

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



ITEM: 3.15
(ID # 13082)

MEETING DATE:

Tuesday, September 01, 2020

FROM: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS
(HHPWS): Approve the Form of Loan Agreement for the Use of HOME Funds for Pueblo Viejo Villas, in the City of Coachella; District 4 [100% HOME Investment Partnerships Act Funds - \$1,000,000]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on June 25, 2019, for the Project concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations of 24 CFR Parts 50 and 58;
2. Approve the attached form of Loan Agreement for the Use of HOME Program Funds, including all attachments thereto, (HOME Loan Agreement), between the County and 6th and Cesar Chavez CIC, LP, a California Limited Partnership (Partnership), providing a loan derived from the HOME Investment Partnerships Program in the amount of \$1,000,000 (HOME Loan), to be used to pay a portion of the development and construction costs for Pueblo Viejo Villas, a multi-family farmworker & disabled individual affordable rental housing project in the City of Coachella;
3. Approve the attached forms of HOME Loan Agreement, Deed of Trust and Assignment of Rents, HOME Loan Promissory Note and HOME Loan Covenant Agreement;

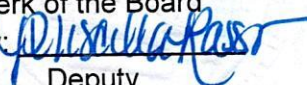
ACTION: Policy


Heidi Marshall, Director 8/6/2020

MINUTES OF THE BOARD OF SUPERVISORS

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: September 1, 2020
xc: HHPWS

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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4. Authorize the Director of Housing, Homelessness Prevention and Workforce Solutions (HHPWS), or designee, to execute a HOME Loan Agreement and Covenant Agreement conforming in form and substance to the attached HOME Loan Agreement and Covenant Agreement, subject to approval as to form by County Counsel;
5. Authorize the Director of HHPWS, or designee, to take all necessary steps to implement the HOME Loan Agreement, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel;
6. Authorize the Director of HHPWS, or designee, to negotiate and execute a Subordination Agreement subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of a construction lender, senior lender, securing a construction loan for the Project in an amount up to \$30,000,000, subject to approval as to form by County Counsel;
7. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the CA Housing and Community Development Affordable Housing and Sustainable Communities Program Loan (HCD AHSC) in an amount up to \$8,395,407, subject to approval as to form by County Counsel;
8. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of Citibank in an amount up to \$5,657,000, subject to approval as to form by County Counsel;
9. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the California Department of Developmental Services in an amount up to \$1,160,000, subject to approval as to form by County Counsel;
10. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the Housing and Community Development Infill Infrastructure Grant Program in an amount up to \$1,100,000, subject to approval as to form by County Counsel;
11. Authorize the Director of HHPWS, or designee, to negotiate and execute separate Subordination Agreements subordinating the HOME Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the City of Coachella in an amount up to \$9,240,000, subject to approval as to form by County Counsel; and

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12. Authorize the Director of HHPWS, or designee, to take all necessary steps to implement the HOME Loan Agreement, and the Subordination Agreements, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$1,000,000	\$ 0	\$1,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: HOME Investment Partnerships Act Funds			Budget Adjustment:	No
			For Fiscal Year:	20/21

C.E.O. RECOMMENDATION:

BACKGROUND:

Summary

On November 5, 2019, in connection with Pueblo Viejo Villas (aka the 6th and Cesar Chavez Affordable Housing Project), a development of a 105 unit multi-family affordable rental housing project for low and very low income households, located in the City of Coachella (Project), the Board of Supervisors approved Resolution No. 2019-211, which achieved the following (i) allocated up to \$1,000,000 in HOME Investment Partnerships Act Funds (HOME Loan), subject to the satisfaction of certain conditions contained therein, and (ii) supported the submission of a low income housing tax credit application by Chelsea Investment Corporation, a California Corporation, to the California Tax Credit Allocation Committee (CTCAC) for the Project.

The Project was awarded tax credits by CTCAC and, since all of the conditions to funding set forth in Resolution No. 2019-211 have been satisfied, staff recommends that the Board approve the following attached documents memorializing the HOME Loan (l) the Loan Agreement for the Use of HOME Funds, including exhibits (HOME Loan Agreement) between the County of Riverside and 6th & Cesar Chavez CIC, LP, a California Limited Partnership (Partnership) memorializing the loan of \$1,000,000 derived from HOME Program funds to pay a portion of the development and construction costs for the Project. The HOME Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Project, the forms of which are each attached to the HOME Loan Agreement. The aforementioned use and occupancy restrictions will be memorialized in separate covenant agreements recorded against the Project with concurrent 55-year terms.

The Project will be located on a 2.66-acre parcel of vacant land located on the northeast corner of 6th Street and Cesar Chavez, in the City of Coachella, identified as Assessor's Parcel Number 778-080-009 (Project Site). Of the 105 units in the Project, 11 units will be subject to HOME program occupancy and use restrictions and will be rented to and occupied by individuals whose income does not exceed 50% of the area median income for the County and 10 units will be reserved for qualified low income families and individuals. Additionally, the Project includes the use of 8 Housing Choice Voucher Program (HCVP) Project Based Vouchers (PBV's) that will serve as a rental subsidy for clients on the Housing Authority of the County of Riverside HCVP waiting list for the Project. On site amenities will include a 1,400 square foot community center, an indoor bicycle storage and a child's play area. The

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community room will be equipped with a laundry room, kitchen to accommodate events, computer and learning center and a manager's office. Onsite social services will include after school programs for children as well as literacy and job training classes. The building is mixed use with 3,000 square feet of retail space.

In addition to the requested \$1,000,000 from County HOME funds the proposed project anticipates receiving a loan from Citibank in the amount of \$5,657,000, a California Housing and Community Development Affordable Housing and Sustainable Communities Program Loan (HCD AHSC) loan in the amount of \$8,395,407, Solar Tax Equity in the amount of \$267,823, CA Department of Development Services funding in the amount of \$1,160,000, City of Coachella loan in the amount of \$9,240,000, Deferred costs and fees in the amount of \$488,250, Deferred Developer Fee and Developer Equity contribution in the amount of \$3,561,037 and Tax Credit Equity in the amount of \$18,186,630. The total cost of development, during the permanent financing period, is approximately \$47,956,147.

Citibank, HCD and the City of Coachella as construction/permanent lenders (Senior Lenders), require as a condition precedent to their funding of loans that the HOME Loan be subordinate to the Senior Lender liens. Subordination of the HOME Loan is necessary since an economically feasible alternative method of financing the Project on comparable terms is not available without subordination. As a result of the aforementioned subordination requirement, it is anticipated that lien priority at conversion to permanent financing shall be as follows: 1st priority Citibank, 2nd priority CA Housing and Community Development in connection with its Affordable Housing & Sustainable Communities Program, 3rd priority City of Coachella, 4th priority California Department of Development Services, and 5th priority HCD Loan and 6th priority HOME Loan.

On June 25, 2019, the Board of Supervisors adopted a Finding of No Significant Impact for the Project and concluded that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under implementing regulations at 24 CFR Parts 50 and 58. Staff recommends that the County Board of Supervisors affirm that the environmental effects of the HOME Loan Agreement will not have a significant effect on the environment.

Staff recommends that the Board of Supervisors approve the attached form the HOME Loan Agreement, and each exhibit, including, but not limited to the forms of the HOME Loan Deed of Trust and Assignment of Rents, HOME Loan Promissory Note and HOME Covenant Agreement. Staff further recommends that the Board of Supervisors authorize the HHPWS Director, or designee, to negotiate and execute subordination agreements, as required conditions to the Senior Lenders financing, subordinating the HOME Loan Deed of Trust and Assignment of Rents to the Deeds of Trust securing each Senior Lender loan as discussed herein, subject to County Counsel approval.

Impact on Residents and Businesses

The development of Pueblo Viejo Villas in the City of Coachella will have a positive impact on the citizen and businesses within the County of Riverside. The Project is expected to generate construction, permanent maintenance and property management jobs, as well as provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:

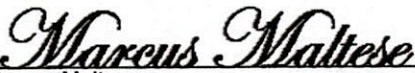
Additional Fiscal Information

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No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with HOME funds from the U.S. Department of Housing and Urban Development.

ATTACHMENTS:

- Form of Loan Agreement for the Use of HOME funds, including all exhibits
 - Form of HOME Deed of Trust and Promissory Note
 - Form of HOME Covenant Agreement



Marcus Maltese

8/25/2020



Gregory F. Priarios, Director County Counsel

8/25/2020

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103
3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Housing, Homelessness Prevention & Workforce
10 Solutions
11 5555 Arlington Avenue
12 Riverside, CA 92504
13 Attn: Monica Telles

14 SPACE ABOVE THIS LINE FOR RECORDERS USE

15 LOAN AGREEMENT FOR THE USE OF
16 HOME PROGRAM FUNDS

17 This LOAN AGREEMENT FOR THE USE OF HOME PROGRAM FUNDS ("Agreement")
18 is made and entered into this _____ day of _____ by and between the COUNTY
19 OF RIVERSIDE, a political subdivision of the State of California ("COUNTY") and 6th &
20 Cesar Chavez CIC, LP, a California limited partnership ("BORROWER"). The COUNTY and
21 BORROWER may be individually referred to herein as a "Party" and collectively as the
22 "Parties."

23 WITNESSETH:

24 WHEREAS, the COUNTY was qualified by the United States Department of
25 Housing and Urban Development ("HUD") as an "Urban County" and an approved
26 participating jurisdiction that has received funds from HUD pursuant to the HOME Investment
27 Partnerships ("HOME") Program, which was enacted under Title II of the Cranston-Gonzalez
28 National Affordable Housing Act (the "Act"), as amended (commencing at 42 U.S.C. 12701 et
seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the "HOME
Program"). The purpose of the HOME Program is to expand the supply of decent, safe,
sanitary, and affordable housing with primary attention to rental housing, for very low-income
and low-income families; to strengthen public-private partnerships to carry out affordable
housing programs; and to provide for coordinated assistance to participants in the development
of affordable low-income housing;

WHEN DOCUMENT IS FULLY EXECUTED RETURN
CLERK'S COPY

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

SEP 01 2020 3.15

1 WHEREAS, BORROWER has proposed to utilize HOME funds to pay a portion
2 of the costs to develop and construct a multi-family affordable rental housing project consisting
3 of one hundred five (105) rental housing units including one (1) residential manager's unit to
4 be rented and occupied by very low income households whose income does not exceed fifty
5 percent (50%) of the area median income for the County of Riverside ("Project"), on
6 approximately 2.66 acres of vacant land situated on 1279 6th Street, in the City of Coachella,
7 also identified as APN 778-080-009 as more specifically described in the legal description and
8 depicted on the site map attached hereto as **Exhibit A** and incorporated herein by this reference
9 ("Property");

10 WHEREAS, a total of eleven (11) units will be reserved as HOME assisted units
11 to be rented to and occupied by qualified very low income tenants whose incomes do not
12 exceed 50% of the area median income for the County of Riverside as determined ("HOME-
13 Assisted Units");

14 WHEREAS, the purpose of this Agreement is, among other things, for
15 COUNTY to provide financial assistance to BORROWER in the maximum amount of One
16 Million Dollars (\$1,000,000) consisting of HOME funds, to pay a portion of development and
17 construction costs related to the Project, as more fully described herein; and

18 WHEREAS, the HOME-assisted activities described herein comply with the
19 objectives required under 24 Code of Federal Regulations ("CFR") Part 92 and are consistent
20 with the County's Consolidated Plan.

21 NOW, THEREFORE, based upon the foregoing Recitals and for good and
22 valuable consideration, the receipt and sufficiency of which is acknowledged by all Parties, the
23 COUNTY and BORROWER hereby agree as follows:

24 1. PURPOSE. The aforementioned Recitals are true and correct and
25 incorporated herein by this reference. COUNTY has agreed to lend no more than a maximum
26 total amount of ONE MILLION DOLLARS (\$1,000,000) in HOME funds ("HOME Loan") to
27 BORROWER upon the satisfaction of the terms and conditions set forth herein, including but
28 not limited to the conditions precedent to distribution of HOME Loan funds set forth in

1 **Section 11** below. Subject to **Sections 49** and **50** below, BORROWER shall undertake and
2 complete the HOME activities required herein and as set forth in **Exhibit A**, and shall utilize
3 the HOME Loan funds, as required herein and pursuant to the HOME Program regulations. A
4 total of 11 units consisting of 5 one-bedrooms, 3 two-bedrooms and 3 three-bedrooms shall be
5 reserved as HOME-Assisted Units. During the Affordability Period (as defined in **Section 14**
6 below), the HOME-Assisted Units shall be rented to and occupied by households that qualify
7 as very low income households pursuant to 24 CFR Section 92.2 (“Qualified Very Low
8 Income Households”) for an affordable rent pursuant to 24 CFR Section 92.252, **Sections 18**
9 **and 19** below, **Exhibit A**, and the Covenant Agreement attached hereto as **Exhibit G** and
10 incorporated herein by this reference. To remain a Qualified Very Low Income Household,
11 such household shall occupy their respective unit within the Project as their principal
12 residence.

13 2. **BORROWER’S OBLIGATIONS.** Upon the commencement of the
14 Effective Date (defined in **Section 56** below), BORROWER hereby agrees to undertake and
15 complete the following activities within the time periods set forth herein and in **Exhibit A**:

- 16 a. Satisfy the conditions precedent to distribution of HOME Loan funds
17 set forth in **Section 11** below.
- 18 b. Develop the Project in accordance with the timeline set forth in
19 **Exhibit A**.
- 20 c. Operate the Project in such a manner so that it will remain affordable
21 to Qualified Very Low Income Households for the Affordability
22 Period as defined in **Section 14** below without regard to (i) the term
23 of the promissory note or (ii) transfer of ownership.
- 24 d. Maintain the Project in compliance with applicable local, state,
25 federal laws, codes and regulations as further described in **Section 17**
26 below until the expiration of the Term of this Agreement set forth in
27 **Section 6** below and the Affordability Period set forth in **Section 14**
28 below.

- 1 e. Provide the COUNTY the Data Universal Number as assigned by the
2 Data Universal Number System (DUNS) assigned to BORROWER as
3 required by the Federal Funding Accountability and Transparency
4 Act of 2006.
- 5 f. Cooperate with COUNTY and post all jobs created, if any, as a result
6 of this Project with the COUNTY. Evidence of posted jobs, if any,
7 shall be submitted to the COUNTY prior to start of construction.

8 3. Reserved.

9 4. HOME Loan. Subject to BORROWER's satisfaction of the conditions
10 precedent to disbursement of the HOME Loan set forth in **Section 11** below, COUNTY shall
11 provide financing to Borrower in the form of a loan in the amount of \$1,000,000 ("HOME
12 Loan"), pursuant to the following terms and conditions:

- 13 a. Term of HOME Loan. The maturity date of the HOME Loan shall
14 be the later to occur of (i) July 1, 2075 or (ii) fifty-five (55) years
15 from the recordation of the Notice of Completion in the Official
16 Records for the last building for which construction is completed for
17 the Project (the "HOME Loan Term"). The term, "Official Records"
18 used herein shall mean the Official Records of the Recorder's Office
19 of the County of Riverside.
- 20 b. Principal. The total amount of the HOME Loan shall not exceed
21 \$1,000,000, and shall be evidenced by a Promissory Note,
22 substantially conforming in form and substance to the Promissory
23 Note attached hereto as **Exhibit C** and incorporated herein by this
24 reference ("HOME Note"), which note shall be secured by a Deed of
25 Trust and Assignment of Rents, substantially conforming in form and
26 substance to the Deed of Trust and Assignment of Rents attached
27 hereto as **Exhibit B** and incorporated herein by this reference
28 ("HOME Deed of Trust").

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c. Interest. The interest rate shall be two percent (2%) simple interest per annum.

d. Repayment. The terms of the HOME Note shall be as follows:

1. That the HOME Loan will accrue simple interest at a rate of two percent (2%) per annum, except in the case of an event of default as hereinafter provided wherein a higher default interest rate shall apply as more specifically set forth in the HOME Note, and shall be repaid on an annual basis from the Project's Residual Receipts (defined in **Section 4 (d)(4)** below). Interest will begin to accrue 30 days from the recordation of the Notice of Completion in the Official Records.

2. The HOME Note shall be repaid by BORROWER to COUNTY as follows:

i) Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of certain loans secured by the Project, which include the HOME Loan ("Residual Receipts Loan"). The payment of 50% of the Residual Receipts shall be allocated to the Residual Receipts Loan on a pro rata basis (i.e. allocated in proportion to its share of the total amount of Residual Receipts Loan), until the HOME Note is repaid in full; and

ii) The remaining fifty percent (50%) of the Project's Residual Receipts will be paid to 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

1 submitted by BORROWER to COUNTY within one
2 hundred twenty (120) days following the close of the
3 project fiscal year commencing on April 1st of the first full
4 calendar year following the recordation of the Notice of
5 Completion. All outstanding principal along with accrued
6 interest shall be due upon the maturity date of the HOME
7 Note and the expiration of the HOME Loan Term as set
8 forth in **Section 4(a)**. The first payment from
9 BORROWER to COUNTY shall be due on July 1st in the
10 first full calendar year following the date of the
11 recordation of the Notice of Completion, to the extent of
12 available Residual Receipts, as set forth herein.
13 Subsequent payments shall be made on July 1st thereafter
14 to the extent of available Residual Receipts until the
15 earlier of full repayment of the HOME Loan or the HOME
16 Loan maturity date as set forth above. The term "Project
17 Residual Receipts" used herein shall mean the gross rental
18 income from all residential and non-residential
19 components of the Project, proceeds from loss of rent
20 insurance, and any other income to the Developer derived
21 from the ownership, operation and management of the
22 Property, not including interest on required reserve
23 accounts, less the following operating expenses:

- 24 i) auditing and accounting fees;
- 25 ii) a reasonable property management fee not to
26 exceed \$55 per unit per month, increased annually
27 by an amount equal to the increase in the
28 Consumer Price Index for Los Angeles-Riverside-

1 Orange County, CA area ("CPI"), provided,
2 however, that in the event of a decrease in the CPI,
3 the property management fee shall remain the
4 same as the immediate preceding year;

- 5 iii) Operating Expenses (any expense reasonably and
6 normally incurred in carrying out the Project's
7 day-to-day activities, which shall include
8 administration, on-site management, utilities, on-
9 site staff payroll, payroll taxes, and maintenance);
- 10 iv) replacement reserves, established in a separate
11 account from operating reserves, limited to \$600
12 per unit per year for all units in the Project, as
13 defined in **Exhibit A**;
- 14 v) Operating Reserves replenishment in in an amount
15 up to \$25,000;
- 16 vi) deferred developer's fee in an approximate amount
17 up to \$3,561,037 including payment of accrued
18 interest thereon;
- 19 vii) a managing general partner asset management
20 annual fee which shall be in the total initial amount
21 of \$ 25,000, increased by no more than 3%
22 annually;
- 23 viii) an annual limited partner asset management fee not
24 to exceed \$8,500, which fee shall be increased
25 annually by 3% during each year of the tax credit
26 compliance period for the Project, and thereafter
27 any further increases shall not be permitted without
28 the written approval of the County's Executive

1 Director in his/her discretion);

- 2 ix) payments of principal and interest on amortized
3 loans and indebtedness senior to the HOME Loan,
4 which have been approved by COUNTY
5 (collectively, the "Senior Debt"); and

6 The calculation of operating expenses shall be subject to the
7 reasonable approval by the County's Department of Housing, Homelessness Prevention &
8 Workforce Solutions ("HHPWS") Director or designee.

9 Operating expenses shall not include repayment of advances to
10 the Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties
11 (including without limitation, any advances or reimbursements for any portion of the Deferred
12 Developer's Fee to pay any construction cost overruns) (collectively a "Partnership Loan");
13 provided, however, such Partnership Loan may be authorized by the County's Director, or
14 designee, in his/her reasonable discretion, upon written request received by the County. In
15 considering such Borrower request for approval of a Partnership Loan, County's Director, or
16 designee, will consider the following: (i) whether such request was made pursuant to the terms
17 of the Partnership Agreement, (ii) if a Project deficit exists and written evidence of such deficit
18 is provided to the County's Director, or designee, (iii) Borrower has demonstrated to County, in
19 writing, that the requested loan is the only available means of relieving such deficit, (iv) the
20 County's Director, or designee, approves the loan terms, including, but not limited to the loan
21 amount, interest rate, and maturity date. The County's Director, or designee, shall retain the
22 right, in its discretion, to defer such approval to the County's Board of Supervisors. Failure by
23 the County's Director, or designee, to respond to such request within 30 days of the County's
24 receipt of such written notice shall be deemed disapproval of such request.

25
26 5. Security. During the construction phase the HOME Deed of
27 Trust and this Agreement shall be in a fifth priority lien position. Upon Conversion (defined
28 below), the HOME Deed of Trust shall be in a sixth priority lien position. Lien priority during

1 construction shall be as follows: (1) first priority deed of trust for the benefit of Citibank, N.A.
2 (“Citibank”) securing a construction loan for the Project in an approximate amount up to
3 \$30,000,000 (“Citibank Senior Loan”); (2) second priority deed of trust for the benefit City of
4 Coachella securing a loan in an amount up to \$9,240,000 (“Coachella Loan”); (3) third priority
5 deed of trust for the benefit of CA Department of Development Services securing a loan in an
6 amount up to \$1,160,000 (DDS Loan); (4) fourth priority deed of trust for the benefit of the
7 California Department of Housing and Community Development securing a loan in an amount
8 up to \$1,100,000 (“HCD” Loan), and (5) fifth priority HOME Loan secured by the HOME
9 Deed of Trust for the benefit of COUNTY securing the HOME Loan and the terms of this
10 Agreement. The Citibank Senior Loan, AHSC Loan, DDS Loan, HCD Loan, Coachella Loan
11 and AHCS Loan shall be collectively referred to herein as the “Senior Loan” or “Senior Loans.”
12 Lien priority upon Conversion shall be as follows (i) first priority shall be the Citibank Senior
13 Loan, (ii) second priority shall be a deed of trust for the benefit of CA Housing and Community
14 Development in connection with its Affordable Housing & Sustainable Communities Program
15 securing a loan in the amount of \$8,395,407 (AHSC Loan”) (iii) third priority shall be the
16 Coachella Loan, (iv) fourth priority shall be the DDS Loan (v) fifth priority shall be the HCD
17 Loan and (vi) sixth priority shall be the HOME Loan. Borrower shall cause the Senior Loans
18 or any other COUNTY approved senior lender to execute and record in the Official Records, a
19 Subordination Agreement, substantially in a form and of substance approved by the COUNTY,
20 which, among other things, grants the COUNTY notice and opportunity to cure events of
21 default under the Senior Loan documents. The term “Conversion” used herein shall mean that
22 certain date upon which (i) the Deed of Trust securing the Citibank Senior Loan is fully
23 reconveyed.

- 24 a. Prepayment. Prepayment of principal and/or
25 interest under the HOME Note may occur at any
26 time without penalty; provided, however (i) the
27 requirements of **Section 17**, Compliance with
28 Laws and Regulations, shall remain in full force

1 and effect for the term of the Agreement specified
2 in **Section 6** below; and (ii) the affordability
3 requirements set forth in the Covenant Agreement,
4 attached hereto as **Exhibit G**, shall remain in effect
5 until the expiration of the Affordability Period.

6 5. PRIOR COUNTY APPROVAL.

7 a. Except as otherwise expressly provided in this Agreement,
8 approvals required of the COUNTY shall be deemed granted by the written approval of the
9 Director for the Department of Housing Homelessness Prevention and Workforce Solutions or
10 designee ("Director"). Notwithstanding the foregoing, the Director may, in his or her sole
11 discretion, refer to the governing body of the COUNTY any item requiring COUNTY
12 approval; otherwise, "COUNTY approval" means and refers to approval by the Director or
13 designee.

14 b. The Director or designee shall have the right to make non-
15 substantive changes to the attachments to this Agreement in order to ensure that all such
16 attachments are consistent with the terms and provisions of this Agreement.

17 6. TERM OF AGREEMENT. This Agreement shall become effective upon
18 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to
19 the terms hereof, shall continue in full force and effect until the later to occur of (i) July 1,
20 2075 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the
21 Official Records for the last building for which construction or rehabilitation is completed for
22 the Project ("Term of Agreement").

23 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
24 warrants to COUNTY as follows:

25 a. Authority. BORROWER is a duly organized California limited
26 partnership in good standing under the laws of the State of
27 California. The copies of the documents evidencing the
28 organization of BORROWER, which have been delivered to

1 COUNTY, are true and complete copies of the originals, amended
2 to the date of this Agreement. BORROWER has full right, power
3 and lawful authority to enter into this Agreement and accept the
4 loan of HOME Loan funds and undertake all obligations as
5 provided herein. The execution, performance and delivery of this
6 Agreement by BORROWER have been fully authorized by all
7 requisite actions on the part of BORROWER.

8 b. No Conflict. To the best of BORROWER's knowledge,
9 BORROWER's execution, delivery and performance of its
10 obligations under this Agreement will not constitute a default or a
11 breach under contract, agreement or order to which BORROWER
12 is a party or by which it is bound.

13 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
14 proceeding.

15 d. Prior to Closing. BORROWER shall upon learning of any fact or
16 condition which would cause any of the warranties and
17 representations in this **Section 7** not to be true as of Closing,
18 immediately give written notice of such fact or condition to
19 COUNTY. Such exception(s) to a representation shall not be
20 deemed a breach by BORROWER hereunder, but shall constitute
21 an exception which COUNTY shall have the right to approve or
22 disapprove if such exception would have an effect on the value
23 and/or operation of the Project Site.

24 8. COMPLETION SCHEDULE. BORROWER shall proceed consistent
25 with the implementation schedule ("Implementation Schedule") set forth in **Exhibit A**, (as
26 such schedule may be amended pursuant to **Section 10**) and subject to Force Majeure Delays,
27 as defined in **Section 9**.

28 9. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond

1 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
2 which prevent(s) BORROWER from complying with any of its obligations under this
3 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
4 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake, pandemic, epidemics,
5 or other similar acts.

6 "Force Majeure Delay" is delay due to Force Majeure that, in each case, (i)
7 materially adversely affects the performance by BORROWER of its obligations hereunder, (ii)
8 is not reasonably foreseeable and is beyond BORROWER's reasonable control, (iii) despite the
9 exercise of reasonable diligence, cannot be prevented, avoided or removed by BORROWER
10 and is not attributable to the negligence, willful misconduct or bad faith of BORROWER, and
11 (iv) is not the result of the failure of BORROWER to perform any of its obligations under this
12 Agreement. Notwithstanding the foregoing, a Force Majeure Delay shall not be deemed to
13 have occurred unless BORROWER has notified COUNTY in writing of such occurrence of
14 Force Majeure within fifteen (15) days after such occurrence and has provided COUNTY with
15 the details of such event and the length of the anticipated delay within an additional fifteen (15)
16 days thereafter. BORROWER shall diligently attempt to remove, resolve, or otherwise
17 eliminate such event, keep COUNTY advised with respect thereto, and shall commence
18 performance of its obligations hereunder immediately upon such removal, resolution or
19 elimination. During the occurrence and continuance of a Force Majeure Delay, BORROWER
20 shall be excused from performance of its obligations under this Agreement to the extent the
21 Force Majeure prevents BORROWER from performing such obligations.

22 10. EXTENSION OF TIME. COUNTY may grant an extension to the
23 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's
24 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request
25 said extension in writing, stating the reasons therefore, which extension must be first approved
26 in writing by the COUNTY in its reasonable discretion. The Director or designee, on behalf of
27 the COUNTY and without referring such matter to the County's Board of Supervisor's may
28 extend all pending deadlines in the Implementation Schedule on two (2) or fewer occasions, so

1 long as the aggregate duration of such administrative time extensions is no greater than One
2 Hundred and Eighty (180) days. Every term, condition, covenant, and requirement of this
3 Agreement shall continue in full force and effect during the period of any such extension.

4 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN
5 FUNDS. COUNTY, shall: (1) make payments of the HOME Loan funds to BORROWER as
6 designated in **Exhibit A** subject to Borrower's satisfaction of the conditions precedent set forth
7 below, and (2) monitor the Project to ensure compliance with applicable federal regulations
8 and the terms of this Agreement. COUNTY shall not disburse any HOME Loan funds
9 pursuant to this Agreement until the following conditions precedent have been satisfied:

- 10 a. BORROWER executes this Agreement and
11 delivers to COUNTY for recordation in the
12 Official Records;
- 13 b. Borrower submits written evidence to COUNTY
14 that Borrower has obtained sufficient financing
15 commitments necessary to undertake the
16 acquisition, construction and rehabilitation of the
17 project as required herein;
- 18 c. BORROWER provides COUNTY with the Data
19 Universal Number as assigned by the Date
20 Universal Number System assigned to Borrower as
21 required by the Federal Accountability and
22 Transparency Act of 2006;
- 23 d. BORROWER provides COUNTY with evidence
24 of insurance as required herein;
- 25 e. BORROWER executes the HOME Deed of Trust,
26 substantially conforming in form and substance to
27 the Deed of Trust and Assignment of Rents
28 attached hereto as **Exhibit B**, in recordable form,

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and delivers such document to the County of Riverside for recordation in the Official Records;

f. BORROWER executes the HOME Note, substantially conforming in form and substance to the Promissory Note attached hereto as **Exhibit C** and delivers to COUNTY;

g. BORROWER executes the Covenant Agreement, substantially conforming in form and substance to the Covenant Agreement attached hereto as **Exhibit G** and incorporated herein by this reference, in recordable form, and delivers to the County of Riverside for recordation in the Official Records;

h. COUNTY executes and records the Requests for Notice of Default conforming in form and substance to **Exhibit I** attached hereto;

i. BORROWER provides, at its expense, an ALTA lender's policy in favor of COUNTY, insuring the HOME Deed of Trust as a fourth priority lien against the Property junior only to the Senior Loans identified in **Section 4(d)(5)**;

j. BORROWER provides satisfactory evidence that it has all the financing documents required to cause the proceeds of the Senior Loans, when combined with the HOME Loan, to pay for all development and construction costs for the Project;

k. BORROWER is not in default under the terms of this Agreement or any other agreement related to

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the financing of the Project;

- l. BORROWER submits evidence that all jobs created, if any, as a result of this project shall be posted with the COUNTY;
- m. BORROWER provides satisfactory evidence that it has secured any and all land use entitlements, permits, approvals which may be required for construction of the Project pursuant to the applicable rules and regulations of COUNTY, or any other governmental agency affected by such construction work. BORROWER shall, without limitation, secure all entitlement, change of zone, lot line adjustment, any and all necessary studies required including but not limited to archaeological, cultural, environmental, traffic studies and lead-based paint surveys, as applicable, and required, and pay all costs, charges and fees associated therewith, all conditions precedent to the issuance of all permits necessary for the construction of the Project and all such permits are available for issuance, other than payment of fees;
- n. BORROWER provides duly executed documents and instruments evidencing that BORROWER owns fee title to the Property;
- o. BORROWER provides satisfactory evidence that it has satisfied all conditions precedent to the issuance of all permits necessary for the construction of the development and all such

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permits are available for issuance, other than payment of fees;

p. BORROWER consults and complies with concerned Native American tribes pursuant to Section 106 requirements;

q. If Davis Bacon and/or prevailing wages are required to be paid, BORROWER hires a qualified professional firm to review and monitor Davis Bacon and/or prevailing wage compliance for all submissions of contractors certified payrolls to COUNTY. In the event that the Project requires prevailing wages, BORROWER shall comply with any applicable labor regulations and all other State laws in connection with the construction of the improvements which compromise the Project, including if applicable, requirements relating to prevailing wages. BORROWER agrees and acknowledges that it is the responsibility of BORROWER to obtain legal determination, at BORROWER's sole cost and expense, as to whether prevailing wages must be paid during the construction of the Project. If the Project is subject to prevailing wage, then BORROWER shall be solely responsible to pay its contractors and subcontractors the required prevailing wage rates. BORROWER agrees to indemnify, defend, and hold COUNTY harmless from and against any and all liability arising out of and related to

1 BORROWER's failure to comply with any and all
2 applicable Davis Bacon and/or prevailing wage
3 requirements;

4 r. Pursuant to 24 CFR, Part 5, BORROWER agrees
5 to verify that BORROWER, and its principals, or
6 any/all persons, contractors, consultants,
7 businesses, etc. ("Developer Associates"), that
8 BORROWER is conducting business with, are not
9 presently debarred, proposed for debarment,
10 suspended, declared ineligible, or voluntarily
11 excluded from participation or from receiving
12 federal contracts or federally approved
13 subcontracts or from certain types of federal
14 financial and nonfinancial assistance and benefits
15 with the Excluded Parties Listing System
16 ("EPLS"). EPLS records are located at
17 www.sam.gov; and

18 s. BORROWER shall search and provide a single
19 comprehensive list of Developer Associates
20 (individuals and firms) and print and maintain
21 evidence of the search results of each Developer
22 Associate as verification of compliance with this
23 requirement as provided in **Exhibit I**, Contractor
24 Debarment Certification Form, which is attached
25 hereto and by this reference incorporated herein.

26 COUNTY shall retain ten percent (10%) of the total HOME Loan amount and
27 release final draw down of HOME funds until COUNTY receives all of the following:

28 1) Conditional lien release from general contractor;

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- 2) recorded Notice of Completion;
- 3) Permanent Certificate of Occupancy;
- 4) architect certification identifying units that are accessible to individuals with mobility impairments and units that are accessible to individuals with sensory impairments in compliance with Section 504 of the Rehabilitation Act of 1973, as described in **Section 17(i)**;
- 5) final Contract and Subcontract Activity report, Minority Business Enterprise/Women Business Enterprise (“MBE/WBE”) report, HUD form 2516;
- 6) submission of documentation that shows compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and 24 CFR Part 42;
- 7) submission of a Project completion report including Tenant Checklist as shown in **Exhibit F** which is attached hereto and by this reference incorporated herein;
- 8) Affirmative Fair Housing Marketing Plan – Multifamily Housing, HUD form 935.2A, as described in **Section 17(c)**;
- 9) Tenant Selection Policy;
- 10) Management Plan;
- 11) Certified statement of final development costs; and
- 12) Certified statement of final sources and uses of funds for the project.

12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the Construction Start Deadline as set forth in **Section 49(a)**, (2) the Completion Deadline as set forth in **Section 49(b)**, (3) the Lease Deadline as set forth in **Section 19(b)**, or (4) the Project Financing Contingency in **Section 50**, all of which are herein (collectively, the “Performance

1 Deadlines”), subject to the notice and cure periods set forth in **Section 32** herein, then the
2 HOME Loan funds allocated, reserved, or placed in a HOME Investment Trust Fund account
3 pursuant to this Agreement may be reallocated by COUNTY after at least thirty (30) days’
4 prior written notice is given to BORROWER. Upon such reallocation and repayment of funds,
5 this Agreement shall be terminated and be of no further force and effect and Borrower shall be
6 released and discharged from any obligations under this Agreement, except as to those
7 obligations which by their terms survive termination of this Agreement.

8 13. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
9 established in the United States Treasury is managed through HUD, Integrated Disbursement
10 and Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS
11 System is a computerized system which manages, disburses, collects, and reports information
12 on the use of HOME funds in the United States Treasury Account. Disbursement of HOME
13 funds shall occur upon the satisfactory receipt of copies of invoices and conditional (upon
14 receipt of payment) lien releases for construction costs to be paid with the proceeds of the
15 HOME Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of
16 conditions set forth in **Section 11**. COUNTY shall pay to BORROWER the sum specified in
17 **Section 1** above on a "cost-as-incurred" basis for all eligible approved costs under itemized
18 schedule shown in **Exhibit “A”** as follows:

- 19 i. Up to fifty percent (50%) of the HOME Loan at the
20 commencement of construction.
- 21 ii. Up to ninety percent (90%) of the HOME Loan upon fifty-one
22 percent (51%) completion of Project, as certified and documented
23 by the project architect.
- 24 iii. COUNTY shall release final draw down of ten percent (10%) of
25 the HOME Loan following receipt of all of the items listed in
26 **Section 11**.

27 14. TERMS OF AFFORDABILITY. The COUNTY HOME-Assisted Units
28 shall remain occupied and rented to Qualified Very Low Income Households for an affordable

1 rent pursuant to **Sections 18 and 19** below, **Exhibit A** and the Covenant Agreement attached
2 hereto as **Exhibit G** until the later of (i) fifty-five (55) years from the recordation of the Notice
3 of Completion in the Official Records for the last building for which construction is completed
4 for the Project, or (ii) July 1, 2075 (“Affordability Period”), subject to the provision of Section
5 38 hereof.

6 15. INSURANCE. Without limiting or diminishing BORROWER’S
7 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain
8 or cause to be maintained, at its sole cost and expense, the following insurance coverage’s
9 during the Term of this Agreement.

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

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

11 b. Worker's Compensation Insurance.

12 If BORROWER has employees as defined by the State of
13 California, BORROWER shall maintain statutory Workers'
14 Compensation Insurance (Coverage A) as prescribed by the laws
15 of the State of California. Policy shall include Employers'
16 Liability (Coverage B) including Occupational Disease with
17 limits not less than \$1,000,000 per person per accident. The
18 policy shall be endorsed to waive subrogation in favor of The
19 County of Riverside, and, if applicable, to provide a Borrowed
20 Servant/Alternate Employer Endorsement.

21 c. Commercial General Liability Insurance.

22 Commercial General Liability insurance coverage, including but
23 not limited to, premises liability, contractual liability, products
24 and completed operations liability, personal and advertising
25 injury, and cross liability coverage, covering claims which may
26 arise from or out of BORROWER'S performance of its
27 obligations hereunder. Policy shall name the County of
28 Riverside, its Agencies, Boards, Districts, Special Districts, and

1 Departments, their respective directors, officers, Board of
2 Supervisors, employees, elected or appointed officials, agents or
3 representatives as Additional Insured. Policy's limit of liability
4 shall not be less than \$1,000,000 per occurrence combined single
5 limit. If such insurance contains a general aggregate limit, it shall
6 apply separately to this agreement or be no less than two (2) times
7 the occurrence limit.

8 d. Vehicle Liability Insurance.

9 If vehicles or mobile equipment are used in the performance of
10 the obligations under this Agreement, then BORROWER shall
11 maintain liability insurance for all owned, non-owned or hired
12 vehicles so used in an amount not less than \$1,000,000 per
13 occurrence combined single limit. If such insurance contains a
14 general aggregate limit, it shall apply separately to this agreement
15 or be no less than two (2) times the occurrence limit. Policy shall
16 name the County of Riverside, its Agencies, Boards, Districts,
17 Special Districts, and Departments, their respective directors,
18 officers, Board of Supervisors, employees, elected or appointed
19 officials, agents or representatives as Additional Insured or
20 provide similar evidence of coverage approved by COUNTY's
21 Risk Manager.

22 e. General Insurance Provisions – All Lines.

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

1 insurer and only for one policy term.

2 2) BORROWER's insurance carrier(s) must declare its
3 insurance self-insured retentions. If such self-insured retentions
4 exceed \$500,000 per occurrence such retentions shall have the
5 prior written consent of COUNTY Risk Manager before the
6 commencement of operations under this Agreement. Upon
7 notification of self-insured retention unacceptable to COUNTY,
8 and at the election of COUNTY's Risk Manager, BORROWER's
9 carriers shall either: (a) reduce or eliminate such self-insured
10 retention as respects this Agreement with COUNTY, or (b)
11 procure a bond which guarantees payment of losses and related
12 investigations, claims administration, and defense costs and
13 expenses.

14 3) BORROWER shall cause BORROWER's insurance
15 carrier(s) to furnish the County of Riverside with copies of the
16 Certificate(s) of Insurance and Endorsements effecting coverage
17 as required herein, and 2) if requested to do so orally or in writing
18 by COUNTY Risk Manager, provide copies of policies including
19 all Endorsements and all attachments thereto, showing such
20 insurance is in full force and effect. Further, said Certificate(s)
21 and policies of insurance shall contain the covenant of the
22 insurance carrier(s) that thirty (30) days written notice shall be
23 given to the County of Riverside prior to any material
24 modification, cancellation, expiration or reduction in coverage of
25 such insurance. In the event of a material modification,
26 cancellation, expiration, or reduction in coverage, this Agreement
27 shall terminate forthwith, unless the County of Riverside receives,
28 prior to such effective date, another Certificate of Insurance and

1 copies of endorsements, including all endorsements and
2 attachments thereto evidencing coverage's set forth herein and the
3 insurance required herein is in full force and effect.
4 BORROWER shall not commence operations until COUNTY has
5 been furnished Certificate(s) of Insurance and copies of
6 endorsements and if requested, copies of policies of insurance
7 including all endorsements and any and all other attachments as
8 required in this Section. An individual authorized by the
9 insurance carrier on its behalf shall sign the original endorsements
10 for each policy and the Certificate of Insurance.

11 4) It is understood and agreed to by the parties hereto that
12 BORROWER's insurance shall be construed as primary
13 insurance, and COUNTY's insurance and/or deductibles and/or
14 self-insured retention's or self-insured programs shall not be
15 construed as contributory.

16 5) If, during the term of this Agreement or any extension
17 thereof, there is a material change in the scope of services; or,
18 there is a material change in the equipment to be used in the
19 performance of the scope of work which will add additional
20 exposures (such as the use of aircraft, watercraft, cranes, etc.); or,
21 the term of this Agreement, including any extensions thereof,
22 exceeds five (5) years COUNTY reserves the right to adjust the
23 types of insurance required under this Agreement and the
24 monetary limits of liability for the insurance coverage's currently
25 required herein, if; in COUNTY Risk Manager's reasonable
26 judgment, the amount or type of insurance carried by
27 BORROWER has become inadequate.

28 6) BORROWER shall pass down the insurance obligations

1 contained herein to all tiers of subcontractors working under this
2 Agreement.

3 7) The insurance requirements contained in this
4 Agreement may be met with a program(s) of self-insurance
5 acceptable to COUNTY.

6 8) BORROWER agrees to notify COUNTY of any claim
7 by a third party or any incident or event that may give rise to a
8 claim arising from the performance of this Agreement.

9 16. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
10 financial, programmatic, statistical, and other supporting records of its operations and financial
11 activities in accordance with the requirements of the HOME Program, and the regulations as
12 amended and promulgated thereunder, which records shall be open to inspection and audit by
13 authorized representatives of COUNTY, HUD, and the Comptroller General of the United
14 States during regular working hours. COUNTY, HUD, and the Comptroller General, or any of
15 their representatives, have the right of access with at least forty-eight (48) hours prior notice, to
16 any pertinent books, documents, papers, or other records of BORROWER, in order to make
17 audits, examinations, excerpts, and transcripts. Said records shall be retained for such time as
18 may be required by the regulations of the HOME Program, but in no event no less than five (5)
19 years after the Project completion date as evidenced by recordation of the Notice of
20 Completion; except that records of individual tenant income verifications, project rents, and
21 project inspections must be retained for the most recent five (5) year period, until five (5) years
22 after the Affordability Period terminates. If any litigation, claim, negotiation, audit, or other
23 action has been started before the expiration of the regular period specified, the records must
24 be retained until completion of the action and resolution of all issues which arise from it, or
25 until the end of the regular period, whichever is later.

26 17. COMPLIANCE WITH LAWS AND REGULATIONS. By executing
27 this Agreement, BORROWER hereby certifies that it will adhere to and comply with all
28 applicable federal, state and local laws, regulations and ordinances. In particular,

1 BORROWER shall comply with the following as they may be applicable to BORROWER in
2 connection with the loan of funds granted pursuant to the HOME Program:

3 a. HOME Program and its implementing regulations set forth in
4 pursuant to Title III of Division B of the Housing and Economic
5 Recovery Act of 2008, as amended, Public Law 110-289 (“Act”) and Federal Register Notice, Vol. 73, No. 194, Docket No. FR-
6 5255-N-01, dated October 6, 2008, as amended. Since HOME is
7 a component of the Community Development Block Grant
8 (CDBG) Program, the CDBG regulatory structure is the platform
9 used to implement HOME. The regulations created by the Office
10 of the Assistant Secretary of Community Planning and
11 Development that pertain to Community Development programs
12 are contained within 24 CFR part 570 - Community Development
13 Block Grants. HOME is governed by CDBG regulations except
14 where specifically waived.
15

16 b. Section 92.350 Other Federal requirements and
17 nondiscrimination. As set forth in 24 CFR part 5, sub part A,
18 BORROWER is required to include the following requirements:
19 nondiscrimination and equal opportunity under Section 282 of the
20 Act; disclosure; debarred, suspended, or ineligible contractors;
21 and drug-free workplace.

22 c. Section 92.351 Affirmative marketing and minority outreach
23 program. BORROWER must adopt affirmative marketing
24 procedures and requirements. These must include:

- 25 (1) Methods for informing the public, owners, and potential
26 tenants about Federal fair housing laws and the affirmative
27 marketing policy (e.g., the use of the Equal Housing
28 Opportunity logotype or slogan in press releases and

1 solicitations for owners, and written communication to fair
2 housing and other groups).

3 (2) Requirements and practices that BORROWER must
4 adhere to in order to carry out the affirmative marketing
5 procedures and requirements (e.g., use of commercial
6 media, use of community contacts, use of the Equal
7 Housing Opportunity logotype or slogan, and display of
8 fair housing poster).

9 (3) Procedures to be used by BORROWER to inform and
10 solicit applications from persons in the housing market
11 area who are not likely to apply without special outreach
12 (e.g., use of community organizations, employment
13 centers, fair housing groups, or housing counseling
14 agencies).

15 (4) Records that will be kept describing actions taken by
16 BORROWER to affirmatively market units and records to
17 assess the results of these actions.

18 (5) A description of how BORROWER will annually assess
19 the success of affirmative marketing actions and what
20 corrective actions will be taken where affirmative
21 marketing requirements are not met.

22 (6) BORROWER must prescribe procedures to establish and
23 oversee a minority outreach program to ensure the
24 inclusion, to the maximum extent possible, of minorities
25 and women, and entities owned by minorities and women,
26 including, without limitation, real estate firms,
27 construction firms, appraisal firms, management firms,
28 financial institutions, investment banking firms,

1 underwriters, accountants, and providers of legal services,
2 in all contracts entered into by BORROWER with such
3 persons or entities, public and private, in order to facilitate
4 the activities of COUNTY to provide affordable housing
5 authorized under this Act or any other Federal housing
6 law. Section 24 CFR 85.36(e) provided affirmative steps
7 to assure that minority business enterprises and women
8 business enterprises are used when possible in the
9 procurement of property and services. The steps include:

- 10 (i) Placing qualified small and minority businesses
11 and women's business enterprises on solicitation
12 lists.
- 13 (ii) Assuring that small and minority businesses, and
14 women's business enterprises are solicited
15 whenever they are potential sources.
- 16 (iii) Dividing total requirements, when economically
17 feasible, into smaller tasks or quantities to permit
18 maximum participation by small and minority
19 business, and women's business enterprises.
- 20 (iv) Establishing delivery schedules, where the
21 requirement permits, which encourage
22 participation by small and minority business, and
23 women's business enterprises.
- 24 (v) Using the services and assistance of the Small
25 Business Administration, and the Minority
26 Business Development Agency of the Department
27 of Commerce.
- 28 (vi) Requiring the prime contractor, if subcontracts are

1 to be let, to take the affirmative steps listed in (i)
2 through (v) above of this section.

3 d. Section 92.352 Environmental review. The environmental effects
4 of each activity carried out with HOME funds must be assessed in
5 accordance with the provisions of the National Environmental
6 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
7 authorities listed in HUD's implementing regulations at 24 CFR
8 Parts 50 and 58.

9 e. Section 92.353 Displacement, relocation, and acquisition. The
10 relocation requirements of Title II and the acquisition
11 requirements of Title III of the Uniform Relocation Assistance
12 and Real Property Acquisition Policies Act of 1970, and the
13 implementing regulations at 24 CFR Part 42. BORROWER must
14 ensure that it has taken all reasonable steps to minimize the
15 displacement of persons as a result of this project assisted with
16 HOME Funds.

17 f. Section 92.354 Lead-based paint. Housing assisted with HOME
18 funds is subject to the lead-based paint requirements of 24 CFR
19 Part 35 issued pursuant to the Lead-Based Paint Poisoning
20 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
21 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401
22 (j)(1)(i), also apply, irrespective of the applicable property
23 standard under §92.251.

24 g. Section 92.354 Labor. Every contract for the construction of
25 housing that includes twelve (12) or more units assisted with
26 HOME funds must contain a provision requiring the payment of
27 not less than the wages prevailing in the locality, as
28 predetermined by the Secretary of Labor pursuant to the Davis-

1 Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and mechanics
2 employed in the development of any part of the housing. Such
3 contracts must also be subject to the overtime provisions, as
4 applicable, of the Contract Work Hours and Safety Standards Act
5 (40 U.S.C. 327-332). BORROWER must apply most current
6 wage rate determination at the date of execution of this
7 Agreement.

8 h. Section 92.356 Conflict of Interest. In the procurement of
9 property and services by BORROWER, the conflict of interest
10 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively shall
11 apply. Section 92.356 shall cover all cases not governed by 24
12 CFR 85.36 and 24 CFR 84.42.

13 i. Section 504 of the Rehabilitation Act of 1973; Housing
14 accessibility requirement at 24 CFR Part 8, implementing Section
15 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The
16 design and construction of multi-family dwellings as defined at 24
17 CFR 100.201 must comply with the requirements set forth in 24
18 CFR 100.205 implementing the Fair Housing Act. Dwelling units
19 must be designed and constructed in accordance with the Uniform
20 Federal Accessibility Standards (UFAS) will be deemed to
21 comply with the Section 504 regulation.

22 (1) 24 CFR Part 8.22 New construction—housing
23 facilities. For new construction of multi-family
24 projects, 5 percent (5%) of the units (but not less
25 than one unit) must be accessible to individuals
26 with mobility impairments, and an additional 2
27 percent (2%) of the units (but not less than one
28 unit) must be accessible to individuals with

1 sensory impairments.

2 (2) 24 CFR Part 8.23 Alterations of existing housing
3 facilities. If alterations are undertaken to a project
4 that has 15 or more units and the cost of the
5 alterations is 75 percent or more of the replacement
6 cost of the completed facility, then the provisions
7 of §8.22 shall apply. Alterations to dwelling units
8 in a multifamily housing project shall, to the
9 maximum extent feasible, be made to be readily
10 accessible to and usable by individuals with
11 handicaps. If alterations of single elements or
12 spaces of a dwelling unit, when considered
13 together, amount to an alteration of a dwelling unit,
14 the entire dwelling unit shall be made accessible.
15 Once 5 percent (5%) of the dwelling units in a
16 project are readily accessible to and usable by
17 individuals with mobility impairments, then no
18 additional elements of dwelling units, or entire
19 dwelling units, are required to be accessible under
20 this paragraph. Alterations to common areas or
21 parts of facilities that affect accessibility of
22 existing housing facilities shall, to the maximum
23 extent feasible, be made to be accessible to and
24 usable by individuals with handicaps. For purposes
25 of this paragraph, the phrase to the maximum
26 extent feasible shall not be interpreted as requiring
27 that a recipient make a dwelling unit, common
28 area, facility or element thereof accessible if doing

1 so would impose undue financial and
2 administrative burdens on the operation of the
3 multifamily housing project.

4 j. Model Energy Code published by the Council of American
5 Building Officials.

6 k. Section 3 of the Housing and Urban Development Act of 1968.

7 To the greatest extent feasible, opportunities for training and
8 employment arising from HOME funds will be provided to low-
9 income persons residing in the program service area. To the
10 greatest extent feasible, contracts for work to be performed in
11 connection with HOME funds will be awarded to business
12 concerns that are located in or owned by persons residing in the
13 program service area as outlined in the Riverside County HHPWS
14 Section 3 Contract Requirements attached hereto as **Exhibit D**.
15 Contracts funded from Section 3 covered funding sources must
16 abide by the Section 3 Clause prescribed at 24 CFR 135.38. All
17 contracts subject to the requirements of Section 3 must include the
18 Section 3 Clause verbatim that is contained at 24 CFR 135.38
19 attached hereto as **Exhibit D-2**, which is attached hereto and by
20 this reference incorporated herein.

21 i. Section 106 of the National Historic Preservation Act of 1966
22 (NHPA). Consultation with concerned Native American tribes
23 must continue under HUD regulation 24 CFR Part 50 and 58, and
24 Section 106 of the National Historic Preservation Act and its
25 implementing regulations 36 CFR Part 800 for possible impacts
26 on historic properties. Historic properties include archeological
27 sites, burial grounds, sacred landscapes or features, ceremonial
28 areas, traditional cultural places and landscapes, plant and animal

1 communities, and buildings and structures with significant tribal
2 association.

3 m. Section 92.358 Consultant Activities. No person providing
4 consultant services in an employer-employee type relationship
5 shall receive more than a reasonable rate of compensation for
6 personal services paid with HOME funds.

7 n. BORROWER shall carry out its activity pursuant to this
8 Agreement in compliance with all federal laws and regulations
9 described in Subpart E of Part 92 of the Code of Federal
10 Regulations, except that:

11 1. BORROWER does not assume COUNTY'S
12 environmental responsibilities described at 24 CFR Part
13 92.352; and

14 2. BORROWER does not assume COUNTY's responsibility
15 for initiating the review process under the provisions of 24
16 CFR Part 92.352

17 o. Uniform Administrative Requirements of 24 CFR 92.505 and 24
18 CFR Part 200 as now in effect and as may be amended from time
19 to time. Federal awards expended as a recipient or a subrecipient,
20 as defined by HUD, would be subject to single audit. The
21 payments received for goods or services provided as a vendor
22 would not be considered Federal awards.

23 p. BORROWER shall include written agreements that include all
24 provisions of **Section 17** if BORROWER provides HOME funds
25 to for-profit owners or developers, non-profit owners or
26 developers, sub-recipients, homeowners, homebuyers, tenants
27 receiving tenant-based rental assistance, or contractors.

28 q. Immigration requirements of Federal Register, Vol. 62, No. 221,

1 Department of Justice Interim Guidance on Verification of
2 Citizenship, Qualified Alien Status and Eligibility Under Title IV
3 of the Personal Responsibility and Work Opportunity
4 Reconciliation Act of 1996 (“PRWORA”). Final Attorney
5 General’s Order issued pursuant to PRWORA is specified under
6 Federal Register Vol. 66, No. 10, Department of Justice Final
7 Specification of Community Programs Necessary for Protection
8 of Life or Safety Under Welfare Reform Legislation.

9 r. BORROWER shall comply with all applicable local, state and
10 federal laws in addition to the above mentioned laws.

11 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set
12 aside eleven (11) units to be designated as HOME-Assisted Units which shall be occupied and
13 rented to households whose incomes do not exceed fifty percent (50%) of the area median
14 income for the County of Riverside (“Qualified Very Low Income Households”), adjusted by
15 family size at the time of occupancy as published by HUD.

16 19. RENT LIMITATIONS. BORROWER shall comply with the rent
17 limitations set forth under 24 CFR 92.252 of the HOME Investment Partnerships Act and
18 HOME Investment Partnerships (“HOME”) program, which was enacted under Title II of the
19 Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at
20 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92)
21 (collectively, the “HOME Program”). A total of 11 units consisting of 5 one-bedrooms, 3 two-
22 bedrooms and 3 three-bedrooms, shall be reserved as HOME-Assisted Units and rented at Low
23 HOME rent levels as published by HUD. The HOME-Assisted Units shall be a “floating”
24 designation on the Property such that the requirements of this Agreement will be satisfied so
25 long as the total number of HOME-Assisted Units and bedroom size remains the same
26 throughout the Affordability Period. COUNTY shall review and approve proposed rents to the
27 extent required under this section. BORROWER shall ensure the HOME-Assisted Units are
28 rented to Qualified Very Low Income Households at the Low HOME rent levels required

1 herein. The maximum monthly allowances for utilities and services (excluding telephone)
2 shall not exceed the utility allowance as described below.

3 a. Utility Allowance: The Utility Allowance will be calculated in
4 accordance with 24 CFR part 92.252(d), HOME fires UA Notice Volume 13, Number 2.
5 BORROWER is required to complete initial UA calculations and submit their calculations for
6 review and approval to the HHPWS prior to implementation, and annually by June 1st. The
7 following methods below are acceptable methodologies for calculating Utility Allowance on
8 this Project: (1) HUD Utility Schedule Model (HUSM) UA based on HUD's model; (2) Utility
9 Company Estimate UA based on estimated obtained from a local utility company for each of the
10 utilities used in the project.; (3) LIHTC Agency Estimate UA approved by the LIHTC agency
11 based on its actual usage methodology.; (4) Energy Consumption Model (Engineer Model) UA
12 based upon on an energy and water and sewage consumption and analysis model prepared by a
13 third party licensed engineer or t qualified professional.

14 b. Tenant Selection: Pursuant to 24 CFR part 92.253(d) and subject to
15 24 CFR Section 92.350, BORROWER shall adopt, with the approval of COUNTY, written
16 tenant selection policies and criteria with respect to the HOME-Assisted Units that give priority,
17 to the extent allowed by law, to agricultural worker households whose incomes do not exceed
18 fifty percent (50%) of the area median income for the County of Riverside.

19 c. Initial Occupancy of Vacant Units: All eleven (11) HOME-Assisted
20 Units consisting of 5 one-bedrooms, 3 two-bedrooms and 3 three-bedrooms shall be occupied
21 by and rented to Qualified Very Low Income Households for an affordable rent within six (6)
22 months from the recordation of the Notice of Completion in the Official Records ("Lease
23 Deadline") for the last building constructed as part of the Project. If a COUNTY HOME-
24 Assisted Unit remains unoccupied or not leased to an eligible tenant, BORROWER must
25 provide to COUNTY information about current marketing efforts and an enhanced plan for
26 marketing the unit so that it is leased promptly.

27 Within twelve (12) months from the Lease Deadline (six (6) months from the
28 recordation of the Notice of Completion), if a HOME-Assisted Unit remains unoccupied or not

1 leased to an eligible tenant, then BORROWER agrees to repay HOME funds for any HOME-
2 Assisted Unit that is not rented to eligible tenants. BORROWER may request an extension of
3 the Lease Deadline, as stated in Implementation Schedule set forth in this Agreement from
4 COUNTY if BORROWER can provide to COUNTY evidence showing efforts of aggressive
5 marketing efforts and proof that the circumstances that led to the failure to lease the HOME-
6 Assisted Unit(s) by the Lease Deadline were beyond the BORROWER's control. The
7 extension and time of extension is subject to COUNTY's approval and not guaranteed. The
8 Director, or designee, has the authority, at his or her discretion, to consent to an extension of
9 the Lease Deadline.

10 The amount of HOME funds to be repaid is based on the HOME Loan, defined
11 in **Section 1**, prorated by the number of COUNTY HOME-Assisted Units that are or are not
12 rented to eligible tenants. If all COUNTY HOME-Assisted Units are not rented to eligible
13 tenants, then COUNTY and BORROWER mutually agree that this Agreement will self-
14 terminate and any HOME Loan funds drawn shall be returned within thirty (30) calendar days.
15 Upon such termination, this Agreement shall become null and void. COUNTY and
16 BORROWER shall be released and discharged respectively from their obligations under this
17 Agreement. All cost incurred by each party on the Project will be assumed respectively.

18 d. HOME Rent Limitations: Effective April 1, 2020, HUD
19 published HOME Rent Limits for the County of Riverside. In order to calculate net rent to be
20 charged, an applicable utility allowance must be subtracted from the gross rents listed. The
21 BORROWER shall use the Utility Allowance described in Section 19(a).

22 e. Approval: The BORROWER shall submit to the HHPWS for review
23 and written approval, all proposed rents for the HOME-Assisted Units prior to lease-up. Low
24 HOME rent limitations for COUNTY HOME-Assisted units shall be as set forth under 24 CFR
25 92.252 and such units shall be rented and occupied by income qualified applicants at the HOME
26 rent levels for the County of Riverside, which are published periodically by HUD. If during
27 the re-certification process a household income falls between 51% and 60% Area Median
28 Income then the High HOME rent limit shall apply. If during the recertification process a

1 household income falls above 80% of the Area Median Income then such household shall pay
2 the lesser of 30% of the adjusted income or Market rent.

3 20. TENANT PROTECTIONS. During the Affordability Period,
4 BORROWER shall adhere to the tenant protections and selection standard set forth in 24 CFR
5 92.253, as may be amended from time to time, and the following requirements:

6 a. Provide written lease agreement for not less than
7 one year, unless by mutual agreement between the
8 tenant and BORROWER. COUNTY shall review
9 the initial form of the lease agreement prior to
10 BORROWER executing any leases and, provided
11 that BORROWER uses the approved lease form,
12 BORROWER shall be permitted to enter into
13 residential leases without COUNTY's prior written
14 consent.

15 b. Prohibited Lease Terms. The rental
16 agreement/lease may not contain any of the
17 following provisions:

18 (1) Agreement to be sued. Agreement by the tenant to be
19 sued, to admit guilt or to a judgment in favor of
20 BORROWER in a lawsuit brought in connection with the
21 lease.

22 (2) Treatment of property. Agreements by tenant that
23 BORROWER may take, hold, or sell personal property of
24 household members without notice to the tenant and a
25 court decision on the rights of the parties. This prohibition,
26 however, does not apply to an agreement by the tenant
27 concerning disposition of personal property remaining in
28 the housing unit after the tenant has moved out of the unit.

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BORROWER may dispose of this personal property in accordance with State law.

- (3) Excusing BORROWER from responsibility. Agreement by the tenant not to hold BORROWER or BORROWER's agents legally responsible for any action or failure to act, whether intentional or negligent.
- (4) Waiver of notice. Agreement of the tenant that BORROWER may institute a lawsuit without notice to the tenant.
- (5) Waiver of legal proceeding. Agreement by the tenant that the BORROWER 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 BORROWER 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.

- 1
2 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
3 113–4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes
4 and amends the Violence Against Women Act of 1994, as previously
5 amended, (title IV, sec. 40001–40703 of Pub. L. 103–322, 42 U.S.C.
6 13925 et seq.) VAWA 2013, among other things, bars eviction and
7 termination due to a tenant’s status as a victim of domestic violence,
8 dating violence, or stalking, and requires landlords to maintain
9 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
10 is a survivor of domestic violence, dating violence, sexual assault,
11 and stalking from being denied assistance, tenancy, or occupancy
12 rights based solely on criminal activity related to an act of violence
13 committed against them. It extends housing protections to survivors
14 of sexual assault, and adds “intimate partner” to the list of eligible
15 relationships in the domestic violence definition. Protections also
16 now cover an “affiliated individual,” which includes any lawful
17 occupant living in the survivor’s household, or related to the survivor
18 by blood or marriage including the survivor’s spouse, parent,
19 brother, sister, child, or any person to whom the survivor stands in
20 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
21 lawful occupant who engages in criminal activity directly relating to
22 domestic violence, dating violence, sexual assault, or stalking against
23 an affiliated individual or other individual, or others may be evicted
24 or removed without evicting or removing or otherwise penalizing a
25 victim who is a tenant or lawful occupant. If victim cannot establish
26 eligibility, BORROWER must give a reasonable amount of time to
27 find new housing or establish eligibility under another covered
28 housing program. A Notice of Rights under VAWA 2013 for tenants

1 must be provided at the time a person applies for housing, when a
2 person is admitted as a tenant of a housing unit, and when a tenant is
3 threatened with eviction or termination of housing benefits. Tenants
4 must request an emergency transfer and reasonably believe that they
5 are threatened with imminent harm from further violence if the
6 tenant remains in the same unit. The provisions of VAWA 2013 that
7 are applicable to HUD programs are found in title VI of VAWA
8 2013, which is entitled "Safe Homes for Victims of Domestic
9 Violence, Dating Violence, Sexual Assault, and Stalking." Section
10 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
11 14043e et seq.) to add a new chapter entitled "Housing Rights."

12 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
13 provisions of the HOME Program and any amendments thereto and all applicable federal
14 regulations and guidelines now or hereafter enacted pursuant to the Act.

15 22. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
16 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
17 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
18 which consent shall be conditioned upon (a) receipt by the COUNTY of reasonable evidence
19 satisfactory to the COUNTY in its sole discretion, that transferee has assumed in writing and in
20 full, and is reasonably capable of performing and complying with the BORROWER's duties
21 and obligations under this Agreement, provided, however Borrower shall not be released of all
22 obligations hereunder which accrue from and after the date of such sale. Notwithstanding
23 anything to the contrary contained herein, upon written notice to COUNTY, BORROWER
24 may (i) admit limited partners to BORROWER, and provide for the purchase of any such
25 limited partnership interest or interests by BORROWER's general partner or affiliate; (ii)
26 remove for cause any General Partner by a limited partner of the Borrower, and the
27 replacement thereof, pursuant to the Partnership Agreement, provided County receives 5
28 business days advance written notice of such removal. Without limiting Borrower's obligation

1 to provide advance notice of such removal for cause of any General Partner by a limited
2 partner and the replacement thereof set forth in the immediately preceding sentence,
3 amendments to the Partnership Agreement required to effectuate the Permitted Transfer set
4 forth in this clause (ii) shall not require the consent of the County; provided, however,
5 Borrower shall provide County with an executed copy of such amended agreement within 10
6 business days of execution thereof;; (iii) lease for occupancy of all or any of the HOME-
7 Assisted Units; (iv) the granting of easements or permits to facilitate the development of the
8 Property in accordance with this Agreement; and (v) the withdrawal and/or replacement of any
9 limited partner or any interests in any limited partner of BORROWER, (collectively a
10 "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable review of
11 documentation by the COUNTY. The parties hereto acknowledge that "affiliate" for purposes
12 of this section means, as to any Person (as defined below), any general partnership, limited
13 partnership, corporation, joint venture, trust, business trust, cooperative, association, limited
14 liability company or individual (collectively, a "Person") that (A) directly or indirectly controls
15 or is controlled by (such as any partnership or limited liability company in which the Person,
16 directly or indirectly, serves as a general partner or managing member, respectively) or is under
17 common control with the specified Person; (B) is an officer or director of, commissioner of,
18 partner in, member of or trustee of, or serves in a similar capacity with respect to, the specified
19 Person or of which the Specified Person is an officer, director, member, partner or trustee, or
20 with respect to which the specified Person serves in a similar capacity; or (C) is the beneficial
21 owner, directly or indirectly, of 10% or more of any class of equity securities of the specified
22 Person or of which the specified Person is directly or indirectly the owner of 10% or more of
23 any class of equity securities. The term "control" (including the term "controlled by" and
24 "under common control with") means the possession, direct or indirect, of the power to direct
25 or cause the direction of the management and policies of a Person, whether through the
26 ownership of voting securities, by contract or otherwise.

27 23. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
28 and employees shall act at all times in an independent capacity during the term of this

1 Agreement, and shall not act as, shall not be, nor shall they in any manner be construed to be
2 agents, officers, or employees of COUNTY.

3 24. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
4 which requires that no person in the United States shall on the grounds of race, color, national
5 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
6 subjected to discrimination under any program or activity receiving Federal financial assistance
7 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
8 against discrimination on the basis of age under the Age Discrimination Act and the
9 prohibitions against discrimination on the basis of disability under Section 504 shall apply to
10 programs or activities receiving Federal financial assistance under Title I programs. The
11 policies and procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR
12 Part 6. In addition, BORROWER shall not discriminate on the basis of race, gender, religion,
13 national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection,
14 hiring or treatment of any contractors or consultants, to participate in
15 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
16 violation of this clause shall be considered a material breach of this Lease and may result in
17 termination, debarment or other sanctions. This language shall be incorporated into all
18 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,
19 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
20 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
21 Rights Act of 1964 (P.L. 88-352), as amended, and all Administrative Rules and Regulations
22 issued pursuant to said Acts and Orders with respect to its use of the Property.

23 BORROWER herein covenants by and for itself, its successors and assigns, and all
24 persons claiming under or through them, that this Covenant is made and accepted upon and
25 subject to the following conditions: There shall be no discrimination against or segregation of
26 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section
27 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
28 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of

1 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment
2 of the Property, nor shall the transferee itself or any person claiming under or through him or her,
3 establish or permit any such practice or practices of discrimination or segregation with reference
4 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
5 or vendees of the Property.

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

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

24 b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs,
25 executors, administrators, and assigns, and all persons claiming under or through him or
26 her, and this lease is made and accepted upon and subject to the following conditions:
27 That there shall be no discrimination against or segregation of any person or group of
28 persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the

1 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision
2 (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the
3 Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or
4 enjoyment of the premises herein leased nor shall the lessee himself or herself, or any
5 person claiming under or through him or her, establish or permit any such practice or
6 practices of discrimination or segregation with reference to the selection, location,
7 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
8 premises herein leased.”

- 9 c) In contracts: “There shall be no discrimination against or segregation of any person or
10 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
11 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
12 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
13 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
14 tenure, or enjoyment of the land, nor shall the transferee itself or any person claiming
15 under or through him or her, establish or permit any such practice or practices of
16 discrimination or segregation with reference to the selection, location, number, use, or
17 occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land.”

18 In addition to the obligations and duties of BORROWER set forth herein, BORROWER
19 shall, upon notice from County, promptly pay to County all fees and costs, including
20 administrative and attorneys’ fees, incurred by County in connection with responding to or
21 defending any discrimination claim brought by any third party and/or local, state or federal
22 government entity, arising out of or in connection with this Agreement or the Covenant
23 Agreement attached hereto.

24 25. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 25 a. BORROWER and its assigns, employees, agents,
26 consultants, officers and elected and appointed
27 officials shall become familiar with and shall
28 comply with the conflict of interest provisions in

1 OMB Circular A-110, 24 CFR 85.36, 24 CFR
2 84.42, 24 CFR 92.356 and Policy Manual #A-11,
3 attached hereto as **Exhibit E** and by this reference
4 incorporated herein.

5 b. BORROWER understands and agrees that no
6 waiver or exception can be granted to the
7 prohibition against conflict of interest except upon
8 written approval of HUD pursuant to 24 CFR
9 92.356(d). Any request by BORROWER for an
10 exception shall first be reviewed by COUNTY to
11 determine whether such request is appropriate for
12 submission to HUD. In determining whether such
13 request is appropriate for submission to HUD,
14 COUNTY will consider the factors listed in 24
15 CFR 92.356(e).

16 c. Prior to any funding under this Agreement,
17 BORROWER shall provide COUNTY with a list
18 of all employees, agents, consultants, officers and
19 elected and appointed officials who are in a
20 position to participate in a decision-making
21 process, exercise any functions or responsibilities,
22 or gain inside information with respect to the
23 HOME activities funded under this Agreement.
24 BORROWER shall also promptly disclose to
25 COUNTY any potential conflict, including even
26 the appearance of conflict that may arise with
27 respect to the HOME activities funded under this
28 Agreement.

1 d. Any violation of this section shall be deemed a
2 material breach of this Agreement, and the
3 Agreement shall be immediately terminated by
4 COUNTY.

5 26. RELIGIOUS ACTIVITIES. Under federal regulations, 24 CFR 92.257
6 HOME funds may not be provided to primarily religious organizations, such as churches, for
7 any activity including secular activities. In addition, HOME funds may not be used to
8 rehabilitate or construct housing owned by primarily religious organizations or to assist
9 primarily religious organizations in acquiring housing. However, HOME funds may be used
10 by a secular entity to acquire housing from a primarily religious organization, and a primarily
11 religious entity may transfer title to property to a wholly secular entity and the entity may
12 participate in the HOME program in accordance with the requirements set forth at 24 CFR
13 92.257. The entity may be an existing or newly established entity, which may be an entity
14 established by the religious organization. The completed housing project must be used
15 exclusively by the BORROWER/participant entity for secular purposes, available to all
16 persons regardless of religion. In particular, there must be no religious or membership criteria
17 for tenants of the property.

18 27. PROJECT MONITORING AND EVALUATION.

19 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist
20 Form to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
21 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
22 composition, number and percentage of very low-income and low-income households who are
23 tenants of the COUNTY HOME-Assisted Units. The Tenant Checklist Form shall be submitted
24 upon completion of the construction and thereafter, on a semi-annual basis on or before March
25 31st and September 30th. BORROWER shall maintain financial, programmatic, statistical and
26 other supporting records of its operations and financial activities in accordance with the
27 requirements of the HOME Program under 24 CFR 92.508, including the submission of Tenant
28 Checklist Form. Except as otherwise provided for in this Agreement, BORROWER shall

1 maintain and submit records to COUNTY within ten business days of COUNTY's request
2 which clearly documents BORROWER's performance under each requirement of the HOME
3 Program. A list of document submissions and timeline are shown in **Exhibit A** and such list
4 may be amended from time to time subject to HUD and COUNTY reporting requirements.

5 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the
6 Affordability Period, COUNTY must perform on-site inspections of COUNTY HOME-
7 assisted rental housing to determine compliance with the property standards of §92.251 and to
8 verify the information submitted by the owners in accordance with the requirements of
9 §92.252. The inspections must be in accordance with the inspection procedures that the
10 participating jurisdiction establishes to meet the inspection requirements of §92.251. The on-
11 site inspections must occur within 12 months after Notice of Completion and at least once
12 every 3 years thereafter during the Affordability Period. If there are observed deficiencies for
13 any of the inspectable items in the property standards established by COUNTY, in accordance
14 with the inspection requirements of §92.251, a follow-up on-site inspection to verify that
15 deficiencies are corrected must occur within 12 months. COUNTY may establish a list of non-
16 hazardous deficiencies for which correction can be verified by third party documentation (e.g.,
17 paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be
18 corrected immediately, in accordance with §92.251. COUNTY must adopt a more frequent
19 inspection schedule for properties that have been found to have health and safety deficiencies.
20 The property owner must annually certify to the COUNTY that each building and all HOME-
21 assisted units in the project are suitable for occupancy, taking into account State and local
22 health, safety, and other applicable codes, ordinances, and requirements, and the ongoing
23 property standards established by the participating jurisdiction to meet the requirements of
24 §92.251. Inspections must be based on a statistically valid sample of units appropriate for the
25 size of the COUNTY HOME-Assisted project, as set forth by HUD through notice. For
26 projects with one-to-four COUNTY HOME-Assisted Units, COUNTY must inspect 100
27 percent of the COUNTY HOME-Assisted Units and the inspectable items (site, building
28 exterior, building systems, and common areas) for each building housing COUNTY HOME-

1 assisted units.

2 c. Income Certification. The income of a tenant must be determined
3 initially and each sixth year of affordability in accordance with 24 CFR 92.203 (a)(1)(i). In
4 addition, annually between each sixth year of affordability BORROWER must re-examine
5 each tenants annual income under 24 CFR 92.203 (a) (1) (ii).

6 28. MONITORING FEE. BORROWER shall be responsible for paying an
7 annual compliance monitoring fee to the COUNTY in the total annual amount of Ten
8 Thousand Five Hundred Dollars (\$10,500) ("Monitoring Fee"). The first Monitoring Fee
9 payment is due on July 1st of each year for the monitoring period of July 1st to June 30th
10 commencing July 1, 2021. The Monitoring Fee will be due on July 1st thereafter and will
11 continue until the expiration of the Affordability Period. The Monitoring Fee is to be adjusted
12 upwards annually, increased by an amount equal to the increase in CPI for the Los Angeles-
13 Riverside-Orange County, CA area. In the event of a decrease in the applicable CPI, the
14 Monitoring Fee currently in effect shall remain the same and shall not decrease.

15 29. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right
16 to access the Project site and the Property at all reasonable times during regular business hours,
17 and upon completion of the Project upon reasonable advance written notice to BORROWER,
18 to review the operation of the Project in accordance with this Agreement.

19 30. EVENTS OF DEFAULT. The occurrence of any of the following events
20 shall constitute an "Event of Default" under this Agreement:

- 21 a. Monetary Default. (1) BORROWER's failure to pay when due
22 any sums payable under this Agreement, the Covenant
23 Agreement, the HOME Note or any advances made by COUNTY
24 under this Agreement; (2) BORROWER's or any agent of
25 BORROWER's use of HOME funds for costs other than those
26 costs permitted under this Agreement or for uses inconsistent with
27 terms and restrictions set forth in this Agreement; (3)
28 BORROWER's or any agent of BORROWER's failure to make

1 any other payment of any assessment or tax due under this
2 Agreement, and /or (4) default under the terms of any Senior
3 Loan documents or any other instrument or document secured
4 against the Property and the expiration of all applicable notice and
5 cure periods;

6 b. Non-Monetary Default. (1) Discrimination by BORROWER or
7 BORROWER's agent(s) on the basis of characteristics prohibited
8 by this Agreement or applicable law; (2) the imposition of any
9 encumbrances or liens on the Project without COUNTY's prior
10 written approval that are prohibited under this Agreement or that
11 have the effect of reducing the priority or invalidating the lien of
12 the HOME Deed of Trust; (3) BORROWER's failure to obtain
13 and maintain the insurance coverage required under this
14 Agreement; (4) any material default under this Agreement, the
15 HOME Loan Deed of Trust, Covenant Agreement, HOME Note
16 or any document executed by the County in connection with this
17 Agreement, and the expiration of all applicable notice and cure
18 periods, and /or (5) a default under the terms of any Senior Loan
19 documents or any other instrument or document secured against
20 the Property or the Project and the expiration of all applicable
21 notice and cure periods;

22 c. General Performance of Loan Obligations. Any substantial or
23 continuous or repeated breach by BORROWER or
24 BORROWER's agents of any material obligations of
25 BORROWER under this Agreement;

26 d. General Performance of Other Obligations. Any substantial or
27 continuous or repeated breach by BORROWER or
28 BORROWER's agents of any material obligations of

1 BORROWER related to the Project imposed by any other
2 agreement with respect to the financing, development, or
3 operation of the Project; whether or not COUNTY is a party to
4 such agreement; but only following any applicable notice and
5 cure periods with respect to any such obligation;

6 e. Representations and Warranties. A reasonable determination by
7 COUNTY that any of BORROWER's representations or
8 warranties made in this Agreement, any statements made to
9 COUNTY by BORROWER, or any certificates, documents, or
10 schedules supplied to COUNTY by BORROWER were false in
11 any material respect when made, or that BORROWER
12 intentionally concealed or failed to disclose a material fact to
13 COUNTY.

14 f. Damage to Project. In the event that the Project is materially
15 damaged or destroyed by fire or other casualty, and BORROWER
16 receives an award or insurance proceeds sufficient for the repair
17 or reconstruction of the Project, and BORROWER does not use
18 such award or proceeds to repair or reconstruct the Project.

19 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
20 general partner and co-general partner of BORROWER's (1)
21 filing for bankruptcy, dissolution, or reorganization, or failure to
22 obtain a full dismissal of any such involuntary filing brought by
23 another party before the earlier of final relief or ninety (90) days
24 after such filing; (2) making a general assignment for the benefit
25 of creditors; (3) applying for the appointment of a receiver,
26 trustee, custodian, or liquidator, or failure to obtain a full
27 dismissal of any such involuntary application brought by another
28 party before the earlier of final relief or ninety (90) days after

1 such filing; (4) insolvency; or (5) failure, inability or admission in
2 writing of its inability to pay its debts as they become due.

3 31. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
4 notices, demands and communications between the COUNTY and the BORROWER shall be
5 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
6 requested, to the principal offices of the COUNTY and the BORROWER and BORROWER's
7 limited partner, as designated below. Such written notices, demands and communications
8 may be sent in the same manner to such other addresses as either party may from time to time
9 designate by mail as provided in this **Section 31**. Any notice that is transmitted by electronic
10 facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon
11 its transmission; any notice that is personally delivered (including by means of professional
12 messenger service, courier service such as United Parcel Service or Federal Express, or by
13 U.S. Postal Service), shall be deemed received on the documented date of receipt by the
14 recipient; and any notice that is sent by registered or certified mail, postage prepaid, return
15 receipt required shall be deemed received on the date of delivery thereof.

16 a. Subject to the Force Majeure Delay, as provided in this Section 9, failure
17 or delay by BORROWER to materially perform any term or provision of this Agreement
18 constitutes a default under this Agreement. BORROWER must immediately commence to
19 cure, correct or remedy such failure or delay and shall complete such cure, correction or
20 remedy with reasonable diligence.

21 b. COUNTY shall give written notice of default to BORROWER,
22 specifying the default complained of by COUNTY. Failure or delay in giving such notice
23 shall not constitute a waiver of any default, nor shall it change the time of default; provided,
24 however, the time to tender a cure as required hereunder shall not commence until notice of
25 such default is provided to BORROWER by COUNTY. Except as otherwise expressly
26 provided in this Agreement, any failures or delays by COUNTY in asserting any of its rights
27 and remedies as to any default shall not operate as a waiver of any default or of any such
28 rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not

1 deprive COUNTY of its right to institute and maintain any actions or proceedings which it
2 may deem necessary to protect, assert or enforce any such rights or remedies.

3 c. If a monetary event of default occurs, prior to exercising any remedies
4 hereunder, COUNTY shall give BORROWER written notice of such default. BORROWER
5 shall have a period of ten (10) business days after such notice is given within which to cure
6 the default prior to exercise of remedies by COUNTY.

7 d. If a non-monetary event of default occurs, prior to exercising any
8 remedies hereunder, COUNTY shall give BORROWER written notice of such default. If the
9 default is reasonably capable of being cured within thirty (30) business days, BORROWER
10 shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the
11 default is such that it is not reasonably capable of being cured within thirty (30) business days,
12 and BORROWER (i) initiates corrective action within said period, and (ii) diligently,
13 continually, and in good faith works to effect a cure as soon as possible, then BORROWER
14 shall have such additional time as is reasonably necessary to cure the default prior to exercise
15 of any remedies by the injured party, but in no event no more than sixty (60) business days
16 from the date of the notice of default. In no event shall COUNTY be precluded from
17 exercising remedies if its security becomes or is about to become materially jeopardized by
18 any failure to cure a default or the default is not cured within sixty (60) business days after the
19 first notice of default is given.

20 e. Any cure tendered by Borrower's limited partner shall be accepted or
21 rejected on the same basis as if tendered by Borrower.

22 32. COUNTY REMEDIES. Upon the occurrence of an Event of Default,
23 after expiration of all applicable notice and cure periods, COUNTY's obligation to disburse
24 HOME funds shall terminate, and COUNTY shall also have the right, but not the obligation
25 to, in addition to other rights and remedies permitted by this Agreement or applicable law,
26 proceed with any or all of the following remedies in any order or combination COUNTY may
27 choose in its sole discretion:

28 a. Terminate this Agreement, in which event the entire HOME Loan

1 amount as well as any other monies advanced to BORROWER by
2 COUNTY under this Agreement including administrative costs,
3 shall immediately become due and payable to COUNTY at the
4 option of COUNTY.

5 b. Bring an action in equitable relief (1) seeking the specific
6 performance by BORROWER of the terms and conditions of this
7 Agreement, and/or (2) enjoining, abating, or preventing any
8 violation of said terms and conditions, and/or (3) seeking
9 declaratory relief.

10 i) Accelerate the HOME Loan, and demand immediate full payment
11 of the principal payment outstanding and all accrued interest under
12 the HOME Note, as well as any other monies advanced to
13 BORROWER by COUNTY under this Agreement.

14 ii) Enter the Project and take any remedial actions necessary in its
15 judgment with respect to hazardous materials that COUNTY
16 deems necessary to comply with hazardous materials laws or to
17 render the Project suitable for occupancy, which costs shall be due
18 and payable by BORROWER to COUNTY.

19 iii) Enter upon, take possession of, and manage the Project, either in
20 person, by agent, or by a receiver appointed by a court, and subject
21 to the rights of any Senior Lender, collect rents and other amounts
22 specified in the assignment of rents in the Deed of Trust and apply
23 them to operate the Project or to pay off the HOME Loan or any
24 advances made under this Agreement, as provided for by the
25 HOME Deed of Trust.

26 iv) Pursue any other remedies allowed at law or in equity.

27 33. RESERVED.

28 34. BORROWER'S WARRANTIES. BORROWER represents and warrants

1 (1) that it has access to professional advice and support to the extent necessary to enable
2 BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out
3 the Project, (2) that it is duly organized, validly existing and in good standing under the laws
4 of the State of California, (3) that it has the full power and authority to undertake the Project
5 and to execute this Agreement, (4) that the persons executing and delivering this Agreement
6 are authorized to execute and deliver such documents on behalf of BORROWER and (5) that
7 neither BORROWER nor any of its principals is presently debarred, suspended, proposed for
8 debarment, declared ineligible, or voluntarily excluded from participation in connection with
9 the transaction contemplated by this Agreement.

10 35. BORROWER'S CERTIFICATION. BORROWER certifies, to the best
11 of its knowledge and belief, that:

- 12 a. No federally appropriated funds have been paid or
13 will be paid, by or on behalf of the undersigned, to
14 any person for influencing or attempting to
15 influence an officer or employee of any agency, a
16 member of Congress, an officer or employee of
17 Congress, or an employee of a member of Congress
18 in connection with the awarding of any federal
19 contract, the making of any federal grant, the
20 making of any federal loan, the entering into of any
21 cooperative agreement, and the extension,
22 continuation, review, amendment, or modification
23 of any federal contract, grant, loan, or cooperative
24 agreement.
- 25 b. If any funds other than federally appropriated funds
26 have been paid or will be paid to any person for
27 influencing or attempting to influence an officer or
28 employee of any agency, a member of Congress, an

1 officer or employee of Congress, or an employee of
2 a member of Congress in connection with this
3 federal contract, grant, loan, or cooperative
4 agreement, the undersigned shall complete and
5 submit Standard Form-LLL, "Disclosure Form to
6 Report Lobbying," in accordance with its
7 instructions.

- 8 c. The undersigned shall require that the language of
9 this certification be included in the award
10 documents for all sub-awards at all tiers (including
11 subcontracts, sub-grants, and contracts under grants,
12 loans, and cooperative agreements) and that
13 BORROWER shall certify and disclose
14 accordingly. This certification is a material
15 representation of fact upon which reliance was
16 placed when this transaction was made or entered
17 into.

18 36. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
19 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
20 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and
21 appointed officials, employees, agents and representatives (collectively the "Indemnified
22 Parties") from any liability whatsoever, based or asserted upon any services of BORROWER,
23 its officers, employees, subcontractors, agents or representatives arising out of their
24 performance under this Agreement, including but not limited to property damage, bodily injury,
25 or death or any other element of any kind or nature whatsoever arising from the performance of
26 BORROWER, its officers, agents, employees, subcontractors, agents or representatives under
27 this Agreement, except in the event of the gross negligence or willful misconduct of the
28 Indemnified Parties; provided however, any gross negligence or willful misconduct of

1 Indemnified Parties will only affect the duty to indemnify for the specific act found to be gross
2 negligence or willful misconduct, and will not preclude a duty to indemnify for any act or
3 omission of Borrower. BORROWER shall defend, at its sole expense, all costs and fees
4 including, but not limited, to attorney fees, cost of investigation, defense and settlements or
5 awards, the County of Riverside, its Agencies, Districts, Special Districts and Departments,
6 their respective directors, officers, Board of Supervisors, elected and appointed officials,
7 employees, agents and representatives in any claim or action based upon such alleged acts or
8 omissions.

9 With respect to any action or claim subject to indemnification herein by BORROWER,
10 BORROWER shall, at their sole cost, have the right to use counsel of their own choice and shall
11 have the right to adjust, settle, or compromise any such action or claim without the prior consent
12 of COUNTY; provided, however, that any such adjustment, settlement or compromise in no
13 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
14 forth herein.

15 BORROWER's obligation hereunder shall be satisfied when BORROWER has provided
16 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the
17 action or claim involved.

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

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

24 BORROWER's obligations set forth in this **Section 36** shall survive the expiration or
25 earlier termination of this Agreement.

26 37. TERMINATION.

27 a. BORROWER. BORROWER may terminate this Agreement prior to
28 disbursement of any HOME Loan funds by COUNTY in accordance with the applicable HOME

1 Program regulations.

2 b. COUNTY. Notwithstanding the provisions of **Section 37(a)**, COUNTY
3 may suspend or terminate this Agreement upon written notice to BORROWER of the action
4 being taken and the reason for such action in the event one of the following events occur:

- 5 1. In the event BORROWER fails to materially perform the
6 covenants herein contained at such times and in such
7 manner as provided in this Agreement after the applicable
8 notice and cure provisions hereof; or
- 9 2. In the event there is a conflict with any federal, state or
10 local law, ordinance, regulation or rule rendering any
11 material provision, in the reasonable judgment of
12 COUNTY of this Agreement invalid or untenable; or
- 13 3. In the event the HOME funding from HUD identified in
14 **Section 1** above is terminated or otherwise becomes
15 unavailable.

16 c. This Agreement may be terminated or funding suspended in whole or in
17 part for cause. Cause shall be based on the failure of BORROWER to materially comply with
18 either the terms or conditions of this Agreement after the expiration of all applicable notice and
19 cure provisions hereof. Upon suspension of funding, BORROWER agrees not to incur any costs
20 related thereto, or connected with, any area of conflict from which COUNTY has determined
21 that suspension of funds is necessary.

22 d. Upon expiration or earlier termination of this Agreement, BORROWER
23 shall transfer to COUNTY any unexpended HOME funds in its possession at the time of
24 expiration of the Agreement as well as any accounts receivable held by BORROWER which are
25 attributable to the use of HOME funds awarded pursuant to this Agreement.

26 38. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER, on
27 behalf of its successors and assigns, hereby declare their express intent that the restrictions set
28 forth in this Agreement shall continue in full force and effect for the duration of the

1 Affordability Period (as defined in **Section 14** above). Each and every contract, deed or other
2 instrument hereafter executed covering and conveying the Property or any portion thereof shall
3 be held conclusively to have been executed, delivered and accepted subject to such restrictions,
4 regardless of whether such restrictions are set forth in such contract, deed or other instrument.
5 Borrower shall execute and record as a lien against the Property, a Covenant Agreement,
6 substantially conforming in form and substance to the Covenant Agreement attached hereto as
7 **Exhibit G** and incorporated herein by this reference, setting forth the affordability use and
8 income restriction required in this Agreement.

9 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
10 lien is filed against the Project or a stop notice affecting the HOME Loan is served on
11 COUNTY, BORROWER must, within thirty (30) business days of such filing or service, either
12 pay and fully discharge the lien or stop notice, obtain a release of the lien or stop notice by
13 delivering to COUNTY a surety bond in sufficient form and amount, or provide COUNTY with
14 other assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
15 discharged.

16 41. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
17 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
18 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
19 between the parties at the time of execution.

20 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or
21 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
22 that they have the authority to execute this Agreement and warrant and represent that they have
23 the authority to bind the respective parties to this Agreement to the performance of its
24 obligations hereunder.

25 43. WAIVER. Failure by a party to insist upon the strict performance of any
26 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
27 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
28 insist and demand strict compliance by the other party with the terms of this Agreement

1 thereafter.

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

9 45. JURISDICTION AND VENUE. Any action at law or in equity arising
10 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
11 determining the validity of any provision of this Agreement shall be filed in the Superior Courts
12 of Riverside County, State of California, and the parties hereto waive all provisions of law
13 providing for the filing, removal or change of venue to any other court or jurisdiction.

14 46. SEVERABILITY. Each paragraph and provision of this Agreement is
15 severable from each other provision, and if any provision or part thereof is declared invalid, the
16 remaining provisions shall nevertheless remain in full force and effect.

17 47. MINISTERIAL ACTS. COUNTY's Director for the Housing
18 Homelessness Prevention and Workforce Solutions Agency or designee(s) are authorized to
19 take such ministerial actions as may be necessary or appropriate to implement the terms,
20 provisions, and conditions of this Agreement as it may be amended from time to time by both
21 parties.

22 48. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
23 consider it in its best interest to change, modify or extend a term or condition of this
24 Agreement, provided such change, modification or extension is agreed to in writing by the
25 other party. Any such change, extension or modification, which is mutually agreed upon by
26 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
27 Such amendments shall not invalidate this Agreement, nor relieve or release COUNTY or
28 BORROWER from any obligations under this Agreement, except for those parts thereby

1 amended. No amendment to this Agreement shall be effective and binding upon the parties,
2 unless it expressly makes reference to this Agreement, is in writing, is signed and
3 acknowledged by duly authorized representatives of all parties, and approved by the County.

4 49. CONDITIONAL COMMITMENT.

5 a. Construction. Pursuant to 24 CFR 92.2, under the definition of
6 Commitment, all necessary financing has been secured, a budget and schedule have been
7 established, and underwriting has been completed and under which construction is scheduled to
8 start within the earlier of six (6) months from the Effective Date of this Agreement, or such date
9 as may be required by TCAC (“Construction Start Deadline”). If BORROWER cannot start
10 construction or provide evidence such as construction permits within four (4) months of the
11 Effective Date, then COUNTY and BORROWER mutually agree that this Agreement will self-
12 terminate and any HOME Loan funds drawn to date shall be returned within thirty (30) calendar
13 days. Upon such termination, this Agreement shall become null and void. COUNTY and
14 BORROWER shall be released and discharged respectively from its obligations under this
15 Agreement, except for those provisions which by their terms survive termination. All cost
16 incurred by each party on the Project will be assumed respectively.

17 b. Completion. The Project must be completed and a Notice of
18 Completion shall have been recorded in the Official Records no later than two (2) years from
19 the Effective Date of this Agreement (the “Completion Deadline”). BORROWER may request a
20 one year extension of the Completion Deadline from COUNTY (“Extension”), which may be
21 granted in COUNTY’s sole and absolute discretion, if the BORROWER can provide proof that
22 the circumstances that led to the failure to complete the Project by the Completion Deadline
23 were beyond the BORROWER’s control. Extension is subject to COUNTY’s approval and not
24 guaranteed. The Director, Housing, Homelessness Prevention and Workforce Solutions, or
25 designee, has the authority, at his or her discretion, to consent to such Extension. If
26 BORROWER is unable to meet the condition as required by this **Section 49** including
27 Extension, then COUNTY and BORROWER mutually agree that this Agreement will self-
28 terminate and any HOME Loan funds disbursed to BORROWER to date shall be returned to

1 COUNTY within thirty (30) calendar days of such termination. Upon such termination, this
2 Agreement shall become null and void. COUNTY and BORROWER shall be released and
3 discharged respectively from their obligations under this Agreement, except for those provisions
4 which by their terms survive termination. All costs incurred by each party on the Project will be
5 assumed respectively.

6 c. Tenant Leases. BORROWER shall comply with the tenant
7 selection requirements set forth in **Section 19(b)** and the initial occupancy requirements set
8 forth in **Section 19(c)** of this Agreement.

9 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
10 conditioned upon BORROWER's delivery to COUNTY, on or prior to **January 1, 2021** of (i)
11 written documentation of such binding loan commitments required to fully finance the
12 development and construction of the Project (less the HOME Loan), on terms and conditions
13 acceptable to BORROWER and COUNTY, including, but not limited to any conventional
14 construction and/or permanent financing, including without limitation, a construction and
15 permanent loan from an institutional construction lender. Either COUNTY or BORROWER
16 may elect to terminate this Agreement with ten (10) business days prior written notice to the
17 other party if BORROWER fails to acquire the project financing as required by this **Section 50**.
18 Upon such termination, this Agreement shall be null and void, and:

19 a. If BORROWER elects to terminate this Agreement,
20 BORROWER shall be released and discharged by COUNTY
21 from its obligations under this Agreement; or

22 b. If COUNTY elects to terminate this Agreement, COUNTY shall
23 be released and discharged by BORROWER from its
24 obligations under this Agreement.

25 At that time all cost incurred by each party on the Project will be assumed
26 respectively, and each party shall be released from all liability under this Agreement, except
27 those obligations which by their terms survive termination.
28

1 51. Reserved.

2 52. EXHIBITS AND ATTACHMENTS. Each of the attachments and
3 exhibits attached hereto is incorporated herein by this reference.

4 53. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
5 provide input regarding all media releases regarding the Project. Any publicity generated by
6 BORROWER for the Project must make reference to the contribution of COUNTY in making
7 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
8 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and
9 public service announcements. BORROWER agrees to cooperate with COUNTY in any
10 COUNTY-generated publicity or promotional activities with respect to the Project.

11 54. NOTICES. All notices, requests, demands and other communication
12 required or desired to be served by either party upon the other shall be addressed to the
13 respective parties as set forth below or the such other addresses as from time to time shall be
14 designated by the respective parties and shall be sufficient if sent by United States first class,
15 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
16 delivery.

17
18 COUNTY
19 Director, Housing, Homelessness
20 Prevention and Workforce Solutions
21 5555 Arlington Avenue
22 Riverside, CA 92504

BORROWER
 6th & Cesar Chavez CIC, LP
 6339 Paseo Del Lago
 Carlsbad, CA 92011

23 Director for the County's Department of Housing Homelessness Prevention and Workforce
24 Solutions or designee
25 County shall send a copy of all Borrower notices to Borrower's investor limited partner at the
26 address below:

27 WNC Inc.
28 17782 Sky Park Circle
 Irvine, CA 92614
 Attention: Director of Asset Management

 55. COUNTERPARTS. This Agreement may be signed by the different

1 parties hereto in counterparts, each of which shall be an original but all of which together shall
2 constitute one and the same agreement.

3 56. EFFECTIVE DATE. The effective date of this Agreement is the date the
4 parties execute the Agreement (“Effective Date”). If the parties execute the Agreement on more
5 than one date, then the last date the Agreement is executed by a party shall be the Effective
6 Date.

7 57. FURTHER ASSURANCES. BORROWER shall execute any further
8 documents consistent with the terms of this Agreement, including documents in recordable
9 form, as the COUNTY may from time to time find necessary or appropriate to effectuate its
10 purposes in entering into this Agreement.

11 58. NONLIABILITY OF COUNTY OFFICIALS AND EMPLOYEES. No
12 member, official, employee or consultant of the COUNTY shall be personally liable to the
13 BORROWER, or any successor in interest, in the event of any default or breach by the
14 COUNTY or for any amount which may become due to the BORROWER or to its successor, or
15 on any obligations under the terms of this Agreement.

16 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

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

27 b. If any term or provision of this Agreement, the deletion of which
28 would not adversely affect the receipt of any material benefit by any party hereunder, shall be

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

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

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

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

21 60. TIME OF ESSENCE. Time is of the essence with respect to the
22 performance of each of the covenants and agreements contained in this Agreement.

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

26 62. NO THIRD PARTY BENEFICIARIES. The parties to this Agreement
27 acknowledge and agree that the provisions of this Agreement are for the sole benefit of
28 COUNTY and BORROWER, and not for the benefit, directly or indirectly, of any other person

1 or entity, except as otherwise expressly provided herein.

2 63. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

10 c. All waivers of the provisions of this Agreement must be in
11 writing and signed by the appropriate authorities of the COUNTY or the BORROWER, and all
12 amendments hereto must be in writing and signed by the appropriate authorities of the
13 COUNTY and the BORROWER. This Agreement and any provisions hereof may be amended
14 by mutual written agreement by the BORROWER and the COUNTY.

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(SIGNATURES ON THE NEXT PAGE)

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

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COUNTY:

BORROWER:

COUNTY OF RIVERSIDE, a political
Subdivision of the State of California

6TH & CESAR CHAVEZ CIC, LP,
a California limited partnership

By: Pacific Southwest Community
Development, a California nonprofit public
benefit Corporation, its Managing General
Partner

By: _____
Heidi Marshall, Director

By: _____
Robert W. Laing, Executive Director

Date: _____

Date: _____

APPROVED AS TO FORM:
GREGORY P. PRIAMOS, County Counsel

By:  _____
Amrit P. Dhillon, Deputy County Counsel

(Signatures need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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)
) ss:
COUNTY OF _____)

On _____, 2017, before me, _____, 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

EXHIBIT "A"

Borrower: Cesar & Cesar Chavez CIC, L.P.
Address: 6339 Paseo Del Lago, Carlsbad, CA 92011
Project Title: Pueblo Viejo Villas
Location: 1279 6th Street, in the City of Coachella, also identified as APN's 778-080-009

Project Description:

6th & Cesar Chavez CIC, L.P. shall develop a multi-family affordable rental housing project consisting of 105 units to be occupied by very low income households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside (Project). On site amenities will include a 1,400 square foot community center, an indoor bicycle storage and a child's play area. The community room will be equipped with a laundry room, kitchen to accommodate events, computer and learning center and a manager's office. Onsite social services will include after school programs for children as well as literacy and job training classes. The building is mixed use with 3,000 square feet of retail space. The Project will be located on a 2.66-acre parcel of vacant land located at 1279 6th Street, in the City of Coachella, identified as Assessor's Parcel Number's 778-080-009(Project Site).

A total of 11 units will be subject to HOME program occupancy and use restrictions and will be rented to and occupied by individuals whose income does not exceed 50% of the area median income for the County and shall have a "floating" designation. The Project includes the use of 8 Housing Choice Voucher Program (HCVP) Project Based Vouchers (PBV's) that will serve as a rental subsidy for clients on the Housing Authority of the County of Riverside HCVP waiting list for the Project. The Project shall include a total of 105 units as follow:

- 50- 1 Bedroom Units (550 sq. ft.)
- 28- 2 Bedroom Units (760 sq. ft./includes one managers unit)
- 27- 3 Bedroom Units (1000 sq. ft.)

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Financing Commitment	February 01, 2021
2. Construction Start Deadline	April 1, 2021
3. Completion Deadline	April 1, 2022
4. Lease Deadline 6 months from Notice of Completion	October 31, 2022
5. Submission of Final actual project costs and Sources and Uses of Funds	December 31, 2022
6. Submission of income & ethnic characteristics report, March 2022	December 31, 2022

LEGAL DESCRIPTION OF PROPERTY

Permanent Sources and Uses of Funds:

Sources:

County of Riverside HOME Loan	\$1,000,000
Citibank Loan	\$5,657,000
AHSC Loan	\$8,395,407
Solar Tax Equity	\$267,823
Department of Developmental Services	\$1,160,000
City of Coachella Loan	\$9,240,000
Deferred Costs & Fees	\$488,250
Deferred Developer Fee Developer Equity	\$3,561,037
Limited Property Tax Credit Equity	<u>\$18,186,630</u>
Total Sources	\$47,956,147

Uses:

Land Acquisition	\$1,500,000
Solar	\$982,256
Offsites	\$1,463,700
Sitework	\$2,689,535
Vertical Construction Costs	\$14,729,759
Overhead, Profit, General Conditions	\$2,779,735
Owner Hard Cost Contingency	\$1,131,749
Architecture & Engineering	\$715,500
Financing Fees & Interest	\$2,857,572
Legal Fees	\$232,500
Reserves	\$767,945
Development Impact & Permit Fees	\$11,675,811
Developer's fee	\$5,298,711
Remaining Development Costs	\$699,042
Owner Soft Cost Contingency	<u>\$432,332</u>
Total Uses	\$47,956,147

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 5 th of each month
2. Liability and Certificate of Workers' Compensation Insurance for Borrower and General Contractor (GC)	BORROWER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– March 1st & September 15th
4. Project Site Photos	Bimonthly, due by the 5 th of each month
5. The filing of the Notice of Completion	End of Construction
6. Certificate of Occupancy	End of Construction
7. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
8. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
9. Project Completion Report	Close of Project
10. Final Development Cost - Sources and Uses	Close of Project
11. Final Cost Certification by CPA	Close of Project and Audits Completed
12. Final 15/30 Year Cash Flow Projection	Close of Project
13. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
14. Management Plan	Marketing Stage
15. Tenant Selection Policy	Marketing Stage
16. Copy of Lease Agreement	Marketing Stage
17. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
18. Project Operating Budget	Annual submission
19. Audited Yearly Income Expense Report for the Project	Annual submission

EXHIBIT "B"

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside Housing, Homelessness
Prevention & Workforce Solution
5555 Arlington Avenue
Riverside, CA 92504
Attn. Monica Telles

SPACE ABOVE THIS LINE FOR RECORDER'S USE

**DEED OF TRUST, SECURITY
AGREEMENT AND FIXTURE FILING**

(WITH ASSIGNMENT OF RENTS)

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this _____ day of August, 2020 by 6th & Cesar Chavez CIC, L.P., a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 6339 Paseo Del Lago, Carlsbad, CA 92011. The trustee is _____ ("Trustee"). The beneficiary is the County of Riverside, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 5555 Arlington Avenue, Riverside, CA 92504.

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

(A) That certain 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:

- i. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary ("County" therein) executed by Trustor ("Borrower" therein) of even date herewith (the "Note") in the principal amount of \$1,000,000
 - (b) that certain Loan Agreement for the Use of HOME Program Funds dated _____ and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and
 - (c) that certain Covenant Agreement dated _____ and recorded concurrently herewith in the Official Records, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").
- ii. payment of indebtedness of the Trustor to the Beneficiary not to exceed ONE MILLION DOLLARS (the "HOME Loan") according to the terms of the Note.

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

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Pursuant to the HOME Loan Agreement, the maturity date of the HOME Loan shall be the later to occur of (i) July 1, 2073 or (ii) fifty five (55) years from recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the HOME Loan Agreement) ("HOME Loan Term")

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

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

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

4. That, subject to the rights of any Senior Lender, 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 HOME Loan Agreement and Covenant Agreement.

4a. That upon default hereunder or under any of the Secured Obligations and the expiration of all applicable notice and cure periods, Beneficiary shall be entitled to the appointment of 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 and income therefrom

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.** 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. Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

a. 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.** 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**.

a. 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 of HOME Deed of Trust.**
During the construction phase lien priority shall be: (1) first priority deed of trust for the benefit of Citibank, N.A. ("Citibank") securing a construction loan for the Project in an approximate amount up to \$30,000,000 ("Citibank Senior Loan"); (2) second priority deed of trust for the benefit of City of Coachella Loan securing a loan in an amount up to \$9,240,000 ("Coachella Loan"); (3) third priority deed of trust for the benefit of CA Department of Development Services securing a loan in an amount up to \$1,160,000 ("DDS Loan"); (4) fourth priority deed of trust for the benefit of the California Department of Housing and Community Development securing a loan in an amount up to \$1,100,000 ("HCD Loan"); and (5) fifth priority HOME Loan secured by the HOME Deed of Trust for the benefit of COUNTY securing the HOME Loan and the terms of this Agreement. The Citibank Senior Loan, DDS Loan, HCD Loan, Coachella Loan, and AHCS Loan shall be collectively referred to herein as the ("Senior Loan" or "Senior Loans"). Lien priority upon conversion shall be as follows: (i) first priority shall be the Citibank Senior Loan; (ii) second priority shall be a deed of trust for the benefit of CA Housing and Community Development in connection with its Affordable Housing & Sustainable Communities Program securing a loan in the amount of \$8,395,407 ("AHSC Loan"); [priorities to be added and subject to change]

Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel.

10. **Hazard or Property Insurance.** 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 HOME 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**.

a. 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 HOME 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 Lien, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the holder of any Senior Lien, if any, or the Trustor.

b. 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 reasonably determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable notice and cure periods. If Trustor reasonably determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable notice and 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 business 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.

c. 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.

d. 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 Lender, if any, to collect and apply such proceeds in accordance with a Senior Lien Lender of Trust.

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

a. 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" within the meaning of the HOME Program. 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. If Trustor fails to materially 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.

a. 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. 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 any Senior Lenders' Deeds of Trust, if any.

a. 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 materially impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.

b. 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 business 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.

c. 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 of Trustor at the address set forth in the HOME 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 Lender shall be given by first class mail to such other address the Senior Lender 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.** Except for Permitted Transfers or as otherwise allowed under the HOME 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 HOME Program) 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.

a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor and the Senior Lender, prior written notice of acceleration. The notice shall provide a period of not less than 30 business 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.

b. 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 business days of execution thereof;; (iii) the lease for occupancy of all or any of the HOME-Assisted Units (as defined in the HOME Loan Agreement); (iv) the granting of easements or permits to facilitate the development of the Property in accordance with the HOME Loan Agreement; and (v) the withdrawal and/or replacement of any limited partner or interests of any limited partner of Trustor, (collectively a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable review of documentation by the Beneficiary.

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 business 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 and the consent of the Senior Lender.

26. **Hazardous Substances.** 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.

a. 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.

b. 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. 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) business 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) business 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 Lender or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions set forth in Section 8 of the Note, 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.

a. 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.

b. 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 Senior Lender's 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, which shall not be unreasonably withheld, conditions, or delayed.

31. **Prohibition against tenancy under foreclosure.** Notwithstanding anything to the contrary set forth in this Deed of Trust or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.

32. **General Partner Change.** Except as otherwise provided in the HOME Loan Agreement, the withdrawal, removal, and/or replacement of a general partner of the Trustor pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Secured Obligations, and any such actions shall not accelerate the maturity of the HOME Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and is selected with reasonable promptness, subject to Section 22.b above. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by Beneficiary necessary and adequate to fulfill the obligations undertaken in the HOME Loan Agreement, as amended.

33. **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]

BY SIGNING BELOW, TRUSTOR accepts and agrees to the terms and covenants contained in this Deed of Trust.

TRUSTOR:

6th & Cesar Chavez CIC, LP,
a California limited partnership

By: Pacific Southwest Community Development
Corporation, a California nonprofit public benefit
corporation, its Managing General Partner

By: _____
Robert W. Laing, Executive Director

Date: _____

(Signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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)
) ss:
COUNTY OF _____)

On _____, 2016, before me, _____, 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

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT "C"

PROMISSORY NOTE (HOME Loan)

\$1,000,000

Riverside, CA

n installments as hereafter stated, for value received, 6th & CESAR CHAVEZ, CIC, L.P., a California limited partnership ("Borrower"), promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of One Million Dollars and No/100 Dollars (U.S. \$1,000,000.00) (the "HOME 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 Loan Agreement for the Use of HOME program funds executed by COUNTY and Borrower, dated as of _____ and recorded in the Official Records ("Official Records") of the County of Riverside on or about the date hereof (the "HOME Loan Agreement"). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the HOME Loan Agreement. The Note is secured by a Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County dated _____ and recorded on or about the date hereof in the Official Records (the "HOME Deed of Trust" or "Deed of Trust"). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). 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 HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of two percent (2%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, which includes the HOME Loan ("Residual Receipts Loans"). The payment shall be split pro-rata between each Residual Receipts Loan based on the percentage of each respective loan amount according to its share of the total amount of all such loans, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to 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

recording of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be the later to occur of (i) July 1, 2075 or (ii) fifty-five (55) years from and after the recording of the Notice of Completion (the "HOME Loan Term"). The first payment shall be due on July 1st in the first full calendar year following the date of the recording of the Notice of Completion 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 HOME Loan or the HOME Loan maturity date as set forth above.

- (5) 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 to COUNTY within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1st of the first full calendar year following the recording of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon the maturity date of the HOME Note and the expiration of the HOME Loan Term as set forth in Section 4(a). The first payment from BORROWER to COUNTY shall be due on July 1st in the first full calendar year following the date of the recording of the Notice of Completion, 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 the earlier of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above. 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 Developer 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 \$55 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year;
 - 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, limited to \$600 per unit per year for all units in the Project, as defined in Exhibit A;
 - e) Operating Reserves replenishment in an amount up to \$25,000;
 - f) deferred developer's fee in the amount of \$3,561,037;
 - g) a managing general partner asset management annual fee which shall be in the total initial amount of \$ 25,000, increased by no more than 3% annually;
 - h) an annual limited partner asset management fee not to exceed \$8,500 which fee shall be increased annually by 3% during each year of the tax credit compliance period for the Project, and thereafter any further increases shall not be permitted without the written approval of the County's Executive Director in his/her discretion);

- i) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and
- j) COUNTY's Annual Monitoring Fee in the total annual amount of \$10,500.

The calculation of operating expenses shall be subject to the reasonable approval of the County's Executive Director or designee.

Operating expenses shall not include repayment of advances to the Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties (including without limitation, any advances or reimbursements for any portion of the Deferred Developer's Fee to pay any construction cost overruns) (collectively a "Partnership Loan"); provided, however, such Partnership Loan may be authorized by the County's Department of Housing, Homeless Prevention & Workforce Solutions Executive Director, or designee, in his/her sole discretion, upon written request received by the County. In considering such Borrower request for approval of a Partnership Loan, County's Executive Director, or designee, will consider the following: (i) whether such request was made pursuant to the terms of the Partnership Agreement, (ii) if a Project deficit exists and written evidence of such deficit is provided to the County's Executive Director, or designee, (iii) Borrower has demonstrated to Authority, in writing, that the requested loan is the only available means of relieving such deficit, (iv) the County's Executive Director, or designee, approves the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The County's Executive Director, or designee, shall retain the right, in its discretion, to defer such approval to the County's Board of Supervisors. Failure by the County's Executive Director, or designee, to respond to such request within 30 days of the County's receipt of such written notice shall be deemed disapproval of such request.

- (6) The HOME Loan evidenced by this Note is secured by that certain HOME Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium, provided however notwithstanding such prepayment, Borrower shall be required to adhere to the affordability restrictions contained in the Covenants until the expiration of the term contained therein.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed

of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy 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 COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section 8, the COUNTY 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 COUNTY 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 COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME 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 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 Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

- (9) The occurrence of any of the following events shall constitute an "Event of Default" under this Note after the expiration of all applicable notice and cure periods pursuant to the terms set forth in the HOME Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than those costs permitted under the HOME Loan Agreement 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 HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of Citibank securing a construction loan in a principal amount up to \$30,000,000, (ii) that certain Deed of Trust for the benefit of the California Housing and Community Development securing a loan in a principal amount up to \$1,100,000, (iii) that certain Deed of Trust for the benefit of CA Department of Development Services securing a loan in a principal amount up to \$1,160,000, (iv) that certain Deed of Trust for the benefit of City of Coachella securing a loan in a principal amount up to \$9,240,000 and (v) 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 COUNTY's prior written approval that are prohibited under this agreement or that have the effect of reducing the priority or invalidating the lien of the HOME Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HOME Loan Agreement, (4) any material default under the HOME Loan Agreement, HOME Deed of Trust with Assignment of Rents, Covenant Agreement, HOME Note, or any document executed by the County in connection with this Agreement, and/or (5) default past any applicable notice and cure period under the terms of the HOME Deed of Trust or any other instrument or document secured against the Property;

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 HOME Loan Agreement; 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 COUNTY is a party to such agreement.

- (10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Borrower shall have ten (10) business days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (12) 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.
- (13) 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 COUNTY 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.

- (14) 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 HOME 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.
- (15) 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.
- (16) 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 COUNTY.
- (17) The COUNTY 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.
- (18) 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 COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the HOME Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (19) Except as to the permitted deeds of trust identified herein, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21) (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (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.

(b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 5555 Arlington Avenue, Riverside, California 92504, Attention: Director of Housing, Homelessness Prevention & Workforce Solutions. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.

(c) The address of Borrower for purposes of receiving notices pursuant to this Note is 6339 Paseo Del Lago, Carlsbad, CA 92011, Attention: President, with a copy to Borrower's limited partner, WNC Inc., 17782 Sky Park Circle, Irvine, CA 92614, Attention: Director of Asset Management.

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

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[SIGNATURES ON FOLLOWING PAGE]

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

TRUSTOR:

6th & Cesar Chavez CIC, L.P.,
a California limited partnership

By: Pacific Southwest
Community Development Corporation,
a California nonprofit public benefit corporation,
its Managing General Partner Its: General Partner

By: _____
Robert W. Laing, Executive Director

Date: _____

EXHIBIT "D"

RIVERSIDE COUNTY

**HOUSING, HOMELESSNESS PREVENTION &
WORKFORCE SOLUTIONS (HHPWS)**

SECTION 3

24 CFR PART 135

**ECONOMIC OPPORTUNITIES FOR
LOW-AND VERY LOW-INCOME PERSONS**

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY HOUSING, HOMELESSNES PREVENTION & WORKFORCE SOLUTIONS

I. Section 135.1 Purpose

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low-and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

- (1) Recipients and covered contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth in this Section for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (2) The goals established in this section apply to the entire amount of the Section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY) commencing with the first FY following the effective date of this rule - (October 1, 1994).
- (3) For Recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (4) The numerical goals established in this Section represent minimum numerical goals.

B. TRAINING AND EMPLOYMENT

The numerical goals set forth in this Section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ Section 3 residents, to the greatest extent feasible, should be made at all levels.

Recipients of Section 3 covered community development assistance, and their contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to employ Section 3 residents as:

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and

- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

Numerical goals set forth in this Section apply to contracts awarded in connection with all Section 3 covered project and Section 3 covered activities. Each recipient and contractor and subcontractor may demonstrate compliance with the requirements of this part by committing to award to Section 3 Business Concerns:

- (1) At least 10 percent to of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
- (2) At least three (3) percent of the total dollar amount of all other Section 3 covered contracts.

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

- (1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the Section 3 preference requirements.
- (2) In evaluating compliance, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in Sec. 135.40, which were provided in its efforts to comply with Section 3 and the requirement of this part.

III. SECTION 135.34 Preference for Section 3 Residents in Training and Employment Opportunities.

- A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.
 - (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;
- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the

recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)

- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

IV SECTION 135.36 Preference for Section 3 Business Concerns in Contracting Opportunities.

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.

(1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:

- (i) Section 3 business concerns that provide economic opportunities for Section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
- (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);
- (iii) Other Section 3 business concerns.

- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.

- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall,

- to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
 - C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
 - D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
 - E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
 - F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.

- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.
- C. Other business related economic opportunities:
 - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.
 - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

Applicant means any entity which makes an application for Section 3 covered assistance and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contract. See the definition of "Section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Department or HUD means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

Employment opportunities generated by Section 3 covered assistance means (with respect to Section 3 covered housing and community development assistance), this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3(a) (2)), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs, include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

Low income person. See the definition of "Section 3 Resident" in this section.

New hires mean full-time employees for permanent, temporary, or seasonal employment opportunities.

Public Housing resident has the meaning given this term in 24 CFR Part 963.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner,

PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

Section 3 means Section 3 of the Housing and Urban Development Act of 1968, as amended (12 U.S.C. 1701u)

Section 3 Business Concern means a business concern, as defined in this Section:

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in Sections (1) or (2) in this definition of "Section 3 Business Concern"

Section 3 Clause means the contract provisions set forth in Sec. 135.38.

Section 3 covered activity means any activity which is funded by Section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement);
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements regardless of ownership).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 resident means:

- (1) A public housing resident; or
- (2) An individual who resides in the San Bernardino or Riverside County, and who is:
 - (i) A low income person, is defined as families whose incomes do not exceed 80 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (ii) A very low income person, is defined as families whose incomes do not exceed 50 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (iii) A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very low income person. See the definition of "Section 3 resident" in this section.

RIVERSIDE COUNTY
 HOUSING, HOMELESSNES PREVENTION & WORKFORCE SOLUTIONS

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

I, _____, hereby certify that the business
 (print name and title)

known as _____
 (print business name)

- _____ is not a Section 3 business. (Please complete the bottom section.)
- _____ is a Section 3 business **because** (check one of the following:)
- _____ *51 percent or more is owned by Section 3 residents; or*
- _____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*
- _____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

The business was formed in accordance with state law and is licensed under state, county, or municipal law to engage in the business activity for which it was formed.

A Section 3 Resident is a person living in San Bernardino or Riverside County who is a Public Housing resident or who is low income.

Low-Income Persons mean families (including single persons) whose income does not exceed 80 percent of the median income, as adjusted by HUD, for Riverside and San Bernardino Counties.

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective FY 2020 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family (80% AMI)	\$42,400	\$48,200	\$54,250	\$60,250	\$65,100	\$69,900	\$74,750	\$79,550

A new hire is qualified as a Section 3 resident if he/she resides in Riverside or San Bernardino County and his/her total family income is less than the family income shown above for his/her household size.

EXHIBIT D-2

§ 135.38 Section 3 Clause

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires

that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

(a) Applicability. In the procurement of property and services by participating jurisdictions, State recipients, and sub-recipients, the conflict of interest provisions in 24 CFR 85.36 and 24 CFR 84.42, respectively, apply. In all cases not governed by 24 CFR 85.36 and 24 CFR 84.42, the provisions of this section apply.

(b) Conflicts prohibited. No persons described in **paragraph (c)** of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with HOME funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a HOME-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions of **paragraph (b)** of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of COUNTY, State recipient, or sub-recipient which are receiving HOME funds.

(d) Exceptions: Threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of **paragraph (b)** of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the HOME Investment Partnerships Program and the effective and efficient administration of COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

(1) A disclosure of the nature of the conflict, accompanied by an assurance that there has been public disclosure of the conflict and a description of how the public disclosure was made; and

(2) An opinion of the recipient's attorney that the interest for which the exception is sought would not violate State or local law.

(e) Factors to be considered for exceptions. In determining whether to grant a requested exception after the recipient has satisfactorily met the requirements of **paragraph (d)** of this section, HUD shall consider the cumulative effect of the following factors, where applicable:

- i) Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- ii) Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

- iii) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;
- iv) Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;
- v) Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;
- vi) Any other relevant considerations.

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with HOME funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HOME-assisted affordable housing unit in a project. This provision does not apply to an individual who receives HOME funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, COUNTY may grant an exception to the provisions of **paragraph (f)(1)** of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the HOME program and the effective and efficient administration of the owner's or developer's HOME-assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
 - (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

Community Development Block Grant
Policy Manual, I.D. # A-11

TOPIC: CONFLICT OF INTEREST CODED
RIVERSIDE COUNTY

HOUSING, HOMELESSNES PREVENTION & WORKFORCE

SOLUTIONS

DATE: MARCH 1999

This Conflict of Interest Code is written to comply with Federal Regulations (24 CFR Part 85). These Regulations. "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments" require that grantees and sub-grantees will maintain a written code of standards of conduct governing the performance of their employees engaged in the award and administration of contracts.

- 1) No employee, officer, or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.
- 2) Such a conflict will arise when:
 - i) The employee, officer or agent;
 - ii) Any member of the immediate family;
 - iii) His/Her partners; or
 - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
 - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
 - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
 - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
 - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
 - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of **Section 4**, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

Exhibit F: Sample Tenant Checklist

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

Project Name:
Address:

Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recert. Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N.Haw Pc Islan	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races	

Prepared by:

Title:

Phone Number:

Problems or questions please call, Monica Telles at 760.863.2541

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

EXHIBIT “G”

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 6103

3 Order No.
4 Escrow No.
5 Loan No.

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 Riverside County Housing, Homelessness
9 Prevention & Workforce Solutions
10 5555 Arlington Avenue
11 Riverside, CA 92504
12 Attn. Monica Telles

SPACE ABOVE THIS LINE FOR RECORDERS USE

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**COVENANT AGREEMENT
(Pueblo Viejo Villas)**

This Covenant Agreement (Pueblo Viejo Villas) (“Covenant”) is made and entered into as of the day of _____ by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), 6th & CESAR CHAVEZ CIC, L.P., a California limited partnership (“OWNER”).

RECITALS

WHEREAS, OWNER owns that certain real property located at 1279 6th Street in the City of Coachella, also identified as Assessor’s Parcel Number 778-080-009, described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference (the “Property”);

WHEREAS, on _____ COUNTY and OWNER entered into that certain Loan Agreement for the use of HOME Program Funds (Pueblo Viejo Villas) dated _____ and recorded in the Official Records (“Official Records”) of the County of Riverside concurrently herewith (the “HOME Loan Agreement” or “Agreement”) which provides for, among other things, the development and construction on the Property, also known as “Pueblo Viejo Villas,” a multi-family affordable housing project consisting of one hundred

1 five (105) rental housing units, one (1) unit shall be designated as a managers unit, and 11 units
2 of which shall be rented to and occupied by very low-income households (“HOME Assisted
3 Units”)(collectively the “Project”). Capitalized terms not defined herein shall have the meaning
4 ascribed to them in the HOME Loan Agreement;

5 WHEREAS, the County was qualified by the United States Department of
6 Housing and Urban Development (“HUD”) as an “Urban County” and an approved
7 participating jurisdiction that has received funds from HUD pursuant to the HOME Investment
8 Partnerships Program, Title II of the Cranston-Gonzalez National Affordable Housing Act , as
9 amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto
10 (24 CFR Part 92) (collectively, the “HOME Program”), for the purposes of providing decent,
11 safe, sanitary, and affordable housing with primary attention to rental housing, for low-income
12 families; to strengthen public-private partnerships to carry out affordable housing programs;
13 and to provide for coordinated assistance to participants in the development of affordable low-
14 income housing;

15 WHEREAS, pursuant to the HOME Loan Agreement, COUNTY loaned to OWNER
16 \$1,000,000 derived from HOME funds (“HOME Loan”), to pay a portion of the costs to develop
17 and construct the Project, as more fully described in the HOME Loan Agreement. The HOME
18 Loan is evidenced by a Promissory Note executed by OWNER, in favor of the COUNTY dated
19 on or about the date hereof (“HOME Loan Note”) and secured by that certain Deed of Trust and
20 Assignment of Rents executed by OWNER, for the benefit of COUNTY and recorded in the
21 Official Records concurrently herewith (“HOME Loan Deed of Trust”); and

22 WHEREAS, pursuant to the HOME Loan Agreement, OWNER has agreed to develop
23 and construct the Project on the Property and ensure the HOME Assisted Units are rented to and
24 occupied by qualified very low-income households consistent with the HOME Program
25 requirements and as set forth more specifically below.

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

3 1) RESTRICTIONS. The recitals set forth above are true and correct and
4 incorporated herein. This Covenant shall continue in full force and effect for the later of (i) fifty-
5 five (55) years from the recordation of the Notice of Completion for the last building for which
6 construction is completed for the Project on the Property, or (ii) July 1, 2075 (“Term” or
7 “Affordability Period”). For the duration of the Term, the Property shall be held, sold and
8 conveyed, subject to the following covenants, conditions, and restrictions:

9 a) Eleven (11) rental units within the Project shall be designated as floating
10 Low HOME rent units rented to and occupied by Qualified Very Low Income Households whose
11 incomes do not exceed fifty percent (50%) of the area median income for the County of
12 Riverside (“VLI households”), adjusted by family size at the time of occupancy as published by
13 HUD (“HOME-Assisted Units”). The HOME-Assisted Units shall be a “floating” designation
14 on the Property such that the requirements of this Covenant will be satisfied so long as the total
15 number of HOME-Assisted Units remains the same throughout the Affordability Period and the
16 substituted HOME Assisted Unit is comparable in terms of size, features, and number of
17 bedrooms to the originally designates HOME Assisted Unit;

18 b) HOME-Assisted Units shall be rented to and occupied by VLI households
19 that qualify for an affordable rent as defined under 24 CFR 92.252 of the HOME Investment
20 Partnerships Act and HOME Investment Partnerships (“HOME”) program, which was enacted
21 under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as
22 amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24
23 CFR Part 92) (collectively, the “HOME Program”). Affordable rents including utility allowance
24 for VLI households, shall be the product of 30 percent times 50 percent of the area median
25 income adjusted for family size appropriate for the unit. COUNTY shall review and approve
26 proposed rents to the extent required under this section. BORROWER shall ensure the HOME-
27 Assisted Units are rented to qualified applicants at the described rent levels herein. The
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1 maximum monthly allowances for utilities and services (excluding telephone) shall not exceed
2 the utility allowance as described below.

3 c) Utility Allowance: The Utility Allowance will be calculated in
4 accordance with 24 CFR part 92.252(d), HOME fires UA Notice Volume 13, Number 2.
5 OWNER is required to complete initial UA calculations and submit their calculations for review
6 and approval to the HHPWS prior to implementation, and annually by June 1st. The following
7 methods below are acceptable methodologies for calculating the Utility Allowance for this
8 Project: (1) HUD Utility Schedule Model (HUSM) UA based on HUD's model; (2) Utility
9 Company Estimate UA based on estimated obtained from a local utility company for each of the
10 utilities used in the project.; (3) LIHTC Agency Estimate UA approved by the LIHTC agency
11 based on its actual usage methodology.; (4) Energy Consumption Model (Engineer Model) UA
12 based upon on an energy and water and sewage consumption and analysis model prepared by a
13 third party licensed engineer or t qualified professional

14 d) OWNER shall comply with the terms of the HOME Loan Agreement,
15 HOME Loan Note, HOME Loan Deed of Trust and any other instrument secured against the
16 Property.

17 2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the
18 HOME Loan Agreement, including any of its attachments, this Covenant Agreement shall be in
19 first priority lien position and senior to all other security instruments, including but not limited to
20 the following liens: (1) a deed of trust for the benefit of Citibank; (2) a deed of trust for the
21 benefit of CA Housing and Community Development Affordable Housing and Sustainable
22 Communities Program Loan; (3) a deed of trust for the benefit of the CA Department of
23 Development Services; (4) a deed of trust for the benefit of the City of Coachella; and (5) a
24 HOME Deed of Trust for the benefit of COUNTY.

25 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
26 Covenant, OWNER, for itself and on behalf of its successors and assigns, shall adhere to and
27 comply with all applicable federal, state and local laws, regulations and ordinances., including,
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1 but not limited to the following:

2 a) The HOME Investment Partnerships Program as enacted under Title II of
3 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
4 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time,
5 including, but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252,
6 24 CFR 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing
7 regulations set forth in the Final Rule, as it now exists and may hereafter be amended.

8 b) 24 CFR Section 92.350 Other Federal requirements and
9 nondiscrimination. As set forth in 24 CFR part 5, Subpart A, OWNER is required to include the
10 following requirements: nondiscrimination and equal opportunity under Section 282 of the Act;
11 disclosure; debarred, suspended, or ineligible contractors; and drug-free workplace.

12 c) 24 CFR Section 92.351 Affirmative marketing and minority outreach
13 program. OWNER must adopt affirmative marketing procedures and requirements. These must
14 include:

15 (4) Methods for informing the public, owners, and potential tenants about Federal
16 fair housing laws and the affirmative marketing policy (e.g., the use of the Equal Housing
17 Opportunity logotype or slogan in press releases and solicitations for owners, and written
18 communication to fair housing and other groups).

19 (5) Requirements and practices that OWNER must adhere to in order to carry out the
20 affirmative marketing procedures and requirements (e.g., use of commercial media, use of
21 community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of
22 fair housing poster).

23 (6) Procedures to be used by OWNER to inform and solicit applications from
24 persons in the housing market area who are not likely to apply without special outreach (e.g.,
25 use of community organizations, employment centers, fair housing groups, or housing
26 counseling agencies).

27 (7) Records that will be kept describing actions taken by OWNER to affirmatively
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1 market units and records to assess the results of these actions.

2 (8) A description of how OWNER will annually assess the success of affirmative
3 marketing actions and what corrective actions will be taken where affirmative marketing
4 requirements are not met.

5 (9) OWNER must prescribe procedures to establish and oversee a minority outreach
6 program to ensure the inclusion, to the maximum extent possible, of minorities and women, and
7 entities owned by minorities and women, including, without limitation, real estate firms,
8 construction firms, appraisal firms, management firms, financial institutions, investment
9 banking firms, underwriters, accountants, and providers of legal services, in all contracts
10 entered into by OWNER with such persons or entities, public and private, in order to facilitate
11 the activities of COUNTY to provide affordable housing authorized under this Act or any other
12 Federal housing law. Section 24 CFR 85.36(e) provided affirmative steps to assure that
13 minority business enterprises and women business enterprises are used when possible in the
14 procurement of property and services. The steps include:

- 15 (i) Placing qualified small and minority businesses and
16 women's business enterprises on solicitation lists.
- 17 (ii) Assuring that small and minority businesses, and women's
18 business enterprises are solicited whenever they are
19 potential sources.
- 20 (iii) Dividing total requirements, when economically feasible,
21 into smaller tasks or quantities to permit maximum
22 participation by small and minority business, and women's
23 business enterprises.
- 24 (iv) Establishing delivery schedules, where the requirement
25 permits, which encourage participation by small and
26 minority business, and women's business enterprises.
- 27 (v) Using the services and assistance of the Small Business
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1 Administration, and the Minority Business Development
2 Agency of the Department of Commerce.

3 10) TENANT PROTECTIONS. OWNER shall provide protection to the tenants of
4 the COUNTY HOME Assisted Units in accordance with the requirements set forth at 24 CFR
5 92.253 and described as follows:

6 a) Provide written lease agreement for not less than one year, unless by
7 mutual agreement between the tenant and OWNER. COUNTY shall review the initial form of
8 the lease agreement prior to OWNER executing any leases and, provided that OWNER uses
9 the approved lease form, OWNER shall be permitted to enter into residential leases without
10 COUNTY's prior written consent.

11 b) Prohibited Lease Terms. The rental agreement/lease may not contain any
12 of the following provisions:

13 (1) *Agreement to be sued*. Agreement by the tenant to be sued, to
14 admit guilt or to a judgment in favor of OWNER in a lawsuit
15 brought in connection with the lease.

16 (2) *Treatment of property*. Agreements by tenant that OWNER may
17 take, hold, or sell personal property of household members
18 without notice to the tenant and a court decision on the rights of
19 the parties. This prohibition, however, does not apply to an
20 agreement by the tenant concerning disposition of personal
21 property remaining in the housing unit after the tenant has moved
22 out of the unit. OWNER may dispose of this personal property in
23 accordance with State law.

24 (3) *Excusing OWNER from responsibility*. Agreement by the tenant
25 not to hold OWNER or OWNER's agents legally responsible for
26 any action or failure to act, whether intentional or negligent.

27 (4) *Waiver of notice*. Agreement of the tenant that OWNER may
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1 institute a lawsuit without notice to the tenant.

2 (5) *Waiver of legal proceeding.* Agreement by the tenant that the
3 OWNER may evict the tenant or household members without
4 instituting a civil court proceeding in which the tenant has the
5 opportunity to present a defense, or before a court decision on the
6 rights of the parties.

7 (6) *Waiver of a jury trial.* Agreement by the tenant to waive any right
8 to a trial by jury.

9 (7) *Waiver of right to appeal court decision.* Agreement by the tenant
10 to waive the tenant's right to appeal, or to otherwise challenge in
11 court, a court decision in connection with the lease.

12 (8) *Tenant chargeable with cost of legal actions regardless of*
13 *outcome.* Agreement by the tenant to pay attorneys' fees or other
14 legal costs even if the tenant wins in a court proceeding by
15 OWNER against the tenant. The tenant, however, may be
16 obligated to pay costs if the tenant loses.

17 (9) *Mandatory supportive services.* Agreement by the tenant (other
18 than a tenant in transitional housing) to accept supportive services
19 that are offered.

20 c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4,
21 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against
22 Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322,
23 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due
24 to a tenant's status as a victim of domestic violence, dating violence, or stalking, and requires
25 landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a
26 survivor of domestic violence, dating violence, sexual assault, and stalking from being denied
27 assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of
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1 violence committed against them. It extends housing protections to survivors of sexual assault,
2 and adds "intimate partner" to the list of eligible relationships in the domestic violence
3 definition. Protections also now cover an "affiliated individual," which includes any lawful
4 occupant living in the survivor's household, or related to the survivor by blood or marriage
5 including the survivor's spouse, parent, brother, sister, child, or any person to whom the
6 survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful
7 occupant who engages in criminal activity directly relating to domestic violence, dating
8 violence, sexual assault, or stalking against an affiliated individual or other individual, or
9 others may be evicted or removed without evicting or removing or otherwise penalizing a
10 victim who is a tenant or lawful occupant. If victim cannot establish eligibility, OWNER must
11 give a reasonable amount of time to find new housing or establish eligibility under another
12 covered housing program. A Notice of Rights under VAWA 2013 for tenants must be provided
13 at the time a person applies for housing, when a person is admitted as a tenant of a housing
14 unit, and when a tenant is threatened with eviction or termination of housing benefits. Tenants
15 must request an emergency transfer and reasonably believe that they are threatened with
16 imminent harm from further violence if the tenant remains in the same unit. The provisions of
17 VAWA 2013 that are applicable to HUD programs are found in title VI of VAWA 2013, which
18 is entitled "Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault,
19 and Stalking." Section 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C. 14043e et
20 seq.) to add a new chapter entitled "Housing Rights."

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

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

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

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

18 a) In deeds: "The grantee herein covenants by and for himself or herself, his
19 or her heirs, executors, administrators, and assigns, and all persons claiming under or
20 through them, that there shall be no discrimination against or segregation of, any person
21 or group of persons on account of any basis listed in subdivision (a) or (d) of Section
22 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
23 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
24 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy,
25 tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person
26 claiming under or through him or her, establish or permit any practice or practices of
27 discrimination or segregation with reference to the selection, location, number, use or
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1 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein
2 conveyed. The foregoing covenants shall run with the land.”

3 b) In leases: “The lessee herein covenants by and for himself or herself, his
4 or her heirs, executors, administrators, and assigns, and all persons claiming under or
5 through him or her, and this lease is made and accepted upon and subject to the following
6 conditions: That there shall be no discrimination against or segregation of any person or
7 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
8 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
9 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section
10 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
11 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
12 or any person claiming under or through him or her, establish or permit any such practice
13 or practices of discrimination or segregation with reference to the selection, location,
14 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
15 premises herein leased.”

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

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

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

7 a) Worker's Compensation Insurance. If OWNER has employees as defined by the State of
8 California, OWNER shall maintain statutory Workers' Compensation Insurance
9 (Coverage A) as prescribed by the laws of the State of California. Policy shall include
10 Employers' Liability (Coverage B) including Occupational Disease with limits not less
11 than \$1,000,000 per person per accident. The policy shall be endorsed to waive
12 subrogation in favor of the County of Riverside, and, if applicable, to provide a Borrowed
13 Servant/Alternate Employer Endorsement.

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

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

8 d) General Insurance Provisions – All Lines.

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

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

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

10 iv) It is understood and agreed to by the parties hereto that OWNER's insurance
11 shall be construed as primary insurance, and COUNTY's insurance and/or
12 deductibles and/or self-insured retention's or self-insured programs shall not
13 be construed as contributory.

14 v) If, during the term of this Covenant or any extension thereof, there is a
15 material change in the scope of services or there is a material change in the
16 equipment to be used in the performance of the scope of work which will add
17 additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then
18 COUNTY reserves the right to adjust the types of insurance required under
19 this Covenant and the monetary limits of liability for the insurance coverage's
20 currently required herein, if; in Risk Manager's reasonable judgment, the
21 amount or type of insurance carried by OWNER has become inadequate.

22 vi) OWNER shall pass down the insurance obligations contained herein to all
23 tiers of subcontractors.

24 vii) OWNER agrees to notify COUNTY in writing of any claim by a third party or
25 any incident or event that may give rise to a claim arising from the
26 performance of the Agreement.

27 14) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold harmless the
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1 County of Riverside, its Agencies, Districts, Special Districts and Departments, their
2 respective directors, officers, Board of Supervisors, elected and appointed officials,
3 employees, agents and representatives (individually and collectively hereinafter referred to as
4 Indemnitees) from any liability whatsoever, based or asserted upon any services of OWNER,
5 its officers, employees, subcontractors, agents or representatives arising out of or in any way
6 relating to this Agreement, including but not limited to property damage, bodily injury, or
7 death or any other element of any kind or nature whatsoever arising from the performance of
8 OWNER, its officers, employees, subcontractors, agents or representatives Indemnitors from
9 this Agreement, except in the event of the gross negligence or willful misconduct of the
10 Indemnitees; provided however, any gross negligence or willful misconduct of the
11 Indemnitees will only affect Owner's duty to indemnify for the specific act found to be gross
12 negligence or willful misconduct, and will not preclude a duty to indemnify for any act or
13 omission of Owner. OWNER shall defend, at its sole expense, all costs and fees including,
14 but not limited, to reasonable attorney fees, cost of investigation, defense and settlements or
15 awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.
16 With respect to any action or claim subject to indemnification herein by OWNER shall, at
17 their sole cost, have the right to use counsel of their own choice and shall have the right to
18 adjust, settle, or compromise any such action or claim without the prior consent of
19 COUNTY; provided, however, that any such adjustment, settlement or compromise in no
20 manner whatsoever limits or circumscribes OWNER's indemnification to Indemnitees as set
21 forth herein. OWNER's obligation hereunder shall be satisfied when OWNER has provided
22 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the
23 action or claim involved. The specified insurance limits required in this Agreement shall in
24 no way limit or circumscribe OWNER's obligations to indemnify and hold harmless the
25 Indemnitees herein from third party claims. In the event there is conflict between this clause
26 and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil
27 Code 2782. Such interpretation shall not relieve OWNER from indemnifying the Indemnitees
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1 to the fullest extent allowed by law. The indemnification set forth in this paragraph 14 shall
2 survive the expiration and earlier termination of this Covenant.

3 15) NOTICES. All Notices provided for in this Covenant shall be deemed received
4 when personally delivered, or two (2) days following mailing by certified mail, return receipt
5 requested. All mailing shall be addressed to the respective parties at their addresses set forth
6 below, or at such other address as each party may designate in writing and give to the other
7 party:

8 COUNTY

9 Director, Housing, Homelessness
10 Prevention & Workforce Solutions
11 Riverside County
12 5555 Arlington Avenue
13 Riverside, CA 92504

OWNER

6th & Cesar Chavez, CIC, L.P.
6339 Paseo Del Lago
Carlsbad, CA 92011

14 16) REMEDIES. COUNTY shall have the right, in the event of any breach of any
15 such agreement or covenant, to exercise all available rights and remedies, and to maintain any
16 actions at law or suit in equity or other proper proceedings to enforce the curing of such breach
17 of agreement or covenant.

18 17) TERM. The non-discrimination covenants, conditions and restrictions contained
19 in Section 6 of this Covenant shall remain in effect in perpetuity. Every other covenant,
20 condition and restriction contained in this Covenant shall continue in full force and effect for the
21 Term, as defined in **Section 1** of this Covenant.

22 18) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY
23 shall give OWNER notice of such default pursuant to section 9 above. Any monetary default
24 shall be cured within ten (10) business days of delivery of written notice. Except as otherwise
25 set forth herein, if a non-monetary default is reasonably capable of being cured within thirty (30)
26 business days of delivery of such notice of default, OWNER shall have such period to effect a
27 cure prior to exercise of remedies by COUNTY. If the non-monetary default is such that it is not
28 reasonably capable of being cured within thirty (30) business days of delivery of such notice of
default, and OWNER (a) initiates corrective action within said period, and (b) diligently,

1 continually, and in good faith works to effect a cure as soon as possible, then OWNER shall have
2 such additional time as is reasonably necessary to cure the default prior to exercise of any
3 remedies by the COUNTY; but in no event no later than sixty (60) days from delivery of such
4 notice of default. COUNTY, upon providing OWNER with any notice of default under this
5 Covenant, shall, within a reasonable time, provide a copy of such default notice to a Permitted
6 Lender who has given written notice to COUNTY of its interest in the Property and Project and
7 to Owner's limited partner. From and after such notice has been delivered to a Permitted Lender
8 and the Owner's limited partner, such Permitted Lender and limited partner shall have the same
9 period for remedying the default complained of as the cure period provided to OWNER pursuant
10 to this Section 18. COUNTY shall accept performance by a Permitted Lender or limited partner
11 of Owner as if the same had been done by OWNER.

12 If a violation of any of the covenants or provisions of this Covenant remains uncured
13 after the respective time period set forth in this Section 18, COUNTY and its successors and
14 assigns, without regard to whether COUNTY or its successors and assigns is an owner of any
15 land or interest therein to which these covenants relate, may institute and prosecute any
16 proceedings at law or in equity to abate, prevent or enjoin any such violation or attempted
17 violation or to compel specific performance by OWNER of its obligations hereunder. No delay
18 in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive
19 the right of any party entitled to enforce the provisions hereof or to obtain relief against or
20 recover for the continuation or repetition of such breach or violations or any similar breach or
21 violation hereof at any later time.

22 Any cure tendered by Owner's limited partner shall be accepted or rejected on the same
23 basis as if tendered by OWNER.

24 19) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.
25 OWNER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the
26 Project, the Property or any portion thereof, without obtaining the prior written consent of
27 COUNTY, in its sole discretion. Any sale, assignment, or transfer of the Project or Property,
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1 shall be memorialized an assignment and assumption agreement the form and substance of which
2 have been first approved in writing by the COUNTY in its sole discretion. Such assignment and
3 assumption agreement shall, among other things, provide that the transferee has assumed in
4 writing and in full, and is reasonably capable of performing and complying with OWNER's
5 duties and obligations under the HOME Loan Agreement and this Covenant, provided, however
6 OWNER shall not be released of all obligations under the HOME Loan Agreement and this
7 Covenant.

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

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

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

19 23) PERMITTED MORTGAGES. No violation or breach of the covenants,
20 conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or
21 render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted
22 by the HOME Loan Agreement or the lien or charge of a deed of trust made by OWNER for the
23 benefit of any lender first approved in writing by the COUNTY (each, a "Permitted Lender")
24 and nothing herein or in the HOME Loan Agreement shall prohibit or otherwise limit the
25 exercise of a Permitted Lender's rights and remedies thereunder, including a foreclosure or deed-
26 in-lieu of foreclosure and subsequent transfer thereafter.

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

4 25) PROJECT MONITORING AND EVALUATION.

- 5 a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to COUNTY, as
6 shown in **Exhibit F** of the HOME Loan Agreement, and may be revised by COUNTY,
7 summarizing the racial/ethnic composition, number and percentage of very low-income
8 households who are tenants of the HOME-Assisted Units. The Tenant Checklist Form
9 shall be submitted upon completion of the construction and thereafter, on a semi-annual
10 basis on or before March 31 and September 30. OWNER shall maintain financial,
11 programmatic, statistical and other supporting records of its operations and financial
12 activities in accordance with the requirements of the HOME Program, including the
13 submission of Tenant Checklist Form. Except as otherwise provided for in this Covenant
14 and in the HOME Loan Agreement, OWNER shall maintain and submit records to
15 COUNTY within ten (10) business days of COUNTY's request which clearly
16 documents OWNER's performance under each requirement of the HOME Program.
- 17 b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability,
18 COUNTY must perform on-site inspections of HOME-Assisted rental housing to
19 determine compliance with the property standards of §92.251 and to verify the
20 information submitted by the owners in accordance with the requirements of §92.252.
21 The inspections must be in accordance with the inspection procedures that the
22 participating jurisdiction establishes to meet the inspection requirements of §92.251. The
23 on-site inspections must occur at least once every 3 years thereafter during the period of
24 affordability. If there are observed deficiencies for any of the inspectable items in the
25 property standards established by COUNTY, in accordance with the inspection
26 requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are
27 corrected must occur within 12 months. COUNTY may establish a list of non-hazardous
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1 deficiencies for which correction can be verified by third party documentation (e.g., paid
2 invoice for work order) rather than re-inspection. Health and safety deficiencies must be
3 corrected immediately, in accordance with §92.251. COUNTY must adopt a more
4 frequent inspection schedule for properties that have been found to have health and
5 safety deficiencies. The property owner must annually certify to the COUNTY that each
6 building and all HOME-Assisted Units in the project are suitable for occupancy, taking
7 into account State and local health, safety, and other applicable codes, ordinances, and
8 requirements, and the ongoing property standards established by the participating
9 jurisdiction to meet the requirements of §92.251. Inspections must be based on a
10 statistically valid sample of units appropriate for the size of the HOME-Assisted project,
11 as set forth by HUD through notice. COUNTY will inspect 100 percent of the HOME-
12 Assisted Units and the inspectable items (site, building exterior, building systems, and
13 common areas) for each building housing HOME-Assisted Units.

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

19 27) COUNTERPARTS. This Covenant may be signed by the different parties hereto
20 in counterparts, each of which shall be an original, but all of which together shall constitute one
21 and the same agreement.

22 28) Recitals. The Recitals set forth above are true and correct and incorporated herein
23 by this reference.

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

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6 [SIGNATURES ON THE NEXT PAGE]

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

3 COUNTY:

OWNER:

4 COUNTY OF RIVERSIDE, a political
5 Subdivision of the State of California

6th & CESAR CHAVEZ CIC, L.P.,
7 a California limited partnership

8 By: Chelsea Investment Corporation, a
9 California corporation, its sole
10 member/manager

11 By: _____
12 Heidi Marshall, Director

13 By: _____
14 Cheri Hoffman, President

15 Date: _____

16 Date: _____

17 APPROVED AS TO FORM:
18 GREGORY P. PRIAMOS, County Counsel

19 By: _____
20 Amrit Dhillon, Deputy County Counsel

21 (COUNTY and OWNER signatures need to be notarized)
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23
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CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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)
) ss:
COUNTY OF _____)

On _____, 2017, before me, _____, 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

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

EXHIBIT “H”

Request for Notices

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside Housing, Homelessness
Prevention & Workforce Solutions
5555 Arlington Avenue
Riverside, CA 92504
Attn: Monica Telles

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, 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 dated _____, 2020 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by 6th & CESAR CHAVEZ CIC, L.P., a California limited partnership, as Trustor in which Citibank, a national banking association is named as Beneficiary, and _____ as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, and is described as follows:

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

All notices to be mailed to:

Attn: Director
Riverside County
Housing, Homelessness Prevention & Workforce Solutions
5555 Arlington Avenue
Riverside, California 92504

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

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.

RIVERSIDE COUNTY HOUSING, HOMELESSNESS
PREVENTION & WORKFORCE SOLUTIONS

Michael F. Walsh, Deputy Director

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

Riverside County
Housing, Homelessness Prevention & Workforce Solutions
5555 Arlington Avenue
Riverside, California 92504

Attn: Stephanie Adams

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, 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 dated _____, 2020 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by 6th & CESAR CHAVEZ CIC, LP, a California limited partnership, as Trustor in which United States Department of Agriculture is named as Beneficiary, and _____ as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, and is described as follows:

Real property in the City of Coachella, County of Riverside, State of California, described as follows:

All notices to be mailed to:

Attn: Director
Housing, Homelessness Prevention & Workforce Solutions
Housing Division
5555 Arlington Avenue
Riverside, California 92504

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

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.

RIVERSIDE COUNTY HOUSING, HOMELESSNESS
PREVENTION & WORKFORCE SOLUTIONS

Michael F. Walsh, Deputy Director

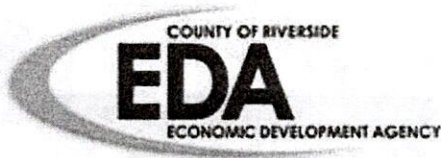


Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors/vendors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

In July 2012, all records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

The County of Riverside requires that each contractor/vendor hold the required federal/state/local license for the service provided.

Please complete the following verification process for each contractor/vendor:

- STEP 1: Visit <https://www.sam.gov/portal/public/SAM/>
- STEP 2: Under "Search Records", enter the company name and press enter.
- STEP 3: Click "Print" on the Search Results page.
- STEP 4: Repeat steps 2 & 3 for variations of the name of contractor/vendor (individual last name or firm).
- STEP 5: Attach print out of search results to this certification as supporting documentation.
- STEP 6: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below HOME Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

DEVELOPER SIGNATURE

Reference September 1 2020 Web Comments and Requests to Speak (final)

First Name	Last Name	Address (Street, City and Zip)	Phone	Agenda Item # or Public Comment	State your position below	Comments
✓ Brad	Anderson	Rancho Mirage 92270	7603249637	3.15	oppose	
Brad	Anderson	Rancho Mirage 92270	7603249637	3.16	oppose	