documents related to charitable services or benefits provided or the information provided regarding such services or benefits;
- (x) reports prepared for the Partners;
- (xi) bank account records;
- (xii) audited annual financial statement of the Partnership; and
- (xiii) the Property Management Agreement.

To the extent that any such Management Documents are not within the control or possession of the Managing General Partner, the General Partners and Limited Partners agree to provide or cause to be provided copies of such documents to the Managing General Partner upon written request from the Managing General Partner. The General Partners and Limited Partners shall have the right upon two (2) business days' notice, during reasonable business hours, to inspect all records and documents maintained by the Managing General Partner.

(i) In the event that there is more than one General Partner and this Agreement provides for an action on the part of the General Partners requiring a vote of a majority in interest of the General Partners to effect such action (a "Major Decision"), the General Partners shall each vote on such matter in accordance with their Interests. A General Partner requesting a vote on a Major Decision shall give the other General Partners written notice of any Major Decision and the other General Partners shall provide their approval or disapproval of the Major Decision within fourteen (14) days after receipt of such notice unless an emergency event shall have occurred in which event the General Partner shall provide such notice as is reasonable under the circumstances.

(j) The Managing General Partner shall submit on an annual basis a certification to the County Assessor for the county in which the Apartment Complex is located, certifying that the Apartment Complex meets all of the requirements set forth in Property Tax Rule 140.

8.2 Limitations on General Partner's Authority. The General Partner shall not have authority to:

- (a) Do any act in contravention of this Agreement or the Act;
- (b) Do any act in contravention of the mortgages and the loan documents related to the Partnership's property, any regulatory agreements, or any other documents recorded against the Partnership property;
- (c) File any voluntary petition for the Partnership under the federal Bankruptcy Act, or seek the protection of any other federal or state bankruptcy or insolvency law or debtor relief statute, without a majority vote; or
- (d) Confess a judgment against the Partnership.

8.3 Compensation; Reimbursement. The total compensation payable to the General Partner for its services as General Partner shall be as determined from time to time by agreement of the Partners. The Partnership shall reimburse the General Partner for all of the General Partner's out-of-pocket expenses incurred in furtherance of the Partnership's purposes.

8.4 General Partner's Obligation to Operate Partnership Property for Low-Income Persons. The General Partner shall operate the residential units of the Partnership property in accordance with the terms of the mortgages and any lender documents related to the Partnership property, all applicable statutes, rules and regulations with respect to the Partnership property, the low income housing tax credits, all regulatory agreements, declaration of restrictive covenants with respect to the low-income housing, and any other documents recorded against the Partnership property.

8.5 Reports to Government Agencies. The General Partner shall furnish or cause to be furnished information regarding the Partnership property (a) reasonably requested from time to time by those government agencies that provide financing to the Partnership and (b) required under the low-income housing tax credits.

ARTICLE IX RIGHTS OF LIMITED PARTNERS

9.1 Approval. The Limited Partners shall not participate in the control of the Partnership's business. The Limited Partners shall not have the right to vote on any matters except as specifically provided in the Act.

9.2 Removal of General Partner.

(a) The Limited Partners may, upon unanimous consent of all Limited Partners, remove the General Partner only for fraud, gross negligence, or material misconduct that has a substantial adverse financial effect upon the Limited Partners.

(b) In the event the Limited Partners vote to remove the General Partner pursuant to this Article 9.2, the Limited Partners shall notify the General Partner in writing, within five days after such vote, of the default that is the cause for the removal of the General Partner. The General Partner shall have 30 days from the receipt of the notice to cure the default; provided, however, that if a default, other than a monetary default, cannot be reasonably cured within 30 days, it shall be sufficient if the General Partner commences the cure within 30 days and proceeds to cure diligently thereafter. If the General Partner fails to cure within the specified time-period, the Limited Partners shall notify the General Partner of the effective date of its removal promptly after the cure period has expired.

ARTICLE X ACCOUNTING

10.1 Books of Account to be Kept. At all times during the continuance of the Partnership, it is agreed that good and accurate books of account shall be kept. Such books shall be balanced and closed at the end of each fiscal year and at any other time upon reasonable request of the General Partner.

10.2 Method of Accounting. All accounts of the Partnership shall be kept on an accrual basis. All matters of accounting for which there is no provision in this Agreement are to be governed by generally accepted methods of accounting.

10.3 Fiscal Year Basis. The profits and losses of the Partnership and its books of account shall be maintained on a fiscal year basis ending on December 31 of each year.

10.4 Place Where Books to be Kept; Inspection. The Partnership books of account shall be kept at the principal place of business of the Partnership and shall be open for inspection by any Partner at all reasonable times.

**ARTICLE XI
DISTRIBUTIONS ON DISSOLUTION**

Upon the Partnership's dissolution, the Partnership's business shall be immediately wound up. Any gain or loss on the disposition of Partnership Property during the Partnership's liquidation shall be credited or charged to the Partners in accordance with Article VII. Liquidating distributions except for liquidating distributions under Section 708(b)(1)(B) of the Internal Revenue Code of 1986, as amended (the "Code") shall be only in the form of cash. Partnership assets in the course of the liquidation shall be applied and distributed in the following order:

(a) Payment to creditors of the Partnership, including Partners, in the order of priority provided by law. In the discretion of the General Partner, reserves may be established to meet any contingent obligations or liabilities and, if and when those contingencies shall cease to exist, any remaining assets in the reserves shall be distributed as provided in this Article XI.

(b) Distributions to the Partners shall be in accordance with positive Capital Account balances. Upon dissolution of the Partnership, after any allocations under Article VII and the distributions pursuant to this subparagraph (b), the General Partner shall contribute to the capital of the Partnership the lesser of (i) its negative Capital Account balance, if any, or (ii) the amount which when added to its prior Contributions equals 99.99% of the aggregate Contributions. Amounts so contributed shall be distributed to the Partners as additional liquidation proceeds pursuant to this subparagraph (b).

For purposes of distributions to Partners, Capital Account balances shall be determined after taking into account all Capital Account adjustments for the fiscal year in which the liquidation occurs, and payment by the Partnership with respect to these balances shall be made by the end of that fiscal year or, if later, within ninety (90) days after the date of the liquidation. For this purpose, a liquidation of the Partnership shall be deemed to occur on the earlier of the date on which (i) the Partnership is terminated under Code Section 708(b)(1) or (ii) the Partnership ceases to be a going concern.

**ARTICLE XII
AMENDMENTS**

This Agreement may be amended at any time by a vote of the Partners holding a majority of interest in the Partnership. Notwithstanding the foregoing, no amendment that increases any Partner's obligations under this Agreement or under the Act shall be effective without such Partner's consent. This Agreement shall also be amended and restated upon admission of Additional Limited Partners pursuant to Article 6.3 to reflect the terms and conditions for their admission as such terms and conditions are negotiated and agreed to by the General Partner.

**ARTICLE XIII
BINDING EFFECT OF AGREEMENT**

This Agreement shall be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

GENERAL PARTNER:

Perris Park Housing LLC,
a California limited liability company

By: Riverside Community Housing Corp.,
a California nonprofit public benefit corporation,
its sole member/manager

By: _____
Name: Carrie Harmon
Its: Chief Operating Officer

INITIAL LIMITED PARTNER:

Riverside Community Housing Corp.,
a California nonprofit public benefit corporation

By: _____
Name: Carrie Harmon
Its: Chief Operating Officer

FORM APPROVED COUNTY COUNSEL

BY: Jhaila R. Brown 6/5/19
JHAILA R. BROWN DATE

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EXHIBIT D
SECRETARY OF STATE CERTIFICATE OF
LIMITED PARTNERSHIP (LP)
(behind this page)



**Secretary of State
Certificate of Limited Partnership
(LP)**

LP-1

IMPORTANT — Read Instructions before completing this form.

Filing Fee — \$70.00

Copy Fees — First page \$1.00; each attachment page \$0.50;
Certification Fee - \$5.00

Note: LPs may have to pay minimum \$800 tax to the California Franchise Tax Board each year. For more information, go to <https://www.ftb.ca.gov>.

Above Space For Office Use Only

1. Limited Partnership Name (See Instructions – Must contain an LP ending such as LP or L.P. “LP” will be added, if not included.)

Perris Park Housing Associates, L.P.

2. Business Addresses

a. Initial Street Address of LP's Designated Office in California - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
5555 Arlington Avenue	Riverside	CA	92504
b. Initial Mailing Address of LP, if different than item 2a	City (no abbreviations)	State	Zip Code

3. Service of Process (Must provide either Individual OR Corporation.)

INDIVIDUAL – Complete Items 3a and 3b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation)	Middle Name	Last Name	Suffix
Carrie		Harmon	
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
5555 Arlington Avenue	Riverside	CA	92504

CORPORATION – Complete Item 3c. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 3a or 3b

4. General Partners (List the name and address of each general partner. Attach additional pages, if necessary.)

a. General Partner's Name			
Perris Park Housing LLC			
General Partner's Address	City (no abbreviations)	State	Zip Code
5555 Arlington Avenue	Riverside	CA	92504
b. General Partner's Name			
General Partner's Address	City (no abbreviations)	State	Zip Code

The information contained herein, including in any attachments, is true and correct.

By: Carrie Harmon, Chief Operating Officer of Riverside Community Housing Corp., sole member/manager of Perris Park Housing LLC, the general partner

General Partner Signature

Type or Print Name

General Partner Signature

Type or Print Name

LP-1 (REV 1/2018)

FORM APPROVED COUNTY COUNSEL

BY: Jhaila R. Brown 6/5/19
JHAILA R. BROWN / DATE

BOARD OF DIRECTORS

**RIVERSIDE COMMUNITY
HOUSING CORP.**

RESOLUTION NO. 2019-002

APPROVING AND AUTHORIZING RIVERSIDE COMMUNITY HOUSING CORP. TO ASSIGN TO PERRIS PARK HOUSING LLC ITS RIGHTS UNDER THAT CERTAIN PURCHASE AND SALE AGREEMENT BETWEEN RIVERSIDE COMMUNITY HOUSING CORP. AND PERRIS PARK APARTMENTS RELATING TO THAT CERTAIN REAL PROPERTY IDENTIFIED AS ASSESSOR'S PARCEL NO. 313-290-020 IN THE CITY OF PERRIS, CA (PROPERTY); APPROVING AND AUTHORIZING PERRIS PARK HOUSING LLC TO ASSUME RIVERSIDE COMMUNITY HOUSING CORP.'S RIGHTS UNDER THE PURCHASE AND SALE AGREEMENT AND DELEGATION OF AUTHORITY TO EXECUTE ALL DOCUMENTS RELATED TO SUCH ASSIGNMENT AND ASSUMPTION AND PURCHASE AND SALE AGREEMENT; AND APPROVING AND AUTHORIZING PERRIS PARK HOUSING LLC TO OBTAIN AN ACQUISITION LOAN FROM BANNER BANK IN THE AMOUNT OF \$2,100,000 TO ACQUIRE THE PROPERTY AND DELEGATION OF AUTHORITY TO EXECUTE ALL DOCUMENTS RELATED TO SUCH LOAN

WHEREAS, the Riverside Community Housing Corp., a California nonprofit public benefit corporation (RCHC) is governed by a Board of Directors as provided in the Amended and Restated Bylaws of RCHC;

WHEREAS, RCHC is the sole member and manager of Perris Park Housing LLC, a California limited liability company (Perris Park Housing);

WHEREAS, pursuant to Section 10 of the Operating Agreement for Perris Park Housing LLC, all powers of Perris Park Housing shall be exercised under the direction of the Board of Directors of RCHC, in its capacity as manager;

WHEREAS, Perris Park Apartments, a California Limited Partnership ("Owner") is the fee owner of certain real property and improvements located at 1450 South Perris Boulevard, Perris, California, identified as Assessor's Parcel No. 313-290-020, as described in the legal description attached hereto as Exhibit A and incorporated herein by this reference ("Property");

WHEREAS, RCHC and the Owner entered into that certain Purchase and Sale Agreement (APN 313-290-020) dated as of September 19, 2018, as amended by that certain First Amendment to Purchase and Sale Agreement (APN 313-290-020) dated

FORM APPROVED COUNTY COUNSEL
BY: *J. Brown* 6/15/19
DATE
J. BROWN

1 December 1, 2018 (“Purchase Agreement”) pursuant to which Owner agreed to sell the
2 Property to RCHC;

3 **WHEREAS**, pursuant to Section 17 (t) of the Purchase Agreement, RCHC may
4 assign the Purchase Agreement and RCHC’s rights and obligations thereunder without
5 Owner’s written consent;

6 **WHEREAS**, the Board of Directors of RCHC, acting in its sole capacity, deems it
7 to be in the best interests of RCHC to assign its right, title and interest in the Purchase
8 Agreement to Perris Park Housing and to enter into any and all documents required in
9 connection with the assignment of the Purchase Agreement to Perris Park Housing,
10 including, but not limited to an Assignment and Assumption Agreement conforming in
11 form and substance to the Assignment and Assumption Agreement attached hereto as
12 Exhibit B and incorporated herein by this reference (Assignment and Assumption
13 Agreement);

14 **WHEREAS**, the Board of Directors of RCHC, acting as the sole member/manager
15 of Perris Park Housing, deems it to be in the best interest of Perris Park Housing to accept
16 an assignment from RCHC of RCHC’s right, title and interest in and to the Purchase
17 Agreement, to acquire the Property from Owner pursuant to the Purchase Agreement,
18 and to enter into any and all documents required in connection with the assignment and/or
19 modification of the Purchase Agreement and the acquisition of the Property, including,
20 but not limited to the attached form of Assignment and Assumption Agreement;

21 **WHEREAS**, the Board of Directors of RCHC, acting as the sole member/manager
22 of Perris Park Housing, deems it to be in the best interest of Perris Park Housing to borrow
23 an acquisition loan from Banner Bank, a Washington State commercial chartered bank,
24 or its successors or assigns, in an amount not to exceed \$2,100,000 (“Acquisition Loan”)
25 to fund acquisition costs of the Property and related costs and to enter into any and all
26 documents required in connection with the Acquisition Loan, including but not limited to
27 loan agreements, promissory notes, deeds of trust, subordination agreements, regulatory
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1 agreements, and any other documents necessary to consummate the Acquisition Loan;
2 and

3 **WHEREAS**, the Board of Directors of RCHC, acting as the sole member/manager
4 of Perris Park Housing, deems it to be in the best interest of Perris Park Housing to enter
5 into any and all documents with the Housing Authority of the County of Riverside, public
6 entity, corporate and politic ("Housing Authority"), including, without limitation, a Section
7 8 Project-Based Voucher Program PBV Housing Assistance Payments Contract New
8 Construction or Rehabilitation, and any other documents required by the Housing
9 Authority to subsidize the rents of the tenants residing on the Property ("Subsidy
10 Documents").

11 **NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED** by
12 the Board of Directors of the Riverside Community Housing Corp., State of California,
13 in regular session assembled on June 18, 2019, as follows:

- 14 1. That the Board of Directors hereby finds and declares that the above Recitals
15 are true, correct and incorporated herein.
- 16 2. That RCHC shall assign its right, title and interest in the Purchase Agreement
17 to Perris Park Housing and shall enter into any and all documents required in
18 connection with the assignment of the Purchase Agreement to Perris Park
19 Housing, subject to approval by RCHC's General Counsel, including, but not
20 limited to an Assignment and Assumption Agreement, conforming in form and
21 substance to the Assignment and Assumption Agreement attached hereto as
22 Exhibit B and incorporated herein by this reference (Assignment and
23 Assumption Agreement), which form of Assignment and Assumption
24 Agreement is hereby approved by the Board of Directors.
- 25 3. That Perris Park Housing shall accept an assignment of the Purchase
26 Agreement from RCHC, shall acquire the Property from the Owner pursuant to
27 the terms of the Purchase Agreement, and shall enter into any documents
28 required in connection with the assignment and/or modification of the Purchase

1 Agreement and the acquisition of the Property, including, but not limited to the
2 Assignment and Assumption Agreement, subject to approval by RCHC's
3 General Counsel.

4 4. That the Board of Directors hereby authorizes and directs Perris Park Housing
5 to borrow the Acquisition Loan from Banner Bank and to enter into any and all
6 documents required in connection with the Acquisition Loan, including but not
7 limited to loan agreements, promissory notes, deeds of trust, subordination
8 agreements, regulatory agreements, and any other documents necessary to
9 consummate the Acquisition Loan, subject to approval by RCHC's General
10 Counsel.

11 5. That the Board of Directors hereby authorizes and directs Perris Park Housing
12 to enter into any and all documents with the Housing Authority, including,
13 without limitation, the Subsidy Documents;

14 6. That the Board of Directors hereby authorizes and directs the Chief Operating
15 Officer or the Chief Executive Officer of RCHC, acting alone, on behalf of
16 RCHC in its sole capacity and/or on behalf of RCHC in its capacity as the sole
17 member/manager of Perris Park Housing, to enter into any and all documents
18 required in connection with the assignment of the Purchase Agreement, the
19 acquisition of the Property and the Acquisition Loan, including but not limited
20 to assignment and/or modification agreements, loan agreements, promissory
21 notes, deeds of trust, subordination agreements, regulatory agreements, the
22 Subsidy Documents, certificates of acceptance attached to a grant deed,
23 escrow documents, and any other documents necessary to consummate the
24 activities contemplated in this Resolution, subject to approval by RCHC's
25 General Counsel.

26 7. That all actions taken in connection with the transactions contemplated herein
27 by any officer of RCHC, acting alone, or acting in its capacity as the sole
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1 member/manager of Perris Park Housing, prior to the date of these resolutions
2 is hereby approved and ratified.

3 8. That the Board of Directors hereby authorizes the Secretary or any assistant or
4 any other officer of RCHC to execute and certify any form of resolution required
5 by any lender, regulator or other third party involved in the transaction, so long
6 as the Chief Executive Officer and General Counsel to RCHC determine that
7 the substance of such resolutions does not materially conflict with the
8 substance of this Resolution.

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12 ROLL CALL:

13 Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
14 Nays: None
15 Absent: None

16 The foregoing is certified to be a true copy of a resolution duly
17 adopted by said Board of Supervisors on the date therein set forth.

18 Kecia R. Harper, Clerk of said Board

19 By 
20 Deputy

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3 **CERTIFICATION**

4 I, Kecia R. Harper, Secretary of Riverside Community Housing Corp., a
5 California nonprofit public benefit corporation ("Corporation"), the sole member/manager of
6 Perris Park Housing LLC, a California limited liability company ("LLC") do hereby certify and
7 declare that the foregoing is a full, true and correct copy of the resolution duly passed and adopted
8 by the Board of Directors of the Corporation, by written consent of the Board of Directors of the
9 Corporation, or at a meeting of the Board of Directors of the Corporation duly and regularly called,
10 noticed and held on June 18, 2019; that said resolutions are now in full force
11 and effect; that there is no provision in the Articles of Incorporation or Bylaws of the Corporation
12 or the Articles of Organization or the Operating Agreement of said Company, limiting the powers
13 of the Board of Directors of the Corporation to pass the foregoing resolutions and that such
14 resolutions are in conformity with the provisions of such Articles of Incorporation and Bylaws of
15 the Corporation and the Articles of Organization and Operating Agreement of the Company.

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IN TESTIMONY WHEREOF, I have hereunto set my hand as of June 18, 2019.



Kecia R. Harper, Secretary of Riverside Community
Housing Corp., a California nonprofit public benefit
corporation

EXHIBIT A
LEGAL DESCRIPTION
(behind this page)

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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 Ferris 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 Ferris 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 Ferris 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 Ferris 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 Ferris Boulevard, Ferris, California
Assessor's Parcel No.: 008029/313-290-020-2

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EXHIBIT B
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT
(behind this page)

**ASSIGNMENT AND ASSUMPTION AGREEMENT
(PURCHASE AND SALE AGREEMENT FOR PERRIS PARK APARTMENTS)**

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (Purchase and Sale Agreement for Perris Park Apartments) ("Assignment") is made and entered into on this ___ day of _____, 2019 by and between Riverside Community Housing Corp., a California nonprofit public benefit corporation ("Assignor"), and Perris Park Housing LLC, a California limited liability company ("Assignee"). The Assignor and Assignee are collectively referred to herein as the "Parties."

RECITALS

- A. Assignor, as buyer, and Perris Park Apartments, a California Limited Partnership, as seller ("Seller") have entered into that certain Purchase and Sale Agreement (APN 313-290-020) dated September 19, 2018, as amended by that certain First Amendment to Purchase and Sale Agreement (APN 313-290-020) ("Purchase Agreement") relating to, among other things, the acquisition of approximately 6.03 total acres of land, together with improvements consisting of 80 residential apartment units and ancillary facilities in 13 buildings located at 1450 South Perris Boulevard, Perris, California 92570, identified as Assessor's Parcel No. 313-290-020, as described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference, and the improvements thereon ("Property");
- B. Pursuant to Section 17 (t) of the Purchase Agreement, Assignor has the right to assign its interests under the Purchase Agreement to an affiliate;
- C. Assignor desires to assign its right to acquire the Property to Assignee pursuant to this Assignment and Assignee desires to assume such rights ; and
- D. Assignor hereby desires to assign its rights and obligations to acquire the Property and delegate all of its duties under the Purchase Agreement, and for Assignee to accept such assignment and assume all rights, interest and obligations thereunder.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee agree as follows:

1. Assignor hereby assigns to Assignee all of its right, title, obligations and interest in and to the Purchase Agreement, and Assignee hereby accepts such assignment, and assumes all of the obligations of the Assignor under the Purchase Agreement, and agrees to be bound thereby in accordance with the terms thereof.
2. Assignee shall assume and perform all executory obligations of Assignor pursuant to the Purchase Agreement, without exception.
3. Assignee agrees to perform all of the obligations in accordance with the Purchase Agreement.

4. The principal address of Assignee for purposes of the Purchase Agreement is as follows:

c/o Riverside Community Housing Corp.
5555 Arlington Avenue
Riverside, CA 92504
5. This Assignment, together with the agreements, covenants and warranties contained herein, is made for the sole protection and the benefits of the parties hereto, and their successors and assigns, and no other person or persons shall have a right of action or right to rely hereon. As this Assignment contains all the terms and conditions agreed upon between the parties, no other agreement regarding the subject matter thereof, shall be deemed to exist or bind any party unless in writing and signed by the party to be charged.
6. This Assignment has been entered into, is to be performed entirely within, and shall be governed by and construed in accordance with the laws of the State of California.
7. If any term or provision of this Assignment, the deletion of which would not adversely affect the receipt of any material benefit by any party hereunder, shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Assignment shall not be affected thereby and each other term and provision of this Assignment shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Assignment that is illegal, invalid or unenforceable, there be added as part of this Assignment and enforceable clause or provision similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.
8. Time is expressly declared to be of essence in this Assignment.
9. Each party hereto covenants and agrees to perform all acts and obligations, and to prepare, execute, and deliver such written agreements, documents, and instruments as may be reasonably necessary to carry out the terms and provisions of this Assignment.
10. No provision in this Assignment is to be interpreted for or against either party because that party or its legal representatives drafted such provision.
11. This Assignment may be executed in counterparts, each of which shall be an original and all of which shall constitute one and the same instrument. The signature pages of one or more counterpart copies may be removed from such counterpart copies and all attached to the same copy of this Assignment, which, with all attached signature pages, shall be deemed to be an original Assignment.
12. The parties hereto further represent and declare that they carefully read this Assignment and know the contents thereof, and that they sign the same freely and voluntarily.

13. Each party represents that the person executing this Assignment on behalf of said party has the full authority to do so to bind the party to perform pursuant to the terms and conditions of this Assignment.

[Remainder of Page Intentionally Blank]

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have executed this Assignment as of the date set forth opposite their signatures below.

ASSIGNOR:

Riverside Community Housing Corp.,
a California nonprofit public benefit corporation

By: _____
Name: Carrie Harmon
Its: Chief Operating Officer

Date: _____

ASSIGNEE:

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

Date: _____

APPROVED AS TO FORM:

Gregory P. Priamos
General Counsel

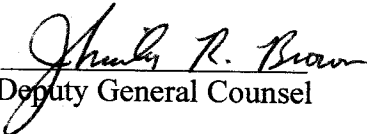
By: 
Deputy General Counsel

EXHIBIT A

LEGAL DESCRIPTION OF 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

TERM LOAN AGREEMENT



PROJECT NAME: Perris Park Apartments
BANNER LOAN NO: 1403958

THIS TERM LOAN AGREEMENT ("**Agreement**"), dated June __, 2019, is made by and between PERRIS PARK HOUSING LLC, a California limited liability company ("**Borrower**"), whose address is:

C/O RIVERSIDE COMMUNITY HOUSING CORP.
5555 Arlington Avenue
Riverside, CA 92504
Attn: Michael Walsh

and BANNER BANK, a Washington state chartered commercial bank, and its successors, participants and assigns ("**Lender**"), whose address is:

BANNER BANK
19800 North Creek Pkwy, Suite 200
Bothell, Washington 98011

RECITALS

A. Borrower has applied to Lender for a term loan in the maximum principal loan amount of TWO MILLION ONE HUNDRED THOUSAND AND NO/100THS U.S. DOLLARS (\$2,100,000.00) (the "**Loan**") in connection with financing the acquisition of the real property located at 1450 South Perris Boulevard, Perris, California and legally described on EXHIBIT A attached hereto, and the approximately eighty (80) unit multi-family affordable housing project located thereon (the "**Property**").

B. This Agreement sets forth the terms and conditions under which Lender shall make the Loan and Borrower shall be obligated thereunder.

AGREEMENT

Lender agrees to make the Loan to Borrower on the terms and conditions set forth below, and Lender and Borrower agree as follows:

1. DEFINITIONS

1.1 **General.** Any accounting term used but not specifically defined herein shall be construed in accordance with GAAP (as defined below). The definition of each agreement, document, and instrument set forth in Section 1.2 hereof shall be deemed to mean and include such agreement, document, or instrument as amended, restated, or modified from time to time.

1.2 **Defined Terms.** As used in this Agreement:

"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 construction of 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.

"Affiliate" means, with respect to a specified person or entity, a person or entity that is controlled by, controls, or is under common control with, the specified person or entity.

"Agreement" means this Term Loan Agreement.

"Appraisal" means an appraisal ordered by Lender or another financial institution from an independent appraiser acceptable to Lender, that complies with all applicable state and federal laws and regulations and with the Uniform Standards of Professional Appraisal Practice; *provided, however*, that the value shown in any such appraisal shall be subject, in Lender's sole discretion, to review and approval by Lender's in-house appraisal review department or, in the event the appraisal was not ordered by Lender, a certified appraiser of Lender's choice.

"Approved Appraisal" means the most current Lender-reviewed and approved Appraisal of the Property obtained by Lender.

"Authorized Representative" means any individual identified in Section 11.1 of this Agreement.

"Business Day" means a day of the year on which banks are not required or authorized to close in Seattle, Washington.

"Closing Date" means the date the Deed of Trust is recorded.

"Closing Deadline" means June __, 2019.

"Collateral" means the Project (as defined below), including, without limitation, all related personal property associated with Borrower's ownership of the Property and all Leases and rents associated with the Property and any other property of any kind in which Borrower has granted Lender a Security Interest pursuant to the Deed of Trust or any other Security Instrument given to Lender to secure all or any portion of the Obligations.

"Deed of Trust" means the Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing to be executed by Borrower and recorded against the Project to secure Borrower's Obligations hereunder and under all of the Loan Documents except the Indemnity.

"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 Laws" also shall include, but not be limited to, the following laws, 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 upon real property, or related to the protection of endangered species, as such laws and ordinances may be amended from time to time.

"Environmental Reports" means the 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 the Closing Date.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" is defined in Section 7 of this Agreement.

"Financial Contract" means (a) an agreement (including terms and conditions incorporated by reference therein) that is a rate swap agreement, basis swap, forward rate agreement, commodity swap, commodity option, equity or equity index swap, bond option, interest rate option, foreign exchange agreement, rate cap agreement, rate floor agreement, rate collar agreement, currency swap agreement, cross-currency rate swap agreement, currency option, any other similar agreement (including any option to enter into any of the foregoing); (b) any combination of the foregoing; or (c) a master agreement for any of the foregoing together with all supplements, approved by Lender for execution in connection with the Loan.

"Financial Information" is defined in Section 3.9 of this Agreement.

"Financing Statement" means a UCC financing statement filed with the appropriate state agency to perfect Lender's Security Interest in the Collateral.

"GAAP" means the U.S. generally accepted accounting principles as in effect, which shall include the official interpretations thereof by the Financial Accounting Standards Board, consistently applied.

"Governmental Approvals" means, collectively, all consents, licenses, and permits and all other authorizations or approvals required from any Governmental Authority for ownership, use, or occupancy of the Project.

"Governmental Authority" means any federal, state, county or municipal government, or political subdivision thereof, any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality, or public body, or any court, administrative tribunal, public utility, or other governmental authority having jurisdiction over the Property.

"Guarantor" means HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic .

"Guaranty" means the Unconditional Guaranty of Payment and Performance of even date herewith executed by Guarantor relating to the Loan. The obligations of Guarantor under the Guaranty are separate, independent and distinct from the obligations secured by the Deed of Trust, and shall survive any judicial or non-judicial foreclosure of the Deed of Trust.

"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: (i) 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 (ii) 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. The term Hazardous Materials excludes those substances commonly used in the rehabilitation, operation and maintenance of multifamily residential apartment buildings similar to the Project.

"Indebtedness" means, for any Person, (a) all obligations to repay borrowed money, direct or indirect, incurred, assumed, or guaranteed; (b) all obligations for the deferred purchase price of capital assets; (c) all obligations under conditional sales or other title retention agreements; (d) all obligations (contingent or otherwise) under any letter of credit, banker's acceptance, currency swap agreement, or Financial Contract; (e) all synthetic leases; (f) all lease obligations that have been or should be capitalized on the books of such Person a manner acceptable to Lender; (g) all obligations of such Person with respect to asset securitization financing programs to the extent that there is recourse against such Person or such Person is liable (contingent or otherwise) under any such program; (h) all obligations to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such Person; (i) all debt, liabilities, or obligations, now existing or hereafter arising, due or to become due, absolute or contingent, arising under any Financial Contract; and (j) any other transaction (including forward sale or purchase agreements) having the commercial effect of a borrowing of money entered into by such Person to finance its operations or capital requirements.

"Indemnified Party" is defined in Section 5.25 of this Agreement.

"Indemnity" means the Indemnity Agreement of even date herewith pursuant to which Borrower and each Guarantor make certain representations, warranties, and indemnities to Lender regarding Hazardous Substances, Environmental Laws, and Access Laws.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended or replaced from time to time.

"Laws" means, collectively, all federal, state and local laws, statutes, codes, ordinances, orders, rules, and regulations, including judicial opinions or precedential authority in the applicable jurisdiction, governing Borrower or the Project.

"Lease" and, collectively, **"Leases"** means each lease, sublease, and occupancy agreement affecting the Project or any part thereof now existing or hereafter executed, and all amendments modifications, renewals or supplements thereto.

"Lender Affiliate" means any one or more bank or non-bank Affiliates of Banner Bank and its successors.

"Lien" means any mortgage, security interest, lien, charge, encumbrance on, pledge or deposit of, or conditional sale or other title retention agreement with respect to any property or asset, including, without limitation, the Collateral.

"Loan" is defined in Recital A.

"Loan Amount" means 2,100,000.00.

"Loan Documents" means the collective reference to this Agreement, the Note, the Security Instruments, and all other instruments, agreements and documents entered into from time to time, that evidence, govern, or secure the Loan or any obligation of payment thereof or performance of Borrower's obligations in connection with the financing transaction contemplated hereunder, each as amended from time to time.

"Loan Fee" is defined in Section 2.4.1 of this Agreement.

"Material Adverse Change" means a change in business prospects, operations, or financial condition of Borrower, any Guarantor, the Project, or any other Collateral that will, in Lender's reasonable judgement, prevent timely repayment of the Loan, otherwise prevent Borrower or any Guarantor from timely performing any of its material obligations under the Loan Documents, or that will, in Lender's reasonable judgement, impair the value of Lender's security for the Loan, all as determined by Lender in its reasonable discretion.

"Maturity Date" is defined in the Note.

"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.

"Note" means the promissory note signed and delivered by Borrower to evidence the Loan.

"Note Rate" is defined in the Note.

"Obligation" or **"Obligations"** means, collectively, (a) all Indebtedness and other obligations incurred by Borrower pursuant to this Agreement, the Note, the Security Instruments, or any of the other Loan Documents and includes the principal of and interest on the Note; (b) each extension, renewal or refinancing thereof in whole or in part; (c) the Loan Fee and all other fees payable under the Loan Documents; and (d) every other liability, now or hereafter owing to Lender by Borrower under the Loan Documents, and every other liability of Borrower to Lender, whether owing absolutely or contingently, whether created by note or other contract, or by tort, statute, or other operation of law, whether incurred directly to Lender or any Lender Affiliate, including obligations arising under any Financial Contacts between Borrower and Lender or any Lender Affiliate.

"OFAC" means the Office of Foreign Asset Control of the Treasury.

"Operating Account" means a commercial checking account maintained by Borrower with Lender to be used in connection with Borrower's ownership of the Project.

"Organization" means a corporation, government or government subdivision or agency, business trust, estate, trust, partnership, association, and any other legal or commercial entity.

"Permitted Encumbrances" means (a) liens for real estate taxes and special assessments against the Collateral not then delinquent; (b) the Deed of Trust and other Security Instruments, if any; (c) any Permitted Encumbrances defined in any of the Loan Documents, including, without limitation, as defined in any Security Instrument; and (d) any other encumbrances approved by Lender in writing.

"Person" means an individual or an Organization.

"Potential Default" is defined in Section 7 of this Agreement.

"Project" means the Property, all improvements located thereon, and any other real or personal property located on or relating to the ownership of the Property in which Borrower has provided Lender a Security Interest pursuant to the Deed of Trust or other Security Instrument.

"Property" is defined in Recital A.

"Property Manager" means Hyder, a California Corporation, or any replacement property manager for the Project approved by Lender.

"Property Management Agreement" means that certain Property Management Agreement dated _____, between Borrower and Property Manager, or any other management agreement for the Project approved by Lender.

"Security Instruments" means all written documents signed and delivered from time to time to Lender to secure all or any portion of the Indebtedness owed by Borrower to Lender, including, without limitation, the Deed of Trust.

"Security Interest" means, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, deed of trust, mortgage, assignment, pledge, lease, or any other undertaking intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

"SNDA" means any subordination, non-disturbance and attornment agreement, in form and substance acceptable to Lender, executed regarding a Lease.

"SPE Covenants" is defined in Section 5.20 of this Agreement.

"Tenants" and individually a **"Tenant"** means the tenant under a Lease.

"Title Company" means Commonwealth Land Title Company.

"Title Policy" means an ALTA lender's title insurance policy or policies with extended coverage, acceptable to Lender in its sole discretion, issued by a title company acceptable to Lender in the amount of the Loan, insuring the lien of the Deed of Trust as a valid first, prior, and paramount lien upon the Property, and all appurtenant easements, and subject to no other exceptions other than the Permitted Encumbrances, and including all endorsements requested by Lender.

"Treasury" means the Department of the Treasury of the United States of America.

"Transfer" means (i) the sale, conveyance, assignment, encumbrance, or other transfer of any right, title, or interest in and to the Project or any other property comprising the Collateral (except for Leases entered into by Borrower in compliance with the terms of this Agreement), whether such sale, conveyance, assignment, encumbrance, or other transfer is voluntary or by operation of law, other than as specifically permitted under the Loan Documents; (ii) the sale, assignment, or transfer of Borrower's interest under the Loan; (iii) the transfer, encumbrance or issuance of any stock, membership, partnership or other direct or indirect ownership interest in Borrower, whether such transfer, issuance or encumbrance is voluntary or by operation of law; or (iv) any other action which results or could result in the Property no longer being in control of Borrower. "Transfer" shall exclude any transfer to the Housing Authority of the County of Riverside or to a limited partnership, the general partner of which is Borrower or an affiliate thereof.

"Transition Date" means the date on which 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 Transferred Property has been given to and accepted by Lender or any other purchaser or grantee.

"Value" means the "as-is" value of the Project as established by Lender's most current Approved Appraisal.

The foregoing definitions shall be applicable to the singulars and plurals of the related defined terms.

2. LOAN TERMS.

2.1 Term Loan Facility. Lender hereby agrees to extend a term loan to Borrower in the principal amount of Two Million One Hundred Thousand and 00/100ths Dollars (US \$2,100,000.00), subject to the terms and conditions of this Agreement and the Loan Documents of even date herewith.

2.2 Term of the Loan. The Maturity Date and any extensions thereof applicable to the Loan are set forth in the Note.

2.3 Repayment Obligations. The interest rate and payment provisions applicable to the Loan are set forth in the Note.

2.4 Fees and Expenses.

2.4.1 Loan Fee. A non-refundable "**Loan Fee**" in an amount equal to [\$13,500.00] shall be due and payable by Borrower to Lender at the earlier to occur of: (a) the Closing Date; or (b) the Closing Deadline. The Loan Fee shall be fully earned by Lender on the date it is due and shall be non-refundable to Borrower under any and all circumstances.

2.4.2 Expenses. Borrower shall reimburse Lender for all costs associated with the Loan, whether occurring prior to or contemporaneously with closing of the Loan, or at any time during the term of the Loan, as such costs are deemed necessary in Lender's reasonable determination, including, but not limited to, reasonable attorneys' fees; fees for appraisals and appraisal reviews; fees for credit reports; premiums for title insurance commitments, policies, and endorsements; escrow and recording fees; fees for credit and background checks; the cost of any inspections, environmental assessments, certifications or surveys required by Lender; and all costs and fees customarily involved in closing, administering, collecting or foreclosing on, or otherwise enforcing the Loan. Borrower shall indemnify and hold Lender harmless against and from any and all claims for such fees, charges, commissions, taxes, or other expenses of any kind in any way connected with the Loan, as more fully set forth in Section 5.25 below.

2.5 Disbursement of Loan Proceeds. Proceeds of the Loan will be fully disbursed at closing to (i) reimburse Borrower for a portion of the purchase price from Borrower's acquisition of the Property; and (ii) pay certain fees and closing costs associated with the Loan, as approved by Lender.

3. REPRESENTATIONS AND WARRANTIES. Borrower hereby makes the representations and warranties set forth below that shall be true and correct, in all material respects, as of the date of this Agreement and at all times any Obligations remain outstanding.

3.1 Borrower Existence and Legal Authority. Borrower is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of California and has all requisite power and authority to own the Project and to carry on its business as now being conducted, to enter into the Loan Documents to which it is a party and the other agreements referred to herein and transactions contemplated thereby, and to carry out the provisions and conditions of such Loan Documents to which it is a party.

3.2 Borrower Due Execution and Delivery. Borrower has full power, authority, and legal right to incur the Obligations provided for in, and to execute and deliver and to perform and observe the terms and provisions of, the Loan Documents to which it is a party, and each such Loan Document has been duly executed and delivered by Borrower and has been authorized by all required action. Borrower has obtained all requisite consents to the transactions contemplated under any instrument to which Borrower is a party, and the Loan Documents constitute the legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, insolvency, or other similar laws affecting creditors' rights generally.

3.3 No Breach of Other Instruments. Neither the execution and delivery of the Loan Documents, nor the compliance by Borrower with the terms and conditions of the Loan Documents, nor the consummation of the transactions contemplated thereby, will conflict with or result in a breach of the articles of incorporation, by-laws, operating agreements, trust agreements, articles of organization, or other governing documents of Borrower, or any of the terms, conditions or provisions of any agreement or instrument or any charter or other corporate restriction or law, regulation, rule or order of any governmental body or agency to which Borrower or any member or partner of Borrower is now a party or is subject, or impose any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower pursuant to the terms of any such agreement or instrument.

3.4 Government Authorization. No consent, approval, authorization, or order of any court or governmental authority or body is required for the consummation by Borrower or Guarantor of the transactions contemplated by the Loan Documents, except for written approval of the Guarantor's Board of Commissioners and the Borrower's Board of Directors .

3.5 Ownership of Property. Borrower has, or shall obtain at Closing, good and marketable fee title to the Property and all other Collateral in accordance with the laws of the jurisdiction where located, and good and marketable title to all property and assets related to the Project. Except for Permitted Encumbrances, the Property and all other Collateral will be free from any liens, encumbrances, charges, or security interests of any kind at Closing.

3.6 Leases. Borrower and its representatives have provided Lender with copies of all existing leases, subleases, or other arrangements for occupancy of the Property, and there are no existing defaults thereunder. As of Closing, Borrower shall acquire all of the landlord's interests under all Leases then in effect.

3.7 Absence of Defaults, etc. Neither Borrower nor any Guarantor is (i) in material default under any indenture or contract or agreement to which it is a party or by which it is bound; (ii) in violation of its articles of organization, operating agreement, as applicable, or any other governing document; (iii) in default with respect to any order, writ, injunction or decree of any court; or (iv) in default under any order or license of any Governmental Authority. There exist no conditions, events, or acts that constitute a Potential Default or an Event of Default.

3.8 Indebtedness of Borrower and Guarantor. Neither Borrower nor any Guarantor has any material Indebtedness for borrowed money outstanding as of the date hereof, except for Indebtedness identified in the Financial Information delivered to Lender.

3.9 Financial Condition. Borrower and each Guarantor have furnished to Lender financial statements and related financial information for Borrower and each Guarantor, and financial information relating to the ownership of the Project, including pro forma operating statements, that fairly and accurately reflect the anticipated financial circumstances for Borrower and the financial assumptions for the ownership and operation of the Project, and each Guarantor has furnished to Lender financial statements and related financial information that fairly and accurately reflect the financial condition of that Guarantor in all material respects as of the date thereof (collectively, the "**Financial Information**").

3.10 No Adverse Change. After the date of the Financial Information most recently delivered to Lender, neither Borrower nor any Guarantor has incurred or agreed to incur any material liabilities or obligations, direct or contingent, and there has not been any material increase in the anticipated aggregate amount of Indebtedness of Borrower or any Guarantor, or any Material Adverse Change in the business, properties, prospects or condition, financial or otherwise, of Borrower, any Guarantor, or the Project, except as is customary for a housing authority such as Guarantor.

3.11 Compliance with Laws. To Borrower's actual knowledge, the use of the Property, and any and all contemplated accessory uses, do not violate (i) any Laws (including subdivision, zoning, building, environmental protection and wetland protection Laws); or (ii) any building permits, restrictions of record, or agreements affecting the Project, or any part thereof. Neither the zoning authorizations, approvals or variances, nor any other right to operate or to use the Project is to any extent dependent upon or related to any real estate other than the Property.

3.12 Taxes. Borrower and each Guarantor, to the extent required by law for a public entity, have filed all tax returns that are required to be filed and have paid, or have made adequate provision for the payment of, all taxes that have or may become due pursuant to said returns or to assessments received by them, including, without limitation, all property taxes and assessments for the Project. The provisions for taxes reflected in the pro formas included in the Financial Information provided by Borrower to Lender are believed by Borrower to be adequate to cover any and all accrued and unpaid taxes for which the party providing such Financial Information is liable for the period ended on the date of such balance sheet and all prior periods. Neither Borrower nor any Guarantor is aware of any deficiency assessment or proposed deficiency assessment of taxes for which that party may be liable, except as may otherwise be disclosed in writing to Lender prior to the date hereof.

3.13 Condemnation. Borrower has not received notice of any eminent domain or condemnation proceeding that in any way affects the Project, and, to the best of Borrower's actual knowledge, no such action or proceeding is pending or threatened.

3.14 Improvement District. To Borrower's knowledge, except as disclosed to Lender in writing prior to the date of this Agreement, the Project is not situated within any metropolitan, local, special, or other improvement district, and Borrower has no knowledge of any proposal under which the Project is to be placed in any such improvement district. Borrower shall not consent or agree to the inclusion of the Project in an improvement district of any kind without the prior written consent of Lender so long as any portion of the Loan remains unpaid. Lender hereby acknowledges that the Property is located within Community Facilities District No. _____.

3.15 Litigation. As of the date hereof, there are no actions, suits or proceedings pending, or, to the actual knowledge of Borrower, threatened against or affecting Borrower or its property (including the Project) or Guarantor in any court, or before or by any federal, state, or municipal or other governmental department, commission, board, bureau, agency or other instrumentality, domestic or foreign.

3.16 No Liens. There are no claims for social security, unemployment compensation, or other obligations to or claimed by any Governmental Authority or private Person, which are or could become liens on the Collateral.

3.17 Environmental Matters. Except as set forth in any Environmental Report obtained by Lender in connection with the Loan or as otherwise disclosed by Borrower to Lender in writing prior to the date of this Agreement, to the best of Borrower's actual knowledge after due inquiry and inspection, (i) no asbestos has ever been used in the construction, repair or maintenance of any Improvements, (ii) no substance currently designated as a Hazardous Substance is currently being generated, processed, stored, transported, handled or disposed of on or under the Property, except for common maintenance and cleaning materials that are maintained and stored in accordance with all applicable Environmental Laws, (iii) neither Borrower nor any other person or entity has ever caused or permitted any substance currently designated as a Hazardous Substance to be generated, processed, stored, transported, handled or disposed of, on, under or in the Property, except in compliance with all applicable Environmental Laws, (iv)

there is no actual or alleged violation with respect to the Property of any Environmental Laws, and (v) there is no action or proceeding pending or threatened before or appealable from any Governmental Authority relating to Hazardous Substances affecting or alleged to be affecting the Property.

3.18 Access. Borrower has no knowledge of any failure of the Project to comply fully with all applicable Access Laws. To Borrower's actual knowledge, Borrower's intended uses of the Project comply fully with all Access Laws.

3.19 No Burdensome Restrictions. Neither Borrower nor any Guarantor is a party to any instrument or agreement or subject to any charter or other corporate restriction that would cause a Material Adverse Change.

3.20 ERISA Representations. (a) Borrower is not and will not be (i) an "employee benefit plan," as defined in Section 3(3) of ERISA; (ii) a "governmental plan" within the meaning of Section 3(32) of ERISA; or (iii) a "plan" within the meaning of Section 4975(e) of the Internal Revenue Code; (b) the assets of Borrower do not and will not constitute "plan assets" within the meaning of the United States Department of Labor Regulations set forth in Section 2510.3-101 of Title 29 of the Code of Federal Regulations; (c) transactions by or with Borrower are not and will not be subject to state statutes applicable to Borrower regulating investments of fiduciaries with respect to governmental plans; and (d) Borrower will not engage in any transaction that would cause any Obligation or any action taken or to be taken hereunder (or the exercise by Lender of any of its rights under the Deed of Trust or any of the other Loan Documents) to be a non-exempt (under a statutory or administrative class exemption) prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code. Borrower agrees to deliver to Lender such certifications or other evidence of compliance with the provisions of this Section as Lender may from time to time reasonably request

3.21 Borrower Not a Foreign Person. Borrower is not a "foreign person" within the meaning of Section 1445(f)(3) of the Internal Revenue Code.

3.22 OFAC/USA PATRIOT Act Restrictions. Neither Borrower nor any Guarantor is, or will ever be, a person with whom Lender is restricted from doing business under regulations of OFAC or under any list of known or suspected terrorists or terrorist organizations issued by any federal government agency and designated as such by Treasury in consultation with federal regulators, or under any statute, executive order, or other governmental action, and neither Borrower nor any Guarantor is now engaged, nor will engage in the future, in any dealings or transactions or shall otherwise knowingly be associated with such Persons. In addition, Borrower hereby agrees to provide Lender with any additional information regarding Borrower and each Guarantor that Lender deems necessary from time to time to ensure compliance with all applicable Laws concerning terrorism, money-laundering, and similar activities.

3.23 Property Management. The Property Management Agreement is in full force and effect, and there is no default by Borrower or Property Manager thereunder.

3.24 Commercial Purpose. All proceeds of the Loan shall be used solely for business or commercial purposes, and not for personal, family, or household purposes, and the Loan is intended and shall be deemed to be a commercial loan for all purposes under all applicable Laws.

3.25 Disclosure of Information. All material information concerning Borrower or the Project known to Borrower, or which should have been known to Borrower in the exercise of reasonable care, has been disclosed to Lender. There are no facts or information known to Borrower, or which should have been known to Borrower in the exercise of reasonable care, that would make any of the information furnished to Lender by Borrower inaccurate, incomplete, or misleading in any material respect.

4. CLOSING CONDITIONS. Prior to and as conditions to closing of the Loan and the disbursement of Loan proceeds, each of the conditions precedent set forth below must be satisfied to Lender's satisfaction, or waived in

writing by Lender. All documents and instruments required hereunder must be satisfactory to Lender in form and content and all other conditions to closing must be performed to Lender's satisfaction.

4.1 Execution of Loan Documents. Borrower shall have furnished or delivered to Lender the following executed Loan Documents:

4.1.1 This Agreement.

4.1.2 The Note.

4.1.3 The Deed of Trust

4.1.4 The Indemnity signed by Borrower and each Guarantor.

4.1.5 The Guaranty or Guaranties signed by each Guarantor.

4.1.6 Financing Statements.

4.1.7 An Assignment and Subordination of Property Management Agreement executed by Property Manager and Borrower.

4.1.8 Borrower's Consent or Resolution to enter into the Loan.

4.1.9 Such other authorizing documentation from Borrower or any entity Guaranty, and any constituent members thereof, as Lender may require.

4.2 Entity Documentation. Lender shall have received: (i) as applicable, a copy of each limited liability company agreement, limited partnership agreement, trust agreement, partnership agreement, charter documents, articles of incorporation, bylaws, shareholder agreements, certificates of formation, tenancy-in-common agreements, articles of organization and operating agreement of Borrower, each entity Guarantor, and each constituent entity thereof, together with all amendments and modifications thereto, and such other organizational documents as Lender may reasonably request; (ii) certificates by an authorized officer or representative of Borrower and each entity Guarantor upon which Lender may conclusively rely until superseded by similar certificates delivered to Lender, certifying (a) that Borrower and each entity Guarantor, as applicable, are duly organized and validly existing and all action taken or to be taken in connection with the transactions contemplated hereby has been duly authorized and (b) the names, signatures, and authority of the applicable authorized signers executing the Loan Documents on behalf of each such party; (iii) a certificate of existence or good standing certificate, as applicable, for Borrower and each entity Guarantor; and (iv) such other documents as Lender may reasonably require.

4.3 Payment of Fees and Expenses. Borrower shall have paid to Lender all fees and expenses then due and payable under this Agreement and the other Loan Documents, including, without limitation, the Loan Fee.

4.4 No Material Adverse Change. Borrower and each Guarantor shall have maintained their financial condition in a manner satisfactory to Lender, and no Material Adverse Change shall have occurred in the financial condition or prospects of Borrower, any Guarantor, or the Project.

4.5 Title Insurance. Lender shall have received a Title Policy in the full amount of the Loan showing Borrower in fee simple title to the Property and insuring Lender as the holder of the Deed of Trust with first lien priority on the unencumbered fee simple title to the Project. The Title Policy shall be issued by the Title Company and shall contain such endorsements as Lender may require in its sole discretion. Any title exceptions, including any and all existing declarations and covenants, will be subject to Lender's approval. Without limiting the foregoing, the Title Policy shall insure that (i) the Project is free of the possibility of any prior or potential mechanic's or materialmen's liens; and

(ii) all taxes and assessments affecting the Project that were due and payable on or before the Closing Date have been paid in full.

4.6 Survey. If required by Lender, or if required by the Title Company to issue the Title Policy in a form required by Lender, Borrower shall have furnished to Lender a current ALTA survey of the Project in a form required by the Title Company and certified to Borrower, Lender, and Title Company by a licensed surveyor or engineer.

4.7 [TO BE CONFORMED TO LENDER REQUIREMENTS]. Property and Liability Insurance. Lender shall have received evidence acceptable to Lender that Borrower has procured and paid for the policies of insurance set forth below or otherwise required in writing by Lender. All such policies of insurance shall be issued by companies acceptable to Lender, and shall not be subject to cancellation without thirty (30) days prior written notice to Lender. Any policy with a co-insurance clause shall include an endorsement with a waiver of such co-insurance clause. The certificates and endorsement shall set forth the coverage, the limits of liability, the carrier, the policy number, and the expiration date and Borrower shall provide certified copies of the actual policies and endorsements to Lender, if requested. Lender shall be named as loss payee on all policies and any subsequently designated assignee of or participant in the Loan shall be named as an additional insured on the liability insurance

4.7.1 Property Insurance. An "All-Risk" hazard insurance policy on the Project. Such insurance shall name Lender as loss payee on a Form 438-BFU or acceptable equivalent attached to the policy, shall be in an amount not less than one hundred percent (100%) of the full replacement cost of the Improvements and any other improvements on the Property, and shall contain such endorsements and coverages as Lender may require.

4.7.2 Flood Insurance. If the Property is in an area designated by the United States Federal Emergency Management Agency as a special flood hazard area, a flood insurance policy in the maximum amount available, as required by applicable law. The policy shall name Lender as loss payee on a Form 438-BFU or acceptable equivalent attached to the policy.

4.7.3 General Liability Insurance. A certificate evidencing a commercial general liability insurance policy with respect to the Project insuring against claims of bodily injury, death or property damage (combined single limit form), in an amount not less than \$1,000,000 per occurrence and \$2,000,000, per occurrence and in the aggregate, naming Lender as an additional insured.

4.7.4 Other Insurance. Such other insurance coverage as Lender may reasonably require and that is usually obtained for ownership and use of property similar to the use contemplated for the Property in the Property location.

4.7.5 Payment; Renewals. Borrower shall promptly furnish to Lender all renewal notices relating to insurance policies. Except as the same may otherwise be paid pursuant to the terms of the Deed of Trust, Borrower shall pay all premiums on insurance policies directly to the carrier. At least ten (10) days prior to the expiration date of each such policy, Borrower shall furnish to Lender a renewal policy in a form acceptable to Lender, together with evidence that the renewal premium has been paid.

4.8 Appraisal. Lender shall have received an Approved Appraisal of the Project, which Appraisal shall evidence a market value for the Property acceptable to Lender under Lender's current policies and guidelines; *provided, however*, in no event shall the Loan Amount exceed seventy-five percent (75%) of the *lesser of* (i) the purchase price of the Project paid by Borrower or (ii) the appraised stabilized value of the Project evidenced by an Approved Appraisal.

4.9 Environmental Reports. Lender shall have received a Phase 1 environmental site assessment for the Property prepared by a geotechnical engineer or other person acceptable to Lender certifying that, after due inspection and testing of the Property, and investigation into prior uses of the Property, the Property is not contaminated by Hazardous Substances, and Hazardous Substances have not been generated, stored, or disposed of on or under

the Property in an unlawful or potentially dangerous manner. The parties acknowledge that Lender may reasonably require certain additional testing and/or reports beyond those recommended in the Phase 1 environmental site assessment.

4.10 Property Condition Report. If required by Lender, Lender shall have received a report from an engineer or architect approved by Lender regarding the condition and structural integrity of the Project.

4.11 Utilities. Borrower shall have provided Lender with evidence that all utilities, including water, sewer, and electricity, are available to the Project and are of sufficient size and capacity to serve the Project.

4.12 Zoning. Borrower shall have provided Lender with evidence of the Project's compliance with all applicable zoning requirements or that the Project is legally nonconforming.

4.13 Parking. Borrower shall have provided Lender with evidence that there is and will be sufficient parking available for the current and intended use of the Project or parking is not required for the Project to comply with applicable zoning requirements.

4.14 Reserved.

4.15 Litigation. There is no litigation pending or, to the actual knowledge of Borrower, threatened against Borrower or Guarantor, and Borrower is not in default with respect to any order, writ, injunction, decree, or demand of any Governmental Authority having jurisdiction over it or any of its properties or operations.

4.16 UCC Searches. Lender shall have received current uniform commercial code searches made in the applicable office of the State of California and such other places as Lender may reasonably require, covering Borrower and each Guarantor, and showing no filings related to or which could relate to the Project, other than those made hereunder or those to be released on the Closing Date or otherwise acceptable to Lender in its sole and absolute discretion.

4.17 Financial Information. Lender shall have received copies of current financial statements of Borrower and each Guarantor, certified as correct by Borrower or the applicable Guarantor, as appropriate, together with such other Financial Information as Lender may request regarding Borrower or any Guarantor.

4.18 No Material Adverse Change. As of the Closing Date, the financial condition and credit of Borrower and Guarantor and all information relating to the Project and the condition of the Project shall be as previously represented to Lender without any Material Adverse Change.

4.19 Deposit Accounts. Borrower shall have opened the Operating Account.

4.20 Compliance; Representation and Warranties. Borrower shall have complied with all of the provisions in this Agreement to be complied with prior to the Closing Date, and all of the representations and warranties in Section 3 above shall be true and correct in all material respects as of the Closing Date.

At Lender's election, all of the above conditions must be satisfied by the Closing Deadline. If such conditions have not been satisfied to Lender's satisfaction by the Closing Deadline, then Lender shall have no obligation to close the Loan and the obligations of Lender under this Agreement shall have no further force or effect. Lender shall, in any event, have no obligation to disburse funds hereunder until all such conditions have been satisfied. If Lender disburses funds without requiring the satisfaction of all such conditions, Borrower's obligations to meet the unsatisfied conditions shall not be deemed waived, and Lender may require compliance with each of such conditions before further Loan proceeds are disbursed.

5. COVENANTS

Borrower covenants and agrees that it will comply with the following provisions:

5.1 Financial Reporting. Borrower shall provide to Lender, or cause to be provided to Lender, within the time periods specified for each item, the financial information for Borrower and each Guarantor described on EXHIBIT B attached hereto and made a part hereof. Each financial statement shall be certified as true, complete, and correct by its preparer and by Borrower or a Guarantor, as applicable. In addition, Borrower and each Guarantor shall provide such additional financial information as Lender may reasonably require, including such information as Lender may require to establish compliance with all applicable financial covenants set forth on EXHIBIT B, including liquidity statements and documentation supporting such verification.

5.2 Insurance; Maintenance of Property. Borrower shall: (a) maintain, with financially sound and reputable insurers, insurance with coverage and limits as may be required by law and of such character and amounts as are both acceptable to Lender and usually maintained by companies engaged in like business and for property similar to the Project, including, without limitation, all insurance required to be in place at closing of the Loan pursuant to Section 4.7.

5.3 Existence; Business. Borrower shall cause to be done all things necessary to preserve and keep in full force and effect its existence and rights, to conduct its business in a prudent manner, to maintain in full force and effect, and renew from time to time, its franchises, permits, licenses, patents, and trademarks that are necessary to operate its business. Borrower shall at all times comply with its organizational documents.

5.4 Borrower's Management. Borrower shall use commercially reasonable efforts to maintain executive and management personnel with substantially the same qualifications and experience as its present executive and management personnel.

5.5 Leasing Restrictions.

5.5.1 The Project shall at all times be maintained and operated as a multi-family apartment project.

5.5.2 Without the prior written consent of Lender, neither Borrower nor Borrower's agents shall (i) enter into any new residential Lease except as set forth in Section 5.5.3 below; (ii) enter into or agree to any amendment of a non-residential Lease; (iii) consent to the assignment of any non-residential Lease or any sublease; (iv) accept any rental payment more than one month in advance of its due date. At Lender's request, Borrower shall cause each new Tenant under a non-residential Lease to execute an SNDA and a tenant estoppel certificate reasonably satisfactory to Lender. Lender reserves the right to subordinate the Deed of Trust to any Lease.

5.5.3 Lender's approval shall not be required for any residential Lease that (a) is on a standard form lease approved by Lender, with no material deviations except as approved by Lender, (b) is entered into in the ordinary course of business with a bona fide unrelated third party tenant, and (c) contains no right or option to purchase the unit or any portion of the Project or any present or future interest therein.

5.5.4 Borrower shall comply with and observe Borrower's obligations as landlord under all Leases and will do all that is necessary to preserve all Leases in force and free from any right of counterclaim, defense or setoff. Borrower will not suffer or permit any material breach or default to occur in any of Borrower's obligations under any Lease at the Project nor suffer or permit the same to terminate due to any failure of Borrower to meet any requirement of any Lease.

5.6 Management Agreements. Borrower shall not terminate or materially modify the Property Management Agreement, or enter into any new property management agreement for the Project, without Lender's prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned, or delayed, but shall be conditioned on any new Property Manager's execution of a subordination of management agreement in form and content acceptable to Lender.

5.7 Inspection. Borrower shall make available for inspection by duly authorized representatives of Lender, or its designated agent, when reasonably requested to do so, all books and records relating to Borrower's financial circumstances or the Project, and will furnish Lender such information within a reasonable time after written request therefor.

5.8 Health and Safety/Inspections. Borrower shall cause the Collateral to comply with all requirements of applicable federal, state, foreign, provincial and local environmental, health and safety Laws, regulations, ordinances or rules which would, in the aggregate, if not complied with, result in a Material Adverse Change and shall permit Lender to perform such periodic inspections or environmental examinations of the Collateral as Lender may reasonably require, at any time during normal business hours and at Borrower's sole cost and expense.

5.9 Reserved.

5.10 Additional Assurance. Borrower shall, upon request of Lender, promptly take such actions and promptly make, execute, and deliver all such additional and further items, deeds, assurances, and instruments as Lender may reasonably require, to completely vest in and ensure to Lender its rights hereunder and in or to the Collateral.

5.11 Sale, Purchase of Assets. Borrower shall not, directly or indirectly, (a) purchase, lease, or otherwise acquire any assets associated with the Project except in the ordinary course of business or as otherwise expressly permitted under this Agreement; or (b) sell, lease, transfer, or otherwise dispose of any assets except for (i) assets sold, leased, transferred or subject to other disposition for full and adequate consideration in the reasonable judgment of Borrower that Borrower has determined to be worn out or obsolete or not useful in the ordinary course of their business; (ii) assets sold, leased, transferred, or subject to other disposition in the ordinary course of business, provided that Borrower receives full and adequate consideration in the reasonable judgment of Borrower in exchange for such assets sold, leased, transferred, or otherwise subject to disposition; and (iii) Leases permitted by the terms of this Agreement.

5.12 Indebtedness and Liens. Borrower shall not create, incur, or assume additional Indebtedness for borrowed money, including capital leases, without Lender's prior consent.

5.13 Assumptions; Guaranties. Borrower shall not assume, guarantee, endorse, or otherwise become directly or contingently liable for (including, without limitation, liable by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to, or otherwise invest in any debtor or otherwise to assure the creditor against loss) any obligation or Indebtedness of any other Person.

5.14 Compliance with Laws. Borrower shall comply with all applicable Laws and all other requirements of any Governmental Authority having jurisdiction over Borrower or the Project.

5.15 Prohibited Use. Without limiting any obligations of Borrower hereunder or any of the other provisions contained herein, Borrower shall not use, and shall prohibit use of, any portion of the Property in any way that violates federal, state, or local law, including, without limitation, the unlawful possession, storage, manufacture, advertisement, or sale of any Schedule I substance under the federal Controlled Substances Act, 21 U.S.C. Section 801 *et seq.*, including, without limitation, cannabis, even if such possession, storage, manufacture, advertisement, or sale of cannabis is for medicinal purposes or is lawful under state or local law.

5.16 Furnishing Reports. Upon Lender's request, Borrower shall provide Lender with copies of all inspections, reports, test results, and other information received by Borrower that in any way relate to the Collateral or any part thereof.

5.17 Furnishing Notices. Borrower shall provide Lender with copies of all material notices pertaining to the Collateral received by Borrower from any tenant, Governmental Authority, or insurance company within five (5) Business Days after such notice is received.

5.18 Mergers; Consolidation; Sale or Transfers of Borrower. Without the prior written consent of Lender, Borrower shall not merge or consolidate with any Person, dissolve, wind up its affairs, or sell, assign, lease, or otherwise dispose of (whether in one transaction or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired) to any Person. Borrower will not permit a transfer or sale, directly or indirectly, whether in one transaction or in a series of transactions, of any ownership interests in Borrower or Borrower's interest in the Project.

5.19 Single Purpose Entity. Borrower shall not: (i) engage in any business or activity other than the ownership, development and operation of the Project and activities related thereto; (ii) commingle its funds or assets with the funds or assets of any other Person; (iii) commingle its assets with the assets of any other Person; (iv) fail to observe all organizational formalities, or fail to preserve its existence as an entity duly organized, validly existing under the laws of the jurisdiction of its organization or formation, or amend, modify, terminate or fail to comply in any material respect with the provisions of its formation documents; (v) assume, guarantee, endorse, or otherwise become directly or contingently liable for (including, without limitation, liable by way of agreement, contingent or otherwise, to purchase, to provide funds for payment, to supply funds to, or otherwise invest in any debtor or otherwise to assure the creditor against loss) any obligation or Indebtedness of any other Person or hold itself out to be responsible for the debts of any other Person, or otherwise pledge its assets for the benefit of any other Person or hold out its credit as being available to satisfy the obligations of any other Person; or (vi) make any loans or advances to any Person (collectively, the "**SPE Covenants**").

5.20 No Restrictive Covenants or Easements. No restrictive covenant, easement, zoning change or other restriction affecting the Project may be entered into, requested by or consented to by Borrower without the prior written consent of Lender

5.21 Distributions, Dividends, and Compensation. Borrower shall not declare, pay, set aside funds for or make any distribution or dividend, in cash or assets or trust, to or for the benefit of any of Borrower's shareholders, members, equity holders, partners or other beneficial owners during the existence of a Potential Default or Event of Default, or if such distributions or dividends would cause Borrower to be unable to meet its reasonably anticipated financial obligations or to comply with any of the financial covenants applicable to Borrower hereunder. During the absence of a Potential Default or Event of Default, and subject to the immediately preceding sentence, Borrower may make distributions of excess cash flow from the Project after all operating expenses and debt service have been paid.

5.22 Material Adverse Changes. Borrower shall notify Lender promptly in writing (but in no event more than five (5) Business Days after the occurrence thereof) of (a) the occurrence of any material event that, if it had existed on the date of this Agreement, would have required qualification of the representations and warranties set forth in Section 3 hereof and (b) any Material Adverse Change.

5.23 Notice of Default. Borrower shall notify Lender promptly in writing (but in no event more than five (5) Business Days after Borrower becomes aware of the occurrence thereof) of any Event of Default hereunder and any demands made upon Borrower by any Person for the acceleration and immediate payment of any Indebtedness owed to such Person.

5.24 Indemnification. Borrower shall indemnify Lender, including each party owning an interest in the Loan and their respective officers, directors, employees, and consultants (each, an "**Indemnified Party**"), defend with counsel selected by Borrower and approved by Lender in its reasonable discretion, and hold each Indemnified Party harmless from and against all claims, injuries, damages, losses, liabilities, costs, and expenses (including attorneys' fees, costs, and expenses) of any and every kind to any persons or property by reason of (i) the ownership of the Project; (ii) any breach of a representation or warranty under the Loan Documents or any Event of Default or Potential Default; or (iii) any other matter arising in connection with the Loan, Borrower, or the Collateral that is not covered by Section **Error! Reference source not found.** of this Agreement or the Indemnity. No Indemnified Party shall be entitled to be indemnified against the gross negligence or willful misconduct of any Indemnified Party. The foregoing indemnification shall survive repayment of the Loan and shall continue to benefit Lender following any assignment of the Loan with respect to matters arising or accruing prior to such prepayment or assignment.

6. TRANSFERS

6.1 Borrower acknowledges and agrees that the Loan made by Lender to Borrower is personal to Borrower and that the identity of Borrower and its partners, members, managers, and employees, and the relationship between Borrower and Lender, and Borrower's creditworthiness, business expertise, financial condition, and continued control of the Collateral were material inducements upon which Lender relied in making the Loan. Accordingly, Borrower shall not permit or suffer any Transfer without Lender's prior written consent.

6.2 Any attempted Transfer by Borrower without Lender's prior written consent shall be null and void, and of no effect, and shall also constitute, at Lender's option, an Event of Default under the Loan Documents.

6.3 As a condition of approving any Transfer, Lender may impose such requirements and conditions as it determines are appropriate in its reasonable discretion. In connection with Lender's approval of any Transfer, Borrower and the assuming party shall pay, in advance, any and all reasonable costs and expenses incurred by Lender, including reasonable attorneys' and accountants' fees.

6.4 No approval of any assignment of the Loan shall cause a release of Borrower from any liability under the Loan Documents without Lender's prior written consent, which consent may be freely withheld in Lender's sole discretion.

6.5 Notwithstanding anything to the contrary contained herein, a Transfer by Borrower to an Affiliate or the Housing Authority shall be permitted under this Agreement and shall not require the prior written consent of Lender.

7. EVENTS OF DEFAULT

The occurrence of any one or more of the events listed below shall constitute an "**Event of Default**" under the Loan. For any events listed below that require the giving of notice and expiration of any applicable cure period before they constitute an Event of Default, the occurrence of such triggering event, before a cure has been made or any cure period has expired, shall constitute a "**Potential Default**".

7.1 Non-Payment. Borrower fails to make any payment or to perform an obligation to pay money that arises under the Note or any of the other Loan Documents within ten (10) days after the date on which such payment is due, except for obligations due on the Maturity Date, for which there shall be no grace period.

7.2 Representations and Warranties. If any representation or warranty made by Borrower or any Guarantor to Lender in connection with the Loan proves to be false or misleading in any material respect.

7.3 Validity of Loan Documents. If (a) any material provision, in the sole opinion of Lender, of any Loan Document shall at any time for any reason cease to be valid, binding, and enforceable against Borrower; (b) the

validity, binding effect or enforceability of any Loan Document is contested by Borrower; (c) Borrower denies that it has any or further liability or obligation under any of the Loan Documents; or (d) any Loan Document is terminated, invalidated, or set aside, or declared ineffective or inoperative or in any way ceases to give or provide to Lender the material benefits purported to be created thereby, including the failure of any Security Instrument to create a valid and perfected first priority Security Interest or first position lien at any time for any reason.

7.4 Default under Third Party Obligations. If Borrower defaults in the payment of principal or interest due and owing upon any other obligation for borrowed money beyond any applicable grace period or Borrower defaults in the performance or observance of any other agreement, term, or condition contained in any agreement under which such obligation is created, if the effect of such default is to allow the acceleration of the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity.

7.5 Liens. If any claim or lien is filed against the Collateral or any part thereof and Borrower has not, within thirty (30) days after the filing thereof or within ten (10) days after demand by Lender, whichever is earlier, effectuated the release of such lien or made arrangements reasonably satisfactory to Lender for the full and continuous protection of Lender from the effect thereof.

7.6 Inspection. If Borrower does not permit Lender or a representative of Lender to enter upon the Property and inspect the same at all reasonable times requested by Lender; provided that all such inspections shall be subject to the rights of tenants under any Leases.

7.7 Security Impaired. If there is an uninsured casualty with respect to any material portion of the Collateral and Borrower fails to commence repairs promptly following such damage or fails to complete such repairs within a reasonable time period, as determined by Lender, Borrower fails to satisfy the conditions set forth in the Deed of Trust for the release of insurance proceeds or any condemnation award, or, whether or not Lender has received and applied insurance proceeds or any condemnation award to the obligations arising under the Loan Documents in accordance with the Deed of Trust, Lender reasonably determines that its security is materially impaired by such casualty or condemnation, and, after written notice from Lender, Borrower fails promptly to deposit with Lender an amount determined by Lender as necessary to restore such security.

7.8 Money Judgment. A final judgment or order for the payment of money is rendered against Borrower or any Guarantor by a court of competent jurisdiction which is not covered by insurance that remains unpaid or unstayed and undischarged for a period of thirty (30) days after the date on which the right to appeal has expired and the amount of such judgment would result in a Material Adverse Change.

7.9 Transfers. If any Transfer occurs that has not been approved by Lender in writing.

7.10 Material Adverse Change. Any Material Adverse Change has occurred with respect to Borrower, Guarantor, or any Collateral, including, without limitation, the Project, and such condition is not cured to Lender's satisfaction within thirty (30) days after written notice thereof has been given by Lender to Borrower. The foregoing shall not apply to Guarantor if Borrower provides Lender with a replacement guarantor acceptable to Lender in its sole discretion within 30 days following the occurrence of (a) through (h) with respect to the Guarantor.

7.11

7.12 Financial Contracts. If Borrower fails to comply with or to perform any term, obligation, covenant or condition contained in any Financial Contract applicable to the Loan or in any of the related documents or to comply with or to perform any term, obligation, covenant, or condition contained in any other agreement between Lender and Borrower (after expiration of any applicable notice and cure period).

7.13 Reserved.

7.14 Solvency. If Borrower or Guarantor, as applicable: (a) discontinues business; (b) generally does not pay its debts as such debts become due; (c) makes a general assignment for the benefit of creditors; (d) applies for or consents to the appointment of a receiver, a custodian, a trustee, an interim trustee or liquidator of all or a substantial part of its assets; (e) is adjudicated a debtor or have entered against it an order for relief under Title 11 of the United States Code, as the same may be amended from time to time; (f) files a voluntary petition in bankruptcy or files a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, or admits (by answer, by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether federal or state) relating to relief of debtors; (g) suffers or permits to continue unstayed and in effect for thirty (30) consecutive days any judgment, decree or order entered by a court of competent jurisdiction, that approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator of all or a substantial part of its assets; or (h) takes any action in order thereby to effect any of the foregoing, or omits to take, any action in order to prevent any of the foregoing. The foregoing shall not apply to Guarantor if Borrower provides Lender with a replacement guarantor acceptable to Lender in its sole discretion within 30 days following the occurrence of (a) through (h) with respect to the Guarantor.

7.15 Financial Reporting Requirements. If Borrower or any Guarantor fails to comply with any of the financial reporting requirements set forth on EXHIBIT B attached hereto and such failure is not cured within ten (10) days after written notice thereof has been given to Lender.

7.16 Financial Covenants. If Borrower, any Guarantor, of the Project fails to comply with the financial covenants set forth on EXHIBIT B attached hereto and such failure is not cured within ten (10) days after written notice thereof has been given to Lender.

7.17 SPE Covenants. If there is a violation of any of the SPE Covenants.

7.18 Loan Document Default. If an "Event of Default" occurs under any other Loan Document and continues beyond expiration of applicable notice and cure periods.

7.19 Other Obligations. If Borrower fails to perform any other covenant, agreement, or obligation to be performed by Borrower under this Agreement or the other Loan Documents, and such failure is not cured within thirty (30) days after written notice thereof has been given by Lender (or if the failure is such that the cure cannot be completed within said thirty (30) day period due to force majeure events, failure by Borrower to commence the cure within said thirty (30) day period and thereafter continue the cure with diligence and complete the cure within ninety (90) days after such written notice).

8. REMEDIES UPON DEFAULT

8.1 Rights of Lender. If any Event of Default occurs, and for so long as such Event of Default is continuing beyond expiration of applicable notice and cure periods, Lender may, at its election, and without further demand or notice of any kind, do any one or more of the following:

8.1.1 Lender may refuse to make further disbursements of any undisbursed proceeds of the Loan.

8.1.2 Declare all of Borrower's Obligations to Lender to be immediately due and payable, whereupon all unpaid principal, interest, and fees in respect of such Obligations, shall be immediately due and payable;

8.1.3 Exercise any and all rights and remedies available to Lender under any applicable Law;

8.1.4 Exercise any and all rights and remedies granted to Lender under the terms of this Agreement or any of the other Loan Documents, including, without limitation, the Deed of Trust or any other Security Instrument;

8.1.5 Perform, either directly or through its consultants or other agents, such reviews of the financial condition of Borrower and Guarantor, maintenance and environmental reviews of the Collateral, and such other reviews and analysis as Lender may reasonably require as a consequence of such Event of Default, and Borrower shall pay all fees and costs incurred by Lender in connection with such additional review and analysis, and all related reports; and/or

8.1.6 Set off the unpaid balance of the Obligations of Borrower or any Guarantor against any Indebtedness owing to Borrower or any Guarantor by Lender or by any Lender Affiliate, including, without limitation, any obligation under a repurchase agreement or any funds held at any time by Lender or any Lender Affiliate, whether collected or in the process of collection, or in any time or demand deposit account maintained by Borrower or any Guarantor at, or evidenced by any certificate of deposit issued by, Lender or any Lender Affiliate. Borrower agrees, to the fullest extent it may effectively do so under applicable law, that any holder of a participation in the Note may exercise rights of set-off or counterclaim and other rights with respect to such participation as fully as if such holder of a participation were a direct creditor of Borrower or an applicable Guarantor pursuant to this Agreement in the amount of such participation.

8.2 No Waiver. The remedies in this Section 8 and elsewhere in this Agreement are in addition to, not in limitation of, any other right, power, privilege, or remedy, either in law, in equity, or otherwise, to which Lender may be entitled. No failure or delay on the part of Lender in exercising any right, power, or remedy will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Lender shall not be deemed to have waived any rights under this Agreement or any of the other Loan Documents unless such waiver is given in writing and signed by Lender. All Lender's rights and remedies, whether evidenced by this Agreement or by any other agreement, instrument or document shall be cumulative and may be exercised singularly or concurrently.

9. ENVIRONMENTAL PROVISIONS.

9.1 No Waivers of Other Indemnifications Relating to Environmental Condition. Borrower represents and warrants to Lender that, except as set forth herein or in the Indemnity executed by Borrower in connection with the Loan: (i) Borrower has not and will not release or waive the liability of any past or current owner, Tenant, or operator of the Project, any party who performs work on the Project, or any party who may be responsible for the presence of or removal of Hazardous Substances on or from the Project or the Nearby Property, and (ii) Borrower has made no prior promises of indemnification to any party relating to the existence or non-existence of Hazardous Substances on the Project.

9.2 Obligation to Comply with Environmental and Access Laws. Borrower shall keep and maintain the Project in compliance with any and all Laws relating to public safety and the condition of the environment, including, but not limited to, Environmental Laws and Access Laws.

9.3 Prohibited Activities. Borrower agrees that, so long as Borrower owns any interest in the Project, Borrower and Borrower's agents, contractors, authorized representatives, and employees shall not engage in any of the following prohibited activities, and Borrower shall use diligent efforts to assure that Borrower's invitees and Tenants, and such Tenants' employees, agents, and invitees do not: (i) cause or permit any release or discharge of Hazardous Substance on the Project in any manner or quantity that would violate any Environmental Law; (ii) cause or permit any manufacturing, storage, holding, handling, usage, placement, transporting, spilling, leaking, discharging, or dumping of Hazardous Substance in or on any portion of the Project; (iii) suffer or permit any other act upon or concerning the Project that would result in a violation of any Environmental Law; or (iv) suffer or permit any other act upon or

concerning the Project that would result in a violation of any Access Law or require any alterations or improvements to be made on the Project under any of the Access Laws.

9.4 Obligation to Cure Non-Compliance.

9.4.1 If Borrower at any time becomes aware of (i) any Hazardous Substances on or other environmental problem or liability with respect to the Project or any Nearby Property in any manner or quantity that would violate any Environmental Law, (ii) any failure of the Project or any improvements to be constructed on the Property to comply with any of the Environmental Laws, (iii) any failure of the Project or the related improvements or the marketing efforts and other operations undertaken with respect thereto to comply with any of the Access Laws, or (iv) any lien, action or notice resulting from violation of any Environmental Laws or Access Laws, Borrower shall notify Lender immediately, and shall thereafter exercise due diligence to ascertain the scope and nature of such condition. If the condition is such that Environmental Laws require the giving of notice to the governmental agencies having appropriate jurisdiction or the implementation of other preventive measures, Borrower shall furnish such notice or implement such preventive measures promptly.

9.4.2 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 Project or the making of alterations to the Project to conform to Access Laws, or such removal, treatment, or alteration is required by Environmental Laws or Access Laws, Borrower will: (i) to the extent required by Environmental Laws, take all actions that are necessary to clean up any Hazardous Substances affecting the Project, including removal, treatment, containment or any other remedial action required to restore the Project to a safe condition in compliance with applicable laws and regulations, including Environmental Laws, (ii) take all actions that are necessary to modify the Project and all related improvements and marketing materials so as to achieve compliance with applicable laws and regulations, including Access Laws, and/or (iii) attempt, through appropriate legal or administrative proceedings, to obtain a stay of enforcement proceedings if Borrower believes in good faith that Borrower is not required by law to cure such Hazardous Substances condition or to make alterations to comply with Access Laws

9.5 Indemnification of Lender. Borrower shall indemnify and hold Lender harmless from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including reasonable attorneys' fees and costs) that result in actual cost and expense to Lender prior to the Transition Date and arise directly or indirectly from or out of, or in any way connected with: (i) the inaccuracy of representations made by Borrower regarding compliance of the Property with Environmental Laws and Access Laws; (ii) any activities on the Project that directly or indirectly result in the Project or any Nearby Property becoming contaminated with Hazardous Substances; (iii) any spills, releases, discharges or disposal of Hazardous Substances at or from the Project occurring prior to the Transition Date that were deposited as a result of Borrower's acts; (iv) 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 Project prior to the Transition Date that were deposited as a result of Borrower's acts; (v) any non-compliance of the Project with or violation of any Environmental Law prior to the Transition Date; (vi) the discovery and/or cleanup of Hazardous Substances that were deposited on or were existing on the Project prior to such Transition Date that were deposited as a result of Borrower's acts, except to the extent that Lender, its agents, successors or assigns deposited such Hazardous Substances on the Project; (vii) the discovery and/or cleanup of Hazardous Substances that were deposited on any Nearby Property as a result of Borrower's actions or omissions; or (viii) any alleged or actual failure of any improvements now or hereafter constructed on the Project by Borrower to continuously comply with all Access Laws now or hereafter enacted for any reason whatsoever. Borrower acknowledges that, as between Borrower and Lender, Borrower will be solely responsible for all costs and expenses relating to the cleanup of Hazardous Substances from the Project or the cleanup of any Hazardous Substances from any Nearby Property as a result of Borrower's actions or omissions and the modification and correction of any of the improvements constructed on the Project so as to comply fully with all Access Laws. Notwithstanding the foregoing, Borrower shall have no obligation to indemnify Lender or hold Lender harmless under this Section 9.5 to the extent any of the foregoing is caused by the negligence or willful misconduct of Lender.

10. RE-APPRAISAL.

Lender shall have the right to obtain a new or updated Appraisal of the Project from time to time, and Borrower shall cooperate with Lender in this regard. Borrower shall reimburse Lender, within five (5) Business Days after Lender's request, for the cost of any Appraisal obtained to comply with this Agreement (but not more frequently than once every three (3) years), or as a consequence of any applicable law or regulatory requirement or bank policy promulgated to comply therewith, or if an Event of Default exists.

11. OTHER PROVISIONS.

11.1 Authorized Representative. Borrower hereby appoints _____ and _____ (each an "**Authorized Representative**"), each acting individually, as its Authorized Representatives for purposes of dealing with Lender on behalf of Borrower in respect to any and all matters in connection with this Agreement, the other Loan Documents, and the Loan. Each Authorized Representative shall have the power, in his or her individual discretion and subject to the delegation of authority approved by Borrower's Board of Directors, to give and receive all notices, monies, approvals, and other documents and instruments, and to take any other action on behalf of Borrower. All actions by an Authorized Representative shall be final and binding on Borrower, subject to applicable laws regarding imitations on an agent's authority. Lender may rely on the authority given to an Authorized Representative until actual receipt by Lender of a duly authorized resolution removing that Authorized Representative or substituting a different person for that Authorized Representative.

11.2 Participation/Syndication. Lender shall have the right, at any time and from time to time, to assign or sell the Loan, or any portion thereof, and/or enter into one or more participations in the Loan, accompanied by an assignment and/or delegation of any or all related rights or obligations of Lender under the Loan Documents, without the need for any form of consent from Borrower or any Guarantor. Borrower agrees to cooperate with Lender's efforts to do any of the foregoing, to provide such further or additional financial or other documentation as Lender may reasonably request in connection with any such sale, assignment or participation, and to execute all documents reasonably required by Lender in connection therewith, and provided such cooperation shall be at no material expense or liability to Borrower.

11.3 Remedies; Waiver; Amendments. No waiver of any provision of this Agreement or the Note, or consent to departure therefrom, is effective unless in writing and signed by Lender. No such consent or waiver extends beyond the particular case and purpose involved. No amendment to this Agreement is effective unless in writing and signed by Borrower and Lender. If at any time or times, by assignment or otherwise, Lender transfers any of the Obligations or any part of the Collateral to another person, such transfer shall carry with it Lender's powers and rights under this Agreement with respect to the Obligation or Collateral so transferred and the transferee shall have said powers and rights, whether or not they are specifically referred to in the transfer. To the extent that Lender retains any other of the Obligations or any part of the Collateral, Lender will continue to have the rights and powers with respect to the Obligations and the Collateral as set forth in this Agreement.

11.4 No Setoff by Borrower. Borrower's obligations to timely pay and perform all obligations under the Note, the Security Instruments, and the other Loan Documents shall be absolute and unconditional and shall not be affected by any event or circumstance, including, without limitation, any setoff, counterclaim, abatement, suspension, recoupment, deduction, defense or any other right that Borrower may have or claim against Lender or any other Person.

11.5 USA PATRIOT Act Notice. Lender hereby notifies Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001), Lender is required to obtain, verify and record information that identifies Borrower, which information includes the name and address of Borrower and other information that will allow Lender to identify Borrower in accordance with such act.

11.6 Attorney Fees and Expenses. Borrower agrees to reimburse Lender for all of its reasonable costs, charges, expenses, and attorneys' fees that Lender incurs, with or without litigation: (i) in connection with the enforcement of any remedy contained in this Agreement or any other Loan Document, or (ii) in connection with any action taken by Lender in accordance with the terms of this Agreement or any of the other Loan Documents to protect its interests or to recover amounts owed under the Loan, including, without limitation, any actions necessitated by the bankruptcy of Borrower or the exercise by any other creditor of Borrower of its right against Borrower or the Project. Borrower specifically acknowledges that Lender may recover its reasonable costs, charges, expenses, and attorneys' fees in any litigation, appeal of any trial court decision, any arbitration proceeding, any action contesting or seeking to restrain, enjoin, stay or postpone the exercise of any remedy, and any bankruptcy or other insolvency proceeding involving Borrower. Such costs, expenses, and fees shall be due and payable upon demand and, if not paid within ten (10) days thereafter, shall bear interest from the date of such demand to and including the date of collection at the Default Rate or at the highest rate of interest permitted by Law, if less.

11.7 Set Off. Borrower grants to Lender a continuing lien on and Security Interest in any and all deposits or other sums at any time credited by or due from Lender (or any of its banking or lending affiliates, or any bank acting as a participant under any loan arrangement between Lender and Borrower), or any Lender Affiliate to Borrower and any cash, securities, instruments or other property of Borrower in the possession of Lender or any Lender Affiliate, whether for safekeeping or otherwise, or in transit to or from Lender or any Lender Affiliate (regardless of the reason Lender or Lender Affiliate had received the same or whether Lender or Lender Affiliate has conditionally released the same) as security for the full and punctual payment and performance of all of the liabilities and obligations of Borrower to Lender or any Lender Affiliate and such deposits and other sums may be applied or set off against such liabilities and obligations of Borrower to Lender or any Lender Affiliate.

11.8 Indemnification and Defense Obligations. If a claim arises for which Borrower has a duty to indemnify or defend Lender hereunder or under any of the other Loan Documents, Lender shall have the right to choose its own legal counsel in the event Lender reasonably determines separate counsel is necessary due to a conflict of interest (at Borrower's expense) and make all decisions relating to its defense, including, without limitation, the litigation strategy and the terms of any settlement.

11.9 Governing Law. The provisions of this Agreement and the respective rights and duties of Borrower and Lender hereunder shall be governed by and construed in accordance with the laws of the State of California and any applicable federal laws. Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any California state or federal court sitting in the County of Riverside, State of California, over any action or proceeding arising out of or relating to this Agreement, or any document related to the Obligations, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such California state or federal court. Borrower hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

11.10 Interpretation. The several captions to different Sections of this Agreement are inserted for convenience only and shall be ignored in interpreting the provisions hereof. In this Agreement unless the context otherwise requires, words in the singular number include the plural, and in the plural number include the singular. Time is of the essence in the performance of the Obligations under this Agreement. All grace periods in this Agreement and all other Loan Documents shall run concurrently.

11.11 Notices. Any notice, demand, request, or other communication that any party hereto may be required or may desire to give hereunder shall be in writing 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 delivered to such courier service; or (d) if by confirmed fax or 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 Borrower: Perris Park Housing LLC
5555 Arlington Avenue
Riverside, CA 92504
Attn: Michael Walsh

Telephone: _____
E-mail: _____

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

Attn: _____
Telephone: _____
E-mail: _____

Either party may change its address for notices by notifying the other party in writing of the change.

11.12 Survival of Agreements; Relationship. All agreements, representations, and warranties made in this Agreement will survive the making of the extension of credit hereunder, and will bind and inure to the benefit of Borrower and Lender, and their respective successors and assigns; *provided, however*, that no subsequent holder of the Note shall, by acquiring that Note, become obligated to make any Loan hereunder and no successor to or assignee of Borrower may borrow hereunder without Lender's written assent. Borrower may not assign this Agreement or the right to receive any disbursements hereunder or any interest herein. The rights and powers given in this Agreement to Lender are in addition to those otherwise created or existing in the Collateral under other agreements or writings. The relationship between Borrower and Lender with respect to this Agreement, the Note, and any other Loan Document is and shall be solely that of debtor and creditor, respectively, and Lender has no fiduciary obligation toward Borrower with respect to any such document or the transactions contemplated thereby.

11.13 Severability. If any provision of this Agreement or any of the other Loan Documents, or any action taken hereunder, or any application thereof, is held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement or the Note, each of which shall be construed and enforced without reference to such illegal or invalid portion and shall be deemed to be effective or taken in the manner and to the full extent permitted by law.

11.14 Joint and Several Liability. If more than one Borrower executes this Agreement, the liability of each Borrower shall be joint and several. Upon the occurrence of an Event of Default, Lender may proceed against any Borrower, any Guarantor, or any of its security for the Loan in such order and manner as Lender in its sole discretion may elect.

11.15 No Third-Party Beneficiaries. There are no third-party beneficiaries to the Loan Documents, except for Guarantor.

11.16 Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document.

11.1 ERRORS AND OMISSIONS. BORROWER, FOR AND IN CONSIDERATION OF THE LOAN, AGREES, IF REQUESTED BY LENDER, TO FULLY COOPERATE AND ADJUST FOR CLERICAL ERRORS, IF ANY, IN SOME OR ALL OF THE LOAN DOCUMENTS IF DEEMED NECESSARY IN THE REASONABLE DISCRETION

OF LENDER TO ENABLE LENDER TO SELL, CONVEY, SEEK GUARANTY OR MARKET SAID LOAN TO ANY ENTITY, INCLUDING BUT NOT LIMITED TO AN INVESTOR, FEDERAL NATIONAL MORTGAGE ASSOCIATION, FEDERAL HOME LOAN MORTGAGE CORPORATION, GOVERNMENT NATIONAL MORTGAGE ASSOCIATION, FEDERAL HOUSING AUTHORITY OR THE DEPARTMENT OF VETERAN AFFAIRS, OR ANY MUNICIPAL BONDING AUTHORITY. BORROWER AGREES TO COMPLY WITH ALL ABOVE NOTED REQUESTS BY LENDER WITHIN THIRTY (30) DAYS FROM DATE OF MAILING SAID REQUESTS.

11.2 WAIVER OF TRIAL BY JURY. IF AND TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS CREDIT AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

IF FOR ANY REASON THIS WAIVER IS DETERMINED TO BE UNENFORCEABLE, ALL DISPUTES WILL BE RESOLVED BY JUDICIAL REFERENCE AS DESCRIBED BELOW.

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

11.3.1 With the exception of items specified in Section 11.3.2 below, any controversy, dispute or claim (each, a "Claim") between the parties arising out of or relating to the Loan will be resolved by a reference proceeding in California in accordance with the provisions of Section 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 any county or district in California where venue is appropriate under applicable law (the "Court").

11.3.2 The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interest 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 11.3 as provided herein.

11.3.3 The single referee shall be a retired judge or justice who served at least five (5) years on the California court 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 Court in accordance with Section 640(b) of the California Code of Civil Procedure. 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).

11.3.4 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall (i) be requested, subject to change in the time periods 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.

11.3.5 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 on 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.

11.3.6 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 request, 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 in the cost of the referee and the cost of the court reporter at trial.

11.3.7 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 proceedings. 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 proceedings 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.

11.3.8 If the enabling legislation that provides for the appointment of the 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 (consisting of Sections 1280-1294.2 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.

11.3.9 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT A JURY.

12. NON-LIABILITY OF COUNTY OF RIVERSIDE. LENDER HEREBY ACKNOWLEDGES AND AGREES THAT THE LOAN AND ALL OTHER OBLIGATIONS SET FORTH IN THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO FINANCIAL OBLIGATIONS, SHALL NOT BE A DEBT OR OBLIGATION 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 LOAN AND

OBLIGATIONS BE PAYABLE OUT OF THE COUNTY 'S GENERAL FUND, OR OTHER FUNDS OR PROPERTIES OF THE 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.

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

NO ORAL AGREEMENTS

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.

Executed as of the date of this Agreement.

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

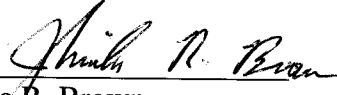
LENDER:

BANNER BANK,
an Washington state-chartered commercial bank

By: _____
Name: _____
Title: _____

APPROVED AS TO FORM:

Gregory P. Priamos
General Counsel

By: 
Jhaila R. Brown
Deputy General Counsel

List of Attached Exhibits:

- A: Legal Description of Property
- B: Financial Reporting and Covenants

EXHIBIT A

LEGAL DESCRIPTION OF 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

EXHIBIT B

FINANCIAL REPORTING / FINANCIAL COVENANTS

[Schedule from Loan Approval to be added]

PROMISSORY NOTE



PROJECT NAME: Perris Park Apartments
BANNER LOAN NO: 1403958

Date: June __, 2019
Borrower: PERRIS PARK HOUSING LLC, A CALIFORNIA LIMITED LIABILITY COMPANY
Lender: BANNER BANK
19800 North Creek Pkwy, Suite 200
Bothell, Washington 98011
Loan Amount: \$2,100,000.00
Interest Rate: _____ percent (___%) per annum
Maturity Date: May 1, 2021

FOR VALUE RECEIVED, the undersigned, PERRIS PARK HOUSING LLC, a California limited liability company ("**Borrower**"), promises to pay to the order of BANNER BANK, a Washington state chartered commercial bank, or its successors or assigns ("**Lender**"), at the address set forth above or such other place as Lender may from time to time designate in writing, the sum of TWO MILLION ONE HUNDRED THOUSAND AND NO/100THS U.S. DOLLARS (\$2,100,000.00), or so much thereof as may from time to time be disbursed hereunder, in lawful money of the United States of America, together with interest on the unpaid principal balance from time to time outstanding hereunder from the date of this Note until paid at the rate set forth below.

1. **Loan and Loan Documents.** This Promissory Note (this "**Note**") evidences a term loan in the amount set forth above (the "**Loan**") being made contemporaneously herewith from Lender to Borrower. This Note is issued pursuant to that certain Term Loan Agreement executed contemporaneously herewith between Borrower and Lender (the "**Loan Agreement**"). The terms (including meanings given to defined terms) and conditions of the Loan Agreement are incorporated herein to the extent not inconsistent herewith. This Note is secured by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing executed contemporaneously herewith by Borrower (the "**Deed of Trust**"), creating a lien on the real and personal property described therein. The Loan Agreement, Note, Deed of Trust, and any other written instruments evidencing, securing, or otherwise governing the Loan are referred to collectively as the "**Loan Documents**." Borrower hereby agrees to perform and comply with all of the agreements, terms, and conditions of all of the Loan Documents to which it is a party.

2. **Interest Rate.** In the absence of an Event of Default hereunder, interest shall accrue on the aggregate principal balance outstanding from time to time under the Loan at a fixed rate per annum equal to _____ percent (___%) (the "**Note Rate**").

2.1 **Default Rate.** After notice and opportunity to cure, following an Event of Default in the payment of any installment of principal or interest when due hereunder, or an Event of Default in the observance or performance of any other obligation hereunder or under any of the other Loan Documents, and for so long as such Event of Default shall be continuing, interest shall accrue hereunder from the date of such Event of Default at an annual interest rate equal to the lesser of (a) five percent (5%) above the then-applicable Note Rate or (b) twelve percent (12%) per annum (the "**Default Rate**"). In any event, after the entire principal amount of the Loan shall become due and payable, whether by acceleration, at maturity, or otherwise, this Note shall bear interest at the Default Rate.

2.2 Computation of Interest. All interest calculated under this Note shall be computed on the basis of a year consisting of 360 days, but applied to the actual number of days elapsed (actual/360), including the first day but excluding the last day. Any payment not received by 5:00 p.m. Pacific Time will be treated as having been received by Lender on the next day, and interest shall continue to accrue until the next day.

3. Maturity Date.

3.1 This Note will become due and payable in full on May 1, 2021 (the applicable maturity date, as such date may be accelerated following an Event of Default, in which case the Loan shall mature on the date of acceleration, shall be referred to herein as the "**Maturity Date**").

4. Repayment Terms.

4.1 Monthly Payments of Principal and Interest. Unless the Loan closes on the first of the month, Borrower shall pay interest accruing from the closing of the Loan through the last day of the month in which the Loan closes in advance at Closing. Commencing on May June, 2019, and continuing on the first day of each succeeding month thereafter for the term of this Note, Borrower shall make equal monthly payments of principal and accrued interest in the amount of _____ and ___/100ths U.S. Dollars (\$_____/_____) calculated by Lender to be sufficient to fully amortize the outstanding principal balance of the Loan over a thirty (30) year amortization period at the interest rate then in effect.

4.2 At Maturity. The entire outstanding principal balance of the Note and all unpaid accrued interest and other amounts owing under the Note shall be due and payable in full upon the applicable Maturity Date, including any Maturity Date resulting from Lender's election to accelerate the Loan following an Event of Default.

4.3 Late Charge. If any installment payment of principal and/or interest due hereunder is not paid within ten (10) days of the date it is due (specifically excluding the payment due on the Maturity Date), Borrower shall pay, in addition to the delinquent payment, a late charge of four percent (4.0%) of the amount overdue in order to defray the expense incident to handling such delinquent payment.

4.4 Application of Payments. Payments received shall be applied first to accrued interest and then in such order as Lender may elect in its sole discretion. Remittances in any form other than immediately available U.S. funds shall not, regardless of any receipt or credit issued therefor, constitute payment until the required amount is actually received by the holder hereof in immediately available U.S. funds. All payments shall be made and accepted subject to the condition that any check or draft may be handled for collection in accordance with the practices of the collecting bank or banks.

5. Prepayment. Borrower may voluntarily prepay this Note in whole or in part upon fifteen (15) days' prior written notice to Lender without penalty or prepayment premium.

5.1 Reserved.

5.2 Reserved.

5.3 Effect of Prepayment. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, they will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other

conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Banner Bank, Attn: Loan Servicing Center, P.O. Box 1589, Bothell, Washington 98041.

5.4 Reserved.

6. Business Purpose; Maximum Interest and Fees. Borrower represents and warrants to Lender that the proceeds of this Note shall be used exclusively for commercial, business, or investment purposes, and that none of the proceeds of this Note shall be used by Borrower for personal, family, or household purposes. Borrower agrees to the Note Rate or the Default Rate, as applicable, plus any other charges to Borrower or benefit received by Lender under the Loan Documents that may be interpreted to be in the nature of interest. Notwithstanding any other provision of the Loan Documents, the interest, fees and charges under the Loan Documents shall not exceed the maximum amounts permitted by any applicable law, and should Lender ever receive as interest an amount that would exceed permissible rates, such amount shall be applied to the reduction of the unpaid principal balance and not to the payment of interest. This provision shall supersede every other provision of all the Loan Documents.

7. Acceleration. Upon the occurrence of an Event of Default resulting from Borrower's failure to pay any amount payable hereunder as and when due or upon the occurrence of any other Event of Default under this Note or under any of the other Loan Documents, Lender may declare, at its sole option and without notice to any party, the entire indebtedness evidenced hereby immediately due and payable in full. Failure to exercise this option or any other right Lender may have shall not constitute a waiver of the right to exercise such option or any other right in the event of any subsequent Event of Default.

8. Costs and Fees of Collection; Interest on Judgments. Borrower and every other person or entity at any time liable for the payment of the indebtedness evidenced hereby shall also be liable for all costs, expenses, and fees incurred by Lender in collecting any amounts owing hereunder, including, but not limited to, reasonable attorneys' fees. Any judgment recovered by Lender shall bear interest at the Default Rate.

9. Waiver of Presentment. Borrower and every other person or entity at any time liable for the payment of the indebtedness evidenced hereby each waive diligence, demand, presentment for payment, notice of protest, and notice of nonpayment of this Note. Every such person or entity further consents to any extension of the time of payment hereof or other modification of the terms of payment of this Note, the release of all or any part of the security for this Note, or the release of any party liable for the payment of the indebtedness evidenced hereby at any time and from time to time for any reason whatsoever. Any such extension or release may be made without notice to any of such persons or entities and without discharging their liability.

10. Time is of the Essence. Time is of the essence of this Note and the performance of each of the agreements and provisions contained herein.

11. Joint and Several Liability. The liability hereunder of multiple parties identified herein as Borrower shall be joint and several.

12. Applicable Law. This Note shall be construed in accordance with the laws of the State of California, without regard to that state's choice of law rules. Borrower hereby consents to the jurisdiction of the courts of Riverside County, the State of California.

13. Successors and Assigns. Borrower may not assign any of its rights or obligations under this Note without the prior written consent of Lender, except in the event such transfer is to an affiliate of Borrower. Subject to the preceding sentence, this Note shall be binding upon the respective heirs, legal representatives, successors, and assigns of Borrower and shall inure to the benefit of Lender and its successors and assigns, including, without limitation, each successive holder of this Note and any other lenders now or hereafter participating in the Loan.

14. **Recourse.** This note shall be nonrecourse to Borrower and its members.

15. **Waiver of Trial by Jury.** TO THE GREATEST EXTENT PERMITTED BY LAW, BORROWER 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 NOTE OR UNDER THE OTHER LOAN DOCUMENTS OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT MATTER OF THIS NOTE OR 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 17.1 BELOW. BORROWER 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 LOAN. BORROWER HEREBY AGREES THAT THIS PROVISION CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631.

16. **State-Specific Provisions.**

16.1 If for any reason the foregoing jury trial waiver is deemed to be unenforceable, the judicial reference provisions of the Loan Agreement shall apply.

16.2 If any Guarantor is liable for only a portion of the indebtedness, Borrower hereby waives its rights under California Civil Code Section 2822(a) to designate the portion of the indebtedness that shall be satisfied by Borrower's partial payment.

17. **NON-LIABILITY OF COUNTY OF RIVERSIDE.** LENDER HEREBY ACKNOWLEDGES AND AGREES THAT THE LOAN EVIDENCED BY THIS NOTE 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 LOAN BE PAYABLE OUT OF THE COUNTY'S GENERAL FUND, OR OTHER FUNDS OR PROPERTIES OF THE 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.

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[SIGNATURES 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.

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: 
Jhaila R. Brown
Deputy General Counsel

When Recorded Return to:

Banner Bank
Loan Servicing Center
P.O Box 1589
Bothell, WA 98041



DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING

NOTICE TO RECORDER: THIS DEED OF TRUST IS A SECURITY AGREEMENT, FIXTURE FILING, AND FINANCING STATEMENT UNDER SECTION 9502 OF THE CALIFORNIA COMMERCIAL CODE, WITH BORROWER AS DEBTOR AND BENEFICIARY AS SECURED PARTY, AND SHOULD BE FILED AND INDEXED IN THE REAL ESTATE RECORDS NOT ONLY AS A DEED OF TRUST, BUT ALSO AS A FIXTURE FILING.

THIS DEED OF TRUST, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING ("**Deed of Trust**") is made as of jUNE__, 2019, by PERRIS PARK HOUSING LLC, a California limited liability company ("**Borrower**" or "**Grantor**"), whose mailing address _____; to Commonwealth Land Title Corporation_ ("**Trustee**"), whose mailing address is 888 S. Figueroa Street, Suite 2100, Los Angeles, CA 90017; for the benefit of BANNER BANK, an Washington state chartered bank ("**Lender**" or "**Beneficiary**"), whose mailing address is 19800 North Creek Pkwy, Suite 200, Bothell, WA 98011.

Notice to Grantor: The Note secured by this Deed of Trust contains provisions for a variable interest rate.

1. GRANT IN TRUST AND SECURED OBLIGATIONS.

1.1 Grant in Trust. In consideration of the loan (the "**Loan**") evidenced by the Note and Loan Agreement (both defined below), Borrower, as Grantor, hereby irrevocably grants, transfers, conveys and assigns to Trustee, in trust, with power of sale, all of Borrower's present and future estate, right, title, claim, and interest, either in law or in equity, in and to the following property ("**Property**"), which Property is not used principally for agricultural purposes:

1.1.1 The real property described in EXHIBIT A attached hereto, and all existing and future rights to the alleys, streets and roads adjoining or abutting the real property, all present and future easements, access, air and development rights, minerals and oil, gas and other hydrocarbon substances, royalties, water, water rights and water stock, and all other rights, hereditaments, privileges, permits, licenses, franchises and appurtenances belonging or in any way appertaining to such real property ("**Realty**");

1.1.2 All present and future buildings, improvements and tenements located on the Realty ("**Improvements**");

1.1.3 All present and future fixtures and articles of property attached to, or used or adapted for use in, the ownership, development, construction, operation or maintenance of the Realty and Improvements, including, without limitation, all heating, cooling, air-conditioning, ventilating, refrigerating, plumbing, generating, power, lighting, laundry, maintenance, incinerating, lifting, cleaning, fire prevention and extinguishing, security and access control, cooking, gas, electric and communication fixtures, equipment and apparatus; all engines, motors, conduits, pipes, pumps, tanks, ducts, compressors, boilers, water heaters and furnaces; all ranges, stoves, disposers, refrigerators and other appliances; all escalators and elevators, baths, sinks, cabinets, partitions, mantels, built-in mirrors, window shades, blinds, screens, awnings, storm doors, windows and sash; all carpeting, underpadding, floor covering, paneling, and draperies; and all shrubbery and plants. All such items shall be deemed part of the Realty and not severable wholly or in part without material injury to the freehold;

1.1.4 All present and future rents, revenues, issues, profits and income from the Realty or the Improvements, and all present and future leases and other agreements for the occupancy or use of all or any part of the Realty and Improvements, including, without limitation, all cash or security deposits, letters of credit and letter of credit rights guaranteeing or supporting any lease or tenancy, advance rentals and deposits or payments of similar nature, and all guarantees of tenants' or occupants' performance under such leases or agreements of occupancy or use of all or part of the Realty, the Improvements, or both, and all letters of intent to lease;

1.1.5 All present and future tangible personal property used in connection with the ownership, development, operation or maintenance of the Realty and Improvements, whether located at the Realty or off-site, including, without limitation, all furniture, furnishings, equipment, and supplies;

1.1.6 All present and future intangible personal property used in connection with the ownership, development, construction, operation, management, or maintenance of the Realty and Improvements, and all land use entitlements, permits, licenses and franchises, contract rights (including, without limitation, all architectural, engineering, consulting, management, and maintenance contracts), accounts receivable, escrow accounts, insurance policies, deposits, instruments, documents of title, general intangibles, business records and the exclusive right to the use of Borrower's trade names;

1.1.7 All present and future materials, supplies, and other goods, wherever located, whether in the possession of Borrower, warehouseman, bailee, or any other person, purchased for use in the construction, operation or furnishing of the Improvements, whether such items are located at the Realty or off-site, together with all documents, contract rights, and general intangibles relating thereto;

1.1.8 All present or future site plans, plats, architectural plans and specifications, work drawings, surveys, engineering reports, test borings, market surveys, and other work products relating to the Realty and Improvements;

1.1.9 All present or future site-development and construction contracts relating to the Improvements, together with, to the extent transferable by Borrower, all performance, payment, completion or other surety bonds in connection with or related to any such construction contracts;

1.1.10 All present and future contracts and policies of insurance that insure any buildings, structures or improvements on the Realty, including, without limitation, the Improvements, or any fixtures or personal property thereon, against casualty and theft, and all monies and proceeds and rights thereto that may become payable by virtue of any insurance contracts or policies;

1.1.11 All of Borrower's right, title and interest in and to the proceeds of any and all condemnation actions now or hereafter affecting the Property;

1.1.12 All claims, causes of action, warranties, accounts receivable, escrow accounts, insurance policies, deposits (including tax, insurance and other reserves), instruments, documents of title, general intangibles, and business records;

1.1.13 All present and future monetary deposits to any city, county, public body or agency, irrigation, sewer or water district or company, and any other body or agency, for the installation, or to secure the installation, of any utility pertaining to the Realty or the Improvements;

1.1.14 All refunds, rebates, reimbursements, reserves, deferred payments, deposits, cost savings, governmental subsidy payments, governmentally-registered credits (such as emissions reduction credits), other credits, waivers and payments, whether in cash or in kind, due from or payable by (i) any federal, state, municipal or other governmental or quasi-governmental agency, authority or district (each, a "**Governmental Authority**") or (ii) any insurance or utility company relating to any or all of the Realty or Improvements or arising out of the satisfaction of any conditions imposed upon or the obtaining of any approvals for the development or rehabilitation of the Realty, subject to the prior approval of such Governmental Authority, insurance or utility company ;

1.1.15 All refunds, rebates, reimbursements, credits and payments of any kind due from or payable by any Governmental Authority for any taxes, special taxes, assessments, or similar governmental or quasi-governmental charges or levies imposed upon Borrower with respect to the Realty or Improvements or upon any or all of the Realty or Improvements or arising out of the satisfaction of any conditions imposed upon or the obtaining of any approvals for the development or rehabilitation of the Realty or Improvements;

1.1.16 All proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, all insurance proceeds and condemnation awards;

1.1.17 All books, records, and data pertaining to any and all of the Property described above, however recorded, stored, or maintained, including digital, electronic, and computer-readable data and any computer hardware or software necessary to access and process such data; and

1.1.18 All products and proceeds of the foregoing.

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

1.2 Secured Obligations. The following obligations are secured by this Deed of Trust (collectively the "**Secured Obligations**"):

1.2.1 Payment of the sum of TWO MILLION ONE HUNDRED THOUSAND AND NO/100THS U.S. DOLLARS (\$2,100,000.00) with interest thereon, according to the terms and provisions of a promissory note of even date, made by Borrower in favor of Lender (including any and all modifications, extensions, renewals and replacements thereof, the "**Note**");

1.2.2 Payment of all sums advanced to protect the security of this Deed of Trust, together with interest thereon as herein provided;

1.2.3 Payment of all other sums that are or that may become owing under the Loan Documents (defined below), or which may be advanced by Lender pursuant to the Loan Documents;

1.2.4 The performance of all other covenants, agreements and obligations of Borrower contained in the Loan Documents; and

1.2.5 Payment and performance of any future obligations of Borrower or any other party to Lender if the documentation evidencing such future obligation expressly provides that it is secured by this Deed of Trust.

For purposes of this Deed of Trust, the term "**Loan Documents**" means the Term Loan Agreement of even date herewith between Borrower and Lender governing the Loan (the "**Loan Agreement**"), the Note, this Deed of Trust, and all related documents and instruments (except for the Guaranty executed by Guarantors and the Indemnity Agreement (the "**Indemnity Agreement**") made by Borrower and Guarantor for the benefit of Lender concurrently herewith), and any and all modifications, extensions, renewals and replacements thereof.

2. TITLE AND USE.

2.1 Warranty of Title. Borrower covenants and agrees that: (i) Borrower is lawfully seized of the estate hereby conveyed and has full right and power to grant, convey and assign the Property, (ii) the Property is free from liens, encumbrances, exceptions and other charges of any kind whatsoever, except for the exceptions listed in Lender's title insurance policy insuring this Deed of Trust or exceptions otherwise approved in writing by Lender ("**Permitted Encumbrances**"), (iii) no other liens or encumbrances, whether superior or inferior to this Deed of Trust, shall be created or suffered to be created by Borrower without the prior written consent of Lender, (iv) no default on the part of Borrower or any other person exists under any of the Permitted Encumbrances and all of the Permitted Encumbrances are in full force and effect and in good standing, without modification, (v) complete and current copies of the Permitted Encumbrances have been furnished to Lender, and none of them have been or will be modified by Borrower without Lender's prior written consent, (vi) Borrower shall fully comply with all the terms of the Permitted Encumbrances and shall deliver to Lender a copy of all notices delivered in connection with the Permitted Encumbrances, (vii) Lender has the right to contact the other parties to the Permitted Encumbrances to confirm the status thereof, and Borrower from time to time shall, at the request of Lender, request of such parties a certificate confirming such information regarding the Permitted Encumbrances as Lender may request, and (viii) Borrower shall warrant and defend the Property unto Lender against all claims and demands of any other person whatsoever, subject only to non-delinquent taxes and assessments and the Permitted Encumbrances.

2.2 Non-Agricultural Use. Borrower represents and warrants to Lender that the Property is not used principally for agricultural purposes.

3. BORROWER'S COVENANTS.

3.1 Payment and Performance of Secured Obligations. Borrower shall pay when due all sums that are now or that may become owing under the Note, and shall pay and perform all other Secured Obligations in accordance with their terms.

3.2 Payment of Taxes, Utilities, Liens and Charges.

3.2.1 Taxes and Assessments. Except as the same may otherwise be paid under Section 4, Borrower shall pay when due, directly to the payee thereof, all taxes and assessments (including, without limitation, non-governmental levies or assessments such as maintenance charges, owner association dues or charges, or fees, levies or charges resulting from covenants, conditions or restrictions) levied, assessed or charged against or with respect to the Property or this Deed of Trust. Upon request, Borrower shall promptly furnish to Lender all notices of amounts due under this subsection 3.2.1 and all receipts evidencing such payments.

3.2.2 Utilities. Borrower shall pay, or cause to be paid, when due, all utility charges and assessments for services furnished to the Property.

3.2.3 Labor and Materials. Borrower shall pay when due the claims of all persons supplying labor or materials to or in connection with the Property.

3.2.4 Liens and Charges. Borrower shall promptly discharge any lien, encumbrance, or other charge, whether superior or inferior to this Deed of Trust, that may be claimed against the Property.

3.2.5 Taxes, Assessments and Other Charges Imposed on Lender. If, at any time after the date of this Deed of Trust, any law is enacted or changed (including any interpretation thereof) that subjects Lender to any tax, assessment, or other charge that is currently inapplicable to Lender or to any increase in any tax (except federal, state or local income taxes), assessments, or other charge, in any form measured by or based on any portion of the indebtedness secured by this Deed of Trust, Borrower shall pay such new or increased amount to Lender on demand.

3.2.6 Right to Contest. Notwithstanding anything set forth in this Section 3.2, so long as no Event of Default has occurred hereunder, Borrower shall have the right to contest the amount or validity in whole or in part of any lien, encumbrance or other charge against the Property by appropriate administrative or judicial proceedings conducted in good faith and with due diligence, in which event Borrower, upon written notice to Lender, may defer payment of any such lien, encumbrance or other charge, so long as (i) Borrower has provided Lender with evidence satisfactory to Lender that such proceedings will operate to prevent the sale of the Property or any portion thereof, or the imposition of any penalties on Borrower or the Property; (ii) neither the Property nor any part thereof will, by reason of such postponement or deferment, be in danger of being forfeited or lost; (iii) before the date such lien, encumbrance or other charge becomes delinquent, Borrower shall provide Lender with such security as Lender may require to insure payment thereof and prevent any forfeiture or loss of the Property or any part thereof; and (iv) on a final determination of such contest, which is not appealable or is not being appealed, Borrower shall pay the amount of the lien,

encumbrance or other charge if and when due, and prior to the imposition of any penalties or delinquent interest.

3.3 Insurance.

3.3.1 Coverages Required. Borrower shall keep in effect the insurance policies required by the Loan Agreement.

3.3.2 Application of Insurance Proceeds. In the event of any loss, Borrower shall give prompt written notice thereof to the insurance carrier and Lender. Borrower hereby authorizes Lender as Borrower's attorney-in-fact to make proof of loss, to adjust and compromise any claim, to commence, appear in and prosecute, in Lender's or Borrower's name, any action relating to any claim, and to collect and receive insurance proceeds; *provided, however*, that Lender shall have no obligation to do so. Lender shall apply any insurance proceeds received by it hereunder first to the payment of the costs and expenses incurred in the collection of the proceeds and then, in its absolute discretion and without regard to the adequacy of its security, to:

(a) The payment of the Secured Obligations, whether then due and payable or not. Any such application of proceeds to principal on the Note shall be without imposition of any prepayment fee otherwise payable under the Note, but shall not extend or postpone the due dates of the installment payments under the Note, or change the amounts thereof, or

(b) The reimbursement of Borrower, under Lender's prescribed disbursement control procedures, for the cost of restoration or repair of the Property. Lender may, at its option, condition the reimbursement on Lender's approval of the plans and specifications of the reconstruction, contractor's cost estimates, architect's certificates, waivers of liens, sworn statements of mechanics and materialmen, and such other evidence of costs, percentage completion of construction, application of payments and satisfaction of liens as Lender may reasonably require.

Except to the extent that insurance proceeds are applied to payment of the Secured Obligations, nothing herein contained shall be deemed to excuse Borrower from restoring, repairing, or maintaining the Property as provided in Section 3.4, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount.

3.3.3 Availability of Insurance Proceeds for Restoration. Notwithstanding Section 3.3.2 above, Lender shall make insurance proceeds available to Borrower to pay for costs associated with the repair or restoration of the Property, if all of the following conditions are satisfied:

(a) There is no Event of Default or Potential Default;

(b) Borrower has furnished to Lender and Lender shall have approved a detailed budget and cost breakdown for the restoration and rebuilding work, describing the nature and type of expenses and the cost thereof estimated by Borrower for such restoration and rebuilding work, including, without limitation, the cost of materials and supplies, architect's, engineer's and designer's fees, general contractor's fees, and the anticipated monthly disbursement schedule;

(c) Lender has reviewed and approved the construction contract for the repair and restoration, and if required by Lender, Lender shall have received payment and performance bonds with dual obligee rider;

(d) Lender has received evidence satisfactory to it that the insurance proceeds are adequate to restore the Property to its condition immediately prior to the casualty, and if the proceeds are insufficient, Lender shall have received from Borrower the amount of the deficiency for disbursement with the insurance proceeds;

(e) Lender has received evidence satisfactory to it that Borrower has sufficient funds to pay all operating expenses, taxes, debt service and other carrying costs of the Property through the period of repair or restoration;

(f) Borrower has furnished to Lender and Lender shall have approved plans and specifications for the restoration or rebuilding work, and written evidence satisfactory to it that the same has been approved by all governmental authorities having jurisdiction over the Property;

(g) in Lender's judgment, the rebuilding and restoration work can be completed at least six (6) months prior to the maturity date of the Note, as such date may be extended in Lender's sole discretion;

(h) in Lender's judgment, the Property will produce sufficient income and be of sufficient value to be adequate security for the Secured Obligations; and

(i) Borrower has executed and delivered to Lender such additional security documents and instruments as Lender deems reasonably necessary to continue and perfect Lender's security interest in the Property.

(j) Each disbursement of the insurance proceeds shall be made in accordance with Lender's then standard procedures for disbursement of construction loan proceeds.

3.3.4 Transfer of Title. If the Property is sold pursuant to Section 9 or if Lender otherwise acquires title to the Property, Lender shall have all of the right, title and interest of Borrower in and to any insurance policies and unearned premiums thereon and in and to the proceeds resulting from any damage to the Property prior to such sale or acquisition.

3.4 Preservation and Maintenance of Property; Right of Entry.

3.4.1 Preservation and Maintenance. Borrower shall (i) not commit or suffer any waste or permit any impairment or deterioration of the Property, except for ordinary wear and tear, (ii) not abandon the Property, (iii) restore or repair promptly and in a good and workmanlike manner all or any part of the Property to the equivalent of its original condition, or such other condition as Lender may approve in writing, in the event of any damage, injury or loss thereto, whether or not insurance proceeds are available to cover in whole or in part the costs of such restoration or repair, (iv) keep the Property, including improvements, fixtures, equipment, machinery and appliances thereon, in good condition and repair and replace fixtures, equipment, machinery and appliances of the Property when necessary to keep such items in good condition and repair, and (v) generally operate and maintain the Property in a commercially reasonable manner.

3.4.2 Alterations. None of the Improvements shall be structurally altered, removed or demolished, in whole or in part, without Lender's prior written consent, nor shall any fixture or personal property covered by this Deed of Trust be removed at any time without like consent unless actually replaced by an article of equal suitability that is owned by Borrower free and clear of any lien or security interest.

3.4.3 Right of Entry. Lender is hereby authorized to enter the Property, including the interior of any structures, at reasonable times and after reasonable notice (which, in the absence of exigent circumstances, shall mean not less than one (1) business day), for the purpose of inspecting the Property to determine Borrower's compliance with the Deed of Trust and the other Loan Documents.

3.5 Parking. If any part of the parking areas included within the Property is taken by condemnation, and before the parking areas are diminished for any other reason, Borrower shall take all actions as are necessary to provide parking facilities in kind, size and location to comply with all zoning and other regulations and all leases. Before making any contract for substitute parking facilities, Borrower shall furnish to Lender satisfactory assurance of completion thereof free of liens and in conformity with all zoning and other regulations. This Deed of Trust shall constitute a first lien on all such substitute parking facilities.

3.6 Use of Property. Borrower shall comply with all laws, ordinances, regulations and requirements of any governmental body, and all other covenants, conditions and restrictions applicable to the Property, and pay all fees and charges in connection therewith. Unless required by applicable law or unless Lender has otherwise agreed in writing, Borrower shall not allow changes in the use for which all or any part of the Property was intended at the time this Deed of Trust was executed. Borrower shall not initiate or acquiesce in a change in the zoning classification of the Property without Lender's prior written consent.

3.7 Condemnation. Borrower shall notify Lender promptly of any action or proceeding relating to any condemnation or other taking (including, without limitation, any change in the grade of the Property), whether direct or indirect, of the Property or part thereof or interest therein, and Borrower shall appear in and prosecute any such action or proceeding unless otherwise directed by Lender in writing. Borrower authorizes Lender, at Lender's option, as attorney-in-fact for Borrower, to commence, appear in and prosecute, in Lender's or Borrower's name, any action or proceeding relating to any such condemnation or other taking, and to settle or compromise any claim in connection with such condemnation or other taking. All awards, payments, damages, direct, consequential and otherwise, claims, and proceeds thereof, in connection with any such condemnation or other taking, or for conveyances in lieu of condemnation, are hereby assigned to Lender, and all proceeds of any such awards, payments, damages or claims shall be paid to Lender. Lender shall apply any such proceeds in the manner and upon the terms and conditions set forth in Sections 3.3.2 and 3.3.3 above relating to the application of insurance proceeds.

3.8 Protection of Lender's Security. Borrower shall give notice to Lender of and shall appear in and defend any action or proceeding that may affect the Property, the interests of Lender or Trustee therein, or the rights or remedies of Lender or Trustee under the Loan Documents. If any such action or proceeding is commenced, or Borrower fails to perform any obligation under the Loan Documents, Lender or Trustee may, at their option, make any appearances, disburse any sums, make any entries upon the Property, and take any actions as may be necessary or desirable to (i) protect or enforce the security of this Deed of Trust, (ii) remedy Borrower's failure to perform its obligations under the Loan Documents (without waiving such default by Borrower), or (iii) otherwise protect Lender's or Trustee's interests. Borrower shall pay all losses, damages, fees, costs, and expenses incurred by Lender and Trustee in taking such actions, including, without limitation, reasonable attorneys' fees.

3.9 Reimbursement of Lender's and Trustee's Expenses. All amounts disbursed by Lender and Trustee pursuant to Section 3.8 or any other provision of this Deed of Trust, with interest thereon, shall be additional indebtedness of Borrower secured by this Deed of Trust. All such amounts shall be due and payable immediately and bear interest from the date of disbursement at the lesser of the default rate under the Note, or the maximum rate permitted by law.

3.10 Books and Records, Financial Statement. Borrower shall keep and maintain at Borrower's address stated above, or such other place as Lender may approve in writing, books of accounts and records adequate to reflect correctly the operation of the Property, and copies of all written contracts, leases and other instruments which affect the Property. Such books, records, contracts, leases and other instruments shall be subject to examination, inspection and copying at any reasonable time by Lender, upon prior notice of not less than one (1) business day.

4. RESERVES.

4.1 Deposits. Following an Event of Default (as defined in the Loan Agreement) after notice and opportunity to cure and during the continuation thereof, Lender may, at its sole election, require Borrower to establish reserves for the Property as set forth below. Following receipt of notice from Lender that Lender will begin requiring Borrower to establish reserves, Borrower shall deposit with Lender, at the time Borrower makes each monthly payment due under the Note, a sum, as estimated by Lender, equal to (i) the taxes and special assessments next due on the Property, and (ii) the premiums that will next become due on insurance policies as may be required under the Loan Agreement, less all sums already deposited therefor, divided by the number of months to elapse before two (2) months prior to the date when such taxes, special assessments and premiums will become delinquent. Lender may require Borrower to deposit with Lender, in advance, such other sums for other taxes, assessments, premiums, charges and impositions in connection with Borrower or the Property as Lender reasonably deems necessary to protect Lender's Collateral ("**Other Impositions**"). Such sums for Other Impositions shall be deposited in a lump sum or in periodic installments, at Lender's option. If required by Lender, Borrower shall promptly deliver to Lender all bills and notices with respect to any taxes, assessments, premiums and Other Impositions. Lender shall not be required to pay Borrower any interest, earnings or profits on any sums deposited with Lender. All sums deposited with Lender under this Section 4.1 are hereby pledged as security for the Secured Obligations.

4.2 Application of Deposits. All such deposited sums shall be held by Lender and applied in such order as Lender elects to pay such taxes, assessments, premiums and Other Impositions or, upon any Event of Default, may be applied in whole or in part, to the Secured Obligations. The arrangement provided for in this Section 4 is solely for the added protection of Lender and entails no responsibility on Lender's part beyond the allowing of due credit, without interest, for the sums actually received by it. Upon any assignment of this Deed of Trust by Lender, any funds on hand shall be turned over to the assignee and any responsibility of Lender with respect thereto shall terminate. Each Transfer of the Property shall transfer automatically to the transferee all rights of Borrower with respect to any funds deposited hereunder. Upon payment in full of the Secured Obligations, Lender shall promptly refund to Borrower or the applicable transferee the remaining balance of any deposits then held by Lender.

4.3 Adjustments to Deposits. If the total deposits held by Lender exceeds the amount deemed necessary by Lender to provide for the payment of such taxes, assessments, premiums and Other Impositions, such excess shall, provided there is no Event of Default or Potential Default, be credited by Lender on the next due installment or installments of such deposits. If at any time the total deposits held by Lender are less than the amount deemed necessary by Lender to provide for the payment of such taxes, assessments, premiums and Other Impositions, Borrower shall promptly deposit the deficiency with Lender after receipt of written demand from Lender.

5. RESTRICTIONS ON TRANSFER OR ENCUMBRANCE.

The Loan Agreement contains certain restrictions on any transfer or encumbrance of the Property, any portion thereof or any interest therein, and on any direct or indirect transfer or encumbrance of direct or indirect ownership interests in Borrower. Those provisions are incorporated by this reference. The occurrence of any Transfer or attempted Transfer not permitted under the Loan Agreement shall be an immediate Event of Default whereupon the Secured Obligations shall be immediately due and payable in full without notice or demand from Lender.

6. UNIFORM COMMERCIAL CODE SECURITY AGREEMENT.

6.1 Grant to Lender. This Deed of Trust constitutes a security agreement pursuant to the Uniform Commercial Code with respect to (a) any of the Property that, under applicable law, is not real property or effectively made part of the real property by the provisions of this Deed of Trust; and (b) any and all other property now or hereafter described on any Uniform Commercial Code Financing Statement naming Borrower as Debtor and Lender as Secured Party and affecting property in any way connected with the use and enjoyment of the Property (which shall thereafter be included within the definition of "Property" for purposes of this Deed of Trust). Borrower hereby grants Lender a security interest in all property described in clauses (a) and (b) above as security for the Secured Obligations. Borrower and Lender agree, however, that neither the foregoing grant of a security interest nor the filing of any such financing statement shall be construed as limiting the parties' stated intention that everything used in connection with the production of income from the Property, or adapted for use therein, or which is described or reflected in this Deed of Trust, is and at all times shall be regarded as part of the Realty.

6.2 Lender's Rights and Remedies. Borrower hereby authorizes Lender to file one or more financing statements, continuation statements, financing statement amendments, and such other documents as Lender may from time to time require to perfect and continue the perfection of Lender's security interest in the Property. Borrower shall pay all fees and costs that Lender may incur in filing such documents in public offices and in obtaining such record searches as Lender may reasonably require. With respect to the property subject to the foregoing security interest, Lender shall have all the rights and remedies (i) of a secured party under the Uniform Commercial Code, (ii) provided herein, including, without limitation, the right to cause such Property to be sold by Trustee under the power of sale granted by this Deed of Trust, and (iii) provided by law. In exercising its remedies, Lender may proceed against the items of real property and any items of personal property separately or together and in any order whatsoever, without in any way affecting the availability of Lender's remedies. Upon demand by Lender following an Event of Default hereunder, Borrower shall assemble any items of personal property and make them available to Lender at the Realty. Lender shall give Borrower at least ten (10) business days' prior written notice of the time and place of any public sale or other disposition of such Property or of the time of or after which any private sale or any other intended disposition is to be made. Any person permitted by law to purchase at any such sale may do so. Such Property may be sold at any one or more public or private sales as permitted by applicable law.

7. ASSIGNMENT OF RENTS AND LEASES; LEASES OF PROPERTY; APPOINTMENT OF RECEIVER; LENDER IN POSSESSION.

7.1 Assignment of Rents and Leases. As part of the consideration for the Secured Obligations, Borrower hereby absolutely and unconditionally assigns and transfers to Lender all right, title and interest of Borrower in and to: (a) any and all present and future leases, subleases, and other agreements