

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



**ITEM: 10.1
(ID # 11093)**

MEETING DATE:

Tuesday, August 25, 2020

FROM: HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Approve and Execute the Affordable Housing Loan Agreement for the Use of 2006 Series A Taxable Tax Allocation Housing Bonds for Ranchito Las Serenas Affordable Rental Housing Project Located in the City of Coachella Between the Housing Authority of the County of Riverside and The Coachella Valley Housing Coalition; District 4 [\$50,000 100% - 2006 Series A Taxable Tax Allocation Housing Bonds]; CEQA Exempt

RECOMMENDED MOTION: That the Board of Commissioners:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301 and Section 15061(b)(3);
2. Approve the attached form of Affordable Housing Loan Agreement Ranchito Las Serenas (2006 Series A Taxable Tax Allocation Housing Bonds), including all exhibits, (Loan Agreement), between the Housing Authority of the County of Riverside and The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation, providing a loan derived from 2006 Series A Taxable Tax Allocation Housing Bonds, in the amount of \$50,000 (Housing Authority Loan), to be used to replenish a depleted replacement and repair reserve account for a multi-family affordable rental housing project for seniors and low income households in the City of Coachella;
3. Approve the form of Deed of Trust with Assignment of Rents (Deed of Trust), Promissory Note, and Covenant Agreement, attached as Exhibits "E" - "G" to the Loan Agreement;
4. Authorize the Chair of the Board of Commissioners to execute the Loan Agreement on behalf of the County of Riverside;

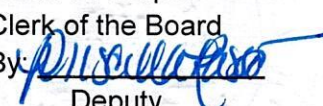
ACTION: Policy


Heidi Marshall, Director of Housing, Homelessness Prevention | 3/23/2020

MINUTES OF THE BOARD OF COMMISSIONERS

On motion of Supervisor Jeffries, seconded by Supervisor Spiegel 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: August 25, 2020
xc: Housing Authority

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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5. Authorize the Executive Director of the Housing Authority of the County of Riverside (HACR), or designee, to execute a Deed of Trust, Promissory Note, and Covenant Agreement, each conforming in form and substance to the documents attached as Exhibits “E” – “G” to the Loan Agreement, subject to approval by County Counsel;
6. Authorize the Executive Director of HACR, or designee, to negotiate and execute a Subordination Agreement subordinating the Housing Authority Loan Deed of Trust to a Deed of Trust securing a senior loan, subject to approval by County Counsel;
7. Authorize the Executive Director of HACR, or designee, to take all necessary steps to implement the Loan Agreement, including but not limited to, executing a Subordination Agreement and executing any subsequent necessary and relevant documents, subject to approval by County Counsel; and
8. Direct HACR staff to file a Notice of Exemption within five business days of the approval of the Loan Agreement.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$50,000	\$ 0	\$50,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% 2006 Series A Taxable Tax Allocation Housing Bonds			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On August 6, 2019, The Coachella Valley Housing Coalition requested consideration for funding of its recently acquired affordable housing facility “Ranchito Las Serenas”. Their request is for \$50,000 to fund replacement and repair reserve for the project in Coachella. “Ranchito Las Serenas” is a 12-unit residential complex for senior and low-income households in the City of Coachella, identified as APN 778-093-013-4.

This project was part of housing assets transferred to HACR as Housing Successor to the former Coachella Redevelopment Agency and subject to affordability restrictions. It had been developed and operated by a now nonoperational housing developer. As a result, the project reverted to and was controlled by the primary lender. This foreclosure constituted a danger that the project could be lost as affordable housing.

CVHC acquired the project in May 2019 and desires to continue to provide the housing for a long-term affordability period. Their acquisition included a restructuring of the primary loan terms which makes the development more affordable and financially sustainable. Additionally, the acquisition was completed without tenant displacement.

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As the new owner, CVHC has contracted with Hyder Property Management Professionals for operations. All are experienced housing professionals dedicated to the provision of high-quality housing. However, the project, developed in 2008, is in need of regular maintenance and has a depleted replacement and repair reserve.

With the mutual goal of providing high quality, long term, affordable housing; staff recommends approval of CVHC's loan request with the following terms:

- Subordinate \$50,000 loan with 0% interest per annum with a 55-year term
- Establish a new affordability covenant for a 55-year period
- Funds are designated for replacement repair reserve account
- Funding source Coachella HASA Bond (2006 Series A Taxable)

Pursuant to the California Environmental Quality Act (CEQA), the Affordable Housing Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project, the Affordable Housing Loan Agreement, involves the loan of HASA Bond funds to fund a reserve account of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained. A Notice of Exemption will be filed with the County Clerk upon approval of the Affordable Housing Loan Agreement.

Staff recommends that the Board of Commissioners approve the Loan Agreement, including all exhibits attached thereto, and authorize the Chair to execute the Loan Agreement. Staff further recommends that the Board of Commissioners authorize the Executive Director, or designee, to execute forms of the Deed of Trust, Promissory Note and Covenant Agreement, each conforming in form and substance to Exhibits "E" through "G" in the Loan Agreement, subject to County Counsel approval; and authorize the Executive Director, or designee, to negotiate a subordination agreement, subordinating the Housing Authority Loan Deed of Trust to Senior Lenders, subject to County Counsel approval.

Impact on Residents and Businesses

A troubled property in danger of being lost as affordable housing has been preserved by the acquisition by The Coachella Valley Housing Coalition. This funding will support the stabilization of the project as well as its continued operation. In so doing, there was no displacement of the senior and low-income households residing in the complex. The project will positively impact the residents, neighbors, community by providing safe, secure and affordable housing. Additionally, the project is expected to generate permanent maintenance and property management jobs.

Additional Fiscal Information

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No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with 2006 Series-A Taxable Tax Allocation Housing Bonds.

ATTACHMENTS (if any, in this order):

- Affordable Housing Loan Agreement Ranchito Las Serenas (2006 Series A Taxable Tax Allocation Housing Bonds), including all exhibits
- Form of Promissory Note and Housing Authority Loan Deed of Trust (Exhibits "E" and "F")
- Form of Covenant Agreement (Exhibit "G")
- Notice of Exemption

Marcus Maltese

Marcus Maltese

8/18/2020

Gregory H. Priamos

Gregory H. Priamos, Director County Counsel

8/13/2020



Notice of Exemption

To:
 Office of Planning and Research
For U.S Mail: P.O. Box 3044
 Sacramento, CA 95812-3044
Street Address: 1400 Tenth St.
 Sacramento, CA 95814

From:
 County of Riverside
 Housing, Homelessness, Prevention and
 Workforce Solutions
 Address: 5555 Arlington Avenue
 Riverside, CA 92504
 Contact: Leah Rodriguez
 Phone: (760) 863-2534

County Clerk
 County of Riverside
 2724 Gateway Drive
 P.O. Box 751
 Address: Riverside, CA 92502-0751

Lead Agency (if different from above):
 Address: _____
 Contact: _____

SUBJECT: Filing of Notice of Determination in Compliance with Section 21108 or 21152 of the public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): _____

Project Title: Ranchito Las Serenas Apartments

Project Location: 1281 7th Street, Coachella CA 92236; Assessor Parcel Number: 778-093-013-4, Fourth Supervisorial District

Project Description:

Coachella Valley Housing Coalition, a California Nonprofit Public Corporation, (CVHC) has acquired an at-risk 12-unit affordable senior housing complex in order to preserve and operate as a long-term affordable housing project. The acquisition was completed in May 2019 without tenant displacement. In order to stabilize the project and allow for maintenance, CVHC has requested a grant of funds to replenish the project reserve account. The Housing Authority of the County of Riverside, as Housing Successor to the former Coachella Redevelopment Agency has recommended the award of 2006 Series A (Taxable) Tax Allocation Housing Bond funds to stabilize the project and record a Covenant Agreement to maximize the affordability of the units consistent with and in furtherance of the public purposes and applicable requirements of the Housing Authority's Law, the CRL, the Dissolution Act, and the Redevelopment Plan. Twelve one-bedroom units will be designated as senior assisted units; the use and occupancy of the Property and the assisted units located thereon will be restricted until September 2075. The aforementioned use and occupancy restrictions will be set forth in a recorded covenant agreement.

Project Sponsor: Coachella Valley Housing Coalition, a California Nonprofit Public Corporation

This is to advise that the County of Riverside Board of Commissioners approved the above project on

Lead agency or Responsible Agency

August 25, 2020 and has made the following determinations regarding the above described project:
(tentative date)

Exempt Status: California Environmental Quality Act (CEQA) Guidelines, Section 15061 (b) (3), General Rule Exemption.
Reasons Why Project is Exempt: Pursuant to the California Environmental Quality Act (CEQA), the Affordable Housing Loan Fund Agreement for the Use of 2006 Series A Taxable Tax Allocation Housing Bonds, for Ranchito Las Serenas was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities and State CEQA Guidelines 15061(b) (3), General Rule or "Common Sense" Exemption. The proposed project involves the recordation of a Covenant Agreement for the stabilization of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained.

Signature: J Garcia

Title: Juan Garcia, Principal Development Specialist Riverside County HHPWS

Date: 8/12/2020 Date received for filing: _____

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn: Leah Rodriguez

SPACE ABOVE THIS LINE FOR RECORDERS USE

AFFORDABLE HOUSING LOAN AGREEMENT
Ranchito Las Serenas
(2006 Series A – Taxable Housing Bond)

This AFFORDABLE HOUSING LOAN AGREEMENT Ranchito Las Serenas (2006 Series A-Taxable Housing Bond) (“Agreement”) is made and entered into this day 25 of August, 2020 by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the City of Coachella (“Housing Authority” or “Authority”) and THE COACHELLA VALLEY HOUSING COALITION, a California Nonprofit Public Benefit Corporation (“Borrower”). Housing Authority and Borrower are collectively referred to herein as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, Borrower owns fee title to that certain real property consisting of approximately 0.43 acres of land improved with a 12-unit affordable senior residential development and located at 1321 7th Street within the incorporated city of Coachella in the County of Riverside, also known as Assessor Parcel Number 778-093-013-4, as more specifically described in the legal description attached hereto as Exhibit “A” (“Property”);

WHEREAS, the Property is located within Project Area 3 established by the former Redevelopment Agency for the City of Coachella (“RDA”) pursuant to the Redevelopment Plan

for Project Area 3 as approved and adopted by Ordinance No. 493 of the City of Coachella adopted November 27, 1984 (“Redevelopment Plan”);

WHEREAS, the former owner of the Property, the RDA and the City of Coachella into that certain Regulatory Agreement dated April 28, 2004 and recorded against the Property on June 8, 2004 as document no. 2004-0436641 (“2004 Regulatory Agreement”) in the Official Records of the County of Riverside, which 2004 Regulatory Agreement contains affordability restrictions for the Property as a for-sale low income senior housing project in accordance with applicable California law;

WHEREAS, a Certificate of Compliance for Certificate of Parcel Merger dated March 5, 2008 and recorded on March 21, 2008 as document no. 2008-0139821 (“2008 Certificate”) in the Official Records of the County of Riverside, which 2008 Certificate merged the Property into a single parcel (Assessor Parcel Number 778-093-013-4);

WHEREAS, the Property is improved with 12 one-bedroom units along with community space and related parking, with the units to be rented and occupied by income qualified senior households during an affordably period of no less than 55 years in accordance with the terms and conditions hereof and as set forth in the Covenant Agreement (“Project”);

WHEREAS, the Housing Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 4 of the Health and Safety Code (“Housing Authorities Law”);

WHEREAS, the RDA, was duly created pursuant to California Community Redevelopment Law (Health and Safety Code Section 33000 et seq. the “CRL”);

WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (“Dissolution Act”), added parts 1.8 and 1.85 to Division 24 of the CRL. As a result, the RDA was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code Section 34173;

WHEREAS, pursuant to Health and Safety Code Section 34176 (a), County of Riverside Board of Supervisors Resolution No. 2012-035, and Housing Authority Board of Commissioners Resolution Nos. 2012-001 and 2012-005, all housing functions previously performed by the former RDA, including related rights, powers, duties, obligations and housing assets were transferred to Housing Authority;

WHEREAS, on September 22, 2015 State Budget Trailer Bill SB107 passed which made amendments to the existing dissolution law as defined in Assembly Bill No. x1 26. Under prior redevelopment dissolution law, only housing bond proceeds from bonds issued prior to January 1, 2011, that were issued for affordable housing purposes and secured by a pledge of low and moderate income housing funds, remaining after satisfaction of enforceable obligations approved on a Recognized Payment Obligation Schedule, were considered housing assets and were allowed to be expended. SB 107 changed the date by which the applicable housing bonds must have been issued from January 1, 2011 to June 28, 2011;

WHEREAS, the Housing Authority has unused housing bond proceeds issued prior to June 28, 2011 derived from former RDA 2006 Series A Taxable Tax Allocation Housing Bonds (“Former RDA Housing Bonds”);

WHEREAS, Borrower has acquired the Property and desires to stabilize the Project;

WHEREAS, Housing Authority desires to provide to Borrower financing necessary to replenish depleted replacement and repair reserve account(s) (hereinafter “Reserve Account”) in the maximum amount of Fifty Thousand Dollars (\$50,000) derived from the Former RDA Housing Bonds (“Authority Loan”) to stabilize the Project and record a Covenant Agreement to maximize the affordability of the units consistent with and in furtherance of the public purposes and applicable requirements of the Housing Authorities Law, the CRL, the Dissolution Act, and the Redevelopment Plan, as more specifically described herein;

WHEREAS, pursuant to Housing Authority Minute Order No. _____ approved by the Housing Authority Board of Commissioners on August 25, 2020, the Board of Commissioners approved the Authority Loan for the Project;

WHEREAS, the Authority Loan shall be evidenced by a promissory note and secured by a deed of trust as more specifically described herein.

NOW, THEREFORE, in consideration of the foregoing, and the promises and mutual covenants and conditions hereinafter set forth, the Housing Authority and Borrower hereby do agree as follows:

PART 1. SUBJECT OF AGREEMENT

SECTION 101 PURPOSE OF AGREEMENT

The aforementioned Recitals are true and accurate and incorporated into this Agreement by this reference. The purpose of this Agreement is to effectuate the Redevelopment Plan by providing funds to stabilize the Project's Reserve Account and provided for necessary replacement and repairs to the Improvements. The Project consists of a twelve (12) unit residential rental apartment complex, all of which shall be made available at an Affordable Rent and occupied by Low Income Senior Households, along with community space and related parking. The continued operation and use of the Project pursuant to this Agreement, and the fulfillment generally of this Agreement, are in the vital and best interests of the County of Riverside and the health, safety, morals and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, state and local laws and requirements.

SECTION 102 DEFINITIONS

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

"Affordability Period" means no less than fifty-five (55) years from the recordation of the Covenant Agreement in the Official Records of the Recorder's Office of the County of Riverside (without regard to (i) the term of the Authority Promissory Note, or (ii) transfer of the ownership of the Project).

"Affordable Rent" means rent, including a reasonable utility allowance, calculated in accordance with Government Code Section 50053(b)(3) as amended from time to time which as of the Effective Date for a Low Income Senior Household means rent that does not exceed one-twelfth (1/12) times the product of thirty percent (30%) times sixty percent (60%) of the Area Median Income, adjusted for family size appropriate for the Affordable Unit.

"Affordable Units" means the twelve (12) units in the Project assisted with funds provided by the Authority and available to, occupied by or held vacant for occupancy exclusively by Low Income Senior Households at an Affordable Rent.

"Area Median Income" means the median income of the Riverside-San Bernardino-Standard Metropolitan Statistical Area, adjusted for family size by the United States Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act

of 1937, as determined by HUD and published from time to time by the California Department of Housing and Community Development.

“Authority Deed of Trust” means the deed of trust and assignment of rents to be recorded against title to the Property. The Authority Deed of Trust is attached hereto as Exhibit “F” and shall be subordinate to any existing Senior Loan deed of trust.

“Authority Executive Director” or **“Executive Director”** means the Executive Director of the Housing Authority or designee.

“Authority Loan” means a loan to be made by Authority to Borrower in an amount not to exceed \$50,000, in which the Housing Authority is the initial maker of the loan. The Authority Loan is subject to the CRL and the Dissolution Act. The Authority Loan shall be evidenced by the Authority Promissory Note (Exhibit “E”) and secured by the Authority Deed of Trust (Exhibit “F”).

“Authority Loan Documents” means the Authority Promissory Note, Authority Deed of Trust, the Covenant Agreement, the Notice of Affordability Restrictions and Request for Notice of Default.

“Authority Promissory Note” means the promissory note in favor of the Housing Authority evidencing the Authority Loan, executed by Borrower. The Authority Promissory Note is attached hereto as Exhibit “E.”

“County” means the County of Riverside, a political subdivision of the State of California.

“Closing” or **“Close of Escrow”** means the finalization of the Authority Loan Documents and the recording of this Agreement, the Covenant Agreement, the Notice of Affordability Restrictions, the Authority Deed of Trust, and the Request for Notice of Default.

“Closing Date” means the date on which the Closing has occurred.

“Covenant Agreement” or **“Covenant”** means the Amended and Restated Declaration of Conditions, Covenants and Restrictions (Including Rental Restrictions) to be recorded upon the Closing, substantially in the form attached to this Agreement as Exhibit “G.”

“Effective Date” is defined in Part 8.

“Escrow Agent” means an escrow company mutually acceptable to the Authority Executive Director and Borrower.

“Force Majeure” or **“Force Majeure Event”** means any of the following events, provided that it actually delays and interferes with the timely performance of the matter to which it applies

and despite the exercise of diligence and good business practices is or would be beyond the reasonable control of the Party claiming such interference: 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; acts of the other Party; acts or failure to act of any Governmental Authority (except acts or failure to act of the Housing Authority shall not excuse performance by the Housing Authority); or the imposition of any applicable moratorium by a Governmental Authority; 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. Any Party claiming a Force Majeure Delay shall deliver such written notice within fifteen (15) days after it obtains actual knowledge of the event.

“Governmental Approvals” means and include any and all general plan amendments, zoning approvals or changes, required approvals and certifications under the California Environmental Quality Act, variances, conditional use permits, demolition permits, excavation/foundation permits, grading permits, building permits, inspection reports and approvals, certificates of occupancy, and other approvals, permits, certificates, authorizations, consents, orders, entitlements, filings or registrations, and actions of any nature whatsoever required from any Governmental Authority in order to utilize the Authority Loan funds for the purposes of necessary replacements and repairs to the Project

“Governmental Authority” means the United States, the State of California, County of Riverside or any other political subdivision in which the Property is located, and any court or political subdivision, agency or instrumentality having jurisdiction over the Property.

“Household” means one or more persons occupying an Affordable Unit.

“Improvements” means the improvements existing on the Property, including, more generally, the 12 one-bedroom one-bath rental units (approximately 544 square feet each), shared

community space and landscaping, all in accordance with applicable requirements of the City of Coachella, County of Riverside and State of California.

“Low Income Senior Household” means a Senior Household who meets the requirements set forth in California Health and Safety Code Section 50079.5 or any successor statute.

“Notice of Affordability Restrictions” means the Notice of Affordability Restrictions to be recorded against the Property in the form as attached hereto as Exhibit “H.”

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Redevelopment Plan” means the Redevelopment Plan established by the former Coachella Redevelopment Agency for Project Area 3 as approved and adopted by Ordinance No. 493 of the City of Coachella adopted November 27, 1984.

“Request for Notice of Default” means a notice substantially in the form of Exhibit “I”.

“Reserve Account” means the replacement and repair reserve account to be used for Project capital structural and equipment repair and replacement and such other repairs as necessary and permitted consistent with the Project Stabilization Budget.

“Schedule of Performance” means the schedule of performance means the schedule of attached to this Agreement as Exhibit “C.”

“Senior Household” means a Household in which at least one member is sixty two (62) years of age or older and every other Household member is a “Qualified Permanent Resident” (as defined by Section 51.3 of the California Civil Code, or successor statute) and which Household is eligible to rent an Affordable Unit in the Project in accordance with this Agreement, and all applicable federal and state laws governing the use and occupancy of the Project.

“Senior Lender” means the maker of any Senior Loan or beneficiary of any Senior Loan Deed of Trust.

“Senior Loan” means that certain loan to Borrower by Altura Credit Union, a California state chartered credit union secured by deed of trust dated May 2, 2019 and recorded against the Property on May 7, 2019 as document no. 2019-0157604 in the Official Records of the County of Riverside and any other loan secured by a deed of trust or other instrument recorded against the Property required by its lender to be senior in lien priority to the Authority Loan provided the

Housing Authority and the lender of such loan enter into a subordination agreement in form acceptable to the Housing Authority in its reasonable discretion.

“**Stabilization**” means replacement and repairs to the Improvements as specified in the Stabilization Budget attached hereto as Exhibit “D” and the Scope of Work attached hereto as Exhibit “B”, along with deposits to the Reserve Account to establish appropriate reserves for the long-term viability of the Project as specified in the Stabilization Budget.

“**Stabilization Budget**” means the schedule of sources and uses attached to this Agreement as Exhibit “D.”

“**Stabilization Costs**” means the actual direct cost of replacements and repairs to the Project along with deposits to the Reserve Account to establish appropriate reserves for the long-term viability of the Project that loan funds are to be used for as specified in the Stabilization Budget attached hereto as Exhibit “D.” Stabilization Costs shall not include legal or other professional service fees incurred by Borrower in connection with this Agreement, Borrower’s Escrow Costs (as defined in Section 201(b)) or Project management expenses.

“**Tenant Checklist**” means the tenant checklist in the form attached to this Agreement as Exhibit “J” or such other monitoring and compliance form as may be provided and required by the Housing Authority from time to time.

“**Title Company**” means a title insurance company mutually acceptable to the Authority Executive Director and Borrower.

SECTION 103 AUTHORITY

The Housing Authority is a public entity, corporate and politic, exercising governmental functions and powers, and organized and existing under the Housing Authorities Law. The Housing Authority is also the “housing successor” to the former RDA pursuant to California Health and Safety Code Section 34176. The address of the Housing Authority for purposes of receiving notices pursuant to this Agreement is as follows:

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

“Housing Authority” and “Authority” as used in this Agreement includes the Housing Authority of the County of Riverside and any assignee or successor to its rights, powers and responsibilities.

SECTION 104 BORROWER

Borrower is The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation. The address of Borrower for purposes of receiving notices pursuant to this Agreement is as follows:

Ranchito Las Serenas
c/o The Coachella Valley Housing Coalition
45-701 Monroe Street, Suite G
Indio, CA 92201
Attn: Executive Director

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

SECTION 105 ASSIGNMENTS AND TRANSFERS

a. Borrower represents and agrees that its undertakings pursuant to this Agreement are for the purpose of redeveloping and providing affordable housing on the Property, and not for speculation in land holding. Borrower further recognizes that the qualifications and identity of Borrower are of particular concern to the Housing Authority, in light of the following: (1) the importance of maintaining affordable housing on the Property to the general welfare of the community; (2) the public assistance that has been made available by the Housing Authority pursuant to the CRL, Dissolution Act and the former RDA Housing Bonds for the purpose of making such affordable housing opportunities possible; and (3) the fact that a change in ownership or control of Borrower, or any other act or transaction involving or resulting in a significant change in ownership or control of Borrower, is for practical purposes a transfer or disposition of the property then owned by Borrower. Borrower further recognizes that it is because of such qualifications and identity that the Housing Authority is entering into the Agreement with Borrower.

b. Except as expressly set forth herein, prior to full repayment of the Authority Loan and reconveyance of the Authority Deed of Trust, Borrower shall not assign all or any part of this Agreement, or any interest herein, or convey any part of the Property or the Improvements or any interest therein, without the prior written approval of the Housing Authority. To the extent the Housing Authority's approval of an assignment or transfer is required by this Agreement, in granting or withholding its approval, the Housing Authority shall base its decision upon the relevant experience, financial capability and reputation of the proposed assignee or transferee and the effect, if any, of such proposed transfer on the public purposes of this Agreement. Notwithstanding the foregoing, the lease of the Affordable Units to eligible Low Income Senior Households in accordance with this Agreement shall be subject to the reporting and monitoring requirements set forth in this Agreement and the Covenant Agreement, but shall not require prior written approval by the Housing Authority.

c. For the reasons cited above, Borrower represents and agrees for itself and any successor in interest that, prior to the full repayment of Authority Loan, there shall be no material change in Borrower, including, without limitation, a change in the identity of the Borrower, or a change in the management or control of Borrower without the prior written approval of the Housing Authority. Notwithstanding the foregoing, so long as Borrower provides prompt written notice of any and all changes whatsoever in the identity of the controlling interests of Borrower, including changes in the identity of the members of the Board of Directors and the retirement, death or incapacity of the Executive Director, such changes in the management and control of the Borrower shall not require prior written approval by the Housing Authority; provided, however, any successor Executive Director shall have the experience, skills and qualifications required to fulfill the Borrower's obligations under this Agreement. Prior to the appointment of any successor Executive Director, Borrower shall submit his or her qualifications to the Housing Authority. Unless the Housing Authority objects to the proposed appointment of the successor Executive Director based on a finding of lack of experience, skills or qualifications within fifteen (15) days of the submittal of such documentation by Borrower, the Housing Authority shall be deemed to have approved the successor Executive Director.

d. In the event Borrower does assign this Agreement or any of the rights herein, or does sell, transfer, convey or assign the any part of the Property, the Improvements or any interest therein without the written approval of the Housing Authority, subject to the notice and cure provisions of Section 501, the Housing Authority shall have the right to terminate this Agreement.

e. In the absence of a specific written agreement by the Housing Authority, and except as otherwise provided in this Agreement, no assignment or transfer of this Agreement, the Property the Improvements or any portion thereof or any change in control of the Borrower, shall be deemed to relieve Borrower or any other party from any obligations under this Agreement.

f. The restrictions of this Section 105 shall terminate upon full repayment of the Authority Loan and reconveyance of the Authority Deed of Trust.

SECTION 106 BORROWER'S REPRESENTATIONS AND WARRANTIES

As an inducement to the Housing Authority to enter into this Agreement and consummate the transactions described herein, Borrower hereby represents and warrants to the Housing Authority, which representations and warranties are true and correct as of the date of this Agreement and which shall survive the Close of Escrow:

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

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

c. There is no charter, bylaw, or capital stock provision of Borrower, and no provision of any indenture, instrument, or agreement, written or oral, to which Borrower is a party or which governs the actions of Borrower or which is otherwise binding upon Borrower or Borrower's property, nor is there any statute, rule or regulation, or any judgment, decree, or order

of any court or agency binding on Borrower or Borrower's property which would be contravened by the execution, delivery or performance of any of Borrower's Obligations;

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

e. Neither the execution and delivery of this Agreement, including any attachments hereto or documents related to this Agreement, nor the incurrence of the Borrower's Obligations, nor the consummation of the transactions herein contemplated, nor compliance with the terms of this Agreement and the documents referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, lease or other agreements or instruments to which Borrower is a party;

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

g. All reports, documents, instruments, information and forms of evidence delivered to the Housing Authority concerning or required by this Agreement are accurate, correct and sufficiently complete to give the Housing Authority true and accurate knowledge of their subject matter, and do not contain any misrepresentation or omission; and

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

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

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

SECTION 107 REFINANCING

a. Borrower shall not refinance any Senior Loan for the Affordable Units or place any additional financing on the Property without the advanced and express written consent of the Authority Executive Director.

SECTION 108 AUTHORITY ASSISTANCE; LOAN TERMS

a. **Authority Loan.** In accordance with and subject to the terms and conditions of this Agreement, the Housing Authority agrees to lend to Borrower, and Borrower agrees to borrow from the Housing Authority, the Authority Loan, in an amount not to exceed Fifty Thousand Dollars (\$50,000). The Authority Loan shall be evidenced by the Authority Promissory Note (Exhibit "E"), and repayment shall be secured by the Authority Deed of Trust (Exhibit "F").

b. **Source of Funds.** Borrower acknowledges that the Former RDA Housing Bonds is the source of funds for the Authority Loan (the "Loan Funds") and regulates the use of such funds. Borrower acknowledges and agrees that the Housing Authority is not required to make available any other funds or monies, regardless of source, other than the Loan Funds contemplated hereunder and further waives any claim, however denominated, that seeks to access or obtain any such other funds or monies other than the Loan Funds from the Housing Authority.

c. **Terms of Authority Loan**

1. **Principal.** The principal of the Housing Authority Loan shall be \$50,000.
2. **Interest.** The Housing Authority Loan shall accrue no interest (0.00% per annum), except in the case of default. In the event of a default hereunder, outstanding amounts due hereunder shall bear interest at a default interest rate of ten percent (10%) per annum.
3. **Authority Promissory Note.** The Housing Authority Loan shall be evidenced by the Authority Promissory Note (Exhibit "E").
4. **Repayment.** Authority Promissory Note shall be repaid in annual payments, until repaid in full, from fifty percent (50%) of the Project's Residual Receipts as defined by as in accordance with the Authority

Promissory Note. Notwithstanding the foregoing, the Housing Authority Loan shall be fully due and payable on the maturity date.

5. **Maturity Date.** The maturity date of the Authority Promissory Note shall be the later to occur of: (i) July 1, 2075 or (ii) fifty-five (55) years from the recordation of the Authority Deed of Trust for the Project in the Official Records

d. **Security.** The Authority Loan shall be secured by the Authority Deed of Trust (Exhibit "F") and will be subordinate to any existing Senior Loans. Subordination of any future refinancing may be considered by Housing Authority upon Borrower's reasonable request, such subordination does not (i) adversely affect the receipt of any benefit or right of Housing Authority under this Agreement (including any attachments thereto) the Authority Promissory Note and/or the Authority Deed of Trust, including without limitation causing or requiring the subordination of the affordability covenants in the Covenants, or (ii) increase any Housing Authority obligation or liability under this Agreement (including any attachments thereto).

f. **Prepayment.** Prepayment of Authority Loan principal and/or interest may occur at any time without penalty, provided however, such prepayment shall not release Borrower from complying with the affordability and use restrictions set forth in the Covenant Agreement until the term of the Covenants has expired, and/or Borrowers obligations to comply with all laws and regulations relating to the operation of the Affordable Units.

g. **Use of Authority Loan Proceeds.** The proceeds of the Authority Loan shall be used by Borrower exclusively to pay Stabilization Costs for the Project, as identified in the Stabilization Budget (Exhibit "D").

h. **Disbursement of Authority Loan Proceeds.** Provided Borrower is not in default under this Agreement or any other Authority Loan Documents, the proceeds of the Authority Loan shall be disbursed in full upon Close of Escrow by the Escrow Agent and deposited by Borrower in the Reserve Account to pay Stabilization Costs as identified in the Stabilization Budget.

SECTION 109 INDEMNIFICATION

Notwithstanding anything to the contrary in this Agreement, Borrower shall defend, indemnify and hold harmless Housing Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of

Commissioners, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from and against any and all actions, third party claims, suits, causes of action, proceedings, demands, liabilities, loss, damages, injuries, challenges, cost and/or expense (including reasonable attorneys' fees and court costs), (collectively, "Claims") arising from or as a result of or in any way connected with this Agreement (including all exhibits attached hereto) , except in the event of the gross negligence or willful misconduct of the Housing Authority; provided however, any gross negligence or willful misconduct of the Housing Authority will only affect Borrower's duty to indemnify for the specific act found to be gross negligence or willful misconduct, and will not preclude Borrower's duty to indemnify for any act or omission of Borrower required herein. Borrower further agrees that such indemnification obligation shall include all fees and costs reasonably incurred in the defense of the Indemnified Parties by counsel selected by Borrower. With respect to any action or claim subject to indemnification herein by Borrower, Borrower 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 Housing Authority; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Borrower's indemnification to Indemnitees as set forth herein.

All sums expended by Housing Authority on account of any of the foregoing, including, but not limited to Housing Authority payment of attorneys' fees, shall be reimbursable upon demand, and until reimbursed by Borrower pursuant hereto, shall be deemed additional principal evidenced by the Authority Promissory Note and shall bear interest at the default rate set forth therein. The obligations of the Borrower under this Section 109 shall, notwithstanding anything to the contrary contained herein, in the Authority Promissory Note, Authority Deed of Trust, or any other Authority Loan Documents, constitute personal recourse undertakings, obligations and liabilities of Borrower until payoff of the Senior Loans and shall be secured by the Authority Deed of Trust.

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

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

The foregoing defense and indemnification obligations shall continue to remain in effect after the Closing and shall survive the expiration and early termination of this Agreement.

PART 2. CLOSING

SECTION 201 ESCROW

a. Housing Authority agrees to open an escrow in the County of Riverside with the Escrow Agent no later than 10 days following the Effective Date.

Sections 201 through 208 (inclusive) of this Agreement shall constitute the joint escrow instructions of Housing Authority and Borrower with respect to the Authority Loan, and a duplicate original of this Agreement shall be delivered to the Escrow Agent upon the opening of the escrow.

Housing Authority and Borrower shall provide such additional escrow instructions as shall be necessary to close the escrow with respect to the Authority Loan, and consistent with this Agreement. The Escrow Agent hereby is empowered to act under such instructions, and upon indicating its acceptance thereof in writing, delivered to Housing Authority and to Borrower within five (5) days after the opening of the escrow, shall carry out its duties as Escrow Agent hereunder.

Upon receipt by the Escrow Agent of all executed and acknowledged documents, the Escrow Agent shall record all documents in accordance with Section 202 and Section 205 of this Agreement when all of the conditions precedent to the close of the Authority Loan have been satisfied, or waived by the Authority Executive Director in writing, in accordance with the terms and provisions of this Agreement. The Escrow Agent shall buy, affix and cancel any transfer stamps required by law. Any insurance policies governing the Property or any portion thereof are not to be transferred.

b. Borrower shall pay in escrow to the Escrow Agent the following fees, charges and costs (collectively, "Borrower's Escrow Costs"):

1. 100% of the escrow fee;

2. The premium for the Authority's Title Policy, including any endorsements required by the Authority Executive Director, as set forth in Section 204 of this Agreement; and

3. Recording fees.

Borrower's Escrow Costs shall be paid promptly after the Escrow Agent has notified Borrower of the amount of such fees, charges and costs, but not earlier than 3 days prior to the scheduled date for the Closing. Borrower's Escrow Costs may be evidenced as a loan by Borrower to the Project to be repaid from Project revenues as an operating expense.

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

1. Pay, and charge Borrower, for any fees, charges and costs payable under this Section 201. Before such payments are made, the Escrow Agent shall notify Housing Authority and Borrower of the fees, charges and costs necessary to address title exceptions and close the escrow in the form of a closing statement approved and executed by both Borrower and Housing Authority (the "Settlement Statement").

2. Disburse funds in accordance with the Settlement Statement and deliver the Authority Note and other documents to the Parties entitled thereto when the conditions of this escrow have been fulfilled by Housing Authority and Borrower or waived by the Party benefitting therefrom.

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

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

e. If this escrow is not in a condition to close on or before the scheduled Closing Date set forth in the Schedule of Performance, then either Party who then shall have fully performed the acts to be performed before the Closing may, in writing, demand the return of its money, papers or documents from the Escrow Agent. No demand for return shall be recognized until 10 days after the Escrow Agent (or the Party making such demand) shall have mailed copies of such demand to the other Party or Parties at the address of its principal place of business. Objections, if any, shall

be raised by written notice to the Escrow Agent and to the other Party within the 10-day period, in which event the Escrow Agent is authorized to hold all money, papers and documents with respect to the Property until instructed by a mutual agreement of the Parties or, upon failure thereof, by a court of competent jurisdiction. If no such demands are made, then the escrow shall be closed as soon as possible.

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

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

h. All communications from the Escrow Agent to Housing Authority or Borrower shall be directed to the addresses set forth in Sections 103 and 104 of this Agreement and in the manner set forth in Section 601 of this Agreement for notices between the Parties.

SECTION 202 RECORDATION OF DOCUMENTS

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

- a. The following documents shall be recorded in the Official Records in the following order (“Recorded Documents”) against the Property upon the Closing:

ORDER OF RECORDATION	DOCUMENT NAME
1	Authority Loan Agreement
2	Authority Covenant Agreement
3	Notice of Affordability Restrictions
4	Authority Deed of Trust
5	Request for Notice of Default

- b. In the event that Borrower subdivides the Property into a subdivision, the Recorded Documents shall be recorded against each parcel that comprises the vertical subdivision in the same order as set forth under subsection (a), above.

SECTION 203 EXCEPTIONS

Within thirty (30) days following the opening of Escrow, Housing Authority shall review the pro forma title policy issued by the Title Company (the “Report”) with respect to title to the Property, together with copies of the documents underlying the exceptions (the “Exceptions”) set forth in the Report. Housing Authority shall have the right to approve or disapprove any Exceptions reported by the Title Company. The Exceptions to title approved by Housing Authority as provided herein together with those which are set forth in this Agreement, and those which are otherwise consistent with this Agreement and which are acceptable to Housing Authority, shall hereinafter collectively be referred to as the “Approved Title Conditions.” After Housing Authority has approved the Approved Title Conditions for the Property (which are not created by Housing Authority), Borrower shall not create and shall use its best efforts not to allow any new exceptions to title following the Effective Date of this Agreement without the prior written approval of the Housing Authority.

SECTION 204 HOUSING AUTHORITY'S TITLE POLICY

Concurrent with recordation of the Authority Deed of Trust, the Title Company shall provide and deliver Housing Authority's ALTA Title Policy to Housing Authority. Borrower shall be responsible for paying the title insurance premiums for Housing Authority's Title Policy, including any special coverage or endorsements thereto reasonably required by the Authority Executive Director. Housing Authority shall have no responsibility for paying the cost of any portion of the premium for Housing Authority's Title Policy.

SECTION 205 RECORDATION OF HOUSING AUTHORITY DEED OF TRUST

Borrower shall execute and deposit the Authority Promissory Note with the Escrow Agent at least one (1) business day before the Close of Escrow. The Escrow Agent shall deliver the Authority Promissory Note to Housing Authority immediately following the delivery to Housing Authority of Housing Authority's Title Policy or confirmation that the Title Company is irrevocably committed to issue Housing Authority's ALTA Title Policy and the recording of the Housing Authority Deed of Trust in the Official Records.

SECTION 206 CONDITIONS PRECEDENT TO CLOSING OF AUTHORITY LOAN

The Closing and the obligations of the Housing Authority and Borrower hereunder are subject to the satisfaction prior to the Closing (unless otherwise provided or waived in writing by the Authority Executive Director), of the following conditions, and the obligations of the parties with respect to such conditions are as follows:

a. **Housing Authority's Title Policy.** Title Company shall be irrevocably committed to issue the Housing Authority's ALTA Title Policy in the amount of the Authority Loan (\$50,000) insuring the Authority Deed of Trust as a lien on the Property, subordinate only to the Senior Loan, as provided in this Agreement.

b. **Permission of Senior Lender.** Borrower shall have obtained written permission to further encumber the Property with the Agency Loan Documents from the Senior Lender(s) as may be required by the Senior Lender deed(s) of trust and delivered such written permission to Housing Authority. Reference is made to that certain Senior Lender deed of trust recorded in the

Official Records as Document No. 2019-0157604 (page 13 of 19) which requires such permission from that Senior Lender.

c. **Stabilization Budget.** Borrower shall have delivered to the Housing Authority, and Authority Executive Director shall have approved, a final Stabilization Budget or any revisions to the Stabilization Budget attached to this Agreement as Exhibit "D", demonstrating to the satisfaction of the Authority Executive Director the availability of sufficient funds to pay the Stabilization Costs.

d. **Insurance.** Borrower shall have submitted to the Housing Authority, and Authority Executive Director shall have approved, evidence of the Insurance Policies required by this Agreement.

e. **Other Agreements.** Borrower shall have submitted to Housing Authority, and Authority Executive Director shall have approved each of the agreements described in Part 4 of this Agreement, and each of such agreements shall have been executed by each of the parties thereto, as appropriate.

f. **Borrower Formation Documents.** Borrower shall have delivered to the Housing Authority documentation relating to the corporate status of Borrower, including, without limitation and as applicable: articles of incorporation; copies of all resolutions or other necessary actions taken by such entity to authorize the execution of this Agreement and related documents; a certificate of status issued by the California Secretary of State; and a copy of any Fictitious Business Name Statement, if any, as published and filed with the Clerk of Riverside County.

g. **Joint Supplemental Escrow Instructions.** Housing Authority and Borrower shall have prepared such joint supplemental instructions for the Escrow Agent as may be necessary to close the transaction contemplated herein.

h. **Documents.** Housing Authority, Borrower, and other parties, as appropriate, shall have executed, in recordable form as necessary, and delivered into Escrow where appropriate, the following documents:

1. The Agreement, in recordable form.
2. The Authority Promissory Note, substantially conforming in form and substance to the Promissory Note attached hereto as Exhibit "E."

3. Authority Deed of Trust, substantially conforming in form and substance to the Deed of Trust with Assignment of Rents attached hereto as Exhibit "F", and in recordable form.
4. The Covenant Agreement, substantially conforming in form and substance to the Covenant Agreement attached hereto as Exhibit "G," in recordable form.
5. The Notice of Affordability Restrictions, substantially conforming in form and substance to the Notice of Affordability Restrictions attached hereto as Exhibit "H," in recordable form.
6. The Request for Notice of Default, substantially conforming in form and substance to the Request for Notice of Default attached hereto as Exhibit "I," in recordable form.

i. **Property Manager.** Borrower shall have prepared and delivered to the Housing Authority, and the Authority Executive Director shall have approved, the property manager for the Affordable Units and the Management Plan as required by the Covenants.

j. **Tenant Checklist.** Borrower shall have prepared and delivered to the Housing Authority, and the Authority Executive Director shall have approved, an updated Tenant Checklist.

k. **Delivery of Authority Loan funds.** Housing Authority shall have delivered the proceeds of the Authority Loan to Escrow.

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

m. **Recording Documents.** The Escrow Agency shall have accepted such supplemental recording instructions as may have been prepared by the Housing Authority.

n. **No Default.** Borrower is not in default under the terms of this Agreement.

SECTION 207 DISBURSEMENTS; OTHER ACTIONS TO BE TAKEN BY THE ESCROW AGENT

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

- a. Deliver the Authority Promissory Note to Housing Authority.
- b. Cause the Agreement, Covenant Agreement, Notice of Affordability Restrictions, Authority Deed of Trust, and Request for Notice of Default to be recorded in the Official Records, and obtain conformed copies thereof for distribution to Housing Authority and Borrower.
- c. Direct the Title Company to issue Housing Authority's Title Policy to Housing Authority.
- d. Prepare and distribute to Borrower and Housing Authority each, copies of both parties' escrow closing statements and a complete copy of all documents handled by escrow.
- e. Release Authority Loan proceeds to Borrower in accordance with this Agreement.

SECTION 208 FAILURE OF CONDITIONS TO CLOSING

a. In the event that any of the conditions precedent to the Close of Escrow are not timely satisfied or waived, for a reason other than the default of Housing Authority or Borrower, the following shall apply:

1. Either Party shall have the right to terminate this Agreement, the escrow and the rights and obligations of Housing Authority and Borrower hereunder to the extent that such Party is intended to be benefited by the applicable condition precedent, except as otherwise provided herein;
2. If this Agreement is terminated as provided herein, then Escrow Agent is hereby instructed to promptly return to Borrower and Housing Authority all funds, if any, and documents deposited by them, respectively, into escrow which are held by Escrow Agent on the date of said termination (less, in the case of the Party otherwise entitled to such funds, however, the amount of any cancellation charges required to be paid by such Party under this Section 208); and
3. If this Agreement is terminated as provided herein, then neither Party shall have any further rights or obligations hereunder except those that survive termination of this Agreement as expressly provided herein.

b. Cancellation Fees and Expenses. In the event that the escrow terminates in accordance with Section 208.a. of this Agreement, the cancellation charges, if any, required to be paid by and to Escrow Agent and the Title Company shall be borne by Borrower and all other charges shall be borne by the Party incurring same.

SECTION 209 CONDITION OF THE PROPERTY; HAZARDOUS SUBSTANCES

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

b. Borrower hereby represents and warrants that the development, construction and use of the Property permitted under this Agreement (i) will comply with all applicable

environmental laws; and (ii) do not require the presence of any Hazardous Substance on the Property.

c. Environmental Indemnity. Borrower agrees to indemnify, protect, defend, save and hold harmless Housing Authority, the County of Riverside and their respective Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, Board of Commissioners, elected and appointed officials, employees, agents, representatives and attorneys, from and against any and all debts, duties, obligations (including any remediation obligations or clean-up costs imposed by any Governmental Restrictions), liabilities, suits, claims, demands, penalties, fines, causes of action, damages, losses, costs and expenses, including, without limitation, attorneys' fees and expenses (and including any allocable costs of any of the foregoing parties' in-house counsel) arising on or accruing as a result of the presence, use, storage, handling, treatment, generation, release, discharge, refining, manufacturing, dumping or disposal of any Hazardous Substances or other kinds of contamination or pollutants of any kind into the air, soil, groundwater or surface water on, under, in or about the Property (whether legal or illegal, accidental or intentional), that is caused by Borrower or its representatives. The indemnity provided in this Section 209 shall survive the Termination of this Agreement.

PART 3. PROPERTY IMPROVEMENT AND ADMINISTRATION

SECTION 301 PERMITS

Before commencement of repair, demolition, construction or development of any buildings, structures or other work of improvement upon any portion of the Property, Borrower shall, at its own expense, secure or cause to be secured, any and all permits which may be required by the City of Coachella and the County or any other governmental agency affected by such construction, development or work.

SECTION 302 NOTICE OF JOB AVAILABILITY

Borrower is required, and shall require Borrower's contractor, and cause Borrower's contractor to notify any subcontractor, to notify the Riverside County Workforce Development Center and the Riverside County Greater Avenues for Independence (GAIN) program of any and all job openings related to repair and construction activities on the Property.

SECTION 303 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 recruitment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. Borrower understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between Borrower and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers. Borrower 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.

SECTION 304 LOCAL, STATE AND FEDERAL LAWS

a. Prevailing wages are required for work done that falls within the definition of “public works” under California Labor Code §1720. “Public works” are defined as “construction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds...” For those projects which are “public works” pursuant to Labor Code § 1720.2, the following applies:

1. Borrower shall require that any contractor performing work on the Project, including Borrower, (Contractor) shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with §1770 et seq. of the Labor Code, as may be amended from time to time, which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts. Borrower shall require that Contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates at which Lessee will post at the job site. All prevailing wages shall be obtained by Borrower/Contractor from:

Department of Industrial Relations, Divisions of
Labor Statistics and Research
455 Golden Gate Avenue, 8th Floor
San Francisco, CA 94102

2. Borrower shall require that Contractor shall comply with the payroll record keeping and availability requirement of §1776 of the Labor Code.
3. Borrower shall require that Contractor shall make travel and subsistence payments to workers needed for performance of work in accordance with §1773.8 of the Labor Code.
4. Prior to commencement of work, Borrower shall require that Contractor shall contact the Division of Apprenticeship Standards and comply with §1777.5, §1777.6 and §1777.7 of the Labor Code and applicable regulations.

Borrower shall indemnify, hold harmless, and defend the Housing Authority and shall be responsible for any fine, penalty or fee levied against the Property arising out of violations by Borrower of this Section 304.a.

b. Borrower shall comply and stay current with all applicable local, state and federal building codes and laws as from time to time amended, including, but not limited to, the Americans with Disabilities Act requirements in the repair, construction or improvement of the Property. Any new Improvements shall comply with the current California Building Code that includes comprehensive accessibility and adaptability requirements for multifamily new construction development and all Governmental Approvals.

c. Borrower shall cause all improvements to be completed at Borrower's sole cost in a workmanlike manner and in compliance with all applicable Governmental Requirements.

SECTION 305 INDEMNIFICATION AND INSURANCE

Without limiting any other Borrower indemnities set forth herein, Borrower shall indemnify and hold harmless the Housing Authority, County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of Borrower, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Borrower, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. Borrower 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 Borrower, Borrower 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 the Housing Authority; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Borrower's indemnification to Indemnitees as set forth herein.

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

The specified insurance limits required in this Agreement shall in no way limit or circumscribe Borrower's obligations to indemnify and hold harmless 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 Borrower from indemnifying the Housing Authority to the fullest extent allowed by law.

The foregoing indemnity shall continue to remain in effect after the Closing.

Without limiting or diminishing Borrower's obligation to indemnify or hold the Housing Authority harmless, Borrower 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 Agreement:

a) **Worker's Compensation Insurance.** If Borrower has employees as defined by the State of California, Borrower 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 Housing Authority, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

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 Borrower's performance of its obligations

hereunder. Policy shall name the Housing Authority, County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Commissioners, employees, elected or appointed officials, agents or representatives as Additional Insured. Policy's limit of liability shall not be less than \$3,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.

c) **Vehicle Liability Insurance.** If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then Borrower shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Housing Authority, County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Commissioners, 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) **Property (Physical Damage).** Borrower shall provide a policy of all-risk property insurance coverage for the full replacement value of all Borrower's equipment, improvements/alterations, temporary structures, and systems, including without limitation, items owned by others in the Borrower's care, custody or control, used on the Property or other Housing Authority-owned property, or used in any way connected with the performance of the work required pursuant to this Agreement.

e) **General Insurance Provisions – All Lines.**

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.

Borrower'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 the Housing Authority, and at the election of Risk Manager, Borrower'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.

Borrower shall cause Borrower's insurance carrier(s) to furnish the Housing Authority 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 Housing Authority prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. Borrower shall not continue operations until the Housing Authority 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.

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

If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then the Housing Authority reserves the right to adjust the types of insurance required under this Agreement 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 Borrower has become inadequate.

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

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

SECTION 306 DISCLAIMER OF RESPONSIBILITY BY HOUSING AUTHORITY

The Housing Authority neither undertakes nor assumes nor will have any responsibility or duty to Borrower or to any third party to review, inspect, supervise, pass judgment upon or inform Borrower or any third party of any matter in connection with development, improvement or repairs on the Property, whether regarding the quality, adequacy or suitability of the plans, any labor, service, equipment or material furnished to the Property, any person furnishing the same, or otherwise. Borrower and all third parties shall rely upon its or their own judgment regarding such matters. The Housing Authority shall not be responsible for any of the work of repair, construction, or improvement on the Property.

SECTION 307 NOTICE OF NON-RESPONSIBILITY

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

PART 4. USE OF THE PROPERTY

SECTION 401 USES

a. Borrower covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, for the duration of the Affordability Period that Borrower, such successors and such assignees shall use the Property only for the uses specified in this Agreement (including without limitation the Scope of Work (Exhibit "B"), the Covenant Agreement (Exhibit "G") and Governmental Approvals. No change in the use of the Property shall be permitted without the prior written approval of Housing Authority.

b. Notwithstanding the generality of Section 401(a), Borrower, its successors and assigns, shall use the Property only for the uses permitted in this Agreement, specifically including the following: (i) residential rental uses, with respect to the Affordable Units which shall be rented to and occupied by Low Income Senior Households as provided herein, and (ii) parking and ancillary uses consistent with this Agreement.

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

d. **Residential Uses.** For a period consisting of fifty-five (55) years from the recordation in the Official Records of the Covenant Agreement, without regard to the term of the Authority Loan, repayment of the Authority Loan, or the transfer of ownership of the Project and/or the Improvements, Borrower on behalf of itself and its successors, assigns, and each successor in interest to Borrower's interest in the Property or any part thereof, hereby covenants and agrees as follows:

1. All of the Affordable Units shall be available to and occupied exclusively by Low Income Senior Households at an Affordable Rent in accordance with the Covenant Agreement (Exhibit "G"), and the rent limitations set forth in California Health and Safety Code Section 50053, as may be amended from time to time.

2. Borrower agrees that the Affordable Units, shall be rented to and occupied exclusively by Low Income Senior Households; provided, however, to the extent permitted by law, any Household occupying an Affordable Unit in the Project as of the Closing shall be deemed a Senior Household for purposes of this Agreement and shall not be required to move out of the Project so long as at least one member of such existing Household was fifty-five years of age or older as of the date of the lease or rental agreement for the occupancy of such Affordable Unit.

3. The maximum incomes of all tenants eligible to rent an Affordable Unit shall be determined on the basis of the Area Median Income for County of Riverside.

4. Subject to any applicable state or federal fair housing laws, Borrower agrees that among Low Income, Very Low Income, and Extremely Low Income Senior Households who are otherwise eligible to rent an Affordable Unit, Borrower shall make reasonable efforts to give first priority to such Senior Households who have been displaced by any Housing Authority project within the County of Riverside over other eligible Senior Households.

5. In the event Borrower is unable to fill vacancies in the Affordable Units with eligible Low Income Senior Households in accordance with this Agreement, Borrower may request the Housing Authority for referrals and assistance to rent the Affordable Units to eligible Low Income Senior Households with Section 8 Rental Vouchers.

6. Except for a resident manager, if any, no officer, employee, agent, official or consultant of Borrower may occupy any of the Affordable Units.

e. **Parking.** During the Affordability Period, Borrower on behalf of itself and its successors, assigns, and each successor in interest to Borrower's interest in the Property or any part thereof, hereby covenants and agrees that the Affordable Rent for each of the Affordable Units shall include one (1) non-tandem parking space located on the Property in close proximity to the Affordable Units at no extra charge to the occupants or tenants.

SECTION 402 MAINTENANCE

In addition to the property maintenance requirements set forth in the Covenant Agreement, Borrower covenants and agrees (for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof) that Borrower, its successors and assigns, shall maintain the Property and any improvements thereon and the landscaping on the Property in a manner consistent with community standards which will uphold the value of the Property, in accordance with this Agreement, and applicable provisions of the City of Coachella Municipal Code and the Riverside County Code (the "Codes"), and the following follows:

a. **Exterior Maintenance.** All exterior, painted surfaces of any structures located on the Property shall be maintained at all times in a clean and presentable manner. Any defacing marks shall be cleaned or removed within a reasonable time.

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

c. **Graffiti Removal.** All graffiti, and defacement of any type, including marks, words and pictures, must be removed from the Property and any necessary painting or repair completed within a reasonable time, but in no event more than one (1) week after notice to a Borrower from the Housing Authority.

d. **Landscaping.** All landscaping surrounding the Property shall be maintained in a manner consistent with the Codes and any rules, regulations and standards adopted pursuant to the Code. In addition, for example, the yard areas shall not contain the following: (i) lawns with grasses in excess of nine (9) inches in height; (ii) trees, shrubbery, lawns or other plant life which are dying from a lack of water or other necessary maintenance; (iii) trees and shrubbery grown uncontrolled

without proper pruning; (iv) vegetation so overgrown as to be likely to harbor rats or vermin; (v) dead, decayed or diseased trees, weeds and other vegetation; and (vi) inoperative irrigation systems.

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

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

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

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

i. **Inspection.** In the event the Authority, in the sole discretion of the Authority Executive Director, determines that the Borrower has failed to maintain the Property in accordance with the maintenance requirements set forth in the Covenant Agreement or Section 402 of this Agreement, the Housing Authority, or its designee, on two (2) weeks' prior written notice of any noted code violations and maintenance deficiencies (collectively, the "Deficiencies"), shall have the right, but not the obligation, to enter the Property, correct any Deficiency, and hold the Borrower responsible for the cost thereof. Any cost incurred by the Borrower to cure any such Deficiency, until paid, shall constitute a lien on the Property pursuant to Civil Code Section 2881.

SECTION 403 OBLIGATION TO REFRAIN FROM

DISCRIMINATION

Borrower covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, there shall be no discrimination against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall the Borrower itself or any person claiming under or through it 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, subtenants, sublessees or vendees of the Property. Borrower, specifically and more particularly, covenants by and for itself, himself or herself, its, 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 Property, nor shall the Borrower or any person claiming under or through it, 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 of the Property.

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

SECTION 404 FORM OF NONDISCRIMINATION AND

NONSEGREGATION CLAUSES

Borrower covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof or interest therein, there shall be no discrimination

against or segregation of any person, or group of persons, on account of sex, sexual orientation, marital status, race, color, creed, religion, ancestry or national origin in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property nor shall Borrower, itself or any person claiming under or through it, 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, subtenants, sublessees, or vendees of the Property. All deeds, leases or contracts shall contain or be subject to substantially the following non-discrimination or non-segregation 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."

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

b. In leases: "The lessee 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 Agreement 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.”

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

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.”

SECTION 405 EFFECT AND DURATION OF COVENANTS

The covenants established in this Agreement and the Covenant 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 Housing Authority or the County. The covenants described in this Part 4 shall be set forth in the Covenant Agreement (Exhibit “G”) and shall remain in effect during the periods specified therein.

SECTION 406 COVENANTS

As a material part of the consideration for this Agreement, Borrower covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that, as a condition precedent to the Closing, Borrower shall execute in recordable form the Covenant Agreement in substantially the form appended to this Agreement as Exhibit "G." The Covenant Agreement and the Notice of Affordability Restrictions (Exhibit "H") shall be recorded against the Property in a second priority and third priority position respectively junior only to the Senior Loan recorded against the Property as of the Effective Date. The Senior Household, Affordable Rent and Low Income eligibility covenants herein and the Covenant Agreement shall be senior to all security instruments for all loans secured against the Property, except the Senior Loan recorded against the Property as of the Effective Date as determined necessary by the Housing Authority Executive Director based upon findings consistent with Health & Safety Code Section 33334.14.

SECTION 407 PROJECT MONITORING AND EVALUATION

Prior to the Closing, Borrower shall submit a completed Tenant Checklist to Housing Authority, summarizing the household size and income of and the rent paid by each Low Income Senior Household occupying an Affordable Unit. Borrower shall maintain financial, programmatic, statistical and other supporting records of its operations and financial activities, including the submission of a completed Tenant Checklist on an annual basis on or before March 31st throughout the Affordability Period. Except as otherwise provided for in this Agreement, Borrower shall maintain and submit records to Housing Authority within ten (10) business days of Housing Authority's request. Records must clearly document Borrower's performance under each requirement of the Housing Authority Loan Documents. A list of document submissions and timeline are shown in the Schedule of Performance.

SECTION 408 NOTICE OF AFFORDABILITY RESTRICTIONS

As a condition to the Closing, Housing Authority (and Borrower if requested by Housing Authority) shall execute and cause the recordation of the Notice of Affordability Restrictions substantially in the form attached to this Agreement as Exhibit "H". The Notice of Affordability Restrictions shall be recorded against the Property pursuant to California Health and Safety Code Section 33334.3(f).

SECTION 409 OTHER AGREEMENTS AND DOCUMENTS

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

SECTION 410 OPERATING AND REPLACEMENT RESERVE ACCOUNTS

Borrower shall establish and maintain a Reserve Account for capital structural and equipment repair and replacement and such other repairs as set forth in the Project Stabilization Budget approved by the Housing Authority; provided, however, deposits into the Reserve Account shall not exceed \$600 per unit. In addition, Borrower shall establish and maintain an Operating Reserve for the long-term viability of the Project if and in such amounts as required by the Senior Lender; provided, however, deposits in the Operating Reserve shall not exceed \$500 per unit annually and further provided that the Housing Authority shall not require an Operating Reserve if one is not required by the Senior Lender. Subject to the rights of any Senior Lender, upon the Housing Authority's request, Borrower shall provide a summary of all Operating Reserve and Reserve Account requirements, deposits and withdrawals.

SECTION 411 TAXES, ASSESSMENTS, ENCUMBRANCES AND LIENS

Commencing upon the Closing, Phase, Borrower shall pay when due all real estate taxes and assessments assessed and levied on or against the Property or any portion thereof. Borrower shall not place, or allow to be placed, against the Property or any portion thereof, any loan, trust deed, encumbrance or lien other than for the Senior Loan or as otherwise authorized by this Agreement. Nothing herein contained shall be deemed to prohibit Borrower from contesting the

validity or amount of any tax, assessment, encumbrance or lien, or to limit the remedies available to Borrower in respect thereto. The covenants of Borrower set forth in this Section 3.1_ relating to the placement of any unauthorized loan, trust deed, encumbrance or lien, shall remain in effect for the term of this Agreement.

PART 5. DEFAULTS AND REMEDIES

SECTION 501 DEFAULTS - GENERAL

a. Subject to the extensions of time set forth in Section 604, failure or delay by either Party to perform any term or provision of this Agreement constitutes a default under this Agreement. The Party who fails or delays must commence to cure, correct or remedy such failure or delay and shall complete such cure, correction or remedy with reasonable diligence.

b. The injured Party shall give written notice of default to the Party in default, specifying the default complained of by the injured Party. 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 Agreement, any failures or delays by either Party 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 either Party in asserting any of its rights and remedies shall not deprive either Party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

c. If a monetary event of default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default written notice of such default. The Party in default 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 injured Party.

d. If a non-monetary event of default occurs, prior to exercising any remedies hereunder, the injured Party shall give the Party in default 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 Party in default shall have such period to effect a cure prior to exercise of remedies by the injured Party. 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 Party in default (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 Party in default 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 injured Party.

e. If Borrower fails to take corrective action or cure the default within a reasonable time, the Housing Authority shall deliver written notice thereof to each of the Senior Lenders. The Housing Authority agrees to accept cures tendered by any Senior Lender within the cure periods provided herein; provided, however, in no event shall the Housing Authority be precluded from exercising remedies if its rights become or are about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred twenty (120) days after the first notice of default is given.

SECTION 502 INSTITUTION OF LEGAL ACTIONS

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

SECTION 503 APPLICABLE LAW

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

SECTION 504 ACCEPTANCE OF SERVICE OF PROCESS

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

b. In the event that any legal action is commenced by the Housing Authority against Borrower, service of process on Borrower shall be made by personal service upon Borrower and shall be valid whether made within or without the State of California, or in such manner as may be provided by law.

SECTION 505 RIGHTS AND REMEDIES ARE CUMULATIVE

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either Party of

one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

SECTION 506 DAMAGES

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

SECTION 507 SPECIFIC PERFORMANCE

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

SECTION 508 TERMINATION BY EITHER PARTY

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

SECTION 509 TERMINATION BY BORROWER

Prior to the Closing, subject to the notice and cure provisions of Section 501 and provided that Borrower is not in default of this Agreement, Borrower shall have the right to terminate this Agreement, by providing written notice to the Housing Authority, in the event of a default by Housing Authority pursuant to this Agreement.

SECTION 510 TERMINATION BY HOUSING AUTHORITY

a. Subject to the notice and cure provisions of Section 501, in addition to other rights and remedies at law and equity Housing Authority shall have the right, prior to the Closing, to terminate this Agreement in the event of a default by Borrower or failure of any condition precedent to the occurrence of the Closing, including but not limited to the following:

1. Borrower fails to satisfy any condition precedent to the occurrence of the Closing as provided in Sections 206 herein; or
2. Borrower (or any successor in interest) assigns or attempts to assign this Agreement or any right herein, or transfers or assigns any of Borrower's rights in and to the Property (or any portion thereof on interest therein), except as permitted by this Agreement; or
3. there is substantial change in the ownership of Borrower, or with respect to the identity of the parties in control of Borrower, or the degree thereof contrary to the provisions of Section 105 hereof; or
4. there is any other material default by Borrower under the terms of this Agreement which is not cured within the time provided herein.

SECTION 511 ADDITIONAL EVENTS OF DEFAULT

In addition to the events of default set forth elsewhere in this Agreement, the following shall also constitute events of default by Borrower under this Agreement, and, after notice and opportunity to cure, Housing Authority shall have the right to exercise all remedies available to it under the law and in equity, including, but not limitation termination of this Agreement:

Borrower's or any agent of Borrower's use of Authority Loan funds for uses inconsistent with terms and restrictions set forth in this Agreement; (2) Borrower's or any agent of the Borrower's failure to make any payment of any assessment or tax due under this Agreement:

- a. Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law; (2) the imposition of any encumbrances or liens on the Project (other than the Permitted Liens) without Housing Authority's prior written approval that are prohibited under this Agreement or that have the effect of reducing the priority or invalidating the Authority Deed of Trust; (3) any material adverse change in the condition of Borrower or the Project or permanent financing or funding for the Project that gives Housing Authority reasonable cause to believe that the Project cannot be operated according to the terms

of this Agreement; (4) the Borrower's or any agent of the Borrower's use of Authority Loan funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in this Agreement; or (5) Borrower's failure to obtain and maintain the insurance coverage required under this Agreement;

b. Any continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the Agreement;

c. Any continuous or repeated breach by Borrower or Borrower's agents of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not Housing Authority is a party to such agreement; but only following any applicable notice and cure periods with respect to any such obligation;

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

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

f. Borrower's or any general partner of the Borrower's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or thirty (30) days after such filing; (2) making a general assignment for the benefit of creditors; (3) applying for the appointment of a receiver, trustee, custodian, or liquidator, or failure to obtain a full dismissal of any such involuntary application brought by another party before the earlier of final relief or sixty (60) days after such filing; (4) insolvency; or (5) failure, inability or admission in writing of its inability to pay its debts as they become due.

PART 6. GENERAL PROVISIONS

SECTION 601 NOTICES, DEMANDS AND COMMUNICATIONS BETWEEN THE PARTIES

Formal notices, demands and communications between the Housing Authority and the Borrower shall be sufficiently given if dispatched by registered or certified mail, postage prepaid,

return receipt requested, to the principal offices of the Housing Authority and the Borrower, as designated in Sections 103 and 104 hereof. 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 as provided in this Section 601. Any notice that is transmitted by electronic facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its transmission; any notice 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 the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of receipt thereof.

SECTION 602 CONFLICTS OF INTEREST

a. No member, official or employee of the Housing Authority shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his personal interests or the interests of any corporation, partnership or association in which he is, directly or indirectly, interested. The Borrower warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement.

SECTION 603 NONLIABILITY OF AUTHORITY OFFICIALS AND EMPLOYEES

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

SECTION 604 FORCE MAJEURE

In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default where delays or defaults are due to Force Majeure Events.

SECTION 605 INSPECTION AND MAINTENANCE OF BOOKS AND RECORDS

Borrower shall maintain financial, programmatic, statistical, and other supporting records of its operations and financial activities. Said records shall be retained for no less than five (5)

years after the Project completion date. Records of individual tenant income verifications, project rents, and project inspections must be retained for the most recent five (5) year period, until five (5) years after the affordability period terminates, and records shall be open to inspection and audit by authorized representatives of Housing Authority, County of Riverside and the Comptroller General of the United States during regular working hours. Housing Authority, County of Riverside and the Comptroller General, or any of their representatives, have the right of access with at least forty-eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of Borrower, in order to make audits, examinations, excerpts and transcripts. If any litigation, claim, negotiation, audit, or other action has been started before the expiration of the regular period specified, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular period, whichever is later.

SECTION 606 APPROVALS; NON-SUBSTANTIVE AMENDMENTS

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

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

The Authority Executive Director shall have the right to make non-substantive changes to the attachments to this Agreement in order to ensure that all such attachments are consistent with the terms and provisions of this Agreement.

SECTION 607 INDEPENDENT CONTRACTOR

Borrower and its agents, servants shall not act as, shall not be, nor shall they in any manner be construed and employees shall act at all times in an independent capacity during the term of this Agreement, and to be agents, officers, or employees of Housing Authority.

SECTION 608 MEDIA RELEASES

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

SECTION 609 FURTHER ASSURANCES

The Borrower shall execute any further documents consistent with the terms of this Agreement, including documents in recordable form, as the Housing Authority may from time to time find necessary or appropriate to effectuate its purposes in entering into this Agreement.

SECTION 610 CONSTRUCTION AND INTERPRETATION OF AGREEMENT

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

If any term or provision of this Agreement, the deletion of which would not adversely affect the receipt of any material benefit by any Party hereunder, shall be held by a court of competent

jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or unenforceable, there be added as a part of this Agreement an enforceable clause or provision as similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

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

References in this instrument to this "Agreement" mean, refer to and include this instrument as well as any riders, exhibits, addenda and attachments hereto (which are hereby incorporated herein by this reference) or other documents expressly incorporated by reference in this instrument. Any references to any covenant, condition, obligation, and/or undertaking "herein," "hereunder," or "pursuant hereto" (or language of like import) means, refer to, and include the covenants, obligations, and undertakings existing pursuant to this instrument and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly incorporated by reference in this instrument.

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

SECTION 611 TIME OF ESSENCE

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

SECTION 612 NO PARTNERSHIP

Nothing contained in this Agreement shall be deemed or construed to create a lending partnership, other partnership, joint venture, or any other relationship between the parties hereto other than and lender and borrower according to the provisions contained herein, or cause Housing Authority to be responsible in any way for the debts or obligations of Borrower, or any other Party.

SECTION 613 COMPLIANCE WITH LAW

Borrower agrees to comply with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the Property, and

the Improvements, as well as operations conducted thereon. The judgment of any court of competent jurisdiction, or the admission of Borrower or any lessee or permittee in any action or proceeding against them, or any of them, whether Housing Authority be a party thereto or not, that Borrower, lessee or permittee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between Housing Authority and Borrower.

SECTION 614 BINDING EFFECT

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

SECTION 615 NO THIRD PARTY BENEFICIARIES

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

SECTION 616 AUTHORITY TO SIGN

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

SECTION 617 INCORPORATION BY REFERENCE

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

SECTION 618 COUNTERPARTS

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

PART 7. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

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

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

All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the Housing Authority or the Borrower, and all amendments hereto must be in writing and signed by the appropriate authorities of the Housing Authority and the Borrower. This Agreement and any provisions hereof may be amended by mutual written agreement by the Borrower and the Housing Authority.

PART 8. EFFECTIVE DATE OF AGREEMENT

This Agreement shall be dated for reference purposes as of the date set forth in the introductory paragraph hereof, but shall not be effective until approved by the Board of Commissioners ("Board") and executed by the Chairman of the Board ("Effective Date").

(REMAINDER OF PAGE INTENTIONALLY BLANK)

(SIGNATURES CONTINUE ON NEXT PAGE)

IN WITNESS WHEREOF, Housing Authority and Borrower have executed this Agreement as of the dates written below.

“HOUSING AUTHORITY”

“BORROWER”

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

THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation

ATTEST:
KECIA R. HARPER, Clerk
By: *[Signature]*
DEPUTY

By: *[Signature]*
V. Manuel Perez, Chairman

By: *[Signature]*
Pedro S. G. Rodriguez,
Chief Financial Officer

Dated: AUG 25 2020

Dated: AUGUST 10, 2020

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

By: *[Signature]*
for Synthia Gunzel,
Chief Deputy County Counsel

(Housing Authority and Borrower’s signatures to be notarized)

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

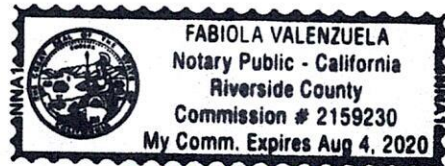
STATE OF CALIFORNIA)
) §
County of Riverside)

On August 10, 2020, before me, Fabiola Valenzuela a Notary Public, personally appeared Pedro S.G. Rodriguez 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.

Fabiola Valenzuela
Signature of Notary



Executive Order N-71-20
(Affix seal here)

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 of Notary

(Affix seal here)

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ATTACHMENTS

EXHIBIT "A"	LEGAL DESCRIPTION
EXHIBIT "B"	SCOPE OF WORK
EXHIBIT "C"	SCHEDULE OF PERFORMANCE
EXHIBIT "D"	STABILIZATION BUDGET
EXHIBIT "E"	PROMISSORY NOTE
EXHIBIT "F"	DEED OF TRUST
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EXHIBIT "H"	NOTICE OF AFFORDABILITY RESTRICTIONS
EXHIBIT "I"	REQUEST FOR NOTICE OF DEFAULT
EXHIBIT "J"	TENANT CHECKLIST

Exhibit "A"

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

LOTS 1, 2 AND 3, BLOCK 3, OF COACHELLA, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 49, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number(s): 778-093-013-4

Ranchito Las Serenas, 1321 7th Street, Coachella CA 92236

Exhibit "B"

SCOPE OF WORK

BORROWER: The Coachella Valley Housing Coalition

Address: 45-701 Monroe Street, Indio, CA 92201

Project Title: Ranchito Las Serenas

Location: 1327 7th Street, Coachella Assessor Parcel Number 778-093-013 ("Property")

This is the Scope of Work attached to the Affordable Housing Loan Agreement, for the Ranchito Las Serenas project, in the incorporated City of Coachella ("Loan Agreement") by and between the Housing Authority of the County of Riverside ("Authority") and The Coachella Valley Housing Coalition, a California nonprofit public benefit corporation ("Borrower") pertaining to the Property. Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the Loan Agreement.

The Ranchito Las Serenas project provides housing affordable to Low Income Senior Households in six (6) single story buildings for a total of twelve (12) rentable one-bedroom housing units. The housing is located at 1321 7th Street, Coachella CA 92236.

Project Summary			
Use	Size (Sq. Ft.)	Quantity	Totals (Sq. Ft.)
One-Bedroom/One Bath	544	12	6,528
Net Rentable Area			6,528

Borrower Obligations

Borrower will utilize \$50,000 in Authority Loan funds to complete necessary improvements and repairs that have been deferred due to the Project's depleted replacement and repair reserve account. Repairs and improvements shall consist of the following based on the cost estimates below:

Interior Repairs all Units

Total Interior Repairs	\$ 9,280
<u>Interior Painting- 12 Units (\$850/e)</u>	<u>\$10,200</u>
Interior Repairs/Painting	\$19,480

Exterior Improvements

Tree Trimming	\$ 4,190
Check Water Drip Lines	\$ 1,900
Bush Trimming	\$ 800
<u>Drainage Clean Up</u>	<u>\$ 1,350</u>
Exterior Improvements	\$ 8,240

Exterior Improvements- Building Repairs

Repair/Replace Rain Gutters	\$ 3,100
Paint Touch Up all Units	\$ 425
Clean Water Heater Closets	\$ 180
Replace Broken/Missing Window Screens	\$ 1,100
Replace Building Numbers	\$ 575
Keys for Main Water Lines Covers	\$ 120
Re-Strap Water Heaters	\$ 900
Paint Rail Fencing	\$ 410
Clean/Clear all Ground Drains	\$ 640
Repair Exposed Wires on Property	\$ 230
Phone Line Hanging in Fran of Unit # 2	\$ 120
Repair Wooden Fence	\$ 890
Repair Trash Containers Doors	\$ 390
Building Exterior Repairs	\$ 9,080

Appliances/Garbage Disposals

Refrigerators (\$650/e)	\$ 7,800
Stoves/Ranges (\$450/e)	\$ 5,400
Garbage Disposals (\$125/e)	\$ 1,500
Appliances/Garbage Disposals	\$13,200

TOTAL REPAIRS AND IMPROVEMENTS \$ 50,000

Exhibit "C"

SCHEDULE OF PERFORMANCE

TASK/DOCUMENT	DUE DATE
1. Reserve Account Statement	10 days following Effective Date
2. Project Title Report	30 days following the opening of Escrow
3. Management Plan	Prior to Closing
4. Lease Agreement, Proposed Rents, and Utilities	Prior to Closing
5. Tenant Checklist, Utility Allowance Worksheet, Rent Roll	Initial checklist no later than 10 days following Effective Date, then annually thereafter by March 31
6. Audited Financial Statement	Prior to Closing
7. Liability and Certificate of Insurance	Prior to Closing
8. Tenant Selection Policy	Prior to Closing
9. Outside Closing Date	October 30, 2020

Exhibit "D"
STABILIZATION BUDGET
[attached]



Project and Budget

Ranchito Las Serenas was developed by Rancho Housing Alliance, Inc. a subsidiary of DACE these organizations are no longer in business. The Housing Authority of the County of Riverside (HACR) as the successor agency for the city of Coachella and the Federal Home Loan Bank (FHLB) were very concerned about the welfare of the current senior residents of this property. Their main concern was that the current permanent lender Altura Credit Union was going to sale the property in the open market and thus displacing the current seniors living at the site. CVHC was approached by HACR and FHLB to see if we could take over the property and save it from becoming a market rate development. CVHC's Asset Management staff along with our Property Management company staff evaluated the property and recommended the restructuring of the permanent loan to more favorable terms. Altura Credit Union agreed to the restructuring of the loan terms which makes the development more affordable and financially sustainable. This development is consistent with CVHC's mission of providing safe, decent and affordable housing to the senior population of the Coachella Valley.

Project was built in 2008 and is great need of repairs and improvements that will enhance the living conditions of the residents and improve the curb appeal of the property and neighborhood. No major capital improvements have been made.

Proposed Used of Funds:

Total Interior Repairs	\$ 9,280
Interior Painting - 12 Units (\$850/e)	\$10,200
Exterior Improvements (Grounds)	\$ 8,240
Building Exterior Repairs	\$ 9,080
Appliances/Garbage Disposals	\$13,200
Total Repairs and Improvements	\$50,000

Coachella Valley Housing Coalition
Ranchito Las Serenas
A 12 Unit Senior Housing Project
Projected Repairs and Improvements Budget

Interior Repairs all Units
Total Interior Repairs \$ 9,280

Interior Painting - 12 Units (\$850/e) \$ 10,200

Exterior Improvements
Tree Trimming 4,190
Check Water Drip Lines 1,900
Bush Trimming 800
Drainage Clean Up 1,350
Exterior Improvements \$ 8,240

Exterior Improvements - Building Repairs
Repair/Replace Rain Gutters 3,100
Paint Touch Up all Units 425
Clean Water Heater Closets 180
Replace Broken/Missing Window Screens 1,100
Replace Building Numbers 575
Keys for Main Water Lines Covers 120
Re-Strap Water Heaters 900
Paint Rail Fencing 410
Clean/Clear all Ground Drains 640
Repair Exposed Wires on Property 230
Phone Line Hanging in Fron of Unit # 2 120
Repair Wooden Fence 890
Repair Trash Containers Doors 390
Buildings Exterior Repairs \$ 9,080

Appliances/Garbage Disposals
Refrigerators (\$650eE) 7,800
Stoves/Ranges (\$450/e) 5,400
Garbage Disposals (\$125/e) 1,500
Appliances/Garbage Disposals 13,200

Total Repairs and Improvements \$ 50,000

Exhibit "E"

AUTHORITY PROMISSORY NOTE

[attached]

Exhibit "E"

RESIDUAL RECEIPTS PROMISSORY NOTE

Riverside, CA

0% Interest

\$50,000

_____, 2020

In installments as hereafter stated, for value received, the Coachella Valley Housing Coalition, a California nonprofit public benefit corporation, (“Borrower”) promises to pay the Housing Authority of the County of Riverside, a public entity corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the City of Coachella (“Housing Authority”), the sum of Fifty thousand Dollars (U.S.\$50,000) (the “Housing Authority Loan” or “Note Amount”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (“Note”) is given in accordance with that certain Affordable Housing Loan Agreement Ranchito Las Serenas (2006-Series A Taxable Tax Allocation Housing Bonds) executed by Housing Authority and Borrower, dated as of August 25, 2020 and recorded in the Official Records (“Official Records”) of the County of Riverside on _____ as Document Number _____ (the “Housing Authority Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms not defined herein shall have the meanings established in the Housing Authority Loan Agreement.

This Note is secured by that certain Deed of Trust , Security Agreement and Fixture Filing (With Assignment of Rents executed by Borrower for the benefit of the Housing Authority dated on or about the date hereof and recorded in the in the Official Records of the County of Riverside (the “Authority Deed of Trust”) on or about the date hereof. Reference is also made to that certain Amended and Restated Declaration of Conditions, Covenants and Restrictions (Including Rental Restrictions) (the “Covenant Agreement”) executed by Borrower for the benefit of the Housing Authority dated on or about the date hereof and recorded in the in the Official Records on or about the date hereof. This Note, the Housing Authority Loan Agreement (including the attachments thereto), the Authority Deed of Trust and the Covenant Agreement are collectively referred to herein as the “Housing Authority Loan Documents”) and are incorporated herein as though fully set forth. The rights and obligations of the Borrower and Housing Authority under this Note shall be governed by the Housing Authority Loan Agreement and the following terms:

- (1) The Housing Authority Loan evidenced by this Note and secured by the Authority Deed of Trust is being made pursuant to Division 24 of the California Community Redevelopment Law (Health and Safety Code Sections 33000 et seq., “CRL”). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the CRL, the Housing Authority Loan Agreement and the Covenant Agreement.
- (2) That the Housing Authority Loan will accrue no interest (0.00%) per annum, except in the case of default. In the event of a default, outstanding amounts due hereunder shall bear interest at a default interest rate of ten percent (10%) per annum as hereinafter provided.

- (3) The Housing Authority Loan shall be repaid on an annual basis from the Project's Residual Receipts. The Residual Receipts payment split calculation is as follows: (i) 50% shall be allocated to the Authority Loan, and (ii) the remaining fifty percent (50%) of the Project's Residual Receipts will be retained by Borrower.
- (4) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by Borrower within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Agency Loan Documents. All outstanding principal along with accrued interest, if any, shall be due upon maturity of the Housing Authority Loan Agreement, which shall be the later to occur of (i) July 1, 2075 or (ii) fifty-five (55) years from and after the recordation of the Agency Loan Documents (the "Maturity Date"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the Agency Loan Documents for the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until sooner of full repayment of the Housing Authority Loan or the Maturity Date.
- (5) The term "Project Residual Receipts" used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the Borrower derived from the ownership, operation and management of the Property, not including interest on required reserve accounts, less the following operating expenses:
 - a. auditing and accounting fees;
 - b. a reasonable property management fee not to exceed \$2,000 annually;
 - c. 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);
 - d. replacement reserves, established in a separate account from operating reserves, in such amount required by the Senior Lender not to exceed \$600 per unit per year for all units in the Project;
 - e. operating reserves replenishment, in an annual amount required by the Senior Lender not to exceed \$500 per unit per year for all units in the Project;
 - f. payments of principal and interest on amortized loans and indebtedness senior to the Housing Authority Loan (including the Senior Loan), which have been approved in writing by Housing Authority (collectively, the "Senior Debt"); and
 - g. repayment of the Borrower's Escrow Costs evidenced by a loan from Borrower to the Project.
- (6) Except for the repayment of the Borrower's Escrow Costs, 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 ("Advances"); provided, however, such Advances may be authorized by the Authority's Executive Director, or designee, in his/her sole discretion, upon written request received by the Authority. In considering such

Borrower request for approval of Advances, Authority's Executive Director, or designee, will consider the following: (i) if a Project deficit exists and written evidence of such deficit is provided to the Authority's Executive Director, or designee, (ii) Borrower has demonstrated to Authority, in writing, that the requested Advance is the only available means of relieving such deficit, (iv) the Authority's Executive Director, or designee, approves the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The Authority's Executive Director, or designee, shall retain the right, in its discretion, to defer such approval to the Authority's Board of Commissioners. Failure by the Authority's Executive Director, or designee, to respond to such request within 30 days of the Authority's receipt of such written notice shall be deemed disapproval of such request.

- (7) Payment of the Residual Receipts shall continue until the Housing Authority Loan is repaid in full.
- (8) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium.
- (9) Subject to the provisions and limitations of this Paragraph 9, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Borrower shall not have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 9. The sole recourse of the Housing Authority shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the Housing Authority Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Authority Deed of Trust; (ii) limit the right of the Housing Authority to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Authority 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 Authority Deed of Trust; (iv) prevent or in any way hinder the Housing Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the Housing Authority from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Authority Deed of Trust. Notwithstanding the first sentence of this Paragraph 9, the Housing Authority may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the Housing Authority as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the Housing Authority as a result of any misappropriation of funds provided to pay costs as described in the Housing Authority Loan Agreement, rents and revenues from the operation of the Project,

or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Authority Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Authority Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the Housing Authority Loan Agreement and/or Authority Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the Housing Authority Loan Agreement and/or Authority Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

- (10) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the Housing Authority Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the Housing Authority Note, (2) Borrower's or any agent of Borrower's use of Housing Authority funds for costs other than costs or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the Housing Authority Loan Agreement or any other Housing Authority Loan Document, and/or (4) default past any applicable notice and cure period under the terms of the (i) Housing Authority Loan Documents, (ii) any Senior Debt, and/or (iv) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without Housing Authority's prior written approval (except for liens expressly permitted under the Housing Authority Loan Agreement) including, but not limited to those liens or encumbrances expressly prohibited under the Housing Authority Loan Agreement or that have the effect of reducing the priority or invalidating the Authority Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the Housing Authority Loan Agreement, (4) any material default under the Housing Authority Loan Agreement or any other Housing Authority Loan Document;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the Housing Authority Loan Agreement or any other Housing Authority Loan Document; and

d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not Housing Authority is a party to such agreement.

- (11) Housing Authority shall give written notice of default to Borrower, specifying the default complained of by the Housing Authority. Borrower shall have ten (10) calendar days from

the mailing of the notice for a monetary default, by which such action to cure must be taken and thirty (30) days to cure non-monetary defaults. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default. The Tax Credit Equity investor shall receive a copy of all notices and shall have the right, but not the obligation to cure any default.

- (12) Any failures or delays by Housing Authority in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by Housing Authority in asserting any of its rights and remedies shall not deprive Housing Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (13) 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.
- (14) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the Housing Authority may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (15) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the Housing Authority Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (16) 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.

- (17) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the Housing Authority.
- (18) The Housing Authority may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (19) In no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the Housing Authority, which consent the Housing Authority may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the Housing Authority, no unauthorized assignment or transfer, or approval thereof by the Housing Authority, shall be deemed to relieve Borrower or any other party from any obligations under the Housing Authority Loan Agreement or this Note. This provision shall not affect or diminish the Housing Authority's assignment rights under this Note.
- (20) Except as to the Senior Loan, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Authority Deed of Trust without the prior written approval of the Housing Authority in its sole and absolute discretion.
- (21) The relationship of Borrower and the Housing Authority pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (22) Formal notices, demands and communications between the Housing Authority and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the Housing Authority and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.
- (23) The addresses for purposes of receiving notices pursuant to this Note shall be:
 - a. To the Housing Authority:
Housing Authority of Riverside County
5555 Arlington Avenue,
Riverside, California 92504,
Attention: Assistant Director of Housing.

b. To the Borrower:
The Coachella Valley Housing Coalition
45-701 Monroe,
Indio, CA 92201,
Attention: Executive Director,

with a copy to:

- (24) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (25) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (26) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the Housing Authority and its successors and assigns.

IN WITNESS WHEREOF, Borrower has executed this Note as of the date first written above

“BORROWER”

**THE COACHELLA VALLEY HOUSING
COALITION**, a California nonprofit public
benefit corporation

By: Exhibit – Do Not Sign
Pedro S. G. Rodriguez,
Chief Financial Officer

Exhibit "F"
DEED OF TRUST
[attached]

Exhibit "F"

No fee for recording pursuant to
Government Code § 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attn. Leah Rodriguez

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) ("Deed of Trust") is made this __ day of _____, 2020 by THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation (hereinafter referred to as "Trustor"), whose address 45-701 Monroe Street, Suite G, Indio, CA 92201, to _____ ("Trustee"), for the benefit of the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity corporate and politic, in its capacity as housing successor to the former Redevelopment Agency of the City of Coachella, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor irrevocably grants, transfers and assigns to Trustee, its successors and assigns, IN TRUST, WITH POWER OF SALE together with right of entry and possession the following property (the "Trust Estate"):

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

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

(C) all tenements, hereditaments, appurtenances, privileges, franchises and other rights and interests now or in the future benefiting or otherwise relating to the Subject Property or the Improvements, including easements, rights-of-way and development rights (the "Appurtenances"). (The Appurtenances, together with the Subject Property and the Improvements, are hereafter referred to as the "Real Property");

(D) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the Trustorship, use, management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

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

(F) all present and future right, title and interest of Trustor in and to all accounts, general intangibles, chattel paper, deposit accounts, money, instruments and documents (as those terms are defined in the UCC) and all other agreements, obligations, rights and written material (in each case whether existing now or in the future) now or in the future relating to or otherwise arising in connection with or derived from the Property or any other part of the Trust Estate or the Ownership, use, development, construction, maintenance, management, operation, marketing, leasing, occupancy, sale or financing of the property or any other part of the Trust Estate, including (to the extent applicable to the Property or any other portion of the Trust Estate) (i) permits, approvals and other governmental authorizations, (ii) improvement plans and specifications and architectural drawings, (iii) agreements with contractors, subcontractors, suppliers, project managers, supervisors, designers, architects, engineers, sales agents, leasing agents, consultants and property managers, (iv) takeout, refinancing and permanent loan commitments, (v) warranties, guaranties, indemnities and insurance policies, together with insurance payments and unearned insurance premiums, (vi) claims, demands, awards, settlements, and other payments arising or resulting from or otherwise relating to any insurance or any loss or destruction of, injury or damage to, trespass on or taking, condemnation (or conveyance in lieu of condemnation) or public use of any of the Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

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

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

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Residual Receipts Promissory Note in favor of the Beneficiary (“Housing Authority” therein) executed by Trustor (“Borrower” therein) of even date herewith (the “Note”);
 - (b) that certain Affordable Housing Loan Agreement Ranchito Las Serenas (2006-Series A Taxable Tax Allocation Housing Bonds) dated August 25, 2020 and recorded in the Official Records of the County of Riverside (“Official Records”) concurrently herewith, between Trustor (“Borrower” therein) and Beneficiary (“Housing Authority” therein) (the “Affordable Housing Loan Agreement”); and
 - (c) that certain Amended and Restated Declaration of Conditions, Covenants and Restrictions (Including Rent Restrictions) dated _____, 2020 and recorded concurrently herewith in the Official Records, between Trustor (“Owner” therein) and Beneficiary (“Housing Authority” therein) (“Covenant Agreement”).
2. payment of indebtedness of the Trustor to the Beneficiary not to exceed FIFTY THOUSAND DOLLARS (\$50,000) (the “Housing Authority Loan”) according to the terms of the Note. The Note secured hereby provides for a balloon payment of the entire indebtedness upon the Maturity Date of the Note.

Said Note, Affordable Housing 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, Affordable Housing Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, Affordable Housing 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 Affordable Housing Loan Agreement.

TRUSTOR COVENANTS that the Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the fee interest of the Property. Trustor warrants and will defend generally the title to the Property against all claims and demands, subject to such encumbrances of record.

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

1. **Trustor Obligations.** 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 Affordable Housing

Loan Agreement and Covenant Agreement at the time and in the manner respectively provided therein.

2. **Use of Property.** That Trustor shall not permit or suffer the use of any of the property for any purpose other than the use set forth in the Affordable Housing Loan Agreement and Covenant Agreement.

3. **Incorporation of Secured Obligations.** 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. Investor's Limited Partner shall have the sure rights as set forth in the Affordable Housing Loan Agreement.

4. **Assignment of Rents.** That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the Affordable Housing Loan Agreement and Covenant Agreement. Further, that upon default here under or under any of the Secured Obligations, and after giving any notice and opportunity to cure Beneficiary shall be entitled to the appointment of a receiver by any court having jurisdiction without notice to take possession and protect the property described herein and operate same and collect the rents, profits any income there from.

5. **Payment of Principal and Interest; Prepayment and Late Charges.** Trustor shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any late charges due under the Note.

6. **Taxes and Insurance.**

a. Trustor shall pay before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust, directly to the person owed payment. 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 6**.

b. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien

which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

7. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under **Section 5** shall be applied: first, to interest due; second, to principal due; and last, to any late charges due under the Note.

8. **Prior Deeds of Trust; Charge; Liens.**

a. Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, and leasehold payments or ground rents, if any, subject to applicable cure periods directly to the person owed payment. Trustor shall pay these obligations in the manner provided in **Section 6**.

b. Except for the liens permitted in writing by the Beneficiary, Trustor shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Trustor: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Beneficiary may give Trustor a notice identifying the lien. Trustor shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.

9. **Priority Position.** The lien priority shall be as follows: (1) deed(s) of trust for the Senior Lender(s); (2) second priority Affordable Housing Loan Deed of Trust securing the Housing Authority Loan in an amount up to \$50,000.

10. **Hazard or Property Insurance.**

a. Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the Affordable Housing Loan Agreement. The insurance carrier providing the insurance shall be chosen by Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.

b. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the Affordable Housing Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the holder of any Senior Loan deed of trust ("Senior Lien Holder"), if any, and Beneficiary.

Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

c. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

d. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of Note. If under **Section 27** the Property is acquired by Beneficiary, Trustor's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Beneficiary to the extent of the sums secured by this Deed of Trust immediately prior to the acquisition.

e. Notwithstanding the above, the Beneficiary's rights to collect and apply the insurance proceeds hereunder shall be subject and subordinate to the rights of a Senior Lien Holder, if any, to collect and apply such proceeds in accordance with a Senior Lien Holder Deed of Trust.

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds.

a. Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

b. The Trustor acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing".

The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. Protection of Beneficiary's Rights in the Property.

a. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

b. Any amounts disbursed by Beneficiary under this **Section 12** shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment.

13. Reserved.

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

15. Condemnation.

a. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the terms of a Senior Lien Holder Deed of Trust, if any.

b. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long

as the value of Beneficiary's lien is not impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.

c. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

d. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in **Sections 5 and 6** or change the amount of such payments.

16. **Trustor Not Released; Forbearance By Beneficiary Not a Waiver.** Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

17. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.

18. **Loan Charges.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

19. **Notices.** Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner at the address set forth in the Affordable Housing Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to such other address the

Senior Lien Holder designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

20. **Governing Law; Severability.** This Deed of Trust 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 Agreement shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

21. **Trustor's Copy.** Trustor shall be given one conformed copy of the Note and of this Deed of Trust.

22. **Transfer of the Property or a Beneficial Interest in Trustor.**

a. Except as otherwise allowed under the Affordable Housing Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of the Affordable Housing Loan Agreement) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

b. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor and the Senior Lien Holder, prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

c. Notwithstanding anything to the contrary contained herein, upon written notice to Beneficiary, Trustor may (i) admit limited partners to Trustor, and provide for the purchase of any such limited partnership interest or interests by Trustor's general partner; (ii) remove for cause any General Partner by a limited partner of the Trustor, and the replacement thereof, pursuant to the Partnership Agreement, provided Beneficiary receives 5 business days advance written notice of such removal (without limiting Trustor's obligation to provide advance notice of such removal for cause of any General Partner by a limited partner and the replacement thereof set forth in the immediately preceding sentence, amendments to the Partnership Agreement

required to effectuate the Permitted Transfer set forth in this clause (ii) shall not require the consent of the Beneficiary; provided, however, Trustor shall provide Beneficiary with an executed copy of such amended agreement within 10 days of execution thereof); (iii) lease for occupancy of all or any of the Assisted Units (as defined in the Affordable Housing Loan Agreement); (iv) grant easements or permits to facilitate the development of the Property in accordance with the Affordable Housing Loan Agreement; and (v) the withdrawal and/or replacement of any limited partner of Trustor, (collectively a "Permitted Transfer"). Trustor shall provide copies of all documentation related to Permitted Transfers to Beneficiary. All Permitted Transfers shall be subject to review of documentation by the Beneficiary. Permitted Transfers are not subject to Beneficiary's approval of such documentation.

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

24. **Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Deed of Trust) may be sold one or more times without prior notice to Trustor. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Deed of Trust. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Trustor will be given written notice of the change in accordance with **Section 19** above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payments should be made. The notice will also contain any other information required by applicable law.

25. **No Assignment.** The Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent.

26. **Hazardous Substances.**

a. Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

b. Trustor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Trustor has actual knowledge. If Trustor learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

c. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials, excluding household products in normal quantities. As used in this **Section 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

27. Acceleration; Remedies.

a. Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than ten (10) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than thirty (30) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions then in effect, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

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

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

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

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

31. **Removal, Demolition or Alteration of Personal Property and Fixtures.** Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

[Remainder of Page Blank]

[Signatures on Following Page]

IN WITNESS WHEREOF Trustor has executed this Deed of Trust as of the day and year set forth above.

TRUSTOR:

THE COACHELLA VALLEY HOUSING COALITION,
a California nonprofit public benefit corporation

By: Exhibit – Do Not Sign
Pedro S. G. Rodriguez,
Chief Financial Officer

(Signature needs to be notarized)

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

All that certain real property situated in the County of Riverside, State of California, described as follows:

Lots 1, 2 and 3, Block 3 of Coachella, in the City of Coachella, County of Riverside, State of California, as per Map recorded in Book 6, Page 49, of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number(s): 778-093-013-4

Ranchito Las Serenas, 1321 7th Street, Coachella CA 92236

Exhibit "G"
COVENANT AGREEMENT
[attached]

Exhibit "G"

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Leah Rodriguez

**AMENDED AND RESTATED DECLARATION OF CONDITIONS, COVENANTS AND
RESTRICTIONS
(Including Rental Restrictions)
(Ranchito Las Serenas)**

This Amended and Restated Declaration of Conditions, Covenants and Restrictions (Including Rental Restrictions) (Ranchito Las Serenas) (“Covenant Agreement”) is made and entered into as of the ____ day of _____, 2020 by and between the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the City of Coachella (“Housing Authority”), and THE COACHELLA VALLEY HOUSING COALITION, a California non-profit public benefit corporation (“Owner”). Housing Authority and Owner are individually referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, Owner owns that certain real property consisting of approximately 0.43 acres of land improved with a 12 unit affordable senior residential facility and located at 1321 7th Street within the incorporated city of Coachella in the County of Riverside, also known as Assessor Parcel Number 778-093-013-4, as more specifically described in the legal description attached hereto as Exhibit A and incorporated herein by this reference (“Property”);

WHEREAS, the Property is located within Project Area 3 established by the former Redevelopment Agency for the City of Coachella (“RDA”) pursuant to the Redevelopment Plan for Project Area 3 as approved and adopted by Ordinance No. 493 of the City of Coachella adopted November 27, 1984 (“Redevelopment Plan”) pursuant to California Community Redevelopment Law (Health and Safety Code Section 33000 et seq. the “CRL”);

WHEREAS, the former owner of the Property, the RDA and the City of Coachella entered into that certain Regulatory Agreement dated April 28, 2004 and recorded against the Property on June 8, 2004 as document no. 2004-0436641 (“2004 Regulatory Agreement”) in the Official Records of the County of Riverside;

WHEREAS, a Certificate of Compliance for Certificate of Parcel Merger dated March 5, 2008 and recorded on March 21, 2008 as document no. 2008-0139821 (“2008 Certificate”) in the Official Records of the County of Riverside, which 2008 Certificate merged the Property into a single parcel (Assessor Parcel Number 778-093-013-4);

WHEREAS, the Property is improved with 12 one-bedroom units along with community space and related parking, with the units to be rented and occupied by income qualified senior households during an affordable period of no less than 55 years in accordance with the terms and conditions of the Loan Agreement and this Covenant Agreement (“Project”);

WHEREAS, the Housing Authority is a California housing authority acting under the California Housing Authorities Law, Part 2 of Division 4 of the Health and Safety Code (“Housing Authorities Law”);

WHEREAS, Assembly Bill No. x1 26, as modified by Assembly Bill No. 1484 (“Dissolution Act”), added parts 1.8 and 1.85 to Division 24 of the CRL. As a result, the RDA was dissolved on February 1, 2012 such that the RDA is now deemed a former redevelopment agency under Health and Safety Code Section 34173;

WHEREAS, pursuant to Health and Safety Code Section 34176 (a), County of Riverside Board of Supervisors Resolution No. 2012-035, and Housing Authority Board of Commissioners Resolution Nos. 2012-001 and 2012-005, all housing functions previously performed by the

former RDA, including related rights, powers, duties, obligations and housing assets were transferred to Housing Authority;

WHEREAS, consistent with and in furtherance of the public purposes and applicable requirements of the Housing Authorities Law, the CRL, the Dissolution Act, and the Redevelopment Plan, the Housing Authority and Owner entered into that certain Affordable Housing Loan Agreement Ranchito Las Serenas (2006 Series A Taxable Housing Bond) dated August 25, 2020 and recorded in the Official Records of the County of Riverside (“Official Records”) concurrently herewith (“Loan Agreement”), which is incorporated herein by this reference. Loan Agreement as used herein shall mean, refer to and include the Loan 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 Loan Agreement;

WHEREAS, Owner has recently acquired the Property and desires to stabilize the existing twelve (12) unit housing development that is restricted to low income senior households. The Property consists of 12 one-bedroom units along with community space and related parking, with the units to be rented and occupied by income qualified senior households during an affordability period of no less than 55 years (“Project”);

WHEREAS, the Loan Agreement provides for, among other things, a loan from Housing Authority to Owner in the amount of \$50,000 derived from Former Redevelopment Agency for the City of Coachella (“Authority Loan”) to replenish and stabilize the Project’s replacement and repair reserve account.

WHEREAS, the Authority Loan is evidenced by a Promissory Note (the “Authority Promissory Note”) dated _____, 2020 and secured by a Deed Of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) (“Authority Deed of Trust”) recorded concurrently herewith in the Official Records;

WHEREAS, the Loan Agreement, Authority Promissory Note, and Authority Deed of Trust are collectively referred to herein as the “Affordable Housing Loan and Related Agreements”;

WHEREAS, pursuant to the Loan Agreement, Owner is required to restrict the use and occupancy of 12 residential rental units for use by income qualified senior households at an Affordable Rent for a period of no less than 55 years, as more specifically set forth in the Loan Agreement and herein;

WHEREAS, this Covenant Agreement is an amendment and restatement of the 2004 Regulatory Agreement in its entirety and shall, upon recordation against the Property in the Official Records of Riverside County, supersede the 2004 Regulatory Agreement which shall be released from the Property and shall have no further force or effect; and

WHEREAS, this Covenant Agreement is entered into and recorded in accordance with the Redevelopment Plan, the Loan Agreement, the CRL, and the Dissolution Act.

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

1. Recitals. The Recitals set forth above are true and correct and incorporated herein by this reference.

2. Definitions. For purposes of this Covenant Agreement, the following capitalized terms shall have the meaning set forth hereinbelow and capitalized terms not otherwise defined in the Recitals or this Section 2 herein shall have the meaning defined in the Loan Agreement:

“Affordability Period” means no less than fifty-five (55) years from the recordation of this Covenant Agreement in the Official Records of the Recorder’s Office of the County of Riverside (without regard to (i) the term of the Authority Promissory Note, or (ii) transfer of the ownership of the Project).

“Affordable Rent” means rent, including a reasonable utility allowance, calculated in accordance with Government Code Section 50053(b)(3) as amended from time to time which as of the Effective Date for a Low Income Senior Household means rent that does not exceed one-twelfth

(1/12) times the product of thirty percent (30%) times sixty percent (60%) of the Area Median Income, adjusted for family size appropriate for the Affordable Unit.

“Affordable Units” means the twelve (12) units in the Project assisted with funds provided by the Authority and available to, occupied by or held vacant for occupancy exclusively by Low Income Senior Households at an Affordable Rent.

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

“Household” means one or more persons occupying an Affordable Unit.

“Improvements” means the improvements existing on the Property, including, more generally, the 12 one-bedroom one-bath rental units (approximately 544 square feet each), shared community space and landscaping, all in accordance with applicable requirements of the City of Coachella, County of Riverside and State of California.

“Low Income Senior Household” means a Senior Household who meets the requirements set forth in California Health and Safety Code Section 50079.5 or any successor statute.

“Person” means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, domestic or foreign.

“Senior Household” means a Household in which at least one member is sixty two (62) years of age or older and every other Household member is a “Qualified Permanent Resident” (as defined by Section 51.3 of the California Civil Code, or successor statute) and which Household is eligible to rent an Affordable Unit in the Project in accordance with this Agreement, and all applicable federal and state laws governing the use and occupancy of the Project.

3. Operation and Management of the Property. Owner agrees to operate and manage the Property and the Improvements thereon as a senior affordable rental housing complex, consisting of 12 one-bedroom units as more specifically required in the Loan Agreement.

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

a. Owner covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Owner, such successors and such assignees shall use the Property only for the uses specified in the Affordable Housing Loan and Related Agreements and this Covenant Agreement. No change in the use of the Property shall be permitted without the prior written approval of the Housing Authority. The Improvements shall comply with the current California Building Code that includes comprehensive accessibility and adaptability requirements for multifamily development.

b. Without limiting the generality of the foregoing, Owner and such successors and such assignees shall use the Property for the operation and management of a senior affordable rental housing complex, consisting of twelve (12) Affordable Units available to and occupied exclusively by Low Income Senior Households at an Affordable Rent, shared community space and appropriate landscaping, all in accordance with applicable requirements of the City of Coachella, County of Riverside and State of California.

c. The maximum incomes of Low Income Senior Households eligible to rent the Affordable Units shall be determined on the basis of the area median income for the County of Riverside Standard Metropolitan Area as determined by the U.S. Department of Housing and Urban Development and published approximately annually by the California Department of Housing and Community Development ("Area Median Income"). For purposes of this Covenant Agreement, the term "Low" shall mean the income limits for low income households published by the California Department of Housing and Community Development ("HCD") pursuant to California Health and Safety Code section 50079.5. If HCD discontinues publishing such income limits, the term "Low Income" shall mean a household income that does not exceed 80% of the area median income for the County of Riverside, adjusted for family size.

d. The maximum monthly Affordable Rent, including a reasonable utility allowance for utilities and services (excluding telephone), that may be charged to tenants of the

Affordable Units, shall be calculated in accordance with Government Code Section 50053(b)(3), as amended from time to time, which as of the Effective Date is rent that does not exceed one-twelfth (1/12) times the product of thirty percent (30%) times sixty percent (60%) of the Area Median Income, adjusted for family size appropriate for the Affordable Unit. For purposes of this Covenant Agreement, the phrase, “adjusted for family appropriate for the Affordable Unit” shall mean the number of bedrooms in the Affordable Unit plus one.

e. Housing Authority, and their respective successors and assigns, shall have the right, but not the obligation, to monitor and enforce the covenants contained in this Section 4.

f. To the extent permitted by law, this Paragraph shall govern in the event of increases in tenant incomes: (i) a tenant who initially qualified as a Low Income Senior Household, but who, due to an increase in income, no longer qualifies as a Low Income Senior Household, but whose gross household income does not exceed the maximum qualifying income for persons and families of low or moderate income as defined by Government Code Section 50093, shall pay rent in an amount not to exceed 30% of 110% of Area Median Income; and (ii) if a household’s gross household income increases to above 120% of Area Median Income, the Household will be required to move out as determined by the Housing Authority and may be required to pay the greater of 30% of the Household’s gross income or the market rate rent until the Household vacates the unit.

g. Additionally, to the extent permitted by law, any Household occupying an Affordable Unit as of the date of this Covenant Agreement shall be deemed a Senior Household for purposes of this Covenant Agreement and shall not be required to move out of the Project, so long as at least one member of such existing tenant Household was fifty-five years of age or older as of the date of the lease or rental agreement for the occupancy of such Affordable Unit.

h. In the event Owner is unable to fill vacancies in the Affordable Units with eligible Low Income Senior Households in accordance with this Agreement, Owner may request the Housing Authority for referrals and assistance to rent the Affordable Units to eligible Low Income Senior Households with Section 8 Rental Vouchers.

i. Except for a resident manager, if any, no officer, employee, agent, official or consultant of Owner may occupy any of the Affordable Units.

j. Failure to comply with the affordability requirements of this Covenant Agreement is an event of default under the terms of the Authority Loan. Pursuant to the Authority Promissory Note evidencing the Authority Loan, subject to the right to cure, the Authority Loan will be due and payable immediately if the housing does not meet the affordability requirements of this Covenant Agreement.

k. Except for the non-discrimination provisions set forth in Section 7 below, this Covenant Agreement and the use and occupancy restrictions set forth herein shall remain in effect for a period of no less than fifty-five (55) years from the recordation of this Covenant Agreement in the Official Records of the Recorder's Office of the County of Riverside ("Affordability Period"), without regard to (i) the term of the Authority Promissory Note, or (ii) a transfer for the duration of the term set forth herein, the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and restrictions of the Project.

l. Owner shall comply with the terms of the Affordable Housing Loan and Related Agreements and any other instrument secured against the Property.

5. Second Priority of Covenant Agreement. This Covenant Agreement shall be recorded in the second priority position junior only to the existing Senior Lender(s) deeds of trust and such other existing liens and encumbrances against the Property as of the Effective Date of the Loan Agreement.

6. Maintenance of the Improvements. Owner, 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, Owner, 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 Agency Loan Documents for the Project, 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 Owner, its successors or assigns fails to maintain the Property in accordance with the standard for the quality of maintenance, the Housing Authority or its designee shall have the right but not the obligation to enter the Property upon reasonable notice to Owner, correct any violation, and hold Owner, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property; provided, however, any such liens shall be subject and subordinate to the deed of trust in favor of the Senior Lender.

7. Nondiscrimination. Owner covenants and agrees for itself and any successors and assigns to the Owner or the Site 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 California 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 California Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of any Unit or the Site or the construction or development thereof nor shall the Owner, 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, contractors, subcontractors, or vendees of any Unit or the Site or in connection with the employment of persons for the construction, operation and management of the Site.

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the California Government Code shall apply to the foregoing paragraph.

All deeds, rental agreements, leases, subcontracts or contracts made or entered into by the Owner as to the Units, the Project or the Site or any portion thereof, shall contain and be subject to the following nondiscrimination and 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 California 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 California 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."

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and

subdivisions (n), (o), and (p) of Section 12955 of the California Government Code shall apply to the foregoing paragraph.

b. In leases: “The lessee 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 California 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 California 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.”

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the California Government Code shall apply to the foregoing paragraph.

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 California 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 California Government Code, in connection with the

performance of this contract nor shall the contracting party 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, contractors, subcontractors or vendees with respect to the premises.”

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the California Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the California Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the California Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the California Government Code shall apply to the foregoing paragraph.

The covenants established in this Covenant Agreement shall, without regard to technical classification and designation, be binding on Owner and any successor in interest to Owner or the Property, or any part thereof, for the benefit and in favor of the Housing Authority and the County and their respective successors and assigns. The covenants against discrimination shall run with the land and remain in effect in perpetuity.

In addition to the obligations and duties of Owner set forth herein, Owner shall, upon notice from Housing Authority, promptly pay to Housing Authority all fees and costs, including administrative and attorneys' fees, incurred by Housing Authority 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 Loan Agreement or this Covenant Agreement.

8. Insurance. Without limiting or diminishing Owner's obligation to indemnify or hold Housing Authority harmless, Owner 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 Agreement.

a. Worker's Compensation Insurance. If Owner has employees as defined by the State of California, Owner 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 Housing Authority of the County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.

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 Owner's performance of its obligations hereunder. Policy shall name the Housing Authority 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 agreement 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 Agreement, then Owner shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Housing Authority 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. Owner'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 Housing Authority, and at the election of Risk Manager, Owner'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. Owner shall cause Owner's insurance carrier(s) to furnish the Housing Authority of the County of Riverside 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 Housing Authority prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. Owner shall not continue operations until Housing Authority 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 Owner's insurance shall be construed as primary insurance, and Housing Authority'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 Agreement or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures, then Housing Authority reserves the right to adjust the types of insurance required under this Covenant Agreement 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 Owner has become inadequate.
- vi. Owner shall pass down the insurance obligations contained herein to all tiers of subcontractors.
- vii. Owner agrees to notify Housing Authority 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 Covenant.

9. Hold Harmless/Indemnification. Owner shall indemnify and hold harmless the Housing Authority, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Commissioners, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of Owner, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Covenant Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Owner, its officers,

employees, subcontractors, agents or representatives Indemnitors from this Covenant Agreement, , except in the event of the gross negligence or willful misconduct of the Housing Authority; provided however, any gross negligence or willful misconduct of the Housing Authority will only affect Owner's duty to indemnify for the specific act found to be gross negligence or willful misconduct, and will not preclude Owner's duty to indemnify for any act or omission of Borrower as required herein. Owner 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 Owner, 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 Housing Authority; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Owner's indemnification to Indemnitees as set forth herein. Owner's obligation hereunder shall be satisfied when Owner has provided to Housing Authority the appropriate form of dismissal relieving Housing Authority from any liability for the action or claim involved. The specified insurance limits required in this Covenant Agreement shall in no way limit or circumscribe Owner'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 Owner from indemnifying the Indemnitees to the fullest extent allowed by law. The indemnity set forth herein shall survive the expiration and earlier termination of this Covenant Agreement.

10. Notices. All Notices provided for in this Covenant Agreement shall be deemed received when personally delivered, or two (2) days following mailing by certified mail, return receipt requested. All mailing 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 Housing Authority:

Housing Authority of the County of Riverside
5555 Arlington Avenue

Riverside, CA 92504
Attn: Assistant Director of Housing

If to Owner:

Ranchito Las Serenas
c/o The Coachella Valley Housing Coalition
45-701 Monroe Street, Suite G
Indio, CA 92201
Attn: Executive Director

11. Remedies. Housing Authority shall have the right, in the event of any breach of any such agreement or 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.

12. Term. The non-discrimination covenants, conditions and restrictions contained in Section 5 of this Covenant Agreement shall remain in effect in perpetuity. Every other covenant, condition and restriction contained in this Covenant Agreement shall continue in full force and effect for the Affordability Period, as defined in Section 2 of this Covenant Agreement.

13. Notice and Cure. Prior to exercising any remedies hereunder, the Housing Authority shall give Owner notice of such default pursuant to section 8 above. Any monetary default shall be cured within seven (7) days of delivery of written notice. Except as otherwise set forth herein, if a non-monetary default is reasonably capable of being cured within sixty (60) days of delivery of such notice of default, Owner shall have such period to effect a cure prior to exercise of remedies by Housing Authority. If the non-monetary default is such that it is not reasonably capable of being cured within sixty (60) days of delivery of such notice of default, and Owner (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 Owner shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the Housing Authority; but in no event no later than ninety (90) days from delivery of such notice of default.

Housing Authority, upon providing Owner with any notice of default under this Covenant Agreement, shall at the same time provide a copy of such default notice to the a Permitted Lender who has given written notice to Housing Authority of its interest in the Property and Project. From

and after such notice has been delivered to a Permitted Lender, and such Permitted Lender shall have the same period for remedying the default complained of as the cure period provided to Owner pursuant to this section 11. Housing Authority shall accept performance by the Permitted Lender as if the same had been done by Owner.

If a violation of any of the covenants or provisions of this Covenant Agreement remains uncured after the respective time period set forth in this Section 11, Housing Authority and its successors and assigns, without regard to whether Housing Authority 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 Owner 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.

14. Sale, Assignment or Transfer of the Project or Property. Except as otherwise provided in the Loan Agreement, Owner hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the Project, the Property or any portion thereof, except for a sale, assignment or transfer to the Senior Lender, without obtaining the prior written consent of Housing Authority, 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 Housing Authority 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 Owner's duties and obligations under the Loan Agreement and this Covenant Agreement, provided, however Owner shall not be released of all obligations under the Loan Agreement and this Covenant Agreement.

15. Amendments or Modifications. This Covenant Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.

16. Governing Law; Venue; Severability. This Covenant Agreement shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Covenant Agreement 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 Agreement 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

17. Binding Effect. The rights and obligations of this Covenant Agreement shall bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

18. Permitted Mortgages. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Covenant Agreement shall defeat or render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted by the Loan Agreement or the lien or charge of a deed of trust made by the Owner for the benefit of any lender first approved in writing by the Housing Authority (each, a "Permitted Lender") and nothing herein or in the Loan 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.

19. 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 Agreement shall remain in full force and effect.

20. Operation of Project.

a. Project Monitoring and Evaluation; Tenant Checklist. Owner shall maintain financial, programmatic, statistical and other supporting records of its operations and financial activities throughout the Affordability Period, including annual submission on or before March 31st of a completed Tenant Checklist in the form attached hereto as **Exhibit B** or such other monitoring and compliance form as may be provided and required by the Housing Authority

from time to time summarizing the racial/ethnic composition, household size and income of and the rent paid by each Low Income Senior Household occupying an Affordable Unit.

b. Owner shall provide written lease agreement for not less than one year, unless by mutual agreement between the tenant and Owner. Housing Authority shall review the initial form of the lease agreement prior to Owner executing any leases and, provided that Owner uses the approved lease form, Owner shall be permitted to enter into residential leases without Housing Authority's prior written consent.

c. Prohibited Lease Terms. The rental agreement/lease may not contain any of the following provisions:

- (1) Agreement to be sued. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of Owner in a lawsuit brought in connection with the lease.
- (2) Treatment of property. Agreements by tenant that Owner 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. Owner may dispose of this personal property in accordance with State law.
- (3) Excusing Owner from responsibility. Agreement by the tenant not to hold Owner or Owner's agents legally responsible for any action or failure to act, whether intentional or negligent.
- (4) Waiver of notice. Agreement of the tenant that Owner may institute a lawsuit without notice to the tenant.
- (5) Waiver of legal proceeding. Agreement by the tenant that the Owner 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 Owner 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. Owner 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) 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 Housing Authority (if any); and
- (5) Carry out the affirmative marketing procedures of the Housing Authority, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area. Owner and Housing Authority shall cooperate to effectuate this provision during the Owner's initial lease-up of the Affordable Units and as vacancies occur.

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

22. Access to Project. Representatives of the Housing Authority shall have the right of access to the Property, upon 24 hours' written notice to Owner (except in the case of an emergency, in which Housing Authority 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 Agreement and the Loan Agreement.

23. Management. Owner 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 Housing Authority which property manager will be charged with managing the Improvements on behalf of the Owner. The Housing Authority shall have the right to review and approve any such entity prior to its selection by the Owner. Such approval shall not be unreasonably withheld. Owner 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 Housing Authority 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. Owner, its successors and assigns, upon notice from the Housing Authority, shall pay any costs and fees (including administrative and attorneys' fees) incurred by Housing Authority 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 Affordable Housing Loan and Related Agreements and/or this Covenant Agreement. Housing Authority approves Hyder & Company as the initial management agent and the agreement to be entered into between Hyder & Company and Owner.

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

25. Entire Agreement. This Covenant Agreement and the Loan 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 Agreement and the Loan Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON THE NEXT PAGE]

IN WITNESS WHEREOF, AUTHORITY and OWNER have executed this Covenant Agreement as of the dates written below.

HOUSING AUTHORITY:

OWNER:

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

THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation

By: Exhibit – Do Not Sign
Carrie Harmon, Deputy Executive Director

By: Exhibit – Do Not Sign
Pedro S. G. Rodriguez,
Chief Financial Officer

Date: _____

Date: _____

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By: Exhibit – Do Not Sign
Synthia Gunzel,
Chief Deputy County Counsel

(Signatures need to be notarized)

Exhibit A

LEGAL DESCRIPTION OF PROPERTY

All that certain real property located in the County of Riverside, State of California, legally described as follows:

Lots 1, 2 and 3, Block 3 of Coachella, in the City of Coachella, County of Riverside, State of California, as per Map recorded in Book 6, Page 49, of Maps, in the Office of the County Recorder of said County.

Assessor's Parcel Number(s): 778-093-013-4

Ranchito Las Serenas, 1321 7th Street, Coachella CA 92236

Exhibit B

TENANT CHECKLIST

[to be attached]

Exhibit C

SCHEDULE OF AFFORDABLE RENTS

Type of Units		Maximum Income	Maximum Rent
12	One Bedroom	Low	1/12 of 30% X 60% of AMI (less utility allowances)

Exhibit "H"

NOTICE OF AFFORDABILITY RESTRICTIONS

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Leah Rodriguez

NOTICE OF AFFORDABILITY RESTRICTIONS

ON TRANSFER OF PROPERTY

(Ranchito Las Serenas)

Notice is hereby given that certain real property located at 1321 7th Street within the incorporated City of Coachella, County of Riverside, State of California, and known as Assessor's Parcel Number 778-093-013-4, and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference ("Property"), together with all buildings, structures and other improvements located thereon ("Improvements"), is subject to certain affordability covenants and restrictions identified in that certain **Amended and Restated Declaration of Conditions, Covenants and Restrictions (Including Rental Restrictions) (Ranchito Las Serenas)** dated as of _____, 2020, made by and between the **Housing Authority of the County of Riverside**, a public entity, corporate and politic, in its capacity as housing successor to the former Redevelopment Agency for the City of Coachella ("Housing Authority"), and **The Coachella Valley Housing Coalition**, a California non-profit public benefit corporation ("Owner"), recorded concurrently herewith and incorporated herein by this reference

Exhibit "H"

("Covenant Agreement"). The Property and the Improvements shall be collectively referred to herein as the "**Project.**"

The affordability covenants and restrictions contained in the Covenant Agreement include, without limitation, and as further described in the Covenant Agreement, each of the twelve (12) units in the Project are restricted for occupancy by and rented at affordable rent to Low Income Senior Households with both:

- 1) an adjusted gross income that does not exceed the limits calculated in accordance with Health and Safety Code Section 50079.5, and
- 2) at least one household member that is sixty two (62) years of age or older and every other household member is a "Qualified Permanent Resident" (as defined by Section 51.3 of the California Civil Code, or successor statute).

Affordable Rent shall be calculated in accordance with Government Code Section 50053(b)(3) at rents affordable to lower income households.

The affordability covenants and restrictions will expire on the fifty-fifth (55th) anniversary of the recordation of the Covenant Agreement in the Official Records of Riverside County.

This Notice is being recorded and filed by the Housing Authority in compliance with Health & Safety Code Sections 33334.3(f)(3) and (4) and/or Section 33413(c)(5), as amended effective this date, and shall be indexed against the Housing Authority and Owner.

This notice is prepared for notice and recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants set forth in the Covenant Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants set forth in the Covenant Agreement and this Notice, the terms, conditions, provisions and covenants set forth in the Covenant Agreement shall prevail.

IN WITNESS WHEREOF, the parties have duly executed this Notice of Affordability Restrictions on Transfer of Property.

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

THE COACHELLA VALLEY HOUSING COALITION, a California nonprofit public benefit corporation

By: Exhibit - Do Not Sign
Carrie Harmon, Deputy Executive Director

By: Exhibit - Do Not Sign
Pedro S. G. Rodriguez, Chief Financial Officer

Date: _____

Date: _____

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
COUNTY COUNSEL

By: Exhibit - Do Not Sign
Synthia Gunzel,
Chief Deputy County Counsel

(Signatures need to be notarized)

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain real property situated in the County of Riverside, State of California, described as follows:

LOTS 1, 2 AND 3, BLOCK 3, OF COACHELLA, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 49, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number(s): 778-093-013-4

Ranchito Las Serenas, 1321 7th Street, Coachella CA 92236

Exhibit "I"

REQUEST FOR NOTICE OF DEFAULT

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:
Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Leah Rodriguez

REQUEST FOR NOTICE OF DEFAULT

(Under Section 2924b Civil Code)

(Ranchito Las Serenas)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any notice of default and a copy of any notice of sale under the **DEED OF TRUST WITH ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING** recorded as Instrument Number 2019-0157604 on May 7, 2019, in the Official Records of Riverside County, California, executed by **THE COACHELLA VALLEY HOUSING COALITION**, a California nonprofit public benefit corporation, as Borrower, in which **ALTURA CREDIT UNION**, a California state chartered credit union, its successors, transferees and assigns, is named as beneficiary Lender, and Orange Coast Title Company, a California corporation, is named as Trustee, be mailed to:

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

Exhibit "H"

NOTICE: A copy of any notice of default and of any notice of sale will be sent only to the address contained in this recorded request. If your address changes, a new request must be recorded.

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

By: Exhibit – Do Not Sign
Carrie Harmon, Deputy Executive Director

APPROVED AS TO FORM:

GREGORY P. PRIAMOS
COUNTY COUNSEL

By: Exhibit – Do Not Sign
Synthia Gunzel,
Chief Deputy County Counsel

(Housing Authority’s signature to be notarized)

EXHIBIT "A"

LEGAL DESCRIPTION

All that certain real property situated in the County of Riverside, State of California, described as follows:

LOTS 1, 2 AND 3, BLOCK 3, OF COACHELLA, IN THE CITY OF COACHELLA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 49, OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Assessor's Parcel Number(s): 778-093-013-4

Ranchito Las Serenas, 1321 7th Street, Coachella CA 92236

Exhibit "J"

TENANT CHECKLIST

[attached]

Exhibit "J"

Codes for Head of Household

Code	Head of Household
1	Single/Non-Elderly. One-person household in which the person is not elderly.
2	Elderly. One or two person household with a person at least 62 years of age.
3	Related/Single Parent. A single parent household with a dependent child or children (18 years old or younger).
4	Related/Two Parent
5	Other. Any household not included in the above 4 definitions, including two or more unrelated individuals.

Code	Race of Head of Household
11	White (WHT)
12	Black (BLK) or African American
13	Asian (ASN)
14	American Indian or Alaskan Native (AIAN)
15	Native Hawaiian/Pacific Islander (NHPI)
16	AIAN and WHT
17	ASN and WHT
18	BLK and WHT
19	AIAN and BLK
20	Other Multi-racial

Code	Rental Assistance
1	Section 8
2	HOME TBRA
3	Other
4	No Assistance