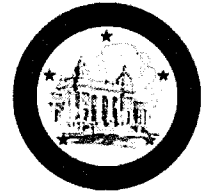


SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 3.33
(ID # 11186)

MEETING DATE:

Tuesday, November 19, 2019

FROM: ECONOMIC DEVELOPMENT AGENCY (EDA) AND DEPARTMENT OF PUBLIC SOCIAL SERVICES (DPSS):

SUBJECT: ECONOMIC DEVELOPMENT AGENCY (EDA) and DEPARTMENT OF PUBLIC SOCIAL SERVICES (DPSS): State of California Business, Consumer Services and Housing Agency (BCSH) 2018 Homeless Emergency Aid Program (HEAP) Continuum of Care Affordable Housing Loan Agreements with Social Work Action Group (SWAG). Districts 1, 3 & 5; [Total Cost \$1,342,251 - 100% State]

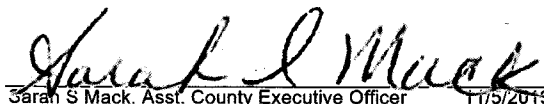
RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the form of the attached Affordable Housing Loan Agreement, including all exhibits (Affordable Housing Loan Agreement), substantially to form, to be entered into, between the County of Riverside, as lender, and Social Work Action Group, a California nonprofit corporation, (SWAG), as borrower, to pay acquisition costs related to the purchase of three affordable housing properties to be located in the cities of Lake Elsinore, Wildomar and Perris, including the unincorporated areas of District 1, providing for a loan for each property acquired for the maximum total amount of \$1,342,251 derived from a Homeless Emergency Aid Program (HEAP) grant;

ACTION:Policy


Robert Field, Assistant County Executive Officer/ECD

11/1/2019

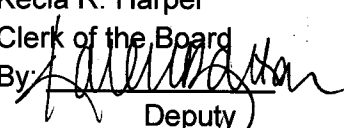

Sarah S. Mack, Asst. County Executive Officer

11/5/2019

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: November 19, 2019
xc: EDA

Kecia R. Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

2. Authorize the Assistant County Executive Officer/ECD, or designee, to execute Affordable Housing Loan Agreements for each property acquisition, including exhibits, conforming in form and substance to the attached Affordable Housing Loan Agreement, subject to approval by County Counsel; and
3. Authorize the Assistant County Executive Officer/ECD, or designee, to negotiate and execute all necessary and required agreements to administer and implement the Affordable Housing Loan Agreements, including, but not limited to, escrow agreements and other security agreements, subject to approval by County Counsel.

| FINANCIAL DATA | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost |
|------------------------------------|-----------------------------|--------------------------|-------------------------------|---------------------|
| COST | \$1,342,251 | \$0 | \$1,342,251 | \$0 |
| NET COUNTY COST | \$0 | \$0 | \$0 | \$0 |
| SOURCE OF FUNDS: 100% State | | | Budget Adjustment: No | |
| | | | For Fiscal Year: 19/20 | |

C.E.O. RECOMMENDATION: Approve

Prev. Agn. Ref: 05/21/2019, Item 3.40

BACKGROUND:

Summary

The State has established the Homeless Emergency Aid Program ("HEAP" or "the Program" or "the Grant") pursuant to Chapter 5 (commencing with Section 50210) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under SB 850 (Chapter 48, Statutes of 2018). The Program is administered by the California Homeless Coordinating and Financing Council (Council) in the Business, Consumer Services and Housing Agency (BCSH). The general purpose of the Program is to provide one-time block grant funding to address the immediate emergency needs of homeless individuals and individuals at imminent risk of homelessness in the jurisdictions of each Continuum of Care (CoC) that have declared a shelter crisis in accordance with Government Code section 8698.2. The Riverside County Board of Supervisors adopted Resolution No. 2018-179, declaring a homeless shelter crisis in the unincorporated areas of the County of Riverside, on August 28, 2018 (Item 3.78).

The Riverside County CoC is a network of private and public sector homeless service providers, which is designed to promote communitywide planning and the strategic use of resources to address homelessness. As a regional planning body, the CoC coordinates housing and services funding for homeless families and individuals, leveraging funding through the United States Office of Housing and Urban Development (HUD) Consolidated Application, along with other sources. The Riverside County CoC has designated the County of Riverside

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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Department of Public Social Services (DPSS) as the Administrative Entity to administer allocation of HEAP program funds.

On September 5, 2018, the Council announced the Notice of Funding Availability for Program funding to local CoC Service Areas, including Riverside County. Eligible uses of grant funds include, but are not limited to: services, rental assistance or subsidies, capital improvements and homeless youth activities. No more than five (5) percent of HEAP funds may be used for administrative costs related to the execution of eligible activities. On December 27, 2018, DPSS applied for HEAP grant funding through a collaborative effort with the County's CoC. The total HEAP funding allocation to the County of Riverside is \$9,791,805; no County matching funds are required, and the expenditure deadline is June 30, 2021. On March 4, 2019, DPSS executed the Standard Agreement (Grant Agreement) with the BCSH.

Social Work Action Group, a California nonprofit public benefit corporation (SWAG) proposed to utilize \$1,796,411 in HEAP funds to rehabilitate and provide 18 permanent supportive housing units for extremely low-income chronically homeless persons at the "Farmhouse" property, located in Perris. On May 21, 2019, (Item 3.40) the Board approved the HEAP State agreement, templates for HEAP service agreements and the Social Work Action Group (SWAG) Affordable Housing Loan agreement for the "Farmhouse" property.

Subsequent to this action, the CoC Board of Governance (BOG) approved SWAG's project proposal amendment from a single site to three separate sites on August 29, 2019. SWAG identified three properties, each with 4 – 6 bedroom single family residences that are turnkey and do not require substantial rehabilitation, located in the cities of Lake Elsinore, Perris, and Wildomar. SWAG has been approved by the CoC to utilize \$1,342,251 in HEAP funds to acquire these properties and to accommodate up to eighteen 18 permanent supportive housing beds for unsheltered homeless individuals referred by the County. All 18 beds will be restricted for occupancy and rent by households whose incomes do not exceed 30% of the area median income for the County of Riverside with respect to household size. SWAG has also agreed to provide onsite permanent supportive services to all residents residing at the Property.

Summary

DPSS is partnering with the County of Riverside Economic Development Agency to oversee the negotiation and execution of the agreements for the property acquisitions with SWAG. If approved, the HEAP Loan for each property to be acquired would be evidenced by a Promissory Note in favor of the County of Riverside (HEAP Loan Note), with a term of 55 years, which would be secured by a Deed of Trust with Assignment of Rents for the benefit of the County (HEAP Loan Deed of Trust). The proposed HEAP Loan Deed of Trust and HOME Loan Note are attached hereto.

The total development cost and operation of the Proposed Project is estimated to be \$1,796,411; however, only \$1,342,251 is being used towards the acquisition funded through the loan. The remaining \$454,160 will be used towards operating cost and supportive services;

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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agreement for these services will be brought to the Board under a separate action item. The terms of the proposed HEAP Loan and obligations of SWAG and the County are memorialized in the proposed Affordable Housing Loan Agreements for the use of HEAP funds attached hereto (Affordable Housing Loan Agreement).

Impact on Residents and Businesses

Through the CoC, the County of Riverside and its sub recipients continue improving the lives of homeless men, women and children through the direct housing and services programs funded in the 2018 HEAP grant. Program participants served will be those identified as chronically homeless, which include but are not limited to homeless youth, veterans, and seniors in areas of Supervisorial Districts 1, 3, and 5.

Contract History and Price Reasonableness

On November 16, 2018, the DPSS Homeless Program Unit released a competitive bid through a Request for Proposal (RFP), #DPARC 564A for the HEAP Program. This was advertised through a Public Purchase website seeking proposal for this service. The RFP was also posted through the County of Riverside DPSS website and an e-mail with a Notification to Bid was sent to all CoC and Community Partners providing a link in which to apply for the RFP. The bid closed on 12/21/2018; a total of forty-two (42) applications were received. These applications received a threshold review, and 36 applications met the requirements. These submittals were forwarded to the Independent Review Panel for scoring.


An Independent Review Panel made up of 16 evaluators reviewed the 36 applications. The submittals were ranked in priority order and the Panel made funding recommendations to the CoC Board of Governance. The BOG approved the panel's recommendations at a meeting on February 7, 2019, March 4, 2019 and recently on August 29, 2019 to authorize an amendment to the project from a single site to three scattered site properties.

Additional Fiscal Information

EDA Real Estate labor budgeted for this project is estimated at \$33,024, which will be reimbursed by DPSS or its project grant to EDA Real Estate.

ATTACHMENTS:

- Affordable Home Loan Agreement
- Affordable Home Loan Agreement Exhibits


Alex Gann 11/14/2019


Gregory B. Priamos, Director County Counsel 11/8/2019

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
County of Riverside Department of Public and Social Services
1111 Spruce Street
Riverside, CA 92507
Attn: Jennifer Claar

SPACE ABOVE THIS LINE FOR RECORDERS USE

AFFORDABLE HOUSING LOAN AGREEMENT

(Homeless Emergency Aid Program)

This **AFFORDABLE HOUSING LOAN AGREEMENT** (Homeless Emergency Aid Program) ("Agreement") is made and entered into this _____ day of _____, 2019 by and between THE COUNTY OF RIVERSIDE, on behalf of its DEPARTMENT OF PUBLIC SOCIAL SERVICES, a political subdivision of the State of California ("County"), and SOCIAL WORK ACTION GROUP, a California nonprofit corporation ("Borrower"). County and Borrower are collectively referred to herein as the "Parties" and individually as a "Party."

RECITALS:

WHEREAS, pursuant to Chapter 5 (commencing with Section 50210) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under Senate Bill 850 (Chapter 48, Statutes of 2018), the State of California established the Homeless Emergency Aid Program ("HEAP");

WHEREAS, County applied for and received an allocation of HEAP funds from the State to be used to address the immediate homelessness challenges in the County of Riverside;

WHEREAS, Borrower is nonprofit corporation whose mission is to advocate, educate and inspire marginalized individuals and families in the Inland Empire to achieve sustainable independence through community support;

1 **WHEREAS**, consistent with Borrower's mission, Borrower desires to obtain a loan of
2 HEAP funds from County to (i) acquire that certain real property located _____,
3 identified with Assessor's Parcel Number _____ ("Property"), more
4 particularly described in the Legal Description, Exhibit "A", attached hereto and by this
5 reference incorporated herein, pursuant to that certain Purchase and Sale Agreement (defined
6 below), (ii) if required, complete minor improvements, as further described herein, to the
7 Property to contain up to ____ Affordable Units, as defined below, to be made available to and
8 occupied by extremely low income chronically homeless persons, and (iii) provide supportive
9 housing services to residents at the Property (collectively, the "Project");

10 **WHEREAS**, County desires to provide to Borrower a loan in the maximum total amount
11 of _____ ("County
12 Loan") derived from the HEAP grant to be used to pay the costs of acquisition and certain minor
13 improvements, including but not limited to replacement and repair of flooring and painting
14 ("Acquisition and Improvement Costs"), for the Project to maximize the affordability of the
15 units;

16 **WHEREAS**, the County Loan shall be evidenced by the County Promissory Note and
17 secured by, among other instruments, a Deed of Trust, a Covenant Agreement, and a UCC-1; and

18 **WHEREAS**, in furtherance of the County's goal to eradicate homelessness and
19 consistent with the terms of the HEAP grant, County desires to provide the County Loan to
20 Borrower to pay Acquisition and Improvement Costs for the Project, as more specifically
21 described herein.

22 **NOW, THEREFORE**, in consideration of the foregoing, and the promises and mutual
23 covenants and conditions hereinafter set forth, the County and Borrower hereby do agree as
24 follows:

25 **PART 1. SUBJECT OF AGREEMENT**

26 **SECTION 101 PURPOSE OF AGREEMENT**

27 The purpose of this Agreement is to effectuate the creation of additional permanent
28 supportive housing for chronically homeless people in the County of Riverside by providing

1 financing for the acquisition of and minor Improvements to the Property creating up to ____
2 Affordable Units (each comprising a bed situated in a residential bedroom on the Property,
3 together with related rights to the use of such bedrooms and common areas of the Property) to be
4 made available to and occupied by extremely low income chronically homeless persons, and the
5 provision of permanent supportive housing services. The acquisition and use of the Property
6 pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and
7 best interests of the County of Riverside and the health, safety, morals and welfare of its
8 residents, and in accord with the public purposes and provisions of applicable federal, state and
9 local laws and requirements.

10 **SECTION 102** **DEFINITIONS**

11 For purposes of this Agreement, the following capitalized terms shall have the following
12 meaning:

13 **“Acquisition and Improvement Costs”** means the total cost of acquiring the Property
14 pursuant to the Purchase and Sale Agreement and completing the Improvements to the Property
15 pursuant to this Agreement and the Scope of Improvements (Exhibit “B”), as set forth in the
16 Project Budget (Exhibit “C”).

17 **“Affordability Period”** means no less than fifty-five (55) years from the Close of
18 Escrow, without regard to the term of the County Promissory Note.

19 **“Affordable Rent”** means rent (or other charge payable by a resident at the Project in
20 respect of their occupancy), including a reasonable utility and, if applicable, a reasonable parking
21 allowance, that does not exceed the following respective amounts: for an Extremely Low Income
22 household with an income not exceeding thirty percent (30%) of the Area Median Income, the
23 product of thirty percent (30%) times thirty percent (30%) of the Area Median Income adjusted
24 for family size appropriate for the unit;

25 **“Affordable Units”** means ____ beds situated in residential bedrooms on the Property,
26 together with related rights to the use of such bedrooms and common areas of the Property, in
27 accordance with this Agreement and any the Scope of Improvements (Exhibit “B”), attached
28 hereto and by this reference incorporated herein. The Affordable Units shall be restricted by

1 Borrower for rental (or license, pursuant to Participant Agreements) to Extremely Low Income
2 households at an Affordable Rent, in accordance with the terms and conditions of this
3 Agreement and the Covenant Agreement ("Covenant") (Exhibit "G"), attached hereto and by this
4 reference incorporated herein.

5 **"Area Median Income"** means the median income of the Riverside-San Bernardino-
6 Standard Metropolitan Statistical Area, adjusted for family size by the United States Department
7 of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States
8 Housing Act of 1937, as determined by HUD and published from time to time by the California
9 Department of Housing and Community Development.

10 **"Community"** means the _____.

11 **"Closing"** or **"Close of Escrow"** means the acquisition of the Property, finalization and
12 recording of all County Loan Documents, and other necessary financing instruments and
13 documents for the financing of the Acquisition and Improvements included in the Project as set
14 forth herein.

15 **"Closing Date"** means the date on which the Closing has occurred.

16 **"Completion"** means the point in time at which all of the following have been satisfied:
17 (a) issuance of any required building permits for all Improvements required to be completed
18 pursuant to this Agreement, (b) if applicable, recordation of a Notice of Completion pursuant to
19 Civil Code section 8182, (c) submission to the County of unconditional lien releases or waivers
20 obtained by Borrower or Borrower's agent, (d) if applicable for completion of any
21 Improvements, certification by the County of Riverside Inspector or the Governmental Authority
22 with jurisdiction over such matters, that completion of the Improvements (with the exception of
23 minor "punch list" items) has been completed in a good and workmanlike manner; (e) payment,
24 settlement or other extinguishment, discharge, release, waiver, bonding or insuring against any
25 mechanic's liens that have been recorded; and (f) the Property has been improved in accordance
26 with this Agreement and the Scope of Improvements pursuant to this Agreement.

27 **"County Deed of Trust"** means the deed of trust to be recorded against title to the
28 Property. The form of the County Deed of Trust is attached hereto as Exhibit "F" and

1 incorporated herein by this reference.

2 **"County Director"** means the Assistant County Executive Officer of the County of
3 Riverside, Director of the Department of Public Social Services or designee.

4 **"County Loan"** means a loan to be made by County to Borrower in the not to exceed
5 amount of _____. The County Loan is subject to the State regulatory
6 requirements and the HEAP regulations. The County Loan shall be evidenced by the County
7 Promissory Note (Exhibit "E") and secured by, among other things, a County Deed of Trust
8 (Exhibit "F"), Covenant Agreement (Exhibit "G"), and UCC-1 (Exhibit "I").

9 **"County Loan Documents"** means this Agreement, the County Promissory Note,
10 County Deed of Trust, Covenant, and UCC-1.

11 **"County Promissory Note"** means the promissory note in favor of the County
12 evidencing the County Loan executed by Borrower in favor of the County. The form of the
13 County Promissory Note is attached hereto as Exhibit "E" and incorporated herein by this
14 reference

15 **"Covenant Agreement"** or **"Covenant"** means the Covenant Agreement (Including
16 Rental Restrictions) to be recorded upon the occurrence of the Closing, substantially in the form
17 attached to this Agreement as Exhibit "G" and incorporated herein by this reference.

18 **"Extremely Low Income"** shall have the meaning set forth in California Health and
19 Safety Code Section 50106.

20 **"Force Majeure"** or **"Force Majeure Event"** means any of the following events,
21 provided that it actually delays and interferes with the timely performance of the matter to which
22 it applies and despite the exercise of diligence and good business practices is or would be beyond
23 the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-
24 outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy;
25 epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental
26 restrictions or priority; litigation including litigation challenging the validity of this transaction or
27 any element thereof; unusually severe weather; inability to secure necessary labor, materials or
28 tools; acts of the other party; acts or failure to act of any other Governmental Authority (except

1 acts or failure to act of the County shall not excuse performance by the County); or the
2 imposition of any applicable moratorium by a governmental agency or jurisdiction; or any other
3 causes which despite the exercise of diligence and good business practices are or would be
4 beyond the reasonable control of the party claiming such delay and interference.
5 Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure
6 Event unless and until the party claiming such delay and interference delivers to the other party
7 written notice describing the event, its cause, when and how such party obtained knowledge of
8 the event, the date the event commenced, and the estimated delay resulting therefrom. An
9 extension of time for any such cause shall be for the period of the enforced delay and shall
10 commence to run from the time of the commencement of the cause. If, however, notice by the
11 party claiming such extension is sent to the other party more than thirty (30) days after the
12 commencement of the cause, the period shall commence to run only thirty (30) days prior to the
13 giving of such notice.

14 **“Force Majeure Delay”** means any delay in taking any action required by this
15 Agreement, proximately caused by the occurrence of any Force Majeure Event.

16 **“Governmental Approvals”** means and include any and all general plan amendments,
17 zoning approvals or changes, required approvals and certifications under the California
18 Environmental Quality Act, variances, conditional use permits, demolition permits,
19 excavation/foundation permits, grading permits, building permits, inspection reports and
20 approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations,
21 consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever
22 required from any Governmental Authority in order to commence and complete the construction
23 of the Project.

24 **“Governmental Authority”** means the United States, the State of California, or any
25 other political subdivision or governmental jurisdiction in which the Property is located, and any
26 court or public agency, or instrumentality having jurisdiction over the Property.

27 **“Improvements”** means any improvements to be made to the Property, as more
28 particularly described in the Scope of Improvements (Exhibit “B” attached hereto), including,

1 more generally, that the project will consist of up to 6 Affordable Units, replacement or repair of
2 flooring, painting and appropriate landscaping, all in accordance with applicable County of
3 Riverside requirements and codes. In addition, the Improvements shall comply with the current
4 California Building Code that includes comprehensive accessibility and adaptability
5 requirements for new construction development and all Governmental Approvals.

6 **"Official Records"** means the office of the County of Riverside Recorder's Office.

7 **"Participant Agreement"** means an agreement between Borrower and a resident of an
8 Affordable Unit granting that resident a right to occupy that Affordable Unit on the terms, and
9 subject to the conditions, of that agreement, in such form or forms as may from time to time be
10 approved by the County, acting in its reasonable discretion.

11 **"Permitted Lien"** means any of the following: (i) the Exceptions, (ii) liens not yet due
12 or payable on properties to secure taxes, assessments and other governmental charges or claims
13 for labor, material or supplies incurred in the ordinary course of business in respect of
14 obligations not then delinquent or not otherwise required to be paid or discharged under the
15 terms of this Agreement or the Deed of Trust, (iii) encumbrances on the Project consisting of
16 easements, rights of way, zoning restrictions, restrictions on the use of real property and defects
17 and irregularities in the title thereto, and other liens or encumbrances, which do not individually
18 or in the aggregate have a material adverse effect on the Project or its value; (iv) customary
19 banker's liens or similar rights affecting deposit accounts into which any funds securing the
20 County Loan may be deposited; and (v) other liens and encumbrances expressly permitted under
21 the terms of this Agreement or the Deed of Trust.

22 **"Project"** refers to the acquisition of the Property, completion of the Improvements to the
23 Property and the provision of supportive housing services to residents at the Property.

24 **"Project Budget"** means the schedule of permanent sources and uses of loan funds
25 attached to this Agreement as Exhibit "C" and incorporated herein by this reference.

26 **"Purchase and Sale Agreement"** means that certain Purchase and Sale Agreement
27 entered into between Borrower, as buyer, and _____, as seller, setting forth the
28 terms of the sale of the Property for the purchase price of \$_____.

1 **"Schedule of Performance"** means the Schedule of Performance to be completed on or
2 before the Close of Escrow, substantially in the form attached to this Agreement as Exhibit "D"
3 and incorporated herein by this reference.

4 **"Scope of Improvements"** means the Scope of Improvements attached to this
5 Agreement as Exhibit "B" and incorporated herein by this reference.

6 **"Title Company"** means _____ Title Insurance Company or another title
7 insurance company mutually acceptable to the County Director and Borrower.

8 **"UCC-1"** means a UCC-1 Financing Statement, substantially in the form attached to this
9 Agreement, as Exhibit "I" and incorporated herein by this reference.

10 **SECTION 103 COUNTY OF RIVERSIDE**

11 The COUNTY OF RIVERSIDE is a political subdivision of the State of California
12 exercising governmental functions and powers pursuant to California Constitution and California
13 Codes. The address for purposes of receiving notices pursuant to this Agreement is as follows:

14 County of Riverside
15 Department of Public Social Services
16 Attn: Sarah Mack, Assistant County Executive Officer
17 4060 County Circle Dr
18 Riverside, CA 92503

19 **SECTION 104 BORROWER**

20 Borrower is Social Work Action Group, a California nonprofit corporation. The address
21 of Borrower for purposes of receiving notices pursuant to this Agreement is as follows:

22 Social Work Action Group
23 Attn: Monica Sapien Petroff, Executive Director
24 28497 CA Hwy 74. #B
25 Lake Elsinore, CA 92532

26 Whenever the term "Borrower" is used herein, such term means and include the Borrower
27 as of the date hereof, and any assignee of or successor to its rights, powers and responsibilities
28 permitted by this Agreement.

1 **SECTION 105 Assignments and Transfers**

2 a. For the duration of this Agreement (but subject to subparagraph d, below), Borrower
3 shall not assign or attempt to assign all or any part of this Agreement, or any interest herein, or
4 convey any part of the Property or any interest therein, without the prior written approval of the
5 County, except that, notwithstanding any other provision of this Agreement or the Covenant to
6 the contrary, neither Borrower's entry into Participant Agreements for the Affordable Units in
7 accordance with the requirements of the Covenant nor any Permitted Lien shall be deemed to
8 assign or convey an interest in the Property. Without limiting the generality of the foregoing,
9 this prohibition shall not be deemed to prevent the granting of easements or permits to facilitate
10 the Improvements or use of the Property.

11 b. For the reasons cited above, Borrower represents and agrees for itself and any successor
12 in interest that prior to full reconveyance of the County Deed of Trust, without the prior written
13 approval of the County, in County's sole discretion, there shall be no change in Borrower's
14 status as a California nonprofit corporation managed subject to the control of its duly constituted
15 board of directors.

16 c. To the extent the County's approval of an assignment or transfer, or any change in the
17 Borrower's status as a California nonprofit corporation, is required by this Agreement, the
18 County, in granting or withholding its approval, shall base its decision upon the relevant
19 experience, financial capability, reputation, and other related information, of the proposed
20 assignee or transferee, if applicable, and the effect, if any, of such proposed transfer or change in
21 status on the public purposes of this Agreement.

22 d. The restrictions of this Section 105 shall terminate upon full reconveyance of the County
23 Deed of Trust.

24 **SECTION 106 Borrower's Representations and Warranties**

25 a. As an inducement to the County to enter into this Agreement and consummate the
26 transactions described herein, Borrower hereby represents and warrants to the County, which
27 representations and warranties are true and correct as of the date of this Agreement and which
28 shall survive the Close of Escrow:

1 1. Borrower has the legal power, right and authority to enter into this Agreement and
2 the instruments referenced herein, and to satisfy all obligations of the Borrower in this
3 Agreement or in any instrument or document referred to herein (referred to collectively
4 as the "Borrower's Obligations");

5 2. This Agreement and all documents required hereby to be executed by Borrower
6 are, and shall be, valid, legally binding obligations of and enforceable against Borrower
7 in accordance with their terms, subject only to applicable bankruptcy, insolvency,
8 reorganization, moratorium laws or similar laws or equitable principles affecting or
9 limiting the rights of contracting parties generally;

10 3. There is no charter, bylaw, or capital stock provision of Borrower, and no
11 provision of any indenture, instrument, or agreement, written or oral, to which Borrower
12 is a party or which governs the actions of Borrower or which is otherwise binding upon
13 Borrower or Borrower's property, nor is there any statute, rule or regulation, or any
14 judgment, decree, or order of any court or agency binding on Borrower or Borrower's
15 property which would be contravened by the execution, delivery or performance of any
16 of Borrower's Obligations;

17 4. There is no action, suit, or proceeding at law or in equity or by or before any
18 governmental instrumentality or other agency now pending, or, to the knowledge of
19 Borrower, threatened against or affecting Borrower, or any properties or rights of
20 Borrower, which, if adversely determined, would materially impair the right of Borrower
21 to execute or perform any of the Borrower's Obligations, or would materially adversely
22 affect the financial condition of Borrower;

23 5. Neither the execution and delivery of this Agreement, including any attachments
24 hereto or documents related to this Agreement, nor the incurrence of the Borrower's
25 Obligations, nor the consummation of the transactions herein contemplated, nor
26 compliance with the terms of this Agreement and the documents referenced herein
27 conflict with or result in the material breach of any terms, conditions or provisions of, or
28 constitute a default under, any bond, note or other evidence of indebtedness or any

1 contract, indenture, mortgage, deed of trust, loan, or other agreements or instruments to
2 which Borrower is a party;

3 6. No attachments, execution proceedings, assignments for the benefit of creditors,
4 insolvency, bankruptcy, reorganization or other proceedings are pending or threatened
5 against Borrower, nor are any of such proceedings contemplated by Borrower;

6 7. All reports, documents, instruments, information and forms of evidence delivered
7 to the County concerning or required by this Agreement (to the best of Borrower's
8 knowledge with respect to materials prepared by third parties) are accurate, correct and
9 sufficiently complete to give the County true and accurate knowledge of their subject
10 matter, and (to the best of Borrower's knowledge with respect to materials prepared by
11 third parties) do not contain any untrue statement of a material fact or omit to state a
12 material fact necessary to make the statements or facts contained therein not misleading;
13 and

14 8. No representation, warranty or statement of Borrower in this Agreement contains
15 or will contain any untrue statement of a material fact or omits or will omit to state a
16 material fact necessary to make the statements or facts contained therein not misleading.

17 Borrower's representations and warranties made in this Section 106 shall be continuing
18 and shall be true and correct as of the date of the Close of Escrow with the same force
19 and effect as if remade in a separate certificate at that time. The truth and accuracy of the
20 Borrower's representations and warranties made herein shall constitute a condition for
21 the benefit of the County to the performance of the County's obligations hereunder.

22 b. Borrower shall upon learning of any fact or condition which would cause any of the
23 warranties and representations in this Section 106 not to be true as of Closing, immediately give
24 written notice of such fact or condition to County.

25 **SECTION 107 Method of Financing**

26 The Acquisition and Improvement Costs for the Project shall be paid for by Borrower
27 from a portion of the County Loan, in the amount of \$ _____, derived from a
28 portion of the County's HEAP grant. Except as otherwise provided in this Agreement, Borrower

1 shall not refinance the County Loan, except in connection with a prepayment in full of the
2 County Loan or place any additional financing on the Property without the advanced and express
3 written consent of the County Director or designee.

4 **SECTION 108 County Assistance**

5 a. County Loan. In accordance with and subject to the terms and conditions of this
6 Agreement, the County agrees to lend to Borrower, and Borrower agrees to borrow from the
7 County, the County Loan, in an amount not to exceed
8 _____. The County Loan shall be evidenced by the County
9 Promissory Note (Exhibit "E"), and the County Promissory Note shall be secured by the County
10 Deed of Trust (Exhibit "F"), the Covenant, and the UCC-1.

11 b. Terms of County Loan

12 1. Principal. The principal amount of the County Loan shall be
13 \$_____.

14 2. Interest. The interest rate shall be 3.00% per annum.

15 3. Maturity Date. The maturity date of the County Loan Note shall be the later to
16 occur of (1) January 1, 2075, and (2) fifty-five (55) years from the Close of Escrow.

17 4. Repayment. The County Promissory Note shall provide the following that the
18 County Loan will accrue simple interest at a rate of three percent (3.00%) per annum,
19 except in the case of default as hereinafter provided. [Except as provided in the Note with
20 respect to Residual Receipts (as defined therein), payments are to be deferred, if the
21 Project remains in compliance with the Covenant Agreement, during the 55 year
22 Affordability Period], and, subject to with the terms of the Note, the County Loan shall
23 be forgiven at the end of the Affordability Period;

24 5. Security. The County Loan shall be secured by, among other instruments, a first
25 priority deed of trust recorded against the Property conforming in form and substance to
26 the County Deed of Trust.

27 c. Prepayment. Prepayment of County Loan principal and/or interest may occur at any time
28 without penalty, provided however, such prepayment shall not release Borrower from complying

1 with the affordability and use restrictions set forth in the Covenant, and/or Borrower's
2 obligations to comply with all laws and regulations relating to the operation of the Affordable
3 Units, until the term of the Covenant has expired.

4 d. Total County Assistance. The parties acknowledge that the maximum amount of the
5 County Loan to fund the acquisition shall not exceed
6 _____. If there are any increases in
7 Project's funding gap due to Improvement cost increases, the additional gap shall be funded
8 solely by Borrower, or other non-County sources. Borrower understands and agrees that the
9 Borrower's performance of the conditions contained in this Agreement are a material inducement
10 to the County's execution of this Agreement and that in the event of any dispute between the
11 parties, the Agreement shall be interpreted in a manner that furthers the intent of the conditions
12 for the benefit of the County.

13 e. Allocation of Costs. The proceeds of the County Loan shall be used exclusively to pay
14 Acquisition and Improvement costs of the Property, as identified in the Project Budget and
15 reasonably approved by the County Director.

16 f. Disbursement of County Loan. Subject to Borrower's satisfaction of the conditions
17 precedent to the disbursement of the County Loan, and further provided Borrower is not in
18 default under this Agreement or any other County Loan Documents, the proceeds of the County
19 Loan shall be disbursed by County as follows:

20 1. County will disburse proceeds of the County Loan to or for the account of
21 Borrower for all eligible approved costs under the following schedule:

22 (a) The maximum total amount of \$ _____ of the County Loan shall
23 be disbursed directly into an escrow account controlled by
24 _____ to pay the purchase price to acquire the
25 Property from _____ pursuant to the terms and provisions of the Purchase and
26 Sale Agreement, title and recording costs, appraisal fees, property taxes, and other
27 amounts payable by the Borrower in connection with its purchase of the Property
28 and the satisfaction of the closing conditions for the Loan, all (to the extent

1 consistent with the Project Budget) as reflected in the settlement statements for
2 the purchase and the closing of the County Loan.

3 (b) Disbursement of County Loan funds after the Closing will be processed
4 upon receipt of invoices and County staff review of approved costs per this
5 Agreement.

6 (c) County will release any final draw down amounts of the County Loan
7 following receipt of all of the items listed in Section 108 f.2. below.

8 2. In the event that any amounts of the County Loan remain undisbursed following
9 receipt and processing of invoices submitted by Borrower, County will release the final
10 draw down of the County Loan upon receipt of all of the following:

11 (a) submission of a Project completion report including Tenant Checklist as
12 shown in Exhibit "J" which is attached hereto and by this reference incorporated
13 herein;

14 (b) Permanent Supportive Services Plan as proposed by Borrower for each
15 resident of the Property; and

16 (c) Final accounting of actual Acquisition and Improvements Costs.

17 g. Project Financing Contingency. This Agreement is expressly conditioned upon
18 Borrower's ability to purchase the Property. Either County or Borrower may elect to terminate
19 this Agreement with ten (10) days written notice to the other party if Borrower fails to acquire
20 the Property. Upon such termination, this Agreement shall be null and void.

21 1. If Borrower elects to terminate this Agreement, Borrower shall be released
22 and discharged by County from its obligations under this Agreement, except as to those
23 obligations which by their terms survive termination; or

24 2. If County elects to terminate this Agreement, County shall be released and
25 discharged by Borrower from its obligations under this Agreement, except as to those
26 obligations which by their terms survive termination.

27 At that time all cost incurred by each party on the Project will be assumed respectively.

28 h. Letter to Proceed. Borrower shall not initiate or incur expenses for County funded

1 activity covered under the terms of this Agreement prior to receiving written authorization to
2 proceed. Written authorization can be in the form of a minute order approving this Agreement by
3 the Board of Supervisors for the County of Riverside.

4 i. Reallocation of Funds. If Borrower fails to meet (1) the Improvements Start Deadline as
5 set forth in the Schedule of Performance; (2) the Completion Deadline as set forth in the
6 Schedule of Performance; and (3) the Participant Agreement Deadline as set forth in the
7 Schedule of Performance; all of which are herein (collectively, the "Performance Deadlines"),
8 subject to the notice and cure periods set forth herein, then any undisbursed County Loan funds
9 may be reallocated by County after at least thirty (30) days' prior written notice is given to
10 Borrower if Borrower fails to cure prior to the expiration of such deadlines and the applicable
11 cure period has expired. Upon such reallocation of funds, in regards to the reallocated amount,
12 this Agreement shall be terminated and be of no further force and effect and Borrower shall be
13 released and discharged from any obligations under this Agreement, except as to those
14 obligations which survive termination by their terms.

15 **Section 109 INDEMNIFICATION**

16 Without limiting any other Borrower indemnities set forth herein, Borrower shall
17 indemnify and hold harmless the County, its Agencies, Boards, Districts, Special Districts and
18 Departments, their respective directors, officers, Board of Supervisors, elected and appointed
19 officials, employees, agents and representatives (individually and collectively hereinafter
20 referred to as Indemnitees) from any liability whatsoever, based or asserted upon any acts,
21 omissions, services of Borrower, its officers, employees, subcontractors, agents or
22 representatives arising out of or in any way relating to this Agreement, including but not limited
23 to property damage, bodily injury, or death or any other element of any kind or nature
24 whatsoever arising from the performance of Borrower, its officers, employees, subcontractors,
25 agents or representatives. Borrower shall defend, at its sole expense, and pay all costs and fees
26 including, but not limited, to attorney fees, cost of investigation, defense and settlements or
27 awards on behalf of, the Indemnitees in any claim or action based upon such alleged acts or
28 omissions.

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

7 Borrower's obligation hereunder shall be satisfied when Borrower has provided to County the
8 appropriate form of dismissal relieving County and the other Indemnitees from any liability for
9 the action or claim involved.

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

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

16 Except as specifically set forth herein, the foregoing defense and indemnification
17 obligations shall survive the termination of this Agreement and shall continue to remain in effect
18 until the statute of limitations for any claims has expired.

19 **PART 2 CLOSING OF COUNTY LOAN**

20 **SECTION 201 Escrow**

21 a. County agrees to open an escrow in the County of Riverside with the Escrow Agent no
22 later than the applicable time periods established in the Schedule of Performance. Sections 201
23 through 208 (inclusive) of this Agreement shall constitute the joint escrow instructions of County
24 and Borrower with respect to the County Loan, which shall be reflected in the Escrow Agent's
25 instructions and a duplicate original of this Agreement shall be delivered to the Escrow Agent
26 upon the opening of the escrow.

27 County and Borrower shall provide such additional escrow instructions as shall be
28 necessary to close the escrow with respect to the County Loan and consistent with this

1 Agreement. The Escrow Agent hereby is empowered to act under such instructions, and upon
2 indicating its acceptance thereof in writing delivered to County and to Borrower within ten (10)
3 days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder.

4 Upon receipt by the Escrow Agent of all executed and acknowledged documents, the
5 Escrow Agent shall record all documents in accordance with Section 202 and Section 207 of this
6 Agreement when all of the conditions precedent to the close of the County Loan have been
7 satisfied, or waived by the County Director in writing, in accordance with the terms and
8 provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps
9 required by law. Any insurance policies governing the Property or any portion thereof are not to
10 be transferred.

11 b. Borrower shall request that the County disburse into escrow to the Escrow Agent the
12 following fees, charges and costs promptly after the Escrow Agent has notified Borrower of the
13 amount of such fees, charges and costs, but not earlier than 3 days prior to the scheduled date for
14 the Closing:

- 15 1. The escrow fee; and
- 16 2. Recording fees.

17 c. County shall deposit, derived from and using the HEAP Grant funds allocated for this
18 Project to Borrower , in escrow to the Escrow Agent the following fees, charges and costs
19 promptly after the Escrow Agent has notified County of the amount of such fees, charges and
20 costs, but not earlier than 3 days prior to the scheduled date for the Closing:

- 21 1. Funds in the amount of \$ _____
- 22 2. The premium for County's Title Policy, including any endorsements required by
23 the County Director, as set forth in Section 204 of this Agreement (but not constituting
24 part of the County Loan).

25 d. The Escrow Agent is authorized and directed to do all of the following:

- 26 1. Pay, and charge County and Borrower, respectively, for any fees, charges and
27 costs payable under this Section 201. Before such payments are made, the Escrow Agent
28 shall notify County and Borrower of the fees, charges and costs necessary to clear title

1 and close the escrow in the form of a closing statement approved and executed by both
2 Borrower and County (the "Settlement Statement").

3 2. Disburse funds in accordance with the Settlement Statement and deliver the
4 County Promissory Note and other documents to the parties entitled thereto when the
5 conditions of this escrow have been fulfilled by County and Borrower or waived by the
6 party benefitting therefrom.

7 3. Record any instruments delivered through this escrow in accordance with the
8 terms and provisions of this Agreement.

9 4. Pay current all delinquent and/or now payable property taxes. Pay current all
10 delinquent and/or now payable liens of supplemental taxes, assessments and or/bonds.
11 Pay any existing liens or encumbrances now or of record, other than any Exceptions that
12 are approved by County in writing pursuant to Section 203(a). Remove or case to be
13 removed any notice of bankruptcy, right or asserted of creditors, liens, notices and/or
14 judgments.

15 e. All funds received in this escrow shall be deposited by the Escrow Agent in a fully
16 government insured general escrow account with any state or national bank doing business in the
17 State of California and reasonably approved by Borrower and County.

18 f. If this escrow is not in a condition to close on or before the scheduled Closing Date set
19 forth in the Schedule of Performance, then either party who then shall have fully performed the
20 acts to be performed before the Closing may, in writing, demand the return of its money, papers
21 or documents from the Escrow Agent. Notwithstanding the foregoing provision, the County and
22 Borrower may mutually agree to extend the escrow period in writing for a period up to an
23 additional ninety (90) days. No demand for return shall be recognized until 10 days after the
24 Escrow Agent (or the party making such demand) shall have mailed copies of such demand to
25 the other party or parties at the address of its principal place of business. Objections, if any, shall
26 be raised by written notice to the Escrow Agent and to the other party within the 10-day period,
27 in which event the Escrow Agent is authorized to hold all money, papers and documents with
28 respect to the Property until instructed by a mutual agreement of the Parties or, upon failure

1 thereof, by a court of competent jurisdiction. If no such demands are made, then the escrow shall
2 be closed as soon as possible.

3 g. If objections are raised as above provided for, then the Escrow Agent shall not be
4 obligated to return any such money, papers or documents except upon the written instructions of
5 both County and Borrower, or until the party entitled thereto has been determined by a final
6 decision of a court of competent jurisdiction. If no such objections are made within said 10-day
7 period, then the Escrow Agent shall immediately return the demanded money, papers or
8 documents.

9 h. The Parties understand they may be required to execute additional standard form escrow
10 instructions required by the Escrow Agent ("General Instructions"). In the event of a conflict
11 between this Agreement and any such General Instructions, this Agreement shall control. The
12 Parties agree, however, that they would refuse to execute General Instructions which (i) purport
13 to relieve the Escrow Agent of liability for negligence or intentional wrong-doing, (ii) excuse the
14 Escrow Agent from strict compliance with each and all of the provisions of this document and
15 the General Instructions or (iii) purport to authorize the Escrow Agent to follow the instructions
16 or directive of any person not a direct signatory party to this Agreement. Any amendment to the
17 escrow instructions shall be in writing and executed by both County and Borrower. At the time
18 of any amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under
19 such amendment.

20 i. County and Borrower shall each pay their legal and professional fees and fees of other
21 consultants incurred by County and Borrower in connection with the Closing, respectively.

22 j. All communications from the Escrow Agent to County or Borrower shall be directed to
23 the addresses set forth in Sections 103 and 104 of this Agreement, and in the manner set forth in
24 Section 601 of this Agreement for notices between the Parties.

25 **SECTION 202 Recordation of Documents**

26 County and Borrower, respectively, agree to perform all acts necessary to achieve recordation
27 and delivery of documents in sufficient time for escrow to be closed in accordance with the
28 foregoing provisions.

1 a. The following documents shall be recorded in the following order ("Recorded
2 Documents") against the Property upon the Closing:

| ORDER OF RECORDATION | DOCUMENT NAME |
|----------------------|--|
| 1 | Covenant Agreement |
| 2 | County Deed of Trust, this Agreement, and UCC-1 Financing Statement |

8
9 b. All documents to be recorded shall be recorded in the Official Records.

10 **SECTION 203 Exceptions**

11 a. Within 10 days after the earlier of the opening of escrow or execution of this Agreement
12 by County, County shall cause the Title Company to deliver to County a preliminary report or
13 pro forma title policy (the "Report") with respect to title to the Property, together with copies of
14 the documents underlying the exceptions (the "Exceptions") set forth in the Report. County shall
15 have the right to reasonably approve or disapprove the Exceptions; provided, however, that
16 County hereby approves the following Exceptions:

17 1. The lien of any non-delinquent property taxes and assessments.

18 b. County shall have 30 days from the date of its receipt of the Report to give written notice
19 to Borrower of County's approval or disapproval of any of such Exceptions set forth in the
20 Report. If County notifies Borrower of its disapproval of any Exceptions in the Report, then
21 Borrower shall have the right, but not the obligation, within 30 days after receipt of such
22 notification, to provide reasonably acceptable assurances to County that such Exception(s) will
23 be removed on or before the Close of Escrow. If Borrower does not provide such assurances to
24 County within such 30-day period, then County shall have 5 days after the first to occur of the
25 expiration of such 30-day period or receipt of election by Borrower to not provide such
26 assurances, to elect to terminate this Agreement by giving Borrower written notice of
27 termination. If County does not make such election within said 5-day period, then County shall
28 be deemed to have elected not to proceed with the transaction due to the disapproved

1 Exception(s). The Exceptions to title approved by County as provided herein together with those
2 which are set forth in this Agreement, and those which are otherwise consistent with this
3 Agreement and which are acceptable to County, shall hereinafter collectively be referred to as
4 the "Approved Title Conditions." County shall have the right to approve or disapprove any
5 further Exceptions reported by the Title Company after County has approved the Approved Title
6 Conditions for the Property (which are not created by County). Borrower shall not create and
7 shall use its best efforts not to allow any new exceptions to title following the Effective Date of
8 this Agreement without the prior written approval of the County.

9 **SECTION 204 County's Title Policy**

10 Concurrent with recordation of the County Deed of Trust, the Title Company shall
11 provide and deliver County's Title Policy to County. County shall be responsible for depositing
12 funds sufficient to pay for the title insurance premiums for County's Title Policy, including any
13 special coverage or endorsements thereto reasonably required by the County Director, using
14 funds derived from the HEAP Grant funds allocated for this Project to Borrower (but not
15 constituting part of the County Loan).

16 **SECTION 205 Recordation of County Deed of Trust**

17 Borrower shall execute and deposit the County Promissory Note with the Escrow Agent
18 at least 1 business day before the Close of Escrow. The Escrow Agent shall deliver the County
19 Promissory Note to County immediately following the delivery to County of County's Title
20 Policy or confirmation that the Title Company is irrevocably committed to issue County's Title
21 Policy and the recording of the County Deed of Trust in the Official Records.

22 **SECTION 206 Conditions Precedent to Closing of County Loan**

23 The Closing and the obligations of the County and Borrower hereunder are subject to the
24 satisfaction prior to the Closing (unless otherwise provided or waived in writing by the County
25 Director), or, in the case of conditions for the benefit of Borrower, of the following conditions,
26 and the obligations of the parties with respect to such conditions are as follows:

- 27 a. Borrower executes this Agreement and delivers to County, or the Escrow Agent if
28 instructed, for recordation in Official Records.

1 b. Borrower shall have delivered to County an appraisal report prepared by an independent
2 certified appraiser, in good standing with the American Institute of Real Estate Appraisers and a
3 Member of the Appraisal Institute (MAI), establishing that the purchase price for the Property set
4 forth in the Purchase and Sale Agreements is equal to or above the current fair market value of
5 the Property.

6 c. Title Company shall be irrevocably committed to issue the County's ALTA Title Policy
7 in the amount of the County Loan _____ insuring the County Deed of Trust as a
8 second priority lien on the Property.

9 d. Borrower shall have submitted, and County's Director shall have approved, any plans for
10 the Improvements.

11 e. Borrower shall have delivered to the County, and County's Director shall have approved,
12 a final Project Budget or any revisions to the Project Budget attached to this Agreement,
13 demonstrating to the satisfaction of the County's Director the availability of sufficient funds to
14 pay all Acquisition and Improvements Costs.

15 f. Borrower shall have submitted to the County, and County Director shall have approved,
16 evidence of the Insurance Policies required by this Agreement.

17 g. Borrower shall have submitted to County, and County's Director shall have approved
18 each of the Covenant Agreement and the subrecipient agreement between the County and
19 Borrower described in Part 4 of this Agreement, together with any ancillary documents or
20 agreements required to be executed and delivered concurrently with either of the foregoing
21 agreements, and each of such agreements shall have been executed by each of the parties thereto,
22 as appropriate.

23 h. Prevailing Wages. If Davis Bacon and/or prevailing wages pursuant to the California
24 Labor Code are required to be paid, Borrower hires a qualified professional firm to review and
25 monitor Davis Bacon and/or prevailing wage compliance for all submissions of contractors
26 certified payrolls to County. In the event that the Project requires prevailing wages, Borrower
27 shall comply with any applicable labor regulations and all other State Laws in connection with
28 the construction of the improvements which compromise the Project, including if applicable,

1 requirements relating to prevailing wages. Borrower agrees and acknowledges that it is the
2 responsibility of Borrower to obtain legal determination, at Borrower's sole cost and expense, as
3 to whether prevailing wages must be paid during the construction of the Project. If the Project is
4 subject to prevailing wage, then Borrower shall be solely responsible to pay its contractors and
5 subcontractors the required prevailing wage rates. Borrower agrees to indemnify, defend, and
6 hold County harmless from and against any and all liability arising out of and related to
7 Borrower's failure to comply with any and all applicable Davis Bacon and/or prevailing wage
8 requirements.

9 i. County and Borrower shall have prepared such joint supplemental instructions for the
10 Escrow Agent as may be necessary to close the transaction contemplated herein.

11 j. Documents (benefits Borrower and County, as applicable). County, Borrower, and other
12 parties, as appropriate, shall have executed, in recordable form as necessary, and delivered into
13 escrow for recordation in the Official Records, where appropriate, the following documents:

14 1. County Deed of Trust and in recordable form, for recordation in the Official
15 Records.

16 2. The County Promissory Note (to be delivered to the County).

17 3. The Covenant Agreement, in recordable form, for recordation in the Official
18 Records.

19 k. Borrower shall have prepared and delivered to the County, and the County's Director
20 shall have approved, the property manager for the Affordable Units and the Management Plan as
21 required by the Covenant.

22 l. Borrower shall have duly performed each and every obligation to be performed by
23 Borrower hereunder and Borrower's representations, warranties and covenants set forth in this
24 Agreement shall be true and correct as of the date of the Closing.

25 m. County shall have delivered the items and funds to be delivered by County, when and as
26 required in this Agreement.

27 n. The Escrow Agent shall have accepted such supplemental recording instructions as may
28 have been prepared by the County.

1 o. Borrower is not in default under the terms of this Agreement.

2 **SECTION 207 Disbursements; Other Actions to be taken by the Escrow Agent**

3 Upon the Closing, Escrow Agent shall promptly undertake all of the following in the manner
4 herein below indicated:

5 a. Deliver the County Promissory Note to County.

6 b. Cause the County Deed of Trust and other recordable County Loan Documents, and any
7 other documents which the Parties may mutually direct, to be recorded in the Official Records,
8 and obtain conformed copies thereof for distribution to County and Borrower.

9 c. Direct the Title Company to issue County's Title Policy to County.

10 d. Prepare and distribute to Borrower and County each, copies of both parties' escrow
11 closing statements and a complete copy of all documents handled by escrow.

12 Escrow Agent agrees that release of County Loan proceeds by County to Borrower shall
13 irrevocably commit Escrow Agent, on behalf of Title Company, to issue the County's Title
14 Policy in accordance with this Agreement.

15 **[SECTION 208 Termination Prior to Closing**

16 In the event that the escrow terminates prior to Closing in accordance with any provision of this
17 Agreement, then:

18 a. Escrow Agent is hereby instructed to promptly return to Borrower and County all funds,
19 if any, and documents deposited by them, respectively, into escrow which are held by Escrow
20 Agent on the date of said termination (less, in the case of the party otherwise entitled to such
21 funds, however, the amount of any cancellation charges required to be paid by such party under
22 this Section 208);

23 b. Neither party shall have any further rights or obligations hereunder except those that
24 survive termination of this Agreement as expressly provided herein, except that, with respect to
25 the uncured breach by the County, Borrower may pursue its rights and remedies available to it at
26 law or in equity; and

27 c. The cancellation charges, if any, required to be paid by and to Escrow Agent and the Title
28 Company shall be borne by Borrower and all other charges shall be borne by the party incurring

1 same.

2 **SECTION 209 Condition of the Property**

3 a. Hazardous Substances. "Hazardous Substance" as used in this Agreement means any
4 substance, material or waste which is or becomes regulated by the United States government, the
5 State of California, or any local or other governmental authority, as hazardous to human health
6 or to the environment, including, without limitation, (i) any material, substance or waste which is
7 defined as "extremely hazardous substances", "hazardous substances", "hazardous materials",
8 "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response,
9 Compensation and Liability Act of 1980, as amended, 42 U.S.C. sections 9601, et seq., the
10 Hazardous Materials Transportation Uniform Safety Act of 1990, as amended, 49 U.S.C.
11 sections 5101, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42
12 U.S.C. sections 6901, et seq.; and those substances defined as "hazardous waste" in section
13 25117 of the California Health and Safety Code, as "infectious waste" in section 27054.4 of the
14 California Health and Safety Code, or as "hazardous substances" in section 25316 of the
15 California Health and Safety Code, or "hazardous material" as defined in section 353 of the
16 California Vehicle Code, or "hazardous substance" as defined in Section 33459(c) of the
17 California Health and Safety Code; and in the regulations adopted and publications promulgated
18 pursuant to said laws; (ii) petroleum, asbestos or any polychlorinated biphenyl; and (iii) any
19 other substance, whether in the form of a solid, liquid, gas or any other form whatsoever, which
20 by any governmental requirements either requires special handling in its use, transportation,
21 generation, collection, storage, treatment or disposal, or is defined as "hazardous" or is harmful
22 to the environment or capable of posing a risk of injury to public health and safety. "Hazardous
23 Substances" do not include materials customarily used in the construction, development,
24 operation or maintenance of real estate, provided such substances are used in accordance with all
25 applicable laws and regulations.

26 b. Borrower hereby represents and warrants that the Improvements and uses of the Property
27 permitted under this Agreement (i) will comply with all applicable environmental laws; and (ii)
28 do not require the presence of any Hazardous Substance on the Property.

1 c. Environmental Indemnity. Borrower agrees to indemnify, protect, defend, save and hold
2 harmless the County of Riverside and their respective Agencies, Districts, Special Districts and
3 Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners,
4 elected and appointed officials, employees, agents, representatives and attorneys, from and
5 against any and all debts, duties, obligations (including any remediation obligations or clean-up
6 costs imposed by any Governmental Restrictions), liabilities, suits, claims, demands, penalties,
7 fines, causes of action, damages, losses, costs and expenses, including, without limitation,
8 attorneys' fees and expenses (and including any allocable costs of any of the foregoing parties'
9 in-house counsel) arising on or accruing as a result of the presence, use, storage, handling,
10 treatment, generation, release, discharge, refining, manufacturing, dumping or disposal of any
11 Hazardous Substances or other kinds of contamination or pollutants of any kind into the air, soil,
12 groundwater or surface water on, under, in or about the Property (whether legal or illegal,
13 accidental or intentional), that is caused by Borrower or its representatives. The indemnity
14 provided in this Section 209.2 shall survive the Close of Escrow and termination of this
15 Agreement.

16 **PART 3 IMPROVEMENT OF PROPERTY**

17 **SECTION 301 Land Use or Permitting Approvals**

18 a. It is the responsibility of Borrower, without cost to County, to ensure that zoning of the
19 Property and all applicable land use requirements will permit the Improvements of the Property
20 and the completion of any Improvements and the use, operation and maintenance of such
21 Improvements in accordance with the provisions of this Agreement. Nothing contained herein
22 shall be deemed to entitle Borrower to any required permit or other Governmental Authority
23 approval necessary for the improvement or use of the Property, or waive any applicable
24 requirements relating thereto. This Agreement does not (a) grant any land use entitlement,
25 building permits or any other permits to Borrower, (b) supersede, nullify or amend any condition
26 which may be imposed by the County or a Governmental Authority in connection with approval
27 of the Improvements described herein, (c) guarantee to Borrower or any other party any profits
28 from the Improvements or use of the Property, or (d) amend any City or County laws, codes or

1 rules. This is not a Development Agreement as provided in Government Code Section 65864.

2 b. Borrower shall provide County with copies of all County-approved plans for the Project
3 within fifteen (15) days following the written request of County.

4 c. Borrower shall, without limitation, as and when required to complete the Improvements
5 in accordance with the Schedule of Performance, (i) secure all entitlements, changes of zone, any
6 and all necessary studies required therefor, as applicable, and pay all costs, charges and fees
7 associated therewith, and Borrower shall deliver to County, within fifteen (15) days after
8 County's request, satisfactory evidence that it has secured any and all land use entitlements,
9 permits, approvals required as of the date of such request with respect to completion of the
10 Improvements and the Project pursuant to the applicable rules and regulations of, the County of
11 Riverside, or any other Governmental Authority affected by such Improvement work.

12 **SECTION 302 Scope of Improvements**

13 a. Borrower shall complete the Improvements to the Property, at its own cost and expense,
14 in accordance with (i) the Schedule of Performance, (ii) the Scope of Improvements, (iii) any
15 plans that may have been prepared by Borrower and approved in writing by County, and (iv) if
16 applicable, any requirements, including any requirement for environmental review, imposed
17 under the California Environmental Quality Act ("CEQA") and/or the National Environmental
18 Policy Act ("NEPA"). Certain State and local environmental requirements under CEQA may be
19 applicable to the proposed Project, and Borrower shall comply with such requirements as a
20 condition precedent to County disbursement of any portion of the County Loan.

21 b. Borrower shall indemnify and hold harmless the County of Riverside, its Agencies,
22 Districts, Special Districts and Departments, their respective directors, officers, Board of
23 Supervisors, elected and appointed officials, employees, agents and representatives (individually
24 and collectively hereinafter referred to as "Indemnitees") from any liability whatsoever, based or
25 asserted upon any CEQA challenge related to the Project. Borrower shall pay, at its sole
26 expense, all costs and fees including, but not limited, to attorneys' fees, cost of investigation,
27 defense and settlements or awards, of the Indemnitees in any claim or action based upon such
28 alleged acts or omissions.

1 **SECTION 303 Plans and Drawings for Improvements**

2 a. In the event a Governmental Authority requires the preparation of any plans in order for
3 Borrower to obtain any permits, including but not limited to any building permits, Borrower shall
4 prepare and submit to the approving Governmental Authority (with a copy to County) any such
5 plans and related documents for any of the following: 1) any basic concept or schematic
6 drawings for the Improvements, 2) landscaping and grading to be done on the Property, or 3)
7 construction drawings and related documents (collectively called the "Plans") These Plans shall
8 be prepared and submitted within the times established in the Schedule of Performance.

9 1. Basic concept and schematic drawings shall include a site plan, elevations and
10 sections of the Improvements as they are to be made on the Property. In the event that
11 such basic concept and schematic drawings and related documents are prepared as
12 described in this Section 303, the Property shall be developed as established in the basic
13 concept and schematic drawings and related documents except as changes may be
14 mutually agreed upon between Borrower and the Director or designee. Any such changes
15 shall be within the limitations of the Scope of Improvements.

16 2. If required by any homeowners association or by a regulation or ordinance of a
17 Governmental Authority, landscaping plans shall be prepared by a professional landscape
18 architect and the grading plans shall be prepared by a licensed civil engineer. Such
19 landscape architect and/or civil engineer may be the same firm as Borrower's architect.
20 Within the times established in the Schedule of Performance, Borrower shall submit to
21 the County for approval the name and qualifications of its architect, landscape architect
22 and civil engineer, as applicable.

23 3. Construction drawings and related documents shall be prepared in accordance
24 with the requirements of any necessary approval of a Governmental Authority and such
25 Plans submitted to the applicable Governmental Authority (with a copy to the County)
26 for review (including but not limited to architectural review, if applicable), and written
27 approval in accordance with the times established in the Schedule of Performance. Such
28 construction drawings and related documents, if otherwise required to be so submitted

1 under applicable approval procedures, shall be submitted as 50% and Final Construction
2 Drawings. Final Construction Drawings are hereby defined as those in sufficient detail to
3 obtain a building permit. Where the County is the relevant Governmental Authority,
4 approval of progressively more detailed Plans will be promptly granted by the Director or
5 designee if developed as a logical evolution of Plans theretofore approved. Any items so
6 submitted and approved by the Director or designee shall not be subject to subsequent
7 disapproval.

8 b. During the preparation of all Plans, the Director or designee and Borrower shall hold
9 regular progress meetings to coordinate the preparation of, submission to, and review of Plans
10 and related documents by the Director or designee. The Director or designee and Borrower shall
11 communicate and consult informally as frequently as is necessary to insure that the formal
12 submittal of any documents to the County can receive prompt and speedy consideration.

13 c. If any revisions or corrections of Plans approved by the County shall be required by any
14 Governmental Authority having jurisdiction over the completion of the Improvements, Borrower
15 and the Director or designee shall cooperate in efforts to obtain waiver of such requirements or to
16 develop a mutually acceptable alternative.

17 **SECTION 304 County Approval of Plans**

18 a. Subject to the terms of this Agreement, the County shall have the right to review
19 (including without limitation architectural review) and approve or disapprove all Plans and
20 submissions, including any proposed substantial changes to any such Plans or submissions
21 approved by County. Upon receipt of any disapproval, Borrower shall revise the Plans, and shall
22 resubmit to the Director or designee as soon as possible after receipt of the notice of disapproval.
23 The County shall approve or disapprove the Plans referred to in this Agreement within the times
24 established in the Schedule of Performance. Any disapproval shall state in writing the reasons for
25 disapproval and the changes which the Director or designee requests to be made. Such reasons
26 and such changes must be consistent with the Scope of Improvements and any items previously
27 approved hereunder. Borrower, upon receipt of a disapproval based upon powers reserved by the
28 County hereunder shall revise the Plans, and shall resubmit to the Director or designee as soon as

possible after receipt of the notice of disapproval.

b. If Borrower desires to make any substantial change in the Final Construction Drawings after their approval, such proposed change shall be submitted to the Director or designee for approval.

SECTION 305 Cost of Improvements

The cost of making any Improvements on the Property, including any offsite or onsite improvements required by the County in connection therewith, shall be the sole financial responsibility of Borrower, without any cost to County, subject to the terms of this Agreement. Borrower shall also obtain performance, material and labor, and payment bonds for the Project, in the amount required by any lenders to the Project and determined by County and shall furnish County with copies thereof prior to the commencement of such Improvements.

SECTION 306 Environmental Review.

If the Project, inclusive of contemplated Improvements is subject to review under CEQA, Borrower must comply with CEQA and its implementation regulations.

SECTION 307 Schedule of Performance

a. Each party to this Agreement shall perform the obligations to be performed by such party pursuant to this Agreement within the respective times provided in the Schedule of Performance, and if no such time is provided, within a reasonable time. The Schedule of Performance shall be subject to amendment from time to time upon the mutual agreement of the County and Borrower. County's Director, or designee, on behalf of County and without referring such matter to the County's Board of Commissioners, may extend all pending deadlines in the Schedule of Performance on two (2) or fewer occasions, so long as the aggregate duration of such administrative time extensions is no greater than 120 days.

b. After the Effective Date, Borrower shall promptly begin and thereafter diligently prosecute to completion the Improvements as provided herein and in the Scope of Improvements.

c. [Reserved]

d. Nondiscrimination. Borrower shall not discriminate on the basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring

1 or treatment of any contractors or consultants, to participate in subcontracting/subconsulting
2 opportunities. Borrower understands and agrees that violation of this clause shall be considered a
3 material breach of this Agreement and may result in termination, debarment or other sanctions.
4 This language shall be incorporated into all contracts between Borrower and any contractor,
5 consultant, subcontractor, subconsultants, vendors and suppliers. Borrower shall comply with the
6 provisions of the California Fair Employment and Housing Act (Government Code Sections
7 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended, and all
8 Administrative Rules and Regulations issued pursuant to said Acts and Orders with respect to its
9 use of the Property.

10 **SECTION 308 Insurance**

11 Without limiting or diminishing Borrower's obligation to indemnify or hold County harmless,
12 Borrower shall procure and maintain or cause to be maintained, at its sole cost and expense, the
13 following insurance coverages during the term of this Agreement.

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

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

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

10 d. Property (Physical Damage). Borrower shall provide a policy of all-risk property
11 insurance coverage for the full replacement value of all Borrower's equipment,
12 improvements/alterations, temporary structures, and systems, including without limitation, items
13 owned by others in the Borrower's care, custody or control, used on the Property or other
14 County-owned property, or used in any way connected with the performance of the work
15 required pursuant to this Agreement.

16 e. Builder's All Risk (Course of Construction) Insurance. Borrower shall provide a policy
17 of Builder's All Risk (Course of Construction) insurance coverage including (if the work is
18 located in an earthquake or flood zone or if required on financed or bond financing
19 arrangements) coverage for earthquake and flood, covering the County, Borrower and every
20 subcontractor, of every tier, for the entire Project, including property to be used in the
21 construction of the work while such property is at off-site storage locations or while in transit or
22 temporary off-site storage. Such policy shall include, but not be limited to, coverage for fire,
23 collapse, faulty workmanship, debris removal, expediting expense, fire department service
24 charges, valuable papers and records, trees, grass, shrubbery and plants. If scaffolding,
25 falsework and temporary buildings are insured separately by the Borrower or others, evidence of
26 such separate coverage shall be provided to County prior to the start of the work. Such policy
27 shall be written on a completed value form. Such policy shall also provide coverage for
28 temporary structures (on-site offices, etc.), fixtures, machinery and equipment being installed as

1 part of the work. Borrower shall be responsible for any and all deductibles under such policy.
2 Upon request by County, Borrower shall declare all terms, conditions, coverages and limits of
3 such policy. If the County so provides, in its sole discretion, the All Risk (Course of
4 Construction) insurance for the Project, then Borrower shall assume the cost of any and all
5 applicable policy deductibles (currently, \$50,000 per occurrence) and shall insure its own
6 machinery, equipment, tools, etc. from any loss of any nature whatsoever.

7 f. General Insurance Provisions – All Lines.

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

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

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

1 Certificate of Insurance.

2 h. It is understood and agreed to by the parties hereto that Borrower's insurance shall be
3 construed as primary insurance, and County 's insurance and/or deductibles and/or self-insured
4 retention's or self-insured programs shall not be construed as contributory.

5 i. If, during the term of this Agreement or any extension thereof, there is a material change
6 in the scope of services or there is a material change in the equipment to be used in the
7 performance of the scope of work which will add additional exposures (such as the use of
8 aircraft, watercraft, cranes, etc.), then County reserves the right to adjust the types of insurance
9 required under this Agreement and the monetary limits of liability for the insurance coverage's
10 currently required herein, if; in Risk Manager's reasonable judgment, the amount or type of
11 insurance carried by Borrower has become inadequate.

12 j. Borrower shall pass down the insurance obligations contained herein to all tiers of
13 subcontractors.

14 k. Borrower agrees to notify County of any claim by a third party or any incident or event
15 that may give rise to a claim arising from the performance of the Agreement.

16 **SECTION 309 Notice of Job Availability**

17 Borrower is required, and shall require Borrower's contractor, and cause Borrower's contractor
18 to notify any subcontractor, to notify the Riverside County Workforce Development Center and
19 the Riverside County Greater Avenues for Independence (GAIN) program of any and all job
20 openings related to the development and construction of the Project.

21 **SECTION 310 Local, State and Federal Laws**

22 a. The Borrower shall carry to completion the Improvements on the Property, including,
23 without limitation, any and all public works, (as defined by applicable law), if any, in conformity
24 with all applicable local, state and federal laws, including, without limitation, all applicable
25 federal and state labor laws (including, without limitation, any applicable requirement to pay
26 state prevailing wages). Borrower hereby agrees that Borrower shall have the obligation to
27 provide any and all disclosures, representations, statements, rebidding, and/or identifications
28 which may be required by Labor Code Sections 1726 and 1781, as the same may be enacted,

1 adopted or amended from time to time, or any other provision of law. Borrower hereby agrees
2 that Borrower shall have the obligation to provide and maintain any and all bonds to secure the
3 payment of contractors (including the payment of wages to workers performing any public work)
4 which may be required by the Civil Code, Labor Code Section 1781, as the same may be
5 enacted, adopted or amended from time to time, or any other provision of law, to the extent
6 required by law. Borrower shall indemnify, protect, defend and hold harmless the County of
7 Riverside and their respective Agencies, Districts, Special Districts and Departments, their
8 respective directors, officers, Board of Supervisors, elected and appointed officials, employees,
9 agents, representatives and attorneys, with counsel reasonably acceptable to County, from and
10 against any and all loss, liability, damage, claim, cost, expense, and/or "increased costs"
11 (including labor costs, penalties, reasonable attorneys' fees, court and litigation costs, and fees of
12 expert witnesses) which, in connection with the development and/or construction (as defined by
13 applicable law) of the Improvements, including, without limitation, any and all public works (if
14 any) (as defined by applicable law), results or arises in any way from any of the following: (1)
15 the noncompliance by Borrower of any applicable local, state and/or federal law, including,
16 without limitation, any applicable federal and/or state labor laws (including, without limitation, if
17 applicable, the requirement to pay state prevailing wages); (2) the implementation of Chapter
18 804, Statutes of 2003; (3) the implementation of Sections 1726 and 1781 of the Labor Code, as
19 the same may be enacted, adopted or amended from time to time, or any other similar law; (4)
20 failure by Borrower to provide any required disclosure representation, statement, rebidding
21 and/or identification which may be required by Labor Code Sections 1726 and 1781, as the same
22 may be enacted, adopted or amended from time to time, or any other provision of law; and/or (5)
23 failure by Borrower to provide and maintain any and all bonds to secure the payment of
24 contractors (including the payment of wages to workers performing any public work) which may
25 be required by the Civil Code, Labor Code Section 1781, as the same may be enacted, adopted or
26 amended from time to time, or any other provision of law. Borrower hereby expressly
27 acknowledges and agrees that County has never previously affirmatively represented to the
28 Borrower or its contractor(s) for the Improvements in writing or otherwise, that the work to be

1 covered by the bid or contract is not a "public work," as defined in Section 1720 of the Labor
2 Code. It is agreed by the parties that, in connection with the development and construction (as
3 defined by applicable law) of the Improvements, including, without limitation, any public work
4 (as defined by applicable law), if any, Borrower shall bear all risks of payment or non-payment
5 of state prevailing wages and/or the implementation of Chapter 804, Statutes of 2003 and/or
6 Labor Code Sections 1726 and 1781, as the same may be enacted, adopted or amended from time
7 to time, and/or any other provision of law. "Increased costs" as used in this Section shall have
8 the meaning ascribed to it in Labor Code Section 1781, as the same may be enacted, adopted or
9 amended from time to time. The foregoing indemnity shall survive termination of this
10 Agreement and shall continue after the statute of limitations for any claims has expired. If under
11 applicable law Borrower is required to provide a Payment and Performance Bond or Letter of
12 Credit, Borrower shall provide documentation of a Payment and Performance Bond or Letter of
13 Credit to secure performance under the construction contract issued by a bonding company or
14 financial institution reasonably approved by County. The bond shall name County as co-obligee.

15 b. Any borrower whose development plan involves "public works" as the term is defined in
16 Chapter 1 of Part 7 of Division 2 of the Labor Code, commencing with Section 1720, must pay
17 prevailing wages in accordance with the law. Labor Code section 1720.6 defines public works
18 as any construction, alteration, demolition, installation, or repair work done under private
19 contract when the work is performed on the property of the state or a political subdivision of the
20 state.

21 c. Although prevailing wage laws apply only to "public works," the definition of a public
22 works project extends to otherwise private construction or development projects that are "paid in
23 whole or in part out of public funds." The statutory definition of "paid in whole or in part out of
24 public funds" includes a broad array of financial assistance, including: (1) public agency
25 payments of money or its equivalent to or on behalf of a contractor or developer, (2) public
26 agency construction of a project, (3) the transfer of property for less than "fair market value," (4)
27 paid, reduced or waived fees, costs, rents, insurance or bond premiums, loans, interest rates, or
28 other obligations, (5) money to be paid on a contingent basis, or (6) the forgiveness of or credits

1 against outstanding loans.

2 d. Borrower shall require that any contractor working on the Project shall comply with
3 prevailing wage requirements and be subject to restrictions and penalties in accordance with
4 §1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work
5 classifications in all bid specifications and subcontracts. Borrower shall require that the
6 contractor shall furnish all subcontractors/employees a copy of the Department of Industrial
7 Relations prevailing wage rates to be posted at the job site. All prevailing wages shall be
8 obtained by the successful operator/contractor from:

9 Department of Industrial Relations
10 Division of Labor Statistics and Research
11 455 Golden Gate Avenue, 8th Floor
12 San Francisco, CA 94102

13 **SECTION 313 Notice of Non-Responsibility**

14 County shall, at any and all times during the term of this Agreement, have the right to
15 post and maintain on the Property, and record against the Property, as required by law, any
16 notice or notices of non-responsibility provided for by the mechanics' lien laws of the State of
17 California; provided, however, upon the written request of the County, Borrower shall, on behalf
18 of the County, post and maintain on the Property, and record against the Property, all notices of
19 non-responsibility provided for by the mechanics' lien laws of the State of California.

20 **SECTION 314 Permits**

21 Before commencement of the Improvements upon any portion of the Property, Borrower
22 shall, at its own expense, secure or cause to be secured, any and all permits which may be
23 required by the County or any other Governmental Authority affected by such construction,
24 development or work.

25 **SECTION 315 Rights of Access**

26 Commencing upon the Effective Date, representatives of the County shall have the
27 reasonable right of access to the Property, upon 48 hours' written notice to Borrower (except in
28 the case of an emergency, in which case County shall provide such notice as may be practical

1 under the circumstances), without charges or fees, at normal construction hours during the period
2 of construction for the purposes of this Agreement, including, but not limited to, the inspection
3 of the work being performed in constructing the Improvements. Such representatives of the
4 County shall be those who are so identified in writing by the County Director.

5 **SECTION 316 Disclaimer of Responsibility by County**

6 The County neither undertakes nor assumes nor will have any responsibility or duty to
7 Borrower or to any third party to review, inspect, supervise, pass judgment upon or inform
8 Borrower or any third party of any matter in connection with the development or construction of
9 the Improvements, whether regarding the quality, adequacy or suitability of the plans, any labor,
10 service, equipment or material furnished to the Property, any person furnishing the same, or
11 otherwise. Borrower and all third parties shall rely upon its or their own judgment regarding such
12 matters, and any review, inspection, supervision, exercise of judgment or information supplied to
13 Borrower or to any third party by the County in connection with such matter is for the public
14 purpose of redeveloping the Property, and neither Borrower (except for the purposes set forth in
15 this Agreement) nor any third party is entitled to rely thereon. The County shall not be
16 responsible for any of the work of construction, improvement or development of the Property.

17 **SECTION 317 Prohibition against Transfer**

18 a. Except as permitted by Section 105., paragraph a. above, in the event Borrower does
19 assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the
20 Property or the buildings or structures thereon without the approval of the County, subject to the
21 notice and cure provisions of Section 501, the County shall have the right to terminate this
22 Agreement.

23 b. In the absence of a specific written agreement by the County, and except as otherwise
24 provided in this Agreement, no such sale, transfer, conveyance or assignment of this Agreement
25 or the Property (or any portion thereof), or approval by the County of any such sale, transfer,
26 conveyance or assignment, shall be deemed to relieve Borrower or any other party from any
27 obligations under this Agreement.

28 **SECTION 318 County Not Obligated to Complete Improvements**

1 County shall not be obligated by the provisions of this Agreement to make or complete the
2 Improvements or to guarantee completion of such Improvements. Nothing in this Agreement
3 shall be deemed or construed to permit, or authorize any party to devote the Property to any uses,
4 or to construct any improvements thereon, other than those uses or improvements provided for or
5 authorized by this Agreement.

6 **SECTION 319 Right of the County to Satisfy Other Liens on the Property**

7 Prior to completion of the Improvements and after Borrower has had a reasonable time to
8 challenge, cure or satisfy any liens or encumbrances on its interest in the Property, the County
9 shall have the right to satisfy any such liens or encumbrances; provided, however, that nothing in
10 this Agreement prevent the Borrower in good faith from contesting the validity or amount
11 thereof, and so long as such delay in payment shall not subject the Property to forfeiture or sale.
12 In such event, the County shall be entitled to reimbursement from Borrower of all costs and
13 expenses incurred by the County in satisfying any such liens or encumbrances. The lien of the
14 Deed of Trust shall secure Borrower's obligation to reimburse such costs and expenses to
15 County.

16 **PART 4. USE OF THE PROPERTY**

17 **SECTION 401 Uses**

18 a. Borrower covenants and agrees for itself, its successors, its assigns and every successor
19 in interest to the Property or any part thereof, for the duration of the Affordability Period, that
20 Borrower, such successors and such assignees shall use the Property only for the uses specified
21 in any operating or sub-recipient agreements entered into between the County and Borrower and
22 this Agreement, including without limitation the Scope of Improvements, the Covenant and
23 applicable Governmental Approvals. No change in the use of the Property shall be permitted
24 without the prior written approval of County.

25 b. Notwithstanding the generality of Section 401(a), for the duration of the Affordability
26 Period, Borrower, its successors and assigns, shall use the Property only for the uses permitted in
27 this Agreement, specifically including the following: (i) residential occupancy uses, with respect
28 to the Affordable Units, and (ii) as supportive housing requiring supportive services to be made

1 available for all of the assisted families in the Project, providing a range of services tailored to
2 the needs of the residents occupying the Affordable Units. Such services may include (but are
3 not limited to): meal service adequate to meet nutritional need; housekeeping aid; personal
4 assistance; transportation services; health-related services; case management; educational and
5 employment services; job training; counseling; or other services designed to help the recipient
6 live in the community as independently as possible. Borrower shall be solely responsible for
7 payment of all costs associated with the provision of the aforementioned supportive services
8 required herein, without any cost to the County.

9 c. The Project shall remain in compliance with all applicable Federal, State and local codes,
10 laws, regulations and ordinances for the duration of this Agreement and the Affordability Period.

11 d. Residential Uses. For a period consisting of fifty-five (55) years from the Close of
12 Escrow, or (ii) January 1, 2075, whichever is later, without regard to the term of the County
13 Loan, repayment of the County Loan, or the transfer of ownership of the Project, Borrower on
14 behalf of itself and its successors, assigns, and each successor in interest to Borrower's interest in
15 the Property or any part thereof, hereby covenants and agrees as follows:

16 (1) All of the Affordable Units shall be made available to Extremely Low Income
17 households at an Affordable Rent in accordance with a schedule of affordable rents prepared by
18 Borrower and approved by the County to be attached as an exhibit to the Covenant prior to
19 recordation and the rent limitations set forth in California Health and Safety Code Sections
20 50053 b(1) and 50053 b(2), as may be amended from time to time;

21 (2) Borrower agrees the Project shall not include any residential units other than
22 Affordable Units, all of which shall be held exclusively to rent to and/or to be occupied
23 exclusively by extremely low income households. Such Affordable Units shall be rented or
24 otherwise provided to, and occupied by, households whose incomes do not exceed thirty percent
25 (30%) of the median family income for the County of Riverside, adjusted by family size at the
26 time of occupancy.

27 (3) The maximum incomes of all residents eligible to occupy an Affordable Unit shall
28 be determined on the basis of the Area Median Income for County of Riverside.

1 (4) No officer, employee, agent, official or consultant of Borrower may occupy any
2 of the Affordable Units.

3 **SECTION 402 Maintenance**

4 a. If at any time during the Affordability Period the Property is vacant, then, in addition to
5 the property maintenance requirements set forth in the Covenant Agreement, Borrower
6 covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the
7 Property or any part thereof) that, during such period of vacancy, Borrower shall maintain and
8 secure the Property in accordance with reasonable vacant property management practices. In
9 addition, Borrower, its successors and assigns shall maintain the Property and any improvements
10 thereon and the landscaping on the Property in a manner consistent with community standards
11 which will uphold the value of the Property, in accordance with this Agreement, and the County
12 of Riverside ordinances or any applicable Governmental Authority with jurisdiction over the
13 Property (as applicable, the "Code"), and the following:

14 b. Exterior Maintenance. All exterior, painted surfaces of any structures located on the
15 Property shall be maintained at all times in a clean and presentable manner. Any defacing
16 marks, including any graffiti, whether in the form of marks, words and/or pictures, shall be
17 cleaned or removed within a reasonable time.

18 c. Front and Side Exteriors. Borrower shall, at all times, maintain the front exterior and any
19 visible side exteriors and yards, if any, in a clean, safe and presentable manner, free and clear of
20 trash and/or debris.

21 d. [Reserved]

22 e. Landscaping. All landscaping surrounding the Property shall be maintained in a manner
23 consistent with the Code and any rules, regulations and standards adopted pursuant to the Code.
24 In addition, for example, the yard areas shall not contain the following: (i) lawns with grasses in
25 excess of nine (9) inches in height; (ii) trees, shrubbery, lawns or other plant life which are dying
26 from a lack of water or other necessary maintenance; (iii) trees and shrubbery grown
27 uncontrolled without proper pruning; (iv) vegetation so overgrown as to be likely to harbor rats
28 or vermin; (v) dead, decayed or diseased trees, weeds and other vegetation; and (vi) inoperative

1 irrigation systems.

2 f. Maintenance by Borrower. Borrower shall, at his, her or their sole cost and expense,
3 maintain and repair the Property and the improvements thereon, keeping the same in good
4 condition and making all repairs as may be required by this Agreement and the Code.

5 Damage and Destruction Affecting Property -- Duty to Rebuild. If all or any portion of the
6 Property and the improvements thereon is damaged or destroyed by fire or other casualty, it shall
7 be the duty of Borrower to rebuild, repair or reconstruct the Property in a timely manner to
8 restore it to Code compliance condition or the condition required by the applicable jurisdiction.

9 g. Variance in Exterior Appearance and Design. If the Property is damaged or destroyed by
10 casualty, Borrower may not, without the prior written consent of the County, reconstruct, rebuild
11 or repair the Property in a manner which would provide substantially different exterior
12 appearance and Property design from that which existed prior to the date of the casualty.

13 h. Time Limitation. In the event of damage or destruction due to casualty, Borrower shall
14 be obligated to proceed with all due diligence to commence reconstruction, unless prevented by
15 causes beyond the reasonable control of Borrower as reasonably determined by County, within
16 two (2) months after the damage occurs and to complete reconstruction within a reasonable time
17 after damage occurs.

18 i. Inspection. In the event the County, in the sole discretion of the County Director,
19 determines that the Borrower has failed to maintain the Property, the County, or its designee, on
20 two (2) weeks' prior written notice of any noted code violations and maintenance deficiencies
21 (collectively, the "Deficiencies"), shall have the right, but not the obligation, to enter the
22 Property, correct any Deficiency, and hold the Borrower responsible for the cost thereof. Any
23 cost incurred by the Borrower to cure any such Deficiency, until paid, shall constitute a lien on
24 the Property pursuant to Civil Code Section 2881.

25 **SECTION 403 Obligation to Refrain from Discrimination**

26 Borrower covenants and agrees for itself, its successors, its assigns and every successor
27 in interest to the Property or any part thereof, there shall be no discrimination against or
28 segregation of any person, or group of persons, on account of sex, sexual orientation, marital

1 status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer,
2 use, occupancy, tenure or enjoyment of the Property nor shall the Borrower itself or any person
3 claiming under or through it establish or permit any such practice or practices of discrimination
4 or segregation with reference to the selection, location, number, use or occupancy of tenants,
5 lessees, subtenants, sublessees or vendees of the Property. Borrower, specifically and more
6 particularly, covenants by and for itself, himself or herself, its, his or her heirs, executors,
7 administrators, and assigns, and all persons claiming under or through them, that there shall be
8 no discrimination against or segregation of, any person or group of persons on account of any
9 basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are
10 defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of
11 Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease,
12 transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall the Borrower or any
13 person claiming under or through it, him or her, establish or permit any practice or practices of
14 discrimination or segregation with reference to the selection, location, number, use or occupancy
15 of tenants, lessees, subtenants, sublessees, or vendees of the Property.

16 Notwithstanding the preceding paragraph, the provisions relating to discrimination on the
17 basis of familial status shall not be construed to apply to housing for older persons, as defined in
18 Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4,
19 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d)
20 of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section
21 12955 of the Government Code shall also apply to the preceding paragraph.

22 As used in this Section 403 and the following provisions of this Part 4, all references to
23 "tenant," "lessee," or "sublessee" shall be deemed to include "resident," and all references to
24 "lease" or "sublease," whether used as a noun or a verb, shall be deemed to include the right of
25 occupancy granted, or the grant of a right of occupancy, as the case may be, pursuant to a
26 Participant Agreement.

27 **SECTION 404 Form of Nondiscrimination and Nonsegregation Clauses**

28 Borrower covenants and agrees for itself, its successors, its assigns and every successor in

1 interest to the Property or any part thereof or interest therein, there shall be no discrimination
2 against or segregation of any person, or group of persons, on account of sex, sexual orientation,
3 marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease,
4 transfer, use, occupancy, tenure or enjoyment of the Property nor shall Borrower, itself or any
5 person claiming under or through it, establish or permit any such practice or practices of
6 discrimination or segregation with reference to the selection, location, number, use or occupancy
7 of tenants, lessees, subtenants, sublessees, or vendees of the Property. All deeds, leases or
8 contracts shall contain or be subject to substantially the following non-discrimination or non-
9 segregation clauses:

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

21 Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis
22 of familial status shall not be construed to apply to housing for older persons, as defined in
23 Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4,
24 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d)
25 of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section
26 12955 of the Government Code shall also apply to the preceding paragraph.

1 b. In leases: "The lessee¹ herein covenants by and for himself or herself, his or her heirs,
2 executors, administrators, and assigns, and all persons claiming under or through him or her, and
3 this Agreement is made and accepted upon and subject to the following conditions:

4 That there shall be no discrimination against or segregation of any person or group of persons, on
5 account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as
6 those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of
7 subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing,
8 subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor
9 shall the lessee himself or herself, or any person claiming under or through him or her, establish
10 or permit any such practice or practices of discrimination or segregation with reference to the
11 selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or
12 vendees in the premises herein leased."

13 Notwithstanding the preceding paragraph, the provisions relating to discrimination on the basis
14 of familial status shall not be construed to apply to housing for older persons, as defined in
15 Section 12955.9 of the Government Code nor be construed to affect Sections 51.2, 51.3, 51.4,
16 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d)
17 of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section
18 12955 of the Government Code shall also apply to the preceding paragraph.

19 In contracts: "There shall be no discrimination against or segregation of any person or group of
20 persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the
21 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and
22 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,
23 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor shall
24 the transferee itself or any person claiming under or through him or her, establish or permit any
25 such practice or practices of discrimination or segregation with reference to the selection,
26 location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the
27

28 ¹ For purposes of this Agreement, "lessee" shall include tenants, residents or occupants.

land.”

SECTION 405 Effect and Duration of Covenants

The covenants established in this Agreement shall run with the land, without regard to technical classification and designation, and shall be for the benefit and in favor of and enforceable against the original Borrower and successors in interest by the County. Unless set forth otherwise, the covenants described in this Part 4 shall commence upon the Closing and shall be set forth in the Covenant (Exhibit “_____”) and shall remain in effect during the periods specified therein.

SECTION 406 Covenant

As a material part of the consideration for this Agreement, Borrower covenants and agrees that, as a condition precedent to the Closing, Borrower shall execute in recordable form the Covenant in substantially the form appended to this Agreement. The Covenant shall be recorded against the Property in first priority position senior to all liens and encumbrances (including, without limitation, any senior loan) other than the Exceptions, if any, approved by County pursuant to Section 203. As a condition precedent to the Closing, Borrower shall obtain and cause to be recorded (as applicable), at Borrower’s sole cost and expense, any instruments necessary and/or appropriate to subordinate to the Covenant (to the reasonable satisfaction of County Director) any deeds of trust, mortgages, security instruments, other liens, leases, subleases, and/or other agreements (other than the Exceptions, if any, approved by County pursuant to Section 203) affecting title to or possession of or providing a security interest in Property which otherwise are or might be senior to the Covenant.

SECTION 407 Project Monitoring and Evaluation

Borrower shall submit a Tenant Checklist Form, as specifically identified in Exhibit ”J”, which is attached hereto and by this reference incorporated herein, to County, (prior to the making of the final disbursement of the County Loan), summarizing the number of extremely-low income households who are tenants. Borrower shall maintain financial, programmatic, statistical and other supporting records of its operations and financial activities, including the submission of the Tenant Checklist Form on a semi-annual basis on or before September 30th and March 31st.

1 Except as otherwise provided for in this Agreement, Borrower shall maintain and submit records
2 to County within ten (10) business days of County's request (or, if later, as soon as reasonably
3 practicable given the nature and scope of County's request). Records must clearly document
4 Borrower's performance under each requirement of County documents. A list of document
5 submissions and timeline are shown in the Schedule of Performance.

6 **SECTION 408 Other Agreements and Documents**

7 In addition to the various document submission requirements set forth herein, Borrower
8 shall also submit to County, for review and written approval by County's Director, each and
9 every other material agreement, instrument and/or document entered into or proposed to be
10 entered into by Borrower in connection with the Project and the Property for the sole purpose of
11 ensuring that said agreement, instrument and/or document is consistent with the terms and
12 conditions of this Agreement and all documents executed in connection herewith. If the County
13 fails to approve such agreement, instrument and/or document within thirty (30) business days of
14 receipt of such said agreement, instrument and/or document, County shall provide Borrower with
15 a written statement of its reasons within that thirty (30) business day period.

16 **SECTION 409 Annual Operating Budget**

17 Borrower shall prepare an annual budget for the operation of the Project for each Fiscal
18 Year (the "Annual Operating Budget") beginning after the Close of Escrow. In addition, by no
19 later than thirty (30) days after the Close of Escrow, Borrower shall prepare a proposed Annual
20 Operating Budget for the remainder of that Fiscal Year. Thereafter, by no later than November 1
21 of each year, Borrower shall prepare an Annual Operating Budget for the next Fiscal Year and
22 shall submit a copy to the County for its review and approval. If the County fails to approve an
23 Annual Operating Budget within fifteen (15) business days of receipt of such budget, County
24 shall provide Borrower with a written statement of its reasons within that fifteen (15) business
25 day period. If requested by the County, the Borrower shall meet with the County at a mutually
26 convenient time and place to discuss the Annual Operating Budget. Until a proposed Annual
27 Budget has been so approved, the previously applicable Annual Operating Budget shall be
28 deemed the Annual Operating Budget for the new Fiscal Year. If, after approval of the Annual

1 Operating Budget by the County, Borrower determines that the Annual Operating Budget needs
2 to be amended, Borrower may submit an amended Annual Operating Budget to County, which
3 amended Annual Operating Budget shall be approved or disapproved by the County in the same
4 manner as the original Annual Operating Budget.

5 **SECTION 411 Operating and Replacement Reserve Accounts**

6 The County shall have approval rights over any operating and/or replacement reserve
7 account requirements and all withdrawals from such operating and/or replacement reserve
8 accounts. Borrower shall submit any claims on a monthly basis to County for approval, which
9 such approval shall not be unreasonably withheld.

10 **PART 5. DEFAULTS AND REMEDIES**

11 **SECTION 501 Defaults - General**

12 a. Subject to the extensions of time set forth in Part 5 of this Agreement and to the
13 provisions of Part 6 relating to Force Majeure, failure or delay by either party to perform any
14 term or provision of this Agreement constitutes a default under this Agreement. The party who
15 fails or delays must commence to cure, correct or remedy such failure or delay and shall
16 complete such cure, correction or remedy with reasonable diligence.

17 b. The injured party shall give written notice of default to the party in default, specifying the
18 default complained of by the injured party. Failure or delay in giving such notice shall not
19 constitute a waiver of any default, nor shall it change the time of default. Except as otherwise
20 expressly provided in this Agreement, any failures or delays by either party in asserting any of its
21 rights and remedies as to any default shall not operate as a waiver of any default or of any such
22 rights or remedies. Delays by either party in asserting any of its rights and remedies shall not
23 deprive either party of its right to institute and maintain any actions or proceedings which it may
24 deem necessary to protect, assert or enforce any such rights or remedies.

25 c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the
26 injured party shall give the party in default written notice of such default. The party in default
27 shall have a period of ten (10) calendar days after such notice is received or deemed received
28 within which to cure the default prior to exercise of remedies by the injured party.

1 d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the
2 injured party shall give the party in default notice of such default. If the default is reasonably
3 capable of being cured within thirty (30) calendar days after such notice is received or deemed
4 received, the party in default shall have such period to effect a cure prior to exercise of remedies
5 by the injured party. If the default is such that it is not reasonably capable of being cured within
6 thirty (30) days after such notice is received, and the party in default (1) initiates corrective
7 action within said period, and (2) diligently, continually, and in good faith works to effect a cure
8 as soon as possible, then the party in default shall have such additional time as is reasonably
9 necessary to cure the default prior to exercise of any remedies by the injured party, but in any
10 event no more than 90 days of receipt of such notice of default from the injured party.

11 **SECTION 502 Institution of Legal Actions**

12 In addition to any other rights or remedies (and except as otherwise provided in this Agreement),
13 either party may institute legal action to cure, correct or remedy any default, to recover damages
14 for any default, or to obtain any other remedy consistent with the purpose of this Agreement.
15 Such legal actions must be instituted in the Superior Court of the County of Riverside, State of
16 California, in any other appropriate court of that county.

17 **SECTION 503 Applicable Law**

18 The laws of the State of California shall govern the interpretation and enforcement of this
19 Agreement.

20 **SECTION 504 Acceptance of Service of Process**

21 a. In the event that any legal action is commenced by Borrower against the County, service
22 of process on the County shall be made by personal service upon the Director of the County, or
23 in such other manner as may be provided by law.

24 b. In the event that any legal action is commenced by the County against Borrower, service
25 of process on Borrower shall be made by personal service upon Borrower (or upon the General
26 Partner or managing member, as applicable, or any officer of the General Partner or managing
27 member, as applicable) and shall be valid whether made within or without the State of
28 California, or in such manner as may be provided by law.

1 **SECTION 505 Rights and Remedies Are Cumulative**

2 Except with respect to rights and remedies expressly declared to be exclusive in this Agreement,
3 the rights and remedies of the parties are cumulative, and the exercise by either party of one or
4 more of such rights or remedies shall not preclude the exercise by it, at the same or different
5 times, of any other rights or remedies for the same default or any other default by the other party.

6 **SECTION 506 Damages**

7 Subject to the notice and cure provisions of Section 501, if either party defaults with regard to
8 any of the provisions of this Agreement, the non-defaulting party shall serve written notice of
9 such default upon the defaulting party. If the default is not cured within the time provided in
10 Section 501, the defaulting party shall be liable to the non-defaulting party for any damages
11 caused by such default, and the non-defaulting party may thereafter (but not before) commence
12 an action for damages against the defaulting party with respect to such default.

13 **SECTION 507 Specific Performance**

14 Subject to the notice and cure provisions of Section 501, if either party defaults with regard to
15 any of the provisions of this Agreement, the non-defaulting party shall serve written notice of
16 such default upon the defaulting party. If the default is not cured within the time provided in
17 Section 501, the non-defaulting party, at its option, may thereafter (but not before) commence an
18 action for specific performance of the terms of this Agreement pertaining to such default.

19 **SECTION 508 Termination by Either Party**

20 Prior to the Closing, either party shall have the right to terminate this Agreement, by providing
21 written notice to the other party and Escrow Agent if escrow has been opened, in the event of a
22 failure of any condition precedent to the occurrence of the Closing as set forth in Section 208,
23 provided that such condition is for the benefit of and such failure is outside the control and
24 without the fault of the party seeking to terminate this Agreement. Upon any such termination,
25 neither the County nor Borrower shall have any further rights against or liability to the other
26 under this Agreement except as otherwise provided in Section 208..

27 **[SECTION 509 Termination by Borrower**

28 Prior to the Closing, subject to the notice and cure provisions of Section 501 and provided that

1 Borrower is not in default of this Agreement, Borrower shall have the right to terminate this
2 Agreement, by providing written notice to the County, in the event of a default by County
3 pursuant to this Agreement.

4 **SECTION 510 Termination by County**

5 a. Subject to the notice and cure provisions of Section 501, in addition to other rights and
6 remedies at law and equity County shall have the right, prior to the Closing, to terminate this
7 Agreement without liability to Borrower for damages in the event of a default by Borrower or
8 failure of any condition precedent to the occurrence of the Closing required to be satisfied by
9 Borrower, including but not limited to the following:

10 1. Borrower (or any successor in interest) assigns or attempts to assign this
11 Agreement or any right herein, or transfers or assigns any of Borrower's rights in and to the
12 Property (or any portion thereof on interest therein); or there is a change in Borrower's status as
13 a California nonprofit corporation contrary to the provisions of Section 105 hereof;

14 2. Borrower fails to submit any of the plans, drawings and related documents
15 required by this Agreement to be delivered prior to Closing by the respective dates provided in
16 this Agreement therefore; or

17 3. there is any other material default by Borrower under the terms of this Agreement
18 which is not cured within the time provided herein.

19 b. In addition to other rights and remedies at law and equity, after the Closing, but before
20 Completion, and subject to the notice and cure provisions of Section 501, County shall have the
21 additional right to terminate this Agreement in the event any of the following defaults shall
22 occur:

23 1. Borrower fails to commence the Improvements as required by this Agreement and
24 such breach is not cured within the time provided in Section 501 of this Agreement, provided
25 that Borrower shall not have obtained an extension or postponement to which Borrower may be
26 entitled pursuant to Section 604 hereof; or

27 2. Borrower abandons or substantially suspends work on the Improvements and such
28 breach is not cured within the time provided in Section 501 of this Agreement, provided

1 Borrower has not obtained an extension or postponement to which Borrower may be entitled to
2 pursuant to Section 604 hereof; or

3 3. Borrower assigns or attempts to assign this Agreement, or any rights herein, or
4 transfer, or suffer any involuntary transfer of the Property, or any respective parts thereof, in
5 violation of this Agreement, and such breach is not cured within the time provided in Section
6 501 of this Agreement; or

7 4. Borrower otherwise materially breaches this Agreement, and such breach is not
8 cured within the time provided in Section 501 of this Agreement; or

9 6. Borrower otherwise materially breaches any other security instrument secured
10 against the Property, and such breach is not cured within the time period provided in the
11 respective documents.

12 **SECTION 511 Additional Events of Default**

13 In addition to the events of default set forth elsewhere in this Agreement, the following shall also
14 constitute events of default by Borrower under this Agreement, and, if any of the following
15 continues uncured after notice and opportunity to cure in accordance with Section 501, County
16 shall have the right to exercise all remedies available to it under the law and in equity, including,
17 but not limitation termination of this Agreement:

18 1. Subject to Borrower's rights of contest set forth in this Agreement or the County
19 Deed of Trust, Borrower's or any agent of the Borrower's failure to make any payment of any
20 assessment or tax due under this Agreement;

21 2. Discrimination by Borrower or Borrower 's agent on the basis of characteristics
22 prohibited by this Agreement or applicable law; (2) the imposition of any encumbrances or liens
23 on the Project (other than the Permitted Liens) without County's prior written approval that are
24 prohibited under this Agreement or that have the effect of reducing the priority or invalidating
25 the County Deed of Trust; (3) any material adverse change in the condition of Borrower or the
26 Project or funding for the Project that gives County reasonable cause to believe that the Project
27 cannot be operated according to the terms of this Agreement; or (5) Borrower's failure to obtain
28 and maintain the insurance coverage required under this Agreement;

1 3. Any continuous or repeated breach by Borrower or Borrower's agents of any
2 material obligations on Borrower imposed in this Agreement;

3 4. Any continuous or repeated breach by Borrower or Borrower's agents of any
4 material obligations imposed on Borrower with respect to the Project imposed by any other
5 agreement with respect to the financing, development, or operation of the Project, whether or not
6 County is a party to such agreement; but only if such condition continues to exist following any
7 applicable notice and cure periods with respect to any such obligation;

8 5. Any breach by Borrower or Borrower's agents of any housing affordability
9 requirements imposed in this Agreement;

10 6. In the event that the Project is materially damaged or destroyed by fire or other
11 casualty, and Borrower receives an award or insurance proceeds sufficient for the repair or
12 reconstruction of the Project and fails to make such repair or reconstruction within a reasonable
13 time; or

14 7. Borrower's or any general partner of Borrower's (1) filing for bankruptcy,
15 dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing
16 brought by another party before the earlier of final relief or ninety (90) days after such filing;
17 (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of
18 a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such
19 involuntary application brought by another party before the earlier of final relief or ninety (90)
20 days after such filing; (4) insolvency; or (5) failure, inability or admission in writing of its
21 inability to pay its debts generally as they become due.

22 **PART 6 GENERAL PROVISIONS**

23 **SECTION 601 Notices, Demands and Communications between the Parties**

24 Formal notices, demands and communications between the County and the Borrower shall be
25 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
26 requested, to the principal offices of the County and the Borrower, as designated in Sections 103
27 and 104 hereof. Such written notices, demands and communications may be sent in the same
28 manner to such other addresses as either party may from time to time designate by mail as

1 provided in this Section 601. Any notice that is transmitted by electronic facsimile transmission
2 followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any
3 notice that is personally delivered (including by means of professional messenger service,
4 courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service),
5 shall be deemed received on the documented date of delivery; and any notice that is sent by
6 registered or certified mail, postage prepaid, return receipt required shall be deemed received on
7 the date it is delivered, or, if delivery is refused, on the date of such attempted delivery.

8 **SECTION 602 Conflicts of Interest**

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

13 The Borrower warrants that it has not paid or given, and will not pay or give, any third party any
14 money or other consideration for obtaining this Agreement.

15 **SECTION 603 Nonliability of County Officials and Employees**

16 No member, official, employee or consultant of the County shall be personally liable to the
17 Borrower, or any successor in interest, in the event of any default or breach by the County or for
18 any amount which may become due to the Borrower or to its successor, or on any obligations
19 under the terms of this Agreement.

20 **SECTION 604 Force Majeure**

21 In addition to specific provisions of this Agreement, performance by either party hereunder shall
22 not be deemed to be in default where delays or defaults are due to Force Majeure Events as such
23 events are defined herein this Agreement.

24 **SECTION 605 Inspection and Maintenance of Books and Records**

25 Borrower shall maintain financial, programmatic, statistical, and other supporting records of its
26 operations and financial activities. Said records shall be retained for no less than five (5) years
27 after the Project completion date. Records of individual tenant income verifications, project
28 rents, and project inspections must be retained for the most recent five (5) year period, until five

1 (5) years after the affordability period terminates, and records shall be open to inspection and
2 audit by authorized representatives of County and the Comptroller General of the United States
3 during regular working hours. County and the Comptroller General, or any of their
4 representatives, have the right of access with at least forty-eight (48) hours prior notice, to any
5 pertinent books, documents, papers, or other records of Borrower, in order to make audits,
6 examinations, excerpts and transcripts. If any litigation, claim, negotiation, audit, or other
7 action has been started before the expiration of the regular period specified, the records must be
8 retained until completion of the action and resolution of all issues which arise from it, or until the
9 end of the regular period, whichever is later.

10 **SECTION 606 Approvals; Non-Substantive Amendments**

11 Except as otherwise expressly provided in this Agreement, approvals required of County or
12 Borrower in this Agreement, including the attachments hereto, shall not be unreasonably
13 withheld or delayed. All approvals shall be in writing. Failure by either party to approve a
14 matter within the time provided for approval of the matter shall not be deemed disapproval, and
15 failure by either party to disapprove a matter within the time provided for approval of the matter
16 shall not be deemed an approval.

17 Except as otherwise expressly provided in this Agreement, approvals required of the County
18 shall be deemed granted by the written approval of the County Director or designee.
19 Notwithstanding the foregoing, the County Director may, in his or her sole discretion, refer to the
20 governing body of the County any item requiring County approval; otherwise, "County
21 approval" means and refers to approval by the County Director or designee.

22 The County Director or designee shall have the right to make non-substantive changes to the
23 attachments to this Agreement in order to ensure that all such attachments are consistent with the
24 terms and provisions of this Agreement.

25 **SECTION 607 Real Estate Commissions**

26 County shall not be responsible or liable for any real estate commissions, brokerage fees or
27 finder's fees which may arise from the purchase of the Property by Borrower. County shall not
28 be liable for any claims, changes, or commissions that may arise or be alleged to a broker or

1 agent in connection with this Agreement or for the purchase and sale of the Property whether or
2 not close of escrow occurs. The County represents that it has not employed an outside broker,
3 agent, or finder in connection with this Agreement or this Project. Borrower may utilize the
4 assistance of a licensed real estate broker to procure the Property; however, County shall not be
5 liable for payment of any real estate commissions or fees arising out of said assistance. The
6 provisions of this Section 607 shall survive the Closing Date or termination of this Agreement.

7 **SECTION 608 Independent Contractor**

8 Borrower and its agents, servants shall not act as, shall not be, nor shall they in any manner be
9 construed as, employees of the County, shall act at all times in an independent capacity during
10 the term of this Agreement, and shall not hold themselves out to be agents, officers, or
11 employees of County.

12 **SECTION 609 Restrictions To Run With The Land**

13 County and Borrower hereby declare their express intent that the restrictions set forth in this
14 Agreement shall run with the land, and shall bind all successors in title to the Property until the
15 expiration of this Agreement. Each and every contract, deed or other instrument hereafter
16 executed covering and conveying the Property or any portion thereof shall be held conclusively
17 to have been executed, delivered and accepted subject to the restrictions, regardless whether such
18 restrictions are set forth in such contract, deed of trust instrument.

19 **SECTION 610 MEDIA RELEASES**

20 Borrower agrees to allow County to coordinate all media releases regarding the Project, with
21 prior approval of Borrower. Any publicity generated by Borrower for the Project must make
22 reference to the contribution of County in making the Project possible. County's name shall be
23 prominently displayed in all pieces of publicity generated by Borrower, including, but not
24 limited to, flyers, press releases, posters, signs, brochures, and public service announcements.
25 Borrower agrees to cooperate with County in any County-generated publicity or promotional
26 activities with respect to the Project.

27 **SECTION 611 Further Assurances**

28 The Borrower shall execute any further documents consistent with the terms of this Agreement,

1 including documents in recordable form, as the County may from time to time find necessary or
2 appropriate to effectuate its purposes in entering into this Agreement.

3 **SECTION 612 Construction and Interpretation of Agreement**

4 a. The language in all parts of this Agreement shall in all cases be construed simply, as a
5 whole and in accordance with its fair meaning and not strictly for or against any party. The
6 parties hereto acknowledge and agree that this Agreement has been prepared jointly by the
7 parties and has been the subject of arm's length and careful negotiation over a considerable
8 period of time, that each party has been given the opportunity to independently review this
9 Agreement with legal counsel, and that each party has the requisite experience and sophistication
10 to understand, interpret, and agree to the particular language of the provisions hereof.
11 Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this
12 Agreement, this Agreement shall not be interpreted or construed against the party preparing it,
13 and instead other rules of interpretation and construction shall be utilized.

14 b. If any term or provision of this Agreement, the deletion of which would not adversely
15 affect the receipt of any material benefit by any party hereunder, shall be held by a court of
16 competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not
17 be affected thereby and each other term and provision of this Agreement shall be valid and
18 enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in
19 lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there
20 be added as a part of this Agreement an enforceable clause or provision as similar in terms to
21 such illegal, invalid, or unenforceable clause or provision as may be possible.

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

25 d. References in this instrument to this "Agreement" mean, refer to and include this
26 instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby
27 incorporated herein by this reference) or other documents expressly incorporated by reference in
28 this instrument. Any references to any covenant, condition, obligation, and/or undertaking

1 "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and
2 include the covenants, obligations, and undertakings existing pursuant to this instrument and any
3 riders, exhibits, addenda, and attachments or other documents affixed to or expressly
4 incorporated by reference in this instrument.

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

7 **SECTION 613 Time of Essence**

8 Time is of the essence with respect to the performance of each of the covenants and agreements
9 contained in this Agreement.

10 **SECTION 614 No Partnership**

11 Nothing contained in this Agreement shall be deemed or construed to create a lending
12 partnership, other partnership, joint venture, or any other relationship between the parties hereto
13 other than purchaser and seller and lender and borrower according to the provisions contained
14 herein, or cause County to be responsible in any way for the debts or obligations of Borrower, or
15 any other party.

16 **SECTION 615 Compliance with Law**

17 Borrower agrees to comply with all the requirements now in force, or which may hereafter be in
18 force, of all municipal, county, state and federal authorities, pertaining to the Property, and the
19 Improvements, as well as operations conducted thereon. The judgment of any court of
20 competent jurisdiction, or the admission of Borrower or any lessee or permittee in any action or
21 proceeding against them, or any of them, whether County be a party thereto or not, that
22 Borrower, lessee or permittee has violated any such ordinance or statute in the use of the
23 premises shall be conclusive of that fact as between County and Borrower.

24 **SECTION 616 Binding Effect**

25 This Agreement, and the terms, provisions, promises, covenants and conditions hereof, shall be
26 binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal
27 representatives, successors and assigns.

28 **SECTION 617 No Third Party Beneficiaries**

1 The parties to this Agreement acknowledge and agree that the provisions of this Agreement are
2 for the sole benefit of County and Borrower, and not for the benefit, directly or indirectly, of any
3 other person or entity, except as otherwise expressly provided herein.

4 **SECTION 618 County to Sign**

5 Borrower hereby represents that the persons executing this Agreement on behalf of Borrower
6 have full authority to do so and to bind Borrower to perform pursuant to the terms and conditions
7 of this Agreement.

8 **SECTION 619 Incorporation by Reference**

9 Each of the attachments and exhibits attached hereto is incorporated herein by this reference.

10 **SECTION 620 Counterparts**

11 This Agreement and any attachment to be executed by the parties may be executed by each party
12 on a separate signature page, and when the executed signature pages are combined, shall
13 constitute one single instrument.

14 **PART 7 ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS**

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

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

21 All waivers of the provisions of this Agreement must be in writing and signed by the appropriate
22 authorities of the County or the Borrower, and all amendments hereto must be in writing and
23 signed by the appropriate authorities of the County and the Borrower. This Agreement and any
24 provisions hereof may be amended by mutual written agreement by the Borrower and the
25 County.

26 **PART 8 EFFECTIVE DATE OF AGREEMENT**

27 This Agreement shall be dated for reference purposes as of the date set forth in the introductory
28 paragraph hereof, but shall not be effective until approved by the Board of Supervisors ("Board")

1 and executed by the Chairman of the Board (“Effective Date”).

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

3
4 COUNTY:

5 COUNTY OF RIVERSIDE

6
7 By: _____
8 Assistant County Executive Officer

BORROWER:

SOCIAL WORK ACTION GROUP,
a California nonprofit public benefit
corporation

9 By: _____
10 Monica Sapien Petroff,
11 Executive Director

12 ATTEST: Kecia Harper
13 Clerk of the Board

Date: _____

14
15 By: _____
16 Deputy

17
18
19
20 APPROVED AS TO FORM:
21 GREGORY P. PRIAMOS
22 COUNTY COUNSEL

23
24 By: _____
25 Synthia M. Gunzel,
26 Chief Deputy County Counsel

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ATTACHMENTS

- EXHIBIT "A" - LEGAL DESCRIPTION
- EXHIBIT "B" - SCOPE OF IMPROVEMENTS
- EXHIBIT "C" - PROJECT BUDGET
- EXHIBIT "D" - SCHEDULE OF PERFORMANCE
- EXHIBIT "E" - PROMISSORY NOTE
- EXHIBIT "F" DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING
(WITH ASSIGNMENT OF RENTS AND LEASES)
- EXHIBIT "G" - COVENANT AGREEMENT
- EXHIBIT "H" - [RESERVED]
- EXHIBIT "I" UCC-1 FINANCING STATEMENT
- EXHIBIT "J" TENANT CHECKLIST

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EXHIBIT A
LEGAL DESCRIPTION

The land referred to herein below is situated in -----, in the County of Riverside,
State of California, and is described as follows:

1 EXHIBIT B
2 SCOPE OF IMPROVEMENTS
3

4 BORROWER: Social Work Action Group

5 Address: 28497 CA 74 Hwy, #B113, Lake Elsinore, CA 92532

6 Project Title:

7 Location:

8 This is the Scope of Improvements attached to the Affordable Housing Loan Agreement
9 by and between the County of Riverside Department of Public Social Services ("County") and
10 Social Work Action Group, a California nonprofit corporation ("Borrower"). Any capitalized
11 term not otherwise defined herein shall have the meaning ascribed to such term in the Loan
12 Agreement.

13 Social work Action Group Obligations

14 1. General

15 a. Borrower will utilize \$ _____ in County Loan funds to pay the
16 acquisition of the Property and Improvements to the Property. Currently there is a
17 single-family residence on the Property capable of providing up to six Affordable
18 Units. The Borrower has agreed to make Improvements to the Property and obtain
19 proper licensing from the State and local jurisdiction to operate the facility. The
20 Project will house up to six unsheltered chronically homeless individuals.

21 b. Borrower agrees to reserve all Affordable Units for qualified low-income households
22 ("Assisted Units"). All Assisted Units shall be reserved for households whose
23 incomes do not exceed thirty percent (30%) of the median family income for the
24 County of Riverside, adjusted by family size at the time of occupancy. Assisted Units
25 shall remain affordable in accordance with the rent limitations set forth in California
26 Health and Safety Code sections 50053 b(1) and 50053 b(2), for a period of not less
27 than fifty five (55) years.

1 2. Improvements

- 2 a. Borrower shall be responsible for providing all parking appropriate and necessary for the
3 proposed Improvements and use of the Property along with appropriate landscaping, all
4 in accordance with applicable local jurisdiction requirements and codes. All
5 improvements, including but not limited to, replacement and/or repair of flooring and
6 painting of walls, on the Property ("Improvements"), shall be of high architectural
7 quality, well landscaped, and effectively and aesthetically designed.
- 8 b. Borrower's plans, drawings and proposals submitted to the County shall comply with the
9 requirements of the County Loan Agreement.

10 3. Amenities

11 The Project shall include ___ common room(s), kitchen and ___ restroom(s) available to
12 all residents. Borrower shall submit a supportive services plan to the County for services that the
13 Borrower plans on offering residents at the Project.

14 4. Required Permits/Compliance with Laws

15 The Project shall be developed in accordance with all applicable laws.

16 5. Design Development and 100% Construction Drawings, if required. If required under
17 applicable ordinance based on the nature of the Improvements, Borrower shall submit for
18 approval to the County 100% Construction Drawings which implement the design intent of the
19 Project.

EXHIBIT C

Permanent Sources and Uses of Loan Funds:

Sources*

County of Riverside HEAP Loan \$ _____

Total Sources \$ _____

Uses:

Land & Acquisition (supported by appraisal) \$ _____

Title and Recording \$ _____

Appraisal \$ _____

Legal Fees \$ _____

Property Taxes \$ _____

Improvements \$ _____

Permit Fees \$ _____

Other \$ _____

\$ _____

Total Uses \$ _____

*Dollar amounts to be provided based on property costs; these amounts are approximate and subject to reasonable adjustment if approved by the County

EXHIBIT D

SCHEDULE OF PERFORMANCE

| TASK/DOCUMENT | DUE DATE |
|---|--|
| Acquire Property | No later than |
| Obtain Entitlements and Building Permits | No later than |
| Improvements Start Deadline | No later than |
| Submit Supportive Services Plan | No later than |
| Complete Improvements | No later than |
| Obtain License for Facility | |
| Participant Agreement - Assisted Units | No later than following Close of Escrow |
| Submission of Final actual project costs and Sources and Uses of Funds | No later than |
| Submission of income & ethnic characteristics report | No later than |
| Liability and Certificate of Workers' Compensation Insurance for Borrower and General Contractor, if any (GC) | Borrower – At the execution of this Agreement. If there is a GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with County additionally insured. |
| The filing of the Notice of Completion, if applicable | No later than Completion of Project |
| Certificate of Occupancy, if applicable | No later than Completion of Project |
| Tenant Checklist Reporting | No later than [Completion of Project][Final Disbursement of County Loan]; and Semi-Annually– |
| Conditional/Unconditional Release for Final from GC, if applicable, and if applicable, Sub-contractors | No later than Final Disbursement of County Loan |
| Project Completion Report | No later than Final Disbursement of County Loan |
| Supportive Service Plan | |
| Project Operating Budget | Annual submission |
| Audited Yearly Income Expense Report for the Project | Annual submission |

**PROMISSORY NOTE
(Residual Receipts)**

\$ _____

_____, 2019
Riverside, California

FOR VALUE RECEIVED, SOCIAL WORK ACTION GROUP, a California nonprofit corporation, having its principal office at 28497 CA Hwy 74 # B113, Lake Elsinore, California 92532 ("Borrower") hereby promises to pay to the **COUNTY OF RIVERSIDE, on behalf of its DEPARTMENT OF PUBLIC SOCIAL SERVICES**, a political subdivision of the State of California ("County"), at the County's office at _____ Avenue, Riverside, California _____, or at such other place as the County may designate in writing, the principal sum of _____ (\$_____) ("Note Amount"), in currency of the United States of America, which at the time of payment is lawful for the payment of public and private debts.

I. Agreement. This Promissory Note is made in accordance with that certain Affordable Housing Loan Agreement (Homeless Emergency Aid Program) executed by the County and the Borrower, dated _____, 2019 and recorded in the Official Records of the County of Riverside ("Official Records") on or about the date hereof ("County Loan Agreement"). The rights and obligations of the Borrower and the County under this Note shall be governed by the County Loan Agreement and by the additional terms set forth in this Note. The Note Amount shall be disbursed in such amounts and at such times as set forth in the County Loan Agreement. This Note is secured by that certain Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents and Leases) executed by Borrower for the benefit of the County dated on or about the date hereof and recorded on or about the date hereof in the Official Records ("Deed of Trust"), that certain Covenant Agreement executed by Borrower for the benefit of the County dated on or about the date hereof and recorded in the Official Records on or about the date hereof ("Covenant Agreement"), and that certain UCC-1 Financing Statement filed with the California Secretary of State for the benefit of the County on or about the date hereof (UCC-1) (collectively, the "County Loan Documents").

All capitalized terms not defined herein shall have the meaning ascribed to them in the County Loan Agreement. The County Loan Agreement is on file with the County at the address set forth in the County Loan Agreement.

II. Interest. Simple interest shall accrue upon the Note Amount at an interest rate of three percent (3%) simple interest per annum for that certain period of time commencing on the date set forth above and ending on the later to occur of (1) January 1, 2075, and (2) fifty-five (55) years from the date of recordation of the Grant Deed conveying the Property to Borrower (such date of recordation, the "Closing Date," and such applicable period of time, the "Term"). The expiration of the Term shall be the "Maturity Date" of the County Loan.

III. Payments. Payments shall be made on an annual basis from the Project's Residual Receipts as discussed below. The entire unpaid principal balance of this Note and any accrued but unpaid interest shall be due and payable upon the expiration of the Term hereof, or, after notice and opportunity to cure, upon the occurrence of the events of acceleration set forth in

section IV below. Upon the expiration of the Term, if Borrower is not in default of any of the County Loan Documents or any other loan secured against the Property, then the entire balance of the Note Amount shall be deemed paid by Borrower and forgiven by the County.

Except in the event of acceleration described in Section IV, below, this Note shall bear interest at the rate of three percent (3%) simple interest per annum for the Term, which shall begin to accrue upon disbursement. In the case of an event of acceleration described in Section IV below, the unpaid balance shall bear interest at the rate of five percent (5%) per annum (provided that in the event such interest rate exceeds the maximum interest which may be lawfully charged, then this Note shall be deemed to instead provide for interest to be charged at the highest interest rate that may be charged pursuant to applicable laws) from the date of acceleration (or, if later, the date of disbursement, it being acknowledged that the County has no obligation to make disbursements following acceleration of this Note) until paid in full.

This Note shall be repaid according to the following: One Hundred percent (100%) of the Project's Residual Receipts shall be used towards the payment of the County Loan until the Note is repaid in full or forgiven by the County upon the expiration of the Term, as discussed above.

The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Following the Closing Date, annual certified financial statements shall be submitted by Borrower within one hundred twenty (120) days following the close of each Project Fiscal Year (as defined below), commencing with the Project Fiscal Year during which the Closing Date occurs. The first payment shall be due on [November] 1st in the first full calendar year following the Closing Date, to the extent of available Residual Receipts for the period commencing on the Closing Date and ending on the last day of the Project Fiscal Year then most recently ended, as set forth herein. Subsequent payments shall be made on [November] 1st of each calendar thereafter, to the extent of available Residual Receipts for the Project Fiscal Year then most recently ended, until the sooner of (i) full repayment of the County Loan and (ii) (subject to deemed payment as provided above) the County Loan maturity date as set forth above. As used herein, "Project Fiscal Year" means each period commencing on July 1 of one calendar year and ending on June 30 of the next calendar year.

The Project's Residual Receipts are defined as gross receipts of the Borrower, less the following (i) auditing and accounting fees; (ii) property management fee not to exceed \$_____ per Affordable Unit (as defined in the County Loan Agreement) per month and increased annually by the percentage equal to the percentage increase in the Consumer Price Index ("CPI") for _____, provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year; (iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance); (iv) replacement reserves in an annual amount up to \$_____, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the annual replacement reserves amount shall remain the same as the immediate preceding year (v) operating reserves in an annual amount up to \$_____, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the annual operating reserves amount shall remain the same as the

immediate preceding year; and (vi) the County's annual monitoring fee, in the amount of \$_____, increased annually by an amount equal to the increase of the Consumer Price Index (CPI), provided, however, that in the event of a decrease in the CPI, the County's annual monitoring fee shall remain the same as the immediate preceding year .

Operating expenses shall not include repayment of advances to the Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties (including without limitation, any advances of any portion of the deferred developer's fee to pay (or reimburse for) any construction cost overruns). The calculation of operating expenses shall be subject to the reasonable approval of the County's Director or designee.

IV. Due on Expiration of Term or Upon Event of Default. The entire unpaid principal balance of this Note and any accrued but unpaid interest shall be due and payable (subject to deemed payment as provided above) upon the expiration of the Term hereof, or, after expiration without cure of any applicable notice and opportunity to cure, upon the occurrence of any of the following events of acceleration (any such event that continues uncured beyond the expiration of the applicable notice and cure period, an "Event of Default"):

- (i) if there is a default by the Borrower under the terms of the County Loan Agreement, including any exhibits or attachments thereto, this Note; the Deed of Trust; the Assignment of Leases; any other document pursuant to which any obligation, or security interest or lien, is hereafter created for the benefit of the County as security for, or otherwise in connection with, the County Loan; or any other instrument securing any loan or of any other obligation secured by a lien on the Property;
- (ii) the transfer or sale of the Property without having first obtained the prior written approval of the County Director or designee, in its sole discretion;
- (iii) any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the County Loan Agreement; and
- (iv) any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations imposed on Borrower with respect to the Project by any other agreement with respect to the financing, development, or operation of the Project; whether or not the County is a party to such agreement.

The County shall give written notice of default to Borrower, specifying the default complained of by the County, and Borrower shall have the period to cure the specified default that is applicable under the terms of the County Loan Agreement.

Any failures or delays by the County in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by the County in asserting any of its rights and remedies (including, without limitation, delay in accelerating, or failure to accelerate, upon the occurrence of an Event of Default) shall not deprive the County of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

V. Nonrecourse. Subject to the provisions and limitations of this Section V., the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor any general partner of Borrower shall have any personal liability for repayment of the Note Amount, except as provided in this Section V. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the County Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the County to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the County from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy (a) against the Property under (and as defined in) the Deed of Trust or any other instrument securing this Note or (b) as prescribed by law or in equity, in case of default; (v) prevent or in any way hinder the County from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity executed and delivered by any person other than Borrower in respect of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section V, the County may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party liable therefor: (a) any damages, costs and expenses incurred by the County as a result of fraud, intentional misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or (at the direction of any officer or director of Borrower) employee of Borrower, or of any managing member or general partner of Borrower, or of any general partner of such managing member or general partner; (b) any damages, costs and expenses incurred by the County as a result of any misappropriation of funds provided to pay costs as described in the County Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds, but only if and to the extent Borrower, or its principals, shareholders, or partners, received rentals, other revenues, or other payments or proceeds in respect of the Property after the occurrence and during the continuation of a default, which rentals, other revenues, or other payments or proceeds have not been used for the payment of ordinary and reasonable operating expenses of the Property, ordinary and reasonable capital improvements to the Property, debt service, real estate taxes in respect of the Property and basic management fees, but not incentive fees, payable to an entity or person unaffiliated with Borrower in connection with the operation of the Property, which are then due and payable; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Property and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any item of personal property or fixtures removed or disposed of by Borrower other than in accordance with the Deed of Trust and, if material to the value of the Property as the security for the Loan, not replaced with an item of comparable utility and quality; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the County Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the County Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions

VI. Security. The County Loan evidenced by this Note is secured by the liens and security interest on real and personal property of Borrower created by (i) the Deed of Trust, (ii) the Assignment of Rents, and (iii) such other documents, if any, pursuant to which any security interest or lien is hereafter created for the benefit of the County as security for the County Loan.

VII. Waivers.

(i) This Note may be prepaid in whole or part by the Borrower at any time without prepayment penalty or premium.

(ii) No extension of time for payment of this Note made by agreement by the County with any person now or hereafter liable for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the Borrower under this Note, either in whole or in part.

(iii) The obligations of the Borrower under this Note shall be absolute and the Borrower waives any and all rights to offset, deduct or withhold any payments or charges due under this Note for any reason whatsoever.

(iv) To the maximum extent permitted by law, except as otherwise expressly provided in the Agreement or another document executed in connection with the County Loan Agreement, Borrower waives presentment, demand, notice of protest and nonpayment, notice of default or delinquency, notice of acceleration, notice of costs, expenses or leases or interest thereon, notice of dishonor, diligence in collection or in proceeding against any of the rights of interests in or to properties securing of this Note, and the benefit of any exemption under any homestead exemption laws, if applicable.

VIII. Attorneys' Fees and Costs. Borrower agrees, if any amounts due under this Note are not paid when due, to pay in addition, all costs and expenses of collection and reasonable attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

IX. Amendments and Modifications. This Note may not be changed orally, nor shall any rescission, waiver, or release be made, except by an amendment or other document in writing signed by Borrower and by the County.

X. The County May Assign. The County may, at its option, assign its right to receive payment under this Note without necessity of obtaining the consent of Borrower.

XI. Borrower Assignment Prohibited. In no event shall Borrower assign or transfer any portion of this Note without the prior express written consent of the County, which consent may be given or withheld in the County's sole discretion. In the absence of specific written agreement by the County, no unauthorized assignment or transfer, or approval thereof by the County, shall be deemed to relieve Borrower or any other party from any obligations under the Agreement or this Note. This provision shall not affect or diminish the County's assignment rights under this Note.

XII. Late Fees. In the event that a payment due under this Note (other than principal due at maturity or upon acceleration) is not made within ten (10) days after notice from the County, Borrower shall pay an additional late fee in the amount of five percent (5%) of said payment.

XIII. Consents. Borrower hereby agrees that except as expressly set forth in an amendment executed by both Borrower and the County, its obligations under this Note or otherwise in respect of the County Loan Agreement will not be affected by: (a) any renewal, extension or modification (whether one or more) of the terms of the County Loan Agreement or the terms or time of payment under this Note, (b) the release or surrender or exchange or substitution of all or any part of the security, whether real or personal, or direct or indirect, for the payment hereof, (c) the granting of any other indulgences to Borrower, or (d) the taking or releasing of other or additional parties primarily or contingently liable hereunder. Any such renewal, extension, modification, release, surrender, exchange or substitution may be made without notice to any endorser, guarantor or surety hereof, and without affecting the liability of said parties hereunder.

XIV. Successors and Assigns. Whenever "County" is referred to in this Note, such reference shall be deemed to include the County of Riverside and its successors and assigns, including, without limitation, any subsequent assignee or holder of this Note. All covenants, provisions and agreements by or on behalf of the Borrower, and on behalf of any makers, endorsers, guarantors and sureties hereof which are contained herein shall inure to the benefit of the County and the County's successors and assigns.

XV. Usury. It is the intention of the Borrower and the County to conform strictly to the Interest Law, as defined below, applicable to this loan transaction. Accordingly, it is agreed that notwithstanding any provision to the contrary in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, the aggregate of all interest and any other charges or consideration constituting interest under the applicable Interest Law that is taken, reserved, contracted for, charged or received under this Note, or under any of the other aforesaid agreements or otherwise in connection with this loan transaction, shall under no circumstances exceed the maximum amount of interest allowed by the Interest Law applicable to this loan transaction. If any excess of interest in such respect is provided for in this Note, or in any of the documents securing payment hereof or otherwise relating hereto, then, in such event:

- (i) the provisions of this paragraph shall govern and control;
- (ii) neither Borrower nor Borrower's legal representatives, successors or assigns shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest allowed by the Interest Law applicable to this loan transaction;
- (iii) any excess shall be deemed canceled automatically and, if theretofore paid, shall be credited on this Note by the County or, if this Note shall have been paid in full, refunded to Borrower; and

(iv) the effective rate of interest shall be automatically subject to reduction to the Maximum Legal Rate of Interest (as defined below), allowed under such Interest Law, as now or hereafter construed by courts of appropriate jurisdiction. To the extent permitted by the Interest Law applicable to this loan transaction, all sums paid or agreed to be paid to the County for the use, forbearance or detention of the indebtedness evidenced hereby shall be amortized, prorated, allocated and spread throughout the full term of this Note. For purposes of this Note, "Interest Law" shall mean any present or future law of the State of California, the United States of America, or any other jurisdiction which has application to the interest and other charges under this Note. The "Maximum Legal Rate of Interest" shall mean the maximum rate of interest that the County may from time to time charge Borrower, and under which Borrower would have no claim or defense of usury under the Interest Law.

XVI. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.

XVII. This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

XVIII. Except as to permitted deeds of trust approved by the County in writing, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust securing this Note without the prior written approval of the County in its sole and absolute discretion.

XIX. The relationship of Borrower and the County pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.

XX. Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the County and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof or, if delivery is refused, on the date so refused); (ii) electronic facsimile transmission, followed on the same day by the mailing of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service,

courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

(i) The address of the County for purposes of receiving notices pursuant to this Note shall be 3403 Tenth Street, Suite 400, Riverside, California 92501, Attention: Deputy Director of Real Estate. The facsimile number for the County's receipt of notices is (951)955-4837.

(ii) The address of Borrower for purposes of receiving notices pursuant to this Note is 28497 CA Hwy 74 # B113, Lake Elsinore, California 92532, Attention: Monica Sapien Petroff, Director. The facsimile number for Borrower's receipt of notices is ()

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

XXII. The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.

XXIII. Miscellaneous. Time is of the essence hereof. This Note shall be governed by and construed under the laws of the State of California except to the extent Federal laws preempt the laws of the State of California. Borrower irrevocably and unconditionally submits to the jurisdiction of the Superior Court of the State of California for the County of Riverside, in connection with any legal action or proceeding arising out of or relating to this Note. Borrower also waives any objection regarding personal or in rem jurisdiction or venue.

BORROWER:

SOCIAL WORK ACTION GROUP,
a California nonprofit
corporation

By: _____
Monica Sapien Petroff,
Executive Director

EXHIBIT “F”

**Deed of Trust, Security Agreement
and Fixture Filing
(With Assignment of Rents and Leases)**

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

Order No.

Escrow No.

Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside Department of Public
and Social Services

1111 Spruce Street

Riverside, CA 92507

ATTN: Jennifer Claar

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) ("Deed of Trust") is made this _____ day of _____, 2019, by SOCIAL WORK ACTION GROUP, a California nonprofit corporation, (hereinafter referred to as "Trustor"), whose address is 28497 CA Hwy 74 #B113, Lake Elsinore, CA 92532, to _____, (hereinafter called "Trustee"), for the benefit of the COUNTY OF RIVERSIDE, on behalf of its DEPARTMENT OF PUBLIC SOCIAL SERVICES, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 1111 Spruce Street, Riverside, CA 92507.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the "Trust Estate"):

(A) That certain real property in the community of _____, County of Riverside, State of California more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property");

(B) All buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements");

(C) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the

"Appurtenances"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(D) All present and future right, title and interest of Trustor in all leases and other occupancy agreements, of any nature (including, without limitation, any Participant Agreement (as defined in the County Loan Agreement)), now or hereafter covering all or any part of the Real Property, together with all extensions, renewals, modifications, or replacements of said leases and occupancy agreements, and together with any and all guarantees of the obligations of the lessees and occupants ("Lessees") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. (Said leases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to collectively as the "Leases" and individually as a "Lease"); and all present and future right, title and interest of Trustor in all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Leases or any other portion of the Trust Estate or the ownership, use, management, operation, leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

(E) All present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Trustor (the "Goods," and together with the Real Property, the "Property"); and

(F) All present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future), in any such case, now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the Property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any

insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following:

1. Due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

(a) that certain Promissory Note in favor of the Beneficiary ("County" therein) executed by Trustor ("Borrower" therein) of even date herewith ("Note");

(b) that certain Affordable Housing Loan Agreement dated _____, 2019 between Beneficiary ("County" therein) and Trustor ("Borrower" therein) recorded in the Official Records of the Recorder's Office for the County of Riverside ("Official Records") on or about the date hereof ("County Loan Agreement");

(c) that certain Covenant Agreement dated _____, between Trustor ("SWAG" therein) and Beneficiary ("County" therein) recorded in the Official Records on or about the date hereof ("Covenant Agreement"); and

2. Payment of indebtedness of the Trustor to the Beneficiary in the amount of _____ ("AH Loan") according to the terms of the Note.

Said Note, County Loan Agreement and Covenant Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof

however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The Note, County Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, County Loan Agreement and Covenant Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the County Loan Agreement.

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

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

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the uses set forth in the County Loan Agreement, and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. (a) That all Leases and Rents are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect any and all Rents for use in accordance with the provisions of the County Loan Agreement and the Covenant Agreement. This Deed of Trust shall constitute a direction and full authority to each Lessee and to each guarantor of any Lease to pay all Rents to Beneficiary without proof of the default relied upon. Trustor hereby irrevocably authorizes each Lessee and guarantor to rely upon and comply with any notice or demand by Beneficiary for the payment to Beneficiary of any Rents due or to become due.

(b) If any Lease provides for a security deposit to be paid by the Lessee to Trustor, this Deed of Trust assigns to Beneficiary all of Trustor's right, title, and interest in and to each such security deposit; provided, however, that Trustor shall have the right to retain said security deposit so long as Trustor is not in default, after the expiration of any applicable notice and cure period, of the terms, covenants, or provisions of this Deed of Trust, the Note, the County Loan Agreement, the Covenant Agreement, or any deed of trust or other instrument evidencing or securing a senior loan or other obligations secured by a deed of trust on the Real Property; and provided further that Beneficiary shall have no obligation to the Lessee with respect to such security deposit unless and until Beneficiary comes into actual possession and control of said security deposit.

(c) Trustor shall not execute any Lease, or permit the assignment of any Lease, except in accordance with the provisions of the County Loan Agreement or the Covenant Agreement.

(d) Trustor shall not collect any Rents more than thirty (30) days in advance of the date on which they become due under the terms of any Lease, except that the forgoing limitation shall not apply to the receipt of security deposits.

(e) Trustor shall not execute any further assignment of any Lease or of any Rents, or any interest therein.

(f) Except as otherwise provided in the County Loan Agreement or the Covenant Agreement, at Beneficiary's option, Trustor shall not hire, retain, or contract with any third party for property management services with respect to the Real Property without the prior written approval by Beneficiary of such party and the terms of its contract for management services.

(g) Nothing herein shall be construed to impose any liability or obligation on Beneficiary under or with respect to any Lease. Trustor shall indemnify, defend, and hold the County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Directors, elected and appointed officials, employees, agents and representatives (collectively the "Indemnitees" and individually an "Indemnatee") harmless from and against any and all liabilities, losses, and damages that any Indemnatee may incur under any Lease or by reason of this Deed of Trust, and of and from any and all claims and demands whatsoever that may be asserted against any Indemnatee by reason of any alleged obligations to be performed or discharged by Beneficiary under any Lease or this Deed of Trust. Should any Indemnatee incur any liability, loss, or damage under any Lease or by reason of this Deed of Trust and such liability, loss, or damage falls within the foregoing indemnification, Trustor shall immediately upon demand reimburse such Indemnatee for the amount thereof together with all costs and expenses and reasonable attorneys' fees (based on itemized invoices for time and charges) and court costs incurred by such Indemnatee. All of the foregoing sums shall bear interest at the lower of five (5) percent per annum or the highest rate of interest permitted by law from the date of demand by Indemnatee until paid. Any Rents collected by Beneficiary may be applied by Beneficiary, in its discretion, in satisfaction of any such liability, loss, damage, claim, demand, cost, expense, or fees.

(h) Beneficiary shall have the right (but not the obligation), upon any default, after notice and opportunity to cure, under this Deed of Trust, the Note, the County Loan Agreement, the Covenant Agreement, or any deed of trust or other instrument evidencing or securing any senior loan or other obligations secured by a deed of trust on the Real Property, to take any action as Beneficiary may deem necessary or appropriate to protect its security, including but not limited to appearing in any action or proceeding and performing any obligations of the lessor under any Lease; and Trustor agrees to pay, on demand, all costs and expenses, including without limitation reasonable attorneys' fees and court costs incurred by Beneficiary in connection therewith, together with interest thereon at the lower of five (5) percent per annum or the highest rate of interest permitted by law. Without limiting the generality of the foregoing, upon any such occurrence and during the continuation thereof, Beneficiary shall have the following rights (none of which shall be construed to be obligations of Beneficiary, and all of which shall be cumulative, together with all other rights and remedies

available to Beneficiary under any agreement or by law (including by statute) or in equity, but subject to the limitation on recourse set forth in the Note):

(i) Beneficiary shall have the right under this Deed of Trust to use and possess, without rental or charge, the fixtures, equipment, and other Personal Property of the Trustor located in or on the Real Property and used in the operation or occupancy thereof. Beneficiary shall have the right to apply any of the Rents to pay installments due for Personal Property rented or purchased on credit, insurance premiums on Personal Property, or other charges relating to personal property in or on the Real Property. However, this Deed of Trust shall not make Beneficiary responsible for the control, care, management, or repair of the Real Property or any Personal Property or for the carrying out of any of the terms or provisions of any Lease.

(ii) Beneficiary shall have the right to apply the Rents and any sums recovered by Beneficiary hereunder to the Note, as well as to charges for taxes, insurance, improvements, maintenance, and other items relating to the operation of the Real Property.

(iii) Beneficiary shall have the right to take possession of the Real Property, manage and operate the Real Property and Trustor's business thereon, and to take possession of and use all books of account and financial records of Trustor and its property managers or representatives relating to the Real Property.

(iv) Beneficiary shall have the right to execute new Leases of any part of the Real Property, including Leases that extend beyond the term of the Deed of Trust.

(v) Beneficiary shall have the right to cancel or alter any existing Leases.

(vi) Beneficiary shall have the irrevocable authority, as Trustor's attorney-in-fact, such authority being coupled with an interest, to sign the name of Trustor and to bind Trustor on all papers and documents relating to the operation, leasing and maintenance of the Real Property.

5. That upon default hereunder or under the aforementioned agreements, and after the giving of notice and the expiration of any applicable cure period, Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the Property herein and operate same and collect the rents, profits and income therefrom.

6. That Trustor will keep the improvements now existing or hereafter erected on the Subject Property insured against loss by fire and such other hazards, casualties, and contingencies as may reasonably be required in writing from time to time by the Beneficiary in accordance with the County Loan Agreement, and all such insurance shall be evidenced by standard fire and extended coverage insurance policy or policies. In no event shall the amounts of coverage be less than 100 percent of the replacement value of the Property. Such policies shall be endorsed with standard mortgage clause with loss payable to the Beneficiary, and certificates thereof together with copies of original policies shall be deposited with the Beneficiary. Unless

approved otherwise in writing by the Executive Director of the Beneficiary, or his or her designee, Trustor shall maintain insurance as required by Section 312 of the County Loan Agreement.

7. To pay, at least 10 days before delinquency, any taxes and assessments affecting said Property, including assessments on appurtenant water stock; to pay, when due, all encumbrances, charges and liens, with interest, on said Property or any part thereof which appear to be prior or superior hereto; and to pay all costs, fees, and expenses of this Trust. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be required to pay and discharge any such tax, assessment, charge or levy so long as Trustor is contesting the legality thereof in good faith and by appropriate proceedings, and Trustor has adequate funds to pay any liabilities contested pursuant to this Section 7.

8. To keep said Property in good condition and repair, subject to ordinary wear and tear, casualty and condemnation; except with Beneficiary's prior written consent, not to remove or demolish any buildings thereon; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged, or destroyed thereon and (subject to Trustor's right of consent as provided in Section 14) to pay when due all claims for labor performed and materials furnished therefor; to comply with all laws affecting said Property or requiring any alterations or improvements to be made thereon (subject to Trustor's right to contest the validity or applicability of laws or regulations); not to commit or permit waste thereof; not to commit, and to use reasonable efforts not to suffer or permit, any act upon said Property in violation of law and/or covenants, conditions and/or restrictions affecting said Property; not to permit or suffer any material alteration of or addition to the buildings or improvements now existing or hereafter constructed in or upon said Property without the consent of the Beneficiary.

9. To appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee, and to pay all costs and expenses, including cost of evidence of title and reasonable attorney's fees in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear.

10. Should Trustor fail, after the giving of notice and the expiration of any applicable cure period, to make any payment or do any act as herein provided, then Beneficiary or Trustee, but without obligation to do so and without notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. Following default Beneficiary or Trustee being authorized to enter upon said Property for such purposes, may commence, appear in and/or defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; may pay, purchase, contest, or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, may pay necessary expenses, employ counsel, and pay his reasonable fees.

11. Beneficiary shall have the right to pay fire and other property insurance premiums when due should Trustor fail to make any required premium payments. All such payments made by the Beneficiary shall be added to the indebtedness and obligations secured hereby.

12. To pay immediately upon demand all sums so expended by Beneficiary or Trustee, under permission given under this Deed of Trust, with interest from date of expenditure at the lesser of ten percent (10%) or the highest rate of interest permitted by law.

13. That upon the failure of Trustor, after the giving of notice and the expiration of any applicable cure period, to keep and perform all the covenants, conditions, and agreements of said County Loan Agreement and Covenant Agreement, the entire indebtedness evidenced by the Note shall at the option of the Beneficiary of this Deed of Trust become due and payable, anything contained herein to the contrary notwithstanding.

14. Trustor further covenants that it will not voluntarily create, suffer, or permit to be created against the Property subject to this Deed of Trust any lien or liens except for Permitted Liens (as defined in the County Loan Agreement) or as otherwise authorized by Beneficiary and further that Trustor will keep and maintain the Property free from the claims of all persons supplying labor or materials which will enter into the construction of any and all buildings now being erected or to be erected on said premises. Notwithstanding anything to the contrary contained in this Deed of Trust, Trustor shall not be obligated to pay any claims for labor, materials or services which Trustor in good faith disputes and is diligently contesting, provided that Trustor shall, at Beneficiary's written request, within thirty (30) days after the filing of any claim or lien (but in any event, and without any requirement that Beneficiary must first provide a written request, prior to foreclosure) record in the Office of the Recorder of the County of Riverside, a surety bond in the amount of such claim item to protect against a claim of lien, or provide such other security reasonably satisfactory to Beneficiary. Beneficiary will make any security so provided to it available to pay Trustor's obligations in respect of the matter contested as and when the amount of those obligations is determined, and shall release to Trustor any excess security remaining after payment in full of Trustor's obligations in respect of such matter.

15. That any and all improvements made or about to be made by Trustor upon the premises covered by the Deed of Trust, and all plans and specifications therefor, comply with all applicable municipal ordinances and regulations and all other applicable regulations made or promulgated, now or hereafter, by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of the applicable fire rating or inspection organization, bureau, association or office.

IT IS MUTUALLY AGREED THAT:

16. Should the Property or any part thereof be taken or damaged by reason of any public improvement or condemnation proceeding, or damaged by fire, or earthquake, or in any other manner, Beneficiary shall be entitled to all compensation, awards, and other payments or relief therefor which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, and shall be entitled at its option to commence, appear in and prosecute in its own name, any action or proceedings, or to make any compromise or

settlement, in connection with such taking or damage. All such compensation, awards, damages, rights of action and proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, including the proceeds of any policies of fire and other insurance affecting said Property, are hereby assigned to Beneficiary. After deducting therefrom all its expenses, including reasonable attorneys' fees, the balance of the proceeds which are not used to reconstruct, restore or otherwise improve the Property or part thereof that was taken or damaged, shall be applied to the amount due under the secured hereby. No amount applied to the reduction of the principal shall relieve the Trustor from making regular payments as required by the Note.

17. Reserved.

18. After the lapse of such time as may then be required by law following the recordation of said notice of default, and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell said Property at the time and place fixed by it in said notice of sale, either as a whole or in separate parcels, and in such order as it may determine at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee may postpone sale of all or any portion of said Property by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time and place of sale, and from time to time thereafter may postpone the sale by public announcement at the time fixed by the preceding postponement. Trustee shall deliver to the purchaser its Deed conveying the property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Trustor, Trustee or Beneficiary, may purchase at the sale. The Trustee shall apply the proceeds of sale to payment of (1) the expenses of such sale, together with the reasonable expenses of this Trust including therein reasonable Trustee's fees or attorneys' fees for conducting the sale, and the actual cost of publishing, recording, mailing and posting notice of the sale; (2) the cost of any search and/or other evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (3) all sums expended under the terms hereof, not then repaid, with accrued interest at the rate specified in the Note; (4) all other sums then secured hereby; and (5) the remainder, if any, to the person or persons legally entitled thereto.

19. Beneficiary may from time to time substitute a successor or successors to any Trustee named herein or acting hereunder to execute this Trust. Upon such appointment, and without conveyance to the successor trustee, the latter shall be vested with all title, powers, and duties conferred upon any Trustee herein named or acting hereunder. Each such appointment and substitution shall be made by written instrument executed by Beneficiary, containing reference to this Deed of Trust and its place of record, which, when duly recorded in the proper office of the county or counties in which the Subject Property is situated, shall be conclusive proof of proper appointment of the successor trustee.

20. The pleading of any statute of limitations as a defense to any and all obligations secured by this Deed of Trust is hereby waived to the full extent permissible by law.

21. Upon written request of Beneficiary stating that all sums secured hereby have been paid (or deemed paid) and all obligations secured hereby (other than surviving obligations as to which no claim is then pending) have been satisfied, and upon surrender of this Deed of Trust to Trustee for cancellation and retention and upon payment of its fees, Trustee shall reconvey, without warranty, the Property then held hereunder, provided, however, notwithstanding full repayment (or deemed payment) of the AH Loan, including outstanding principal and interest, and reconveyance of this Deed of Trust, the Covenant Agreement shall remain in effect for the duration of the term set forth therein. The recitals in such reconveyance of any matters or fact shall be conclusive proof of the truthfulness thereof. The grantee in such reconveyance may be described as "the person or persons legally entitled thereto."

22. The trust created hereby is irrevocable by Trustor.

23. This Deed of Trust applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors, and assigns. The term "Beneficiary" shall include not only the original Beneficiary hereunder but also any future owner and holder including pledgees, of the Note secured hereby. In this Deed of Trust, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural. All obligations of Trustor hereunder are joint and several. The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Trustor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Trustor will be given written notice of the change in accordance with **Section 104** herein and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

24. Trustee accepts this Trust when this Deed of Trust, duly executed and acknowledged, is made public record as provided by law. Except as otherwise provided by law the Trustee is not obligated to notify any party hereto of pending sale under this Deed of Trust or of any action of proceeding in which Trustor, Beneficiary, or Trustee shall be a party unless brought by Trustee.

25. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the following address:

Social Work Action Group
28497 CA Hwy 74, #B113
Lake Elsinore, CA 92532
Attn: Monica Sapien Petroff, Director

or at such other address as may from time to time be provided by Trustor in writing to Beneficiary. All other notices, demands, and communications that either party is required, or desires, to deliver under or in connection with this Deed of Trust shall be given in accordance with the provisions of Section 601 of the County Loan Agreement.

26. [RESERVED]

27. Trustor agrees that the indebtedness secured by this Deed of Trust is made expressly for the purpose of financing the acquisition of the Real Property and, if applicable, the making of certain improvements thereto, as provided in the County Loan and to be operated as provided in the Covenant Agreement.

28. Trustor agrees that, except as otherwise provided in the Note or the County Loan, upon sale or refinancing of the Real Property, the entire indebtedness secured by this Deed of Trust shall at the option of Beneficiary be immediately due and payable.

29. Notwithstanding specific provisions of this Deed of Trust, non-monetary performance hereunder shall not be deemed to be in default where delays or defaults are due to: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor or supplier; acts of the other party; or acts or failure to act of any other public agency, governmental agency or jurisdiction (except that any act or failure to act of Beneficiary shall not excuse performance by Beneficiary); or the imposition of any applicable moratorium by a governmental agency or jurisdiction; or any other causes which despite the exercise of diligence and good business practices are or would be beyond the reasonable control of the party claiming such delay and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure Event unless and until the party claiming such delay and interference delivers to the other party written notice describing the event, its cause, when and how such party obtained knowledge of the event, the date the event commenced, and the estimated delay resulting therefrom. An extension of time for any such cause (a "Force Majeure Delay") shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause. If, however, notice by the party claiming such extension is sent to the other party more than thirty (30) days after the commencement of the cause, the period shall commence to run only thirty (30) days prior to the giving of such notice.

30. If the rights and liens created by this Deed of Trust shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the unsecured portion of such obligations shall be completely paid prior to the payment of the remaining and secured portion of the obligations, and all payments made by Trustor shall be considered to have been paid on and applied first to the complete payment of the unsecured portion of the obligations.

31. (a) Subject to the extensions of time set forth in Section 29, and subject to the notice and cure provisions of this Section 31, failure or delay by Trustor to perform any term or provision respectively required to be performed under the County Loan, the Note, the Covenant Agreement, this Deed of Trust, or under any deed of trust secured against the Property, constitutes a default under this Deed of Trust;

(b) Beneficiary shall give written notice of default to the party in default, specifying the default complained of by the Beneficiary. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Deed of Trust, any failures or delays by Beneficiary in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Beneficiary in asserting any of its rights and remedies shall not deprive Beneficiary of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

(c) If a monetary event of default occurs, prior to exercising any remedies hereunder, the Beneficiary shall give the Trustor written notice of such default. The Trustor shall have a period of ten (10) calendar days after such notice is received or deemed received within which to cure the default prior to exercise of remedies by the Beneficiary.

(d) If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the Beneficiary shall give the Trustor notice of such default. If the default is reasonably capable of being cured within thirty (30) calendar days after such notice is received or deemed received, the Trustor shall have such period to effect a cure prior to exercise of remedies by the Beneficiary. If the default is such that it is not reasonably capable of being cured within thirty (30) days after such notice is received, and the Trustor (1) initiates corrective action within said period, and (2) diligently, continually, and in good faith works to effect a cure as soon as possible, then the Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in any event no more than ninety (90) days of receipt of such notice of default from the Beneficiary.

(e) Any notice of default that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice of default that is personally delivered (including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the documented date of receipt by Trustor; and any notice of default that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof (or, if delivery is rejected, on the date so rejected).

(f) If, after the giving the notice and expiration of the period for cure specified in this Section 31, the default specified in the notice remains uncured, Beneficiary may declare all sums secured hereby immediately due and payable by delivery to Trustee of written declaration of default and demand for sale, and of written notice of default and of election to cause the Property to be sold, which notice Trustee shall cause to be duly filed for record and Beneficiary may foreclose this Deed of Trust. Beneficiary shall also deposit with Trustee this Deed, the Note and all documents evidencing expenditures secured hereby.

32. The provisions of Section V of the Note shall apply to this Deed of Trust, and to each other document executed and delivered by Trustor in respect of the AH Loan.

33. [RESERVED]

34. [RESERVED]

35. In the event of any fire or other casualty to the Property or eminent domain proceedings resulting in condemnation of the Property or any part thereof, Trustor shall have the right to rebuild or repair (or, in the case of Goods, repair or replace) the Property, and to use all available insurance or condemnation proceeds therefor, provided that (a) such proceeds are sufficient to restore the Property in a manner that provides adequate security to Beneficiary for repayment of the Note or, if such proceeds are insufficient, then Trustor shall have funded any deficiency, (b) Beneficiary shall have the right to approve plans and specifications for any major rebuilding and the right to approve disbursements of insurance or condemnation proceeds for rebuilding under a construction escrow or similar arrangement, and (c) no material default then exists under the County Loan, the. If the casualty or condemnation affects only part of the Property and total rebuilding or restoration is infeasible, then proceeds may be used for partial rebuilding or restoration and partial repayment of the AH Loan in a manner that provides adequate security to Beneficiary for repayment of the remaining balance of the AH Loan.

36. Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advance notice in connection with an inspection specifying reasonable cause for the inspection.

37. Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest.

38. This Deed of Trust shall be governed by federal law and the laws of the State of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Deed of Trust shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

39. The Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent.

[Remainder of Page Blank]

[Signatures on Following Page]

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

BORROWER:
Social Work Action Group
a California nonprofit
corporation

By: _____
Monica Sapien Petroff, Executive Director

Date: _____

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

State of California)

County of _____)

On _____ before me, _____, a
Notary Public, personally appeared _____, who
proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN
_____, IN THE COUNTY OF RIVERSIDE STATE OF
CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

Exhibit “G”

COVENANT AGREEMENT

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103
Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
County of Riverside Department of Public
And Social Services
1111 Spruce Street, Riverside, CA 92507
ATTN: Jennifer Claar

COVENANT AGREEMENT

This Covenant Agreement ("Covenant") is made and entered into as of the day of _____, 2019 by and between the County of Riverside, on behalf of its Department of Public Social Services, a political subdivision of the State of California ("COUNTY"), and Social Work Action Group., a California nonprofit corporation ("SWAG").

RECITALS

WHEREAS, SWAG owns that certain real property located at legally described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"); and,

WHEREAS, on _____, 2019, COUNTY and SWAG entered into that certain Affordable Housing Loan Agreement recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith (the "COUNTY Loan Agreement") which provides for, among other things, the acquisition of a single family home, identified as the Project. Capitalized terms not defined herein shall have the meaning ascribed to them in the COUNTY Loan Agreement; and,

WHEREAS, pursuant to the COUNTY Loan Agreement, COUNTY loaned to SWAG, \$ _____ of Homeless Housing Emergency Aid Program funds ("COUNTY Loan"), to provide financial assistance to SWAG, to pay for the acquisition and

improvement costs related to the Project (defined below), as more fully described in the COUNTY Loan Agreement. The COUNTY Loan is evidenced by a Promissory Note executed by SWAG., in favor of the COUNTY dated on or about the date hereof ("COUNTY Loan Note") and secured by that certain Deed of Trust executed by Vista SWAG, for the benefit of COUNTY and recorded in the Official Records concurrently herewith ("COUNTY Deed of Trust"); and,

WHEREAS, pursuant to the COUNTY Loan Agreement, SWAG shall acquire the Property and if necessary, improve the existing home on the Property to allow for the operation of up to ____ Affordable Units that will house chronically homeless persons ("Project"), as more specifically described in the COUNTY Loan Agreement. COUNTY Loan Agreement as used herein shall mean, refer to and include the COUNTY Loan Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments and attachments thereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in the COUNTY Loan Agreement. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the COUNTY Loan Agreement; and,

WHEREAS, pursuant to Pursuant to the COUNTY Loan Agreement, up to ____ Affordable Units are to be occupied by chronically homeless individuals that are extremely low income pursuant to California Health and Safety Code 50053 ("COUNTY-Assisted Units"); and,

WHEREAS, pursuant to the COUNTY Loan Agreement, the Project, including the COUNTY Assisted Units, shall remain affordable to chronically homeless extremely-low income tenants for a period consisting of the later of (i) fifty-five (55) years from the recordation of the Grant Deed in the Official Records or (ii) January 1, 2075, without regard to the term of the COUNTY Loan Agreement, or repayment of the COUNTY Loan; and

WHEREAS, the parties desire to memorialize SWAG's obligation to maintain the affordability of the COUNTY assisted units pursuant to COUNTY Loan Agreement, as more specifically set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Covenant, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SWAG, on behalf of itself and its successors, assigns, and each successor in interest to the Property or any part thereof, hereby declares as follows:

1. Property Improvements. SWAG covenants and agrees for itself, its successors and assigns and every successor in SWAG's interest in the Property or any part thereof, that SWAG, and its successors and assigns, if needed, shall improve the Property in accordance with the provisions of the COUNTY Loan Agreement, including, but not limited to the Scope of Development (Exhibit A to the COUNTY Loan).

2. Use of the Property. SWAG, on behalf of itself and its successors, assigns, and each successor in interest to SWAG's interest in the Property or any part thereof, hereby covenants and agrees as follows:

a. SWAG covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that SWAG, such successors and such assignees shall use the Property only for the uses specified in any agreements entered into by and between the COUNTY and SWAG (or, if applicable, any successor or assign), the COUNTY Loan Agreement, and this Covenant. No change in the use of the Property shall be permitted without the prior written approval of the COUNTY in its sole discretion.

b. Notwithstanding the generality of subsection (a), above, SWAG, and its successors and assigns, shall use the Property only for the uses permitted in this Covenant, specifically including the following: residential rental (or residential occupancy otherwise in accordance with the terms of this Covenant) uses, consisting of up to ___ Affordable Units.

c. Residential Uses. Until the later of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last building for which construction is completed for the Project

on the Property, or (ii) January 1, 2075 ("Term"), SWAG on behalf of itself and its successors, assigns, and each successor in interest to SWAG's interest in the Property or any part thereof, hereby covenants acknowledges and agrees that for the duration of the term, the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and restrictions:

a) **Rent restrictions:**

- i. **Affordability Definitions:** Affordable housing cost as defined in Section 50053 of the California Health and Safety Code, which dictates that the rent or cost for housing (including a utility allowance) shall not exceed:
- ii. For extremely low income households the product of 30 percent times 30 percent of the area median income adjusted for family size appropriate for the unit.

b) **Income Restrictions:** SWAG agrees to reserve all Affordable Units for qualified chronically homeless households ("Assisted Units"). The Assisted Units shall be reserved for households whose incomes do not exceed thirty percent (30%) of the median family income for the County of Riverside, adjusted by family size at the time of occupancy.

c) **Affordability Period:** SWAG agrees that all Assisted Units in the Project will remain affordable, as defined in California Redevelopment Law for a period of not less than fifty-five (55) years. The fifty-five (55) year period shall end on the later of (i) January 1, 2075 or (ii) fifty five (55) years from the recordation of the Grant Deed on the sale of the Property to SWAG.

d) SWAG, shall comply with the terms of the COUNTY Loan Agreement, COUNTY Loan Note, COUNTY Deed of Trust and any other instrument secured against the Property.

3) **SENIOR POSITION OF COVENANT AGREEMENT.** This Covenant Agreement shall be recorded in the first position senior to all liens and encumbrances against the Property,

other than those expressly agreed to by COUNTY as "Exceptions" pursuant to the COUNTY Loan Agreement.

4.) MAINTENANCE OF THE IMPROVEMENTS. SWAG, on behalf of itself and its successors, assigns, and each successor in interest to the Property and Project or any part thereof hereby covenants to and shall protect, maintain, and preserve the Property in compliance with all applicable federal and state law and regulations and local ordinances. In addition, SWAG, and its successors and assigns, shall maintain the improvements on the Property in the same aesthetic and sound condition (or better) as the condition of the Property at the time of the recordation of the Grant Deed at the time of acquisition of the Property by SWAG reasonable wear and tear excepted. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and immediate repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walks and paved areas and washing-down as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order. In the event SWAG, or any of its successors or assigns, fails to maintain the Property in accordance with the standard for the quality of maintenance, the COUNTY or its designee shall have the right but not the obligation to enter the Property upon reasonable notice to SWAG (and the successor or assign that is then the owner the Property), correct any violation, and hold SWAG, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

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

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

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

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

b) In leases: "The lessee¹ herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

¹ For purposes of this Covenant, "lessee" shall include tenants, residents or occupants.

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

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

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

- a. Worker's Compensation Insurance. If SWAG has employees as defined by the State of California, SWAG shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the COUNTY of the County of Riverside.
- b. Commercial General Liability Insurance. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability

coverage, covering claims which may arise from or out of SWAG's performance of its obligations hereunder. Policy shall name the COUNTY of the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Covenant or be no less than two (2) times the occurrence limit.

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

- d. General Insurance Provisions – All Lines.

- i) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by Risk Manager. If Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.
- ii) SWAG's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent of Risk Manager. Upon notification of self-insured retention unacceptable to COUNTY, and at the

election of Risk Manager, SWAG's carriers shall either: (a) reduce or eliminate such self-insured retention, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

- iii) SWAG shall cause SWAG's insurance carrier(s) to furnish the COUNTY with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the COUNTY prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event any policy required under this Covenant is terminated or lapses, without replacement, SWAG shall not continue operation of the Property (other than as necessary to the continuing provision of services to residents of the Property in accordance with this Covenant and any other agreement between COUNTY and SWAG governing the provision of services to residents) until COUNTY has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required herein. An individual authorized by the insurance carrier to do so, on its behalf, shall sign the original endorsements for each policy and the Certificate of Insurance.
- iv) It is understood and agreed to by the parties hereto that SWAG's insurance shall be construed as primary insurance, and COUNTY'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.

- v) If, during the term of this Covenant or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then COUNTY reserves the right to adjust the types of insurance required under this Covenant and the monetary limits of liability for the insurance coverage's currently required herein, if; in Risk Manager's reasonable judgment, the amount or type of insurance carried by SWAG has become inadequate.
- vi) SWAG shall pass down the insurance obligations contained herein to all tiers of subcontractors.
- vii) SWAG agrees to notify COUNTY in writing of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of the Agreement.

7. HOLD HARMLESS/INDEMNIFICATION. SWAG shall indemnify and hold harmless the COUNTY, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Directors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any acts, omissions and/or services of SWAG, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Covenant, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of SWAG, its officers, employees, subcontractors, agents or representatives Indemnitors from this Covenant. SWAG shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions. With respect to any action or claim subject to indemnification herein by SWAG, shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action

or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes SWAG's indemnification to Indemnitees as set forth herein. SWAG's obligation hereunder shall be satisfied when SWAG has provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action or claim involved. The specified insurance limits required in this Covenant shall in no way limit or circumscribe SWAG's obligations to indemnify and hold harmless the Indemnitees herein from third party claims. In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the SWAG from indemnifying the Indemnitees to the fullest extent allowed by law. SWAGS indemnification and hold harmless obligations set forth herein shall survive the expiration of the Term and termination of this Covenant.

8. NOTICES. All Notices provided for in this Covenant shall be deemed received when personally delivered, or, if mailed by certified mail, return receipt requested, upon delivery (or, if delivery is refused, on the date so refused). All mailings shall be addressed to the respective parties at their addresses set forth below, or at such other address as each party may designate in writing and give to the other party:

If to the COUNTY: County of Riverside Department
of Public and Social Services
c/o Executive Director
1111 Spruce Street
Riverside, CA 92507

If to SWAG: Social Work Action Group
c/o Executive Director
28497 CA Hwy 74, #B113
Lake Elsinore, CA 92532

9. REMEDIES. Subject to the provisions of Section 10 relating to notice and cure, COUNTY shall have the right, in the event of any breach of any agreement or covenant set forth in this Covenant, to exercise all available rights and remedies, and to maintain any actions at law

or suit in equity or other proper proceedings to enforce the curing of such breach of agreement or covenant.

10. TERM. The non-discrimination covenants, conditions and restrictions contained in Section 4 of this Covenant shall remain in effect in perpetuity. Every other covenant, condition and restriction contained in this Covenant shall continue in full force and effect for the Term, as defined in Section 2 of this Covenant.

11. NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY shall give SWAG notice of such default pursuant to section 8 above. Any monetary default shall be cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein, if a non-monetary default is reasonably capable of being cured within thirty (30) days of delivery of such notice of default, SWAG shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured within thirty (30) days of delivery of such notice of default, and SWAG (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then SWAG shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the COUNTY; but in no event no later than ninety (90) days from delivery of such notice of default.

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

12. SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

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

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

14. GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Covenant shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Covenant is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way

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

16. PERMITTED MORTGAGES. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted by the COUNTY Loan Agreement or the lien or charge of a deed of trust made by the SWAG for the benefit of any lender first approved in writing by the COUNTY (each, a "Permitted Lender") and nothing herein or in the Agreement shall prohibit or otherwise limit the exercise of a

Permitted Lender's rights and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure and subsequent transfer thereafter.

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

18. OPERATION OF PROJECT.

- a. Project Monitoring And Evaluation. Tenant Checklist. SWAG shall submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit ____** which is attached hereto and incorporated herein by this reference, and may be revised by COUNTY, summarizing the racial/ethnic composition, number and percentage of extremely low-income households who are tenants of the COUNTY-assisted Affordable Units. The Tenant Checklist Form shall be submitted no later than the final disbursement under the COUNTY Loan Agreement (or on such earlier date as may be provided for therein) and thereafter, on a semi-annual basis on or before _____ and _____ of each year. SWAG shall provide a written lease agreement² for not less than one year, unless a shorter period is agreed to by mutual agreement between the tenant and SWAG. COUNTY shall review the initial form of the lease agreement prior to SWAG executing any leases and, provided that SWAG uses the approved lease form (with no material changes), SWAG shall be permitted to enter into residential leases without COUNTY'S prior written consent.
- b. Prohibited Lease Terms. The rental agreement/lease may not contain any of the following provisions:

² For purposes of this Covenant, the term "lease agreement" shall include Participant Agreements, as defined in the COUNTY Loan Agreement, and the term "lease" shall include any right of occupancy accorded to a resident of the Property pursuant to such a Participant Agreement.

- (1) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of SWAG in a lawsuit brought in connection with the lease.
- (2) Treatment of property. Agreements by tenant that SWAG may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. SWAG may dispose of this personal property in accordance with State law.
- (3) Excusing SWAG from responsibility. Agreement by the tenant not to hold SWAG or SWAG's agents legally responsible for any action or failure to act, whether intentional or negligent.
- (4) Waiver of notice. Agreement of the tenant that SWAG may institute a lawsuit without notice to the tenant.
- (5) Waiver of legal proceeding. Agreement by the tenant that the SWAG may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.
- (6) Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury.
- (7) Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise

challenge in court, a court decision in connection with the lease.

- (8) Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by SWAG against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- (9) Mandatory supportive services. Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

c. Written Selection Policies. SWAG shall adopt written selection policies and criteria that meet the following requirements:

- (1) Are consistent with the purpose of providing housing for Low Income, Very Low, Extremely, and other Low Income households.
- (2) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.
- (3) Provide for:
 - (A) Subject to the following paragraph 4, the selection of tenants from a written waiting list in the chronological order of their satisfaction of all eligibility requirements, insofar as is practicable; and
 - (B) The prompt written notification to any rejected applicant of the grounds for any rejection;
- (4) To the extent permitted by law, provide first priority in the selection of otherwise eligible tenants to persons displaced by the COUNTY (if any); and
- (5) Carry out the affirmative marketing procedures of the COUNTY, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area. SWAG and COUNTY shall cooperate to effectuate this provision during the SWAG's initial lease-up of the Affordable Units and as vacancies occur.

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

19). MANAGEMENT. SWAG shall be responsible for the operation of the Improvements either by direct management or by contracting its managerial functions to a third party property manager reasonably acceptable to the COUNTY which property manager will be charged with managing the Improvements on behalf of the SWAG. The COUNTY shall have the right to review and approve any such entity prior to its selection by the SWAG. Such approval shall not be unreasonably withheld. SWAG shall include in any such property management agreement a provision providing for the termination of the agreement in the event that the property manager violates any federal, state or local health and safety laws and regulations which are not cured within thirty (30) days following the giving of notice of such violations by the COUNTY or any other governmental entity; provided, however, that in the case of a violation that cannot be cured within such thirty (30) day period, that such cure shall be commenced within thirty (30) days of notification and shall be diligently prosecuted to completion not later than sixty (60) days after notification. SWAG, and its successors and assigns, upon notice from the COUNTY, shall pay any costs and fees (including administrative and attorneys' fees) incurred by COUNTY in connection with responding to or defending any discrimination claim brought by any third party and/or local, state or federal government entity, arising out of or in connection with the COUNTY Agreement and/or this Covenant.

20) COUNTERPARTS. This Covenant may be signed by the different parties hereto in

counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

21) COVENANT RUNS WITH LAND. This Covenant shall run with the land.

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

[REMAINDER OF PAGE INTENTIONALLY BLANK]

(SIGNATURES ON THE NEXT PAGE)

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

COUNTY:

County of Riverside, Department
of Public Social Services

SWAG:

Social Work Action Group,
California nonprofit public benefit corporation

By: _____

Name: _____

Its: _____

Date: _____

By: _____

Monica Sapien Petroff
Executive Director

Date: _____

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

By: _____

Synthia M. Gunzel
Chief Deputy County Counsel

(Signatures to be notarized)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

THE LAND REFERRED TO HEREIN BELOW IS SITUATED _____, IN THE COUNTY
OF RIVERSIDE STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

UCC-1 Financing Statement

Debtor: Social Work Action Group
 Secured Party: County of Riverside, on behalf of its Department of Public Social Services
 Obligation Secured: \$[]

EXHIBIT ADESCRIPTION OF THE COLLATERAL

Attached to and being a part of UCC-1 Financing Statement from Social Work Action Group, a California nonprofit public benefit corporation, as Debtor, to the County of Riverside, on behalf of its Department of Public Social Services, as Secured Party.

The "Collateral," for purposes of this financing statement, includes:

1. All present and future right, title and interest of Debtor in all leases and other occupancy agreements, of any nature (including, without limitation, any participant agreement according a right of occupancy), now or hereafter covering all or any part of (i) that certain real property, located in _____, County of Riverside, State of California, more particularly described in Exhibit "B" attached to this financing statement and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property"), (ii) all buildings, structures and other improvements now or in the future located or to be constructed on the Subject Property (the "Improvements"), and (iii) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"; the Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property") together with all extensions, renewals, modifications, or replacements of said leases and occupancy agreements, and together with any and all guarantees of the obligations of the lessees and occupants ("Lessees") thereunder, whether now existing or hereafter executed, and all extensions and renewals of said guarantees. (Said leases and occupancy agreements, together with any and all guarantees, modifications, extensions and renewals thereof, are hereinafter referred to collectively as the "Leases" and individually as a "Lease"); and all present and future right, title and interest of Debtor in all rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from (1) the Leases, (2) the Real Property, (3) any Collateral (the Collateral, together with the Real Property, the "Trust Estate") or (4) the ownership, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

2. all present and future right, title and interest of Debtor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California Uniform Commercial Code (the "UCC"), and whether existing now or in the future) now or in the future located at, upon or about, or affixed or attached to or installed in, the Real Property, or used or to be used in connection with or otherwise relating to the Real Property or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing or occupancy of the Real Property, including furniture, furnishings, theater equipment, seating, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating ventilating and air conditioning equipment and all other types of tangible personal property of any kind or nature, and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements and substitutions of or to any of such property, but not including personal property that is donated to Debtor (the "Goods," and together with the Real Property, the "Property"); and
3. all present and future right, title and interest of Debtor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future), in any such case, now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Debtor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

11.15.19

EXHIBIT "B"
LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED PERRIS, IN THE
COUNTY OF RIVERSIDE STATE OF CALIFORNIA, AND IS DESCRIBED AS
FOLLOWS:

EXHIBIT J : Tenant Checklist

| Program Name | | (B) Funding Source | | | | | | | | | | |
|---|-------------------------------------|----------------------------|-------------------------------|--------------------------|-------------------|-------------------------|------------------------------|----------------|-----------------------|-----------------|-----------|--------------|
| (H) Assistance Provided by Income Group | Renters | | | | | Owners | | | Homeless* | | Total (M) | |
| | Elderly 1 & 2 Member Households (A) | Small Related (2 to 4) (B) | Large Related (5 or more) (C) | All Other Households (D) | Total Renters (E) | Existing Homeowners (F) | 1 st -Time Buyers | | Total Home Owners (I) | Individuals (J) | | Families (K) |
| | | | | | | | With Children (G) | All Others (H) | | | | |
| 1. Extremely Low Income (0 to 30% MFI) | | | | | | | | | | | | |
| 2. Very Low Income (31 to 50% MFI) | | | | | | | | | | | | |
| 3. Other Low-Income (51 to 80% of MFI) | | | | | | | | | | | | |
| 4. Total Low-Income (lines 1+2+3) | | | | | | | | | | | | |
| 5. Moderate Income (81 to 120% of MFI) | | | | | | | | | | | | |
| Total | | | | | | | | | | | | |

* Homeless families and Individuals assisted with transitional or permanent housing

| (I) Geographic Location | (K) Race-Select from list | Number | % of Total |
|-------------------------|---|--------|------------|
| Banning | 1. White | | |
| Beaumont | 2. Black/ African American | | |
| Blythe | 3. Asian | | |
| Calimesa | 4. American Indian/ Alaskan Native | | |
| Canyon Lake | 5. Native Hawaiian / Other Pacific Islander | | |
| Cathedral City | 6. American Indian/ Alaskan Native <u>and</u> White | | |
| Desert Hot Springs | 7. Asian <u>and</u> White | | |
| Indio | 8. Black/ African American <u>and</u> White | | |
| Lake Elsinore | 9. American Indian/Alaskan Native <u>and</u> Black/African American | | |
| La Quinta | 10. Two or more races | | |
| | Total (must equal Total on line 4, column (M)) | | |

| (J) Ethnicity | Number | % of Total |
|--|--------|------------|
| 1. Hispanic or Latino | | |
| 2. Non Hispanic or Latino | | |
| Total (must equal Total on line 4, column (M)) | | |

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

Address:

Prepared by:

Phone Number:

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