

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



ITEM: 14.1
(ID # 13515)

MEETING DATE:

Tuesday, September 29, 2020

FROM: RIVERSIDE COMMUNITY HOUSING CORP.:

SUBJECT: RIVERSIDE COMMUNITY HOUSING CORP. (RCHC): Approve the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis; District 4 [50% CARES Act, Coronavirus Relief Funds, 50% State Homekey Grant Funds - \$12,500,000] (Companion Item to MT Item #13514)

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the Projects are exempt from California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3);
2. Approve the Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC, for the acquisition of the Ivy Palm Hotel located at 2000 North Palm Canyon Drive, Palm Springs, CA, Assessor's Parcel Numbers 504-320-032, for an amount not to exceed \$8,500,000, subject to approval as to form by County Counsel, and authorize the Chief Executive Officer of Riverside Community Housing Corp., or designee, to execute a Purchase and Sale Agreement for such acquisition, and any other related documents to consummate the acquisition;


ACTION: Policy


Heidi Marshall Director of Housing, Homelessness Prevention 9/29/2020

MINUTES OF THE BOARD OF DIRECTORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: September 29, 2020
xc: RCHC

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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

3. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$4,250,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation (RCHC), providing a loan derived from the CARES funds in the amount of \$4,250,000 (CARES Loan), to be used to pay a portion of the acquisition and rehabilitation of Ivy Palms Hotel in the City of Palm Springs and convert it to permanent supportive housing, subject to approval as to form by County Counsel;

4. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$2,00,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation, providing a loan derived from the CARES funds in the amount of \$2,000,000 (CARES Loan), to be used to purchase 40 new manufactured housing units to be rented to farmworkers living in substandard conditions in unpermitted parks that lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems, mobile homes to be installed at Mountain View Estates in the community of Oasis, subject to approval as to form by County Counsel;

5. Authorize the Chief Executive Officer of RCHC, or designee, to execute the CARES Loan Documents and to take all necessary steps to implement the CARES Loan Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

6. Direct staff to file the Notice of Exemption within five days of approval by the Board.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$12,500,000	\$ 0	\$12,500,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 50% County Coronavirus Aid, Relief, and Economic Security Act (CARES) Act Funding, 50% State Homekey Grant Funds			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

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

On July 16, 2020, the Department of Housing and Community Development (HCD) published a Notice of Funding Availability (NOFA) for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assembly Bill No. 83 (2019-2020 Reg. Sess.), § 21.). The Homekey Program is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness impacted by COVID-19. HCD has allocated \$600 million in Homekey funding, \$550 million is derived from the State's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million is derived from the State's General Fund. Projects receiving an award from the State's direct allocation of the federal CRF must expend the funds by December 30, 2020. The portion of a Project's award associated with State's General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

The Housing Authority of the County of Riverside (HACR) and its affiliate Riverside Community Housing Corp. (RCHC) identified two potential projects that could benefit from HCD Homekey Program grant funds and submitted two separate applications to HCD for Homekey Program grant funds. We have received confirmation from HCD that a reservation of Homekey funding has been reserved for both applications. Below are brief descriptions of the proposed projects (collectively the "Projects"):

Application 1 Requested \$4,250,000 (Project Ivy Palms in Palm Springs)

Riverside Community Housing Corp. (RCHC) has negotiated the acquisition of the Ivy Palms Hotel (Hotel) for \$8,500,000, located in the City of Palm Springs for the purpose to convert it to Permanent Supportive Housing.

The 100-unit hotel is located on the edge of downtown Palm Springs, and is centrally located to transportation, medical centers, shopping, jobs, and grocery stores. Although the hotel currently has 100 rooms, the Housing Authority and RCHC envision that the ultimate number of rooms will be less in order to convert units to one-bedroom units and to incorporate kitchenettes into the units. The development also will feature a 5,000 square foot community space.

In the fall of 2020, the Housing Authority and RCHC will seek a development partner that will help secure the funding and entitlements for the property. Through this process the Housing Authority and RCHC will identify an architect, engineers, and other consultants that are necessary to bring the project to fruition. The Housing Authority and RCHC envision that the property will be fully entitled and secure financing in 2021, so that construction may commence in the spring of 2022. The Housing Authority commits to project base Housing Choice Vouchers on the property to assist with the development.

While the Housing Authority and RCHC are working through the entitlement process and obtaining the funding, the facility will continue to function as a hotel under Project Roomkey (or similar effort). The County of Riverside has housed more than 700 people through project Roomkey, and currently has transitioned more than 100 to permanent housing with the goal of transitioning 550 families to permanent housing. Specifically, the County of Riverside has close to one hundred people occupying hotels under Project Roomkey in the City of Palm Springs at several hotels and the County plans to relocate many of those clients to this hotel after

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acquisition. If Project Roomkey were to go away the County will use the hotel as a central location for clients of the Department of Public Social Services and Behavioral Health. Annually, the County of Riverside spends more than \$500,000 in the Coachella Valley on hotels.

The property will serve as an anchor institution in the community and provide a central location for the delivery of services. The County of Riverside is committed to leveraging the work of Public Health, Whole Person Care Nurses, Office on Aging, Adult Protective Services, Behavioral Health, Workforce Development, and the strong nonprofit community to leverage the acquisition to serve as a model for the rest of the County. The County of Riverside through the creation of the Housing, Homelessness Prevention, and Workforce Solutions, is seeking to breakdown silos between departments and create a comprehensive service delivery model on the property.

Application 2 Requested \$2,000,000 (40 Mobile homes in Oasis)

The HACR along with its nonprofit affiliate Riverside Community Housing Corp. (RCHC) are proposing the purchase of 40 new manufactured housing units ("Rental Units") to be installed at Mountain View Estates, a mobile home park with mobile home park spaces for rent ("Park"). RCHC and the Park owner agree to enter into an agreement to rent 40 mobile home spaces (Rental Spaces") at \$455 per month per space ("Space Rent"). The Park owner will provide property management services for the Rental Units. The Space Rent shall not exceed 35% of the area median income as established by family size. The Rental Units will be owned by Riverside Community Housing Corp. and will be leased to farmworkers living in substandard conditions in unpermitted parks that oftentimes lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems. The Eastern Coachella Valley is plagued with farmworker housing that is unsafe and unsanitary for farmworkers ("Essential Workers"). Historically, each summer there is an increase in unpermitted mobile home parks losing power due to the faulty and illegal electrical systems providing powering to the mobile home park and mobile homes. This summer alone, over 50 families living in unpermitted mobile home parks have been affected by power outages during times of the day when temperatures have reached over 120 degrees.

Additionally, the Coronavirus has disproportionately affected rural communities and Essential Workers, the Eastern Coachella Valley is no exception. The farmworker communities of Thermal, Mecca and Oasis have the highest per-capita rates of infection and death in the County of Riverside. The inability to socially distance, to stop working, and to qualify for benefits due to their legal resident status, continues to exacerbate the problem.

As part of the Homekey applications submitted to the State the County committed to providing County CARES matching funds on both applications so that the applications were more competitive and eligible for additional funding. For application 1 the County committed to providing \$4,250,000; and for application 2 the County committed to providing \$2,000,000.

**SUBMITTAL TO THE RIVERSIDE COMMUNITY
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COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

Both applications have received reservations of Homekey funding from HCD, staff recommends that the Board approve the following attached documents memorializing the CARES Loans for the Projects for the use of CARES funds, including exhibits (CARES Loan Agreement) between the County of Riverside and Riverside Community Housing Corp., memorializing loans of \$4,250,000 and \$2,000,000, derived from CARES funds to pay a portion of the acquisition, development and construction costs for the Projects. The CARES Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Projects, the forms of which are each attached to the CARES Loan Agreement. The aforementioned use and occupancy restrictions will be memorialized in separate covenant agreements recorded against the Projects with concurrent 55-year terms.

The Projects have been evaluated and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption). Notwithstanding any other law, the California Environmental Quality Act ([Division 13 \(commencing with Section 21000\) of the Public Resources Code](#)) shall not apply to any project, including a phased project, funded pursuant to [Section 50675.1.1](#) if certain requirements described in Section 50675.1.2, if applicable, are satisfied. The proposed projects as described above are made pursuant to Health and Safety Code Section 50675.1.1 and any resulting agreements will be subject to the requirements of the Homekey Program and the aforementioned Health & Safety Code sections. In addition, the projects are exempt pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption) because it can be seen with certainty that that there is no possibility that the activity in question may have a significant effect on the environment. Projects include the authorizing the negotiation of real property, acquisition of mobile home units to be placed and renting spaces at an existing mobile home park, and rehabilitation of existing facilities. Therefore, the projects are statutorily exempt from CEQA and exempt under State CEQA Guidelines Section 15061 (b)(3).

Staff recommends that the Board of Directors approve the attached form the CARES Loan Agreement, including all exhibits, including, but not limited to the forms of the CARES Loan Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement.

Impact on Residents and Businesses

The Projects will allow the County to address a growing problem with housing our homeless population and providing housing to people impacted by COVID-19.

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Projects will be fully funded with the County's direct allocation of Coronavirus Aid, Relief, and Economic Security Act and HCD Homekey Program funds.

Ivy Palm Hotel:

**SUBMITTAL TO THE RIVERSIDE COMMUNITY
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State Homekey	\$4,250,000
County CARES	<u>\$4,250,000</u>
Total Acquisition Cost	\$8,500,000

40 Mobile Homes at Mt. View:

State Homekey	\$2,000,000
County CARES	<u>\$2,000,000</u>
Total Acquisition Cost	\$4,000,000

ATTACHMENTS:

- Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC
- Form of Loan Agreement for the Use of CARES funds, including all exhibits
- Form of CARES Deed of Trust and Promissory Note
- Form of CARES Covenant Agreement
- Notice of Exemption



Marcus Maltese

9/22/2020



Gregory P. Priamos, Director County Counsel

9/22/2020

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



14.1
(MT 13429)

(1)

On motion of Supervisor Jeffries, seconded by Supervisor Hewitt and duly carried by unanimous vote, IT WAS ORDERED that the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis, is continued to Tuesday, September 22, 2020 at 9:30 a.m. or as soon as possible thereafter.

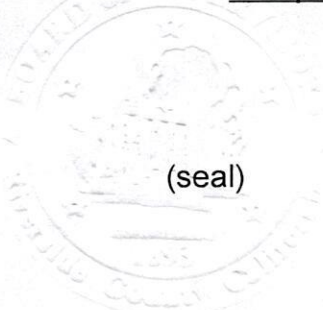
(2)

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from Counsel regarding to Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis, is reconsidered and continued to Tuesday, September 29, 2020 at 9:30 a.m. or as soon as possible thereafter.

Roll Call:

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

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on September 15, 2020 of Supervisors Minutes.



(seal)

WITNESS my hand and the seal of the Board of Supervisors
Dated: September 15, 2020
Kecia R. Harper, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

By: *Misella Rasmussen* Deputy

AGENDA NO.
14.1

xc: COB

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



ITEM:
(ID # 13429)

MEETING DATE:
Tuesday, September 15, 2020

FROM : RIVERSIDE COMMUNITY HOUSING CORP.:

SUBJECT: RIVERSIDE COMMUNITY HOUSING CORP. (RCHC): Approve the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis; District 4 [50% CARES Act, Coronavirus Relief Funds, 50% State Homekey Grant Funds - \$12,500,000] (Companion Item to MT Item #13428) (Clerk of the Board to file the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the Projects are exempt from California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3);
2. Approve the Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC, for the acquisition of the Ivy Palm Hotel located at 2000 North Palm Canyon Drive, Palm Springs, CA, Assessor's Parcel Numbers 504-320-032, for an amount not to exceed \$8,500,000, subject to approval as to form by County Counsel, and authorize the Chief Executive Officer of Riverside Community Housing Corp., or designee, to execute a Purchase and Sale Agreement for such acquisition, and any other related documents to consummate the acquisition;
3. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$4,250,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation (RCHC), providing a loan derived from the CARES funds in the amount of \$4,250,000 (CARES Loan), to be used to pay a portion of the acquisition and rehabilitation of Ivy Palms Hotel in the City of Palm Springs and convert it to permanent supportive housing, subject to approval as to form by County Counsel;
4. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$2,00,000 and approve the attached form of CARES Loan Agreement for

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HOUSING CORP. BOARD OF DIRECTORS
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the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation, providing a loan derived from the CARES funds in the amount of \$2,000,000 (CARES Loan), to be used to purchase 40 new manufactured housing units to be rented to farmworkers living in substandard conditions in unpermitted parks that lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems, mobile homes to be installed at Mountain View Estates in the community of Oasis, subject to approval as to form by County Counsel;

5. Authorize the Chief Executive Officer of RCHC, or designee, to execute the CARES Loan Documents and to take all necessary steps to implement the CARES Loan Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

6. Direct staff to file the Notice of Exemption within five days of approval by the Board.

ACTION:Policy


Heidi Marshall, Director of Housing, Homelessness Prevention 9/3/2020

MINUTES OF THE BOARD OF DIRECTORS

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$12,500,000	\$ 0	\$12,500,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 50% County Coronavirus Aid, Relief, and Economic Security Act (CARES) Act Funding, 50% State Homekey Grant Funds			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

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In the fall of 2020, the Housing Authority and RCHC will seek a development partner that will

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mobile home parks have been affected by power outages during times of the day when temperatures have reached over 120 degrees.

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As part of the Homekey applications submitted to the State the County committed to providing County CARES matching funds on both applications so that the applications were more competitive and eligible for additional funding. For application 1 the County committed to providing \$4,250,000; and for application 2 the County committed to providing \$2,000,000.

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The Projects have been evaluated and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption). Notwithstanding any other law, the California Environmental Quality Act ([Division 13 \(commencing with Section 21000\) of the Public Resources Code](#)) shall not apply to any project, including a phased project, funded pursuant to [Section 50675.1.1](#) if certain requirements described in Section 50675.1.2, if applicable, are satisfied. The proposed projects as described above are made pursuant to Health and Safety Code Section 50675.1.1 and any resulting agreements will be subject to the requirements of the Homekey Program and the aforementioned Health & Safety Code sections. In addition, the projects are exempt pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption) because it can be seen with certainty that that there is no possibility that the activity in question may have a significant effect on the environment. Projects include the authorizing the negotiation of real property, acquisition of mobile home units to be placed and renting spaces at an existing mobile home park, and rehabilitation of existing facilities. Therefore, the projects are statutorily exempt from CEQA and exempt under State CEQA Guidelines Section 15061 (b)(3).

**SUBMITTAL TO THE RIVERSIDE COMMUNITY
HOUSING CORP. BOARD OF DIRECTORS
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Staff recommends that the Board of Directors approve the attached form the CARES Loan Agreement, including all exhibits, including, but not limited to the forms of the CARES Loan Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement.

Impact on Residents and Businesses

The Projects will allow the County to address a growing problem with housing our homeless population and providing housing to people impacted by COVID-19.

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Projects will be fully funded with the County's direct allocation of Coronavirus Aid, Relief, and Economic Security Act and HCD Homekey Program funds.

Ivy Palm Hotel:

State Homekey	\$4,250,000
County CARES	<u>\$4,250,000</u>
Total Acquisition Cost	\$8,500,000

40 Mobile Homes at Mt. View:

State Homekey	\$2,000,000
County CARES	<u>\$2,000,000</u>
Total Acquisition Cost	\$4,000,000

ATTACHMENTS:

- Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC
- Form of Loan Agreement for the Use of CARES funds, including all exhibits
- Form of CARES Deed of Trust and Promissory Note
- Form of CARES Covenant Agreement
- Notice of Exemption

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 and
10 Workforce Solutions
11 5555 Arlington Avenue
12 Riverside, CA 92504
13 Attn: Juan Garcia

14 SPACE ABOVE THIS LINE FOR RECORDER'S USE

15 LOAN AGREEMENT FOR THE USE OF
16 CARES ACT FUNDS

17 This LOAN AGREEMENT FOR THE USE OF CARES ACT FUNDS ("Agreement") is made
18 and entered into this _____ day of _____, 2020 by and between the COUNTY
19 OF RIVERSIDE, a political subdivision of the State of California ("COUNTY") and
20 _____, a
21 _____ ("BORROWER"). The COUNTY and BORROWER may be
22 individually referred to herein as a "Party" and collectively as the "Parties." This Agreement, for
23 the use of funding under the Coronavirus Aid, Relief, and Economic Security (CARES) Act
24 (Section 5001, Public Law 116-136), hereinafter "CARES Act," related to the coronavirus
25 disease 2019 (COVID-19) pandemic, is made and entered into as of the Effective Date (defined
26 herein).

27 WITNESSETH:

28 WHEREAS, Coronavirus Relief Fund, Title V of the CARES Act, provides that CARES
Act funds may be used to cover costs that are necessary expenditures incurred due to the public
health emergency with respect to the COVID-19 pandemic; and

WHEREAS, on May 19, 2020, via Minute Order 3.3, the Board of Supervisors of the
County of Riverside approved the acceptance of CARES Act funding from the federal

SEP 29 2020 14:1

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.

1 forth herein, including but not limited to the conditions precedent to distribution of the CARES
2 Loan set forth in **Section 11** below. Subject also to **Sections 49** and **50** below, BORROWER
3 shall undertake and complete the CARES activities required herein and as set forth in **Exhibit**
4 **A**, and shall utilize the CARES Loan, as required herein and pursuant to the CARES Act. No
5 more than 49% of the total units shall be reserved as CARES-Assisted Units during the
6 Affordability Period (as defined in **Section 14** below). All CARES-Assisted Units shall be
7 rented to homeless households whose incomes do not exceed 30% of the area median income
8 for the County of Riverside, adjusted by family size at the time of occupancy, and such
9 households shall occupy their respective unit within the Project as their principal residence
10 (“Qualified Households”).

11 2. **BORROWER’S OBLIGATIONS.** Upon the commencement of the
12 Effective Date (defined in **Section 55** below), BORROWER hereby agrees to undertake and
13 complete the following activities within the time period(s) set forth herein and in **Exhibit A**:

- 14 a. Satisfy the conditions precedent to distribution of CARES Loan set forth
15 in **Section 11** below.
- 16 b. Develop the Project in accordance with the timeline set forth in **Exhibit A**.
- 17 c. Operate the Project in such a manner so that it will remain affordable to
18 Qualified Households for the Affordability Period as defined in **Section 14**
19 below without regard to (i) the term of the promissory note or (ii) transfer
20 of ownership.
- 21 d. Maintain the Project in compliance with applicable local, state, federal
22 laws, codes and regulations as further described in **Section 17** below until
23 the expiration of the Term of this Agreement set forth in **Section 6** below,
24 and the Affordability Period set forth in **Section 14** below.
- 25 e. Cooperate with the Riverside County Workforce Development Center
26 (WDC) and post all jobs created, if any, as a result of this Project with the
27 WDC. Evidence of posted jobs, if any, shall be submitted to the COUNTY
28 prior to start of work.

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3. RESERVED.

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

a. Term of CARES Loan. The maturity date of the CARES Loan shall be the later to occur of (i) July 1, 2077 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records for the last building for which construction is completed for the Project (the "CARES Loan Term"). The term, "Official Records" used herein shall mean the Official Records of the Recorder's Office of the County of Riverside.

b. Principal. The total amount of the CARES Loan shall not exceed \$XXXXXXXX, and shall be evidenced by a Promissory Note, substantially conforming in form and substance to the Promissory Note attached hereto and incorporated herein as **Exhibit C** ("CARES Note"), which note shall be secured by a Deed of Trust and Assignment of Rents, substantially conforming in form and substance to the Deed of Trust and Assignment of Rents attached hereto and incorporated herein as **Exhibit B** ("CARES Deed of Trust").

c. Interest. The interest rate shall be zero percent (0%) simple interest per annum.

d. Repayment. The terms of the CARES Note shall be as follows:
1. That the CARES Loan will accrue simple interest at a rate of zero percent (0%) 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 CARES Note, and shall be repaid on an annual basis from the Project's Residual Receipts

1 (defined in **Section 4 (d)(3)** below). Interest will begin to accrue
2 thirty (30) days from the recordation of the Notice of Completion
3 in the Official Records.

4 2. The CARES Note shall be repaid by BORROWER to
5 COUNTY as follows:

6 i) Fifty percent (50%) of the Project's Residual Receipts shall
7 be used towards the payment of the Residual Receipts
8 Loans, allocated on a pro rata basis (i.e. in proportion to its
9 share of the total amount of Residual Receipts Loans), until
10 the CARES Note is repaid in full; and

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

13 3. The Project's Residual Receipts shall be determined based on
14 an annual review of certified financial statements for the
15 Project. Annual audited financial statements shall be submitted
16 by BORROWER to COUNTY within one hundred twenty
17 (120) days following the close of the Project fiscal year
18 commencing on April 1st of the first full calendar year
19 following the recordation of the Notice of Completion. All
20 outstanding principal along with accrued interest shall be due
21 upon the maturity date of the CARES Note and the expiration
22 of the CARES Loan Term as set forth in **Section 4(a)**. The first
23 payment from BORROWER to COUNTY shall be due on July
24 1st in the first full calendar year following the date of the
25 recordation of the Notice of Completion, to the extent of
26 available Residual Receipts, as set forth herein. Subsequent
27 payments shall be made on July 1st thereafter to the extent of
28 available Residual Receipts until the earlier of full repayment

1 of the CARES Loan or the CARES Loan maturity date as set
2 forth above. The term "Project Residual Receipts" used herein
3 shall mean the gross rental income from all residential and non-
4 residential components of the Project, proceeds from loss of
5 rent insurance, and any other income to the BORROWER
6 derived from the ownership, operation and management of the
7 Property, not including interest on required reserve accounts,
8 less the sums below, including but not limited to the following
9 operating expenses:

- 10 a) auditing and accounting fees;
- 11 b) a reasonable property management fee not to exceed \$55
12 per unit per month, increased annually by an amount equal
13 to the increase in the Consumer Price Index for Los
14 Angeles-Riverside-Orange County, CA area ("CPI");
15 provided, however, that in the event of a decrease in the
16 CPI, the property management fee shall remain the same as
17 the immediate preceding year;
- 18 c) operating expenses (any expense reasonably and normally
19 incurred in carrying out the Project's day-to-day activities,
20 which shall include administration, on-site management,
21 utilities, on-site staff payroll, payroll taxes, and
22 maintenance);
- 23 d) replacement reserves, established in a separate account
24 from operating reserves, limited to \$600 per unit per year
25 for all units in the Project, as defined in **Exhibit A**;
- 26 e) operating reserves replenishment;
- 27 f) deferred developer's fee in the approximate amount of
28 \$ _____;

- 1 g) payments of principal and interest on amortized loans and
2 indebtedness senior to the CARES Loan, which have been
3 approved by COUNTY (collectively, the "Senior Debt");
4 and
5 h) COUNTY's Annual Monitoring Fee in the total annual
6 amount of \$10,000 for the County CARES Loan as more
7 specifically discussed in **Section 28**;

8 The calculation of operating expenses shall be subject to the reasonable approval
9 of the Director of the Department of Housing, Homelessness and Workforce Solutions (HHPWS),
10 or designee.

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

- 27 4. Security. During the construction phase, the CARES Deed of Trust
28 and this Agreement shall be in a third priority lien position. Upon

1 Conversion (defined below), the CARES Deed of Trust shall
2 remain in a third priority lien position. Lien priority during
3 construction shall be as follows: (1) first priority deed of trust for
4 the benefit of a lender to be named at a later date securing a
5 construction loan for the Project in an amount up to \$XX,000,000
6 (“Construction Senior Loan”); (2) second priority deed of trust for
7 the benefit of the California Department of Housing and
8 Community Development (“HCD”), securing a loan in the amount
9 of \$X,000,000 (“HCD Loan”); and (3) third priority deed of trust
10 for benefit of the City of _____ (“City Loan”) securing a loan
11 in the amount of \$X,000,000 (the "City Loan"). Lien priority upon
12 Conversion shall be as follows: (1) first priority deed of trust for
13 the benefit of a lender to be named at a later date securing the
14 project in an amount up to \$XX,000,000 (“Permanent Senior
15 Loan”); (2) second priority deed of trust for the benefit of the HCD,
16 securing the HCD Loan; and (3) third priority deed of trust for
17 benefit of the City, securing the City Loan. Borrower shall cause
18 any COUNTY approved senior lender to execute and record in the
19 Official Records, a Subordination Agreement, substantially in a
20 form and of substance as approved by the COUNTY, which, among
21 other things, grants the COUNTY notice and opportunity to cure
22 events of default under the senior loan documents. The term
23 “Conversion” used herein shall mean that certain date upon which
24 (i) the Deed of Trust securing the Construction Senior Loan is fully
25 reconveyed; and (ii) the deed of trust securing the Permanent
26 Senior Loan has been recorded in the Official Records and all other
27 loan funds have been disbursed to and received by Borrower.

28 a. Prepayment. Prepayment of principal and/or interest under the CARES

1 Note may occur at any time without penalty; provided, however (i) the requirements of **Section**
2 **17**, "Compliance with Laws and Regulations", shall remain in full force and effect for the term
3 of the Agreement specified in **Section 6** below; and (ii) the affordability requirements set forth in
4 the Covenant Agreement, attached hereto as **Exhibit G**, shall remain in effect until the expiration
5 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 of HHPWS, or designee. Notwithstanding the foregoing, the Director may, in his or
10 her sole discretion, refer to the governing body of the COUNTY any item requiring COUNTY
11 approval; otherwise, "COUNTY approval" means and refers to approval by the Director of
12 HHPWS, or designee.

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

16 6. TERM OF AGREEMENT. This Agreement shall become effective upon
17 the Effective Date, as defined in **Section 55** below, and unless terminated earlier pursuant to the
18 terms hereof, shall continue in full force and effect until the later to occur of (i) July 1, 2077 or
19 (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records
20 for the last building for which rehabilitation is completed for the Project ("Term of Agreement").

21 7. BORROWER'S REPRESENTATIONS. BORROWER represents and
22 warrants to COUNTY as follows:

23 a. Authority. BORROWER is a nonprofit public benefit corporation
24 in good standing under the laws of the State of California. The
25 copies of the documents evidencing the organization of
26 BORROWER, which have been delivered to COUNTY, are true
27 and complete copies of the originals, amended to the date of this
28 Agreement. BORROWER has full right, power and lawful

1 authority to enter into this Agreement and accept the CARES Loan
2 and undertake all obligations as provided herein. The execution,
3 performance and delivery of this Agreement by BORROWER have
4 been fully authorized by all requisite actions on the part of
5 BORROWER.

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

11 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
12 proceeding.

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

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

25 9. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond
26 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
27 which prevent(s) BORROWER from complying with any of its obligations under this
28 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,

1 civil disorders, strikes, labor disputes, pandemics such as COVID-19, flood, fire, explosion,
2 earthquake or other similar acts.

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

19 10. EXTENSION OF TIME. COUNTY may grant an extension to the
20 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's
21 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request said
22 extension in writing, stating the reasons therefore, which extension must be first approved in
23 writing by the COUNTY in its reasonable discretion. The Director of HHPWS, or designee,
24 may extend all pending deadlines in the Implementation Schedule on two (2) or fewer occasions,
25 so long as the aggregate duration of such administrative time extensions is no greater than ninety
26 (90) days. Every term, condition, covenant, and requirement of this Agreement shall continue
27 in full force and effect during the period of any such extension.

28 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF CARES ACT

1 LOAN FUNDS. COUNTY, through its Department of HHPWS, shall: (1) make payments of
2 the CARES Loan funds to BORROWER as designated in **Exhibit A**, subject to Borrower's
3 satisfaction of the conditions precedent set forth below; and (2) monitor the Project to ensure
4 compliance with applicable federal regulations and the terms of this Agreement. COUNTY shall
5 not disburse any CARES Loan funds pursuant to this Agreement until the following conditions
6 precedent have been satisfied:

- 7 a. BORROWER executes this Agreement and delivers to COUNTY
8 for recordation in the Official Records;
- 9 b. Borrower submits written evidence to COUNTY that Borrower has
10 obtained sufficient financing commitments necessary to undertake
11 the acquisition and rehabilitation of the Project, including but not
12 limited to an executed Purchase and Sale Agreement, and opens
13 escrow;
- 14 c. BORROWER provides COUNTY with its Data Universal Number
15 assigned by the Data Universal Number System, as required by the
16 Federal Accountability and Transparency Act of 2006;
- 17 d. BORROWER provides COUNTY with evidence of insurance as
18 required herein;
- 19 e. BORROWER executes the CARES Deed of Trust, substantially
20 conforming in form and substance to the Deed of Trust and
21 Assignment of Rents attached hereto as **Exhibit B**, in recordable
22 form, and delivers such document to the County of Riverside for
23 recordation in the Official Records;
- 24 f. BORROWER executes the CARES Note, substantially conforming
25 in form and substance to the Promissory Note attached hereto as
26 **Exhibit C** and delivers to COUNTY;
- 27 g. BORROWER executes the Covenant Agreement, substantially
28 conforming in form and substance to the Covenant Agreement

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attached hereto and incorporated herein as **Exhibit G**, 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 American Land Title Association (ALTA) lender's policy in favor of COUNTY, insuring the CARES Deed of Trust as a third priority lien against the Property, junior only to the senior loans identified in **Section 4(d)(4)**;
- j. BORROWER provides satisfactory evidence that it has all the financing, when combined with the CARES Loan, to pay for all the acquisition costs for the Project;
- k. BORROWER is not in default under the terms of this Agreement or any other agreement related to 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 Riverside County Workforce Development Center (WDC);
- 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

1 precedent to the issuance of all permits necessary for the
2 construction of the Project and all such permits are available for
3 issuance, other than payment of fees;

4 n. BORROWER provides duly executed documents and instruments
5 evidencing that BORROWER owns fee title to the Property;

6 o. BORROWER provides satisfactory evidence that it has satisfied all
7 conditions precedent to the issuance of all permits necessary for the
8 construction of the development and all such permits are available
9 for issuance, other than payment of fees;

10 p. BORROWER consults and complies with concerned Native
11 American tribes;

12 q. If Davis Bacon and/or prevailing wages are required to be paid,
13 BORROWER hires a qualified professional firm to review and
14 monitor Davis Bacon and/or prevailing wage compliance for all
15 submissions of contractors certified payrolls to COUNTY. In the
16 event that the Project requires prevailing wages, BORROWER
17 shall comply with, and shall require its contractors and
18 subcontractors performing work on the Project, to pay prevailing
19 wages, used a skilled and trained workforce, and adhere to any
20 applicable labor regulations and all State laws in connection with
21 the construction of the Project, including but not limited to Chapter
22 1 (commencing with Section 1720) of Part 7 of Division 2 of the
23 Labor Code, and Chapter 2.9 (commencing with Section 2600) of
24 Part 1 of Division 2 of the Public Contract Code. BORROWER
25 agrees and acknowledges that it is the responsibility of
26 BORROWER to obtain a legal determination, at BORROWER's
27 sole cost and expense, as to whether prevailing wages must be paid
28 during the construction of the Project. If the Project is subject to

1 prevailing wages, then BORROWER shall be solely responsible to
2 pay its contractors and subcontractors the required prevailing wage
3 rates. BORROWER agrees to indemnify, defend, and hold
4 COUNTY harmless from and against any and all liability arising
5 out of and related to BORROWER's failure to comply with any
6 and all applicable Davis Bacon and/or prevailing wage
7 requirements;

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

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

24 BORROWER agrees to submit the following documentation to COUNTY, 120
25 days from close or escrow:

- 26 1) Permanent Certificate of Occupancy;
- 27 2) Architect certification identifying units that are accessible to individuals
28 with mobility impairments and units that are accessible to individuals

1 with sensory impairments in compliance with Section 504 of the
2 Rehabilitation Act of 1973, as described in **Section 17(c)**;

- 3 3) Final Contract and Subcontract Activity report, Minority Business
4 Enterprise/Women Business Enterprise (“MBE/WBE”) report;
- 5 4) Submission of a Project completion report including, “Tenant Checklist,”
6 as shown in **Exhibit F** which is attached hereto and incorporated herein
7 by this reference;
- 8 5) Tenant Selection Policy;
- 9 6) Management Plan;
- 10 7) Certified statement of final development costs; and
- 11 8) Certified statement of final sources and uses of funds for the Project.

12 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
13 Construction Start Deadline as set forth in **Exhibit A**), (2) the Completion Deadline as set forth
14 in **Section 48(c)**, (3) the Lease Deadline as set forth in **Section 19(b)**, or (4) the Project
15 Financing Contingency in **Section 49**, (collectively, the “Performance Deadlines”), all of which
16 are subject to the notice and cure periods set forth in **Section 31** herein, then the CARES Loan
17 funds allocated or reserved pursuant to this Agreement may be reallocated by COUNTY after at
18 least thirty (30) days’ prior written notice to BORROWER. Upon such reallocation and
19 repayment of funds, this Agreement shall be terminated and be of no further force and effect and
20 Borrower shall be released and discharged from any obligations hereunder, except as to those
21 obligations which by their terms survive termination of this Agreement.

22 13. DISTRIBUTION OF FUNDS. COUNTY'S Board of Supervisors shall
23 determine the final disbursement and distribution of all funds received by COUNTY under the
24 CARES Act. Disbursement of CARES Act funds shall occur upon the satisfactory receipt of
25 copies of invoices and conditional (upon receipt of payment) lien releases for construction costs
26 to be paid with the proceeds of the CARES Loan. Any disbursement of funds is expressly
27 conditioned upon the satisfaction of conditions set forth in **Section 11**. COUNTY shall deposit
28 the sum specified in **Section 1** above upon receipt of escrow instructions and wire.

1 14. TERMS OF AFFORDABILITY. The COUNTY CARES-Assisted Units
2 shall remain occupied and rented to Qualified Households for an affordable rent pursuant to
3 **Sections 18 and 19** below, **Exhibit A**, and the Covenant Agreement attached hereto as **Exhibit**
4 **G**, until the later of (i) fifty-five (55) years from the recordation of the Notice of Completion in
5 the Official Records for the last building for which construction is completed for the Project, or
6 (ii) July 1, 2077 (“Affordability Period”).

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

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

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

11 b. Workers' 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' Liability
16 (Coverage B) including Occupational Disease with limits not less
17 than \$1,500,000 per person per accident. The policy shall be
18 endorsed to waive subrogation in favor of The County of Riverside.

19 c. Commercial General Liability Insurance.

20 Commercial General Liability insurance coverage, including but
21 not limited to, premises liability, contractual liability, products and
22 completed operations liability, personal and advertising injury, and
23 cross liability coverage, covering claims which may arise from or
24 out of BORROWER'S performance of its obligations hereunder.
25 Policy shall name the County of Riverside, its Agencies, Boards,
26 Districts, Special Districts, and Departments, their respective
27 directors, officers, Board of Supervisors, employees, elected or
28 appointed officials, agents or representatives as Additional Insured.

1 Policy's limit of liability shall not be less than \$1,000,000 per
2 occurrence combined single limit. If such insurance contains a
3 general aggregate limit, it shall apply separately to this agreement
4 or be no less than two (2) times the occurrence limit.

5 d. Vehicle Liability Insurance.

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

19 e. General Insurance Provisions – All Lines.

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

27 2) BORROWER's insurance carrier(s) must declare its
28 insurance self-insured retentions. If such self-insured retentions

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

11 3) BORROWER shall cause BORROWER's insurance
12 carrier(s) to furnish the County of Riverside with copies of the
13 Certificate(s) of Insurance and Endorsements effecting coverage as
14 required herein, and 2) if requested to do so orally or in writing by
15 COUNTY Risk Manager, provide copies of policies including all
16 Endorsements and all attachments thereto, showing such insurance
17 is in full force and effect. Further, said Certificate(s) and policies
18 of insurance shall contain the covenant of the insurance carrier(s)
19 that thirty (30) days written notice shall be given to the County of
20 Riverside prior to any material modification, cancellation,
21 expiration or reduction in coverage of such insurance. In the event
22 of a material modification, cancellation, expiration, or reduction in
23 coverage, this Agreement shall terminate forthwith, unless the
24 County of Riverside receives, prior to such effective date, another
25 Certificate of Insurance and copies of endorsements, including all
26 endorsements and attachments thereto evidencing coverage's set
27 forth herein and the insurance required herein is in full force and
28 effect. BORROWER shall not commence operations until

1 COUNTY has been furnished Certificate(s) of Insurance and
2 copies of endorsements and if requested, copies of policies of
3 insurance including all endorsements and any and all other
4 attachments as required in this Section. An individual authorized
5 by the insurance carrier on its behalf shall sign the original
6 endorsements for each policy and the Certificate of Insurance.

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

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

23 6) BORROWER shall pass down the insurance obligations
24 contained herein to all tiers of subcontractors working under this
25 Agreement.

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

1 Employment Opportunity", as amended by Executive Order 11375 of October 13, 1967,
2 and as supplemented in Department of Labor Regulations (41 CFR Part 60). The
3 BORROWER will not discriminate against any employee or applicant for employment
4 because of race, color, religion, sex, or national origin. BORROWER shall ensure that all
5 qualified applicants will receive consideration for employment without regard to race,
6 color, religion, sex or national origin. The BORROWER will take affirmative action to
7 ensure that applicants are employed and the employees are treated during employment,
8 without regard to their race color, religion, sex, or national origin. Such actions shall
9 include, but are not limited to, the following: employment, up-grading, demotion, or
10 transfer; recruitment or recruitment advertising; rates of pay or other forms of
11 compensation; and selection for training, including apprenticeship. The BORROWER
12 agrees to post in a conspicuous place, available to employees and applicants for
13 employment, notices to be provided by the County setting forth the provisions of this non-
14 discrimination clause;

- 15 b) Executive Order 11063, as amended by Executive Order 12259, and implementing
16 regulations at 24 CFR Part 107;
- 17 c) Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended, and
18 implementing regulations;
- 19 d) The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and implementing
20 regulations;
- 21 e) The regulations, policies, guidelines and requirements of the Uniform Administrative
22 Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part
23 200) as they relate to the acceptance and use of federal funds under the federally-assigned
24 program;
- 25 f) Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and implementing regulations
26 issued at 24 CFR Part 1;
- 27 g) Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284) as amended; and
- 28 h) *Rights to Data and Copyrights*: Contractors and consultants agree to comply with all

1 applicable provisions pertaining to the use of data and copyrights pursuant to 48 CFR Part
2 27.404-3, Federal Acquisition Regulations (FAR).

3 i) *Air Pollution Prevention and Control* (formally known as the *Clean Air Act*) (42 U.S.C.A.
4 7401 *et seq.*) and the *Federal Water Pollution Control Act* (33 U.S.C.A. Section 1251 *et*
5 *seq.*), as amended: Contracts and subgrants of amounts in excess of \$100,000 shall contain
6 a provision that requires the recipient to agree to comply with all applicable standards,
7 orders or regulations issued pursuant to the *Clean Air Act* (42 U.S.C.A. 7401 *et seq.*) and
8 the *Federal Water Pollution Control Act* as amended (33 U.S.C.A. Section 1251 *et seq.*).
9 Violations shall be reported to the Federal awarding agency and the Regional Office of the
10 Environmental Protection Agency (EPA).

11 j) *Anti-Lobbying Certification* (31 U.S.C.A. 1352): The language of the certification set forth
12 below shall be required in all contracts or subcontracts entered into in connection with this
13 grant activity and all BORROWERS shall certify and disclose accordingly. This
14 certification is a material representation of fact upon which reliance was placed when this
15 transaction was made or entered into. Submission of this certification is a prerequisite for
16 making or entering into this transaction imposed by. Section 1352, Title 31, U.S. code. Any
17 person who fails to file the required certification shall be subject to a civil penalty of not
18 less than \$10,000 and no more than \$100,000 for such failure.

19 “The undersigned certifies, to the best of his or her knowledge or belief, that:

20 No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any
21 person for influencing or attempting to influence an officer or employee of any agency, a
22 Member of Congress, an officer or employee of Congress, or an employee of a Member of
23 Congress in connection with the awarding of any Federal contract, the making of any
24 Federal grant, the making of any Federal loan, the entering into of any cooperative
25 agreement, and the extension, continuation, renewal, amendment, or modification of any
26 Federal contract, grant, loan, or cooperative agreement;

27 If any funds other than Federal appropriated funds have been paid or will be paid to any
28 person for influencing or attempting to influence an officer or employee of any agency, a

1 Member of Congress, an officer or employee of Congress, or an employee of a Member of
2 Congress in connection with this Federal contract, grant loan or cooperative agreement,
3 he/she will complete and submit Standard Form – LLL, “Disclosure Form to Report
4 Lobbying,” in accordance with its instructions.”

5 k) *Debarment and Suspension (Executive Orders (E.O.) 12549 and 12689)*: No contract
6 award shall be made to parties listed on the governmentwide exclusions in the System for
7 Award Management (SAM), in accordance with OMB guidelines at 2 CFR 180 that
8 implement Executive Orders (E.O.s) 12549 and 12689, “Debarment and Suspension.”
9 SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded
10 by agencies, as well as parties declared ineligible under statutory or regulatory authority
11 other than E.O. 12549. Contractors with awards that exceed the small purchase threshold
12 shall provide the required certification regarding its exclusion status and that of its principal
13 employees.

14 l) *Drug-Free Workplace Requirements*: The Anti-Drug Abuse Act of 1988 (41 U.S.C.A.
15 Section 8101-8103) requires grantees (including individuals) of federal agencies, as a prior
16 condition of being awarded a grant, to certify that they will provide drug-free workplaces.
17 Each potential recipient must certify that it will comply with drug-free workplace
18 requirements in accordance with the Act and with HUD's rules at 2 CFR Part 2424.

19 m) *Access to Records and Records Retention*: The BORROWER or Contractor, and any sub-
20 consultants or sub-contractors, shall allow all duly authorized Federal, State, and/or County
21 officials or authorized representatives access to the work area, as well as all books,
22 documents, materials, papers, and records of the BORROWER or Contractor, and any sub-
23 consultants or sub-contractors, that are directly pertinent to a specific program for the
24 purpose of making audits, examinations, excerpts, and transcriptions. The BORROWER
25 or Contractor, and any sub-consultants or sub-contractors, further agree to maintain and
26 keep such books, documents, materials, papers, and records, on a current basis, recording
27 all transactions pertaining to this agreement in a form in accordance with generally
28 acceptable accounting principles. All such books and records shall be retained for such

1 periods of time as required by law, provided, however, notwithstanding any shorter periods
2 of retention, all books, records, and supporting detail shall be retained for a period of at
3 least five (5) years after the expiration of the term of this Agreement, or final payment is
4 made, whichever is later.

5 n) *Federal Employee Benefit Clause*: No member of or delegate to the Congress of the United
6 States, and no Resident Commissioner shall be admitted to any share or part of this
7 agreement or to any benefit to arise from the same.

8 o) *Energy Efficiency*: Mandatory standards and policies relating to energy efficiency which
9 are contained in the State energy conservation plan issued in compliance with the Energy
10 Policy and Conservation Act (Pub. L. 94 - 163, Dec. 22, 1975; 42 U.S.C.A. Section 6201,
11 et. seq., 89 Stat.871).

12 p) *Procurement of Recovered Materials (2 CFR 200.322.)*: A non-Federal entity that is a
13 state agency or agency of a political subdivision of a state and its contractors must comply
14 with 42 U.S.C. Section 6002 of the Solid Waste Disposal Act, as amended by the Resource
15 Conservation and Recovery Act. The requirements of Section 6002 include procuring only
16 items designated in guidelines of the Environmental Protection Agency (EPA) at 40 CFR
17 Part 247 that contain the highest percentage of recovered materials practicable, consistent
18 with maintaining a satisfactory level of competition, where the purchase price of the item
19 exceeds \$10,000 or the value of the quantity acquired by the preceding fiscal year exceeded
20 \$10,000; procuring solid waste management services in a manner that maximizes energy
21 and resource recovery; and establishing an affirmative procurement program for
22 procurement of recovered materials identified in the EPA guidelines. The requirements of
23 2 CFR 200.322, as amended effective November 12, 2020, are hereby included in this
24 Agreement as appropriate and to the extent consistent with law.

25 a. The regulations created by the Office of the Assistant Secretary of
26 Community Planning and Development that pertain to Community
27 Development programs are contained within 24 CFR part 570 -
28 Community Development Block Grants. Section 92.350 Other

1 Federal requirements and nondiscrimination. As set forth in 24
2 CFR part 5, sub part A, BORROWER is required to include the
3 following requirements: nondiscrimination and equal opportunity
4 under Section 282 of the Act; disclosure; debarred, suspended, or
5 ineligible contractors; and drug-free workplace.

6 b. Section 92.351 Affirmative marketing and minority outreach
7 program. BORROWER must adopt affirmative marketing
8 procedures and requirements. These must include:

- 9 (1) Methods for informing the public, owners, and potential
10 tenants about Federal fair housing laws and the affirmative
11 marketing policy (e.g., the use of the Equal Housing
12 Opportunity logotype or slogan in press releases and
13 solicitations for owners, and written communication to fair
14 housing and other groups).
- 15 (2) Requirements and practices that BORROWER must adhere
16 to in order to carry out the affirmative marketing procedures
17 and requirements (e.g., use of commercial media, use of
18 community contacts, use of the Equal Housing Opportunity
19 logotype or slogan, and display of fair housing poster).
- 20 (3) Procedures to be used by BORROWER to inform and
21 solicit applications from persons in the housing market area
22 who are not likely to apply without special outreach (e.g.,
23 use of community organizations, employment centers, fair
24 housing groups, or housing counseling agencies).
- 25 (4) Records that will be kept describing actions taken by
26 BORROWER to affirmatively market units and records to
27 assess the results of these actions.
- 28 (5) A description of how BORROWER will annually assess the

1 success of affirmative marketing actions and what
2 corrective actions will be taken where affirmative
3 marketing requirements are not met.

4 (6) BORROWER must prescribe procedures to establish and
5 oversee a minority outreach program to ensure the
6 inclusion, to the maximum extent possible, of minorities
7 and women, and entities owned by minorities and women,
8 including, without limitation, real estate firms, construction
9 firms, appraisal firms, management firms, financial
10 institutions, investment banking firms, underwriters,
11 accountants, and providers of legal services, in all contracts
12 entered into by BORROWER with such persons or entities,
13 public and private, in order to facilitate the activities of
14 COUNTY to provide affordable housing authorized under
15 this Act or any other Federal housing law. Section 24 CFR
16 85.36(e) provided affirmative steps to assure that minority
17 business enterprises and women business enterprises are
18 used when possible in the procurement of property and
19 services. The steps include:

- 20 (i) Placing qualified small and minority businesses and
21 women's business enterprises on solicitation lists.
22 (ii) Assuring that small and minority businesses, and
23 women's business enterprises are solicited
24 whenever they are potential sources.
25 (iii) Dividing total requirements, when economically
26 feasible, into smaller tasks or quantities to permit
27 maximum participation by small and minority
28 business, and women's business enterprises.

1 (iv) Establishing delivery schedules, where the
2 requirement permits, which encourage participation
3 by small and minority business, and women's
4 business enterprises.

5 (v) Using the services and assistance of the Small
6 Business Administration, and the Minority Business
7 Development Agency of the Department of
8 Commerce.

9 (vi) Requiring the prime contractor, if subcontracts are
10 to be let, to take the affirmative steps listed in (i)
11 through (v) above of this section.

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

18 e. Section 92.353 Displacement, relocation, and acquisition. The
19 relocation requirements of Title II and the acquisition requirements
20 of Title III of the Uniform Relocation Assistance and Real Property
21 Acquisition Policies Act of 1970, and the implementing regulations
22 at 24 CFR Part 42. BORROWER must ensure that it has taken all
23 reasonable steps to minimize the displacement of persons as a result
24 of this project assisted with HOME Funds.

25 f. Section 92.354 Lead-based paint. Housing assisted with HOME
26 funds is subject to the lead-based paint requirements of 24 CFR
27 Part 35 issued pursuant to the Lead-Based Paint Poisoning
28 Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint

1 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401 (j)(1)(i),
2 also apply, irrespective of the applicable property standard under
3 §92.251.

4 g. Section 92.354 Labor. Every contract for the construction of
5 housing that includes twelve (12) or more units assisted with
6 HOME funds must contain a provision requiring the payment of
7 not less than the wages prevailing in the locality, as predetermined
8 by the Secretary of Labor pursuant to the Davis-Bacon Act (40
9 U.S.C. 276a-276a-5), to all laborers and mechanics employed in
10 the development of any part of the housing. Such contracts must
11 also be subject to the overtime provisions, as applicable, of the
12 Contract Work Hours and Safety Standards Act (40 U.S.C. 327-
13 332). BORROWER must apply most current wage rate
14 determination at the date of execution of this Agreement.

15 h. Section 92.356 Conflict of Interest. In the procurement of property
16 and services by BORROWER, the conflict of interest provisions in
17 24 CFR 85.36 and 24 CFR 85.42, respectively shall apply. Section
18 92.356 shall cover all cases not governed by 24 CFR 85.36 and 24
19 CFR 84.42.

20 i. Section 504 of the Rehabilitation Act of 1973; Housing
21 accessibility requirement at 24 CFR Part 8, implementing Section
22 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The design
23 and construction of multi-family dwellings as defined at 24 CFR
24 100.201 must comply with the requirements set forth in 24 CFR
25 100.205 implementing the Fair Housing Act. Dwelling units must
26 be designed and constructed in accordance with the Uniform
27 Federal Accessibility Standards (UFAS) will be deemed to comply
28 with the Section 504 regulation.

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

(2) 24 CFR Part 8.23 Alterations of existing housing facilities. If alterations are undertaken to a project that has 15 or more units and the cost of the alterations is 75 percent or more of the replacement cost of the completed facility, then the provisions of §8.22 shall apply. Alterations to dwelling units in a multifamily housing project shall, to the maximum extent feasible, be made to be readily accessible to and usable by individuals with handicaps. If alterations of single elements or spaces of a dwelling unit, when considered together, amount to an alteration of a dwelling unit, the entire dwelling unit shall be made accessible. Once 5 percent (5%) of the dwelling units in a project are readily accessible to and usable by individuals with mobility impairments, then no additional elements of dwelling units, or entire dwelling units, are required to be accessible under this paragraph. Alterations to common areas or parts of facilities that affect accessibility of existing housing facilities

1 shall, to the maximum extent feasible, be made to
2 be accessible to and usable by individuals with
3 handicaps. For purposes of this paragraph, the
4 phrase to the maximum extent feasible shall not be
5 interpreted as requiring that a recipient make a
6 dwelling unit, common area, facility or element
7 thereof accessible if doing so would impose undue
8 financial and administrative burdens on the
9 operation of the multifamily housing project.

10 j. Model Energy Code published by the Council of American
11 Building Officials.

12 k. Section 3 of the Housing and Urban Development Act of 1968. To
13 the greatest extent feasible, opportunities for training and
14 employment arising from HOME funds will be provided to low-
15 income persons residing in the program service area. To the
16 greatest extent feasible, contracts for work to be performed in
17 connection with HOME funds will be awarded to business
18 concerns that are located in or owned by persons residing in the
19 program service area as outlined in the County of Riverside Section
20 3 Contract Requirements attached hereto as **Exhibit D**. Contracts
21 funded from Section 3 covered funding sources must abide by the
22 Section 3 Clause prescribed at 24 CFR 135.38. All contracts
23 subject to the requirements of Section 3 must include the Section 3
24 Clause verbatim that is contained at 24 CFR 135.38 attached hereto
25 as **Exhibit D-2**, which is attached hereto and by this reference
26 incorporated herein.

27 l. Section 106 of the National Historic Preservation Act of 1966
28 (NHPA). Consultation with concerned Native American tribes

1 must continue under HUD regulation 24 CFR Part 50 and 58, and
2 Section 106 of the National Historic Preservation Act and its
3 implementing regulations 36 CFR Part 800 for possible impacts on
4 historic properties. Historic properties include archeological sites,
5 burial grounds, sacred landscapes or features, ceremonial areas,
6 traditional cultural places and landscapes, plant and animal
7 communities, and buildings and structures with significant tribal
8 association.

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

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

- 17 1. BORROWER does not assume COUNTY'S environmental
18 responsibilities described at 24 CFR Part 92.352; and
- 19 2. BORROWER does not assume COUNTY's responsibility
20 for initiating the review process under the provisions of 24
21 CFR Part 92.352

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

28 p. BORROWER shall include written agreements that include all

1 provisions of **Section 17** if BORROWER provides HOME funds
2 to for-profit owners or developers, non-profit owners or
3 developers, sub-recipients, homeowners, homebuyers, tenants
4 receiving tenant-based rental assistance, or contractors.

5 q. Immigration requirements of Federal Register, Vol. 62, No. 221,
6 Department of Justice Interim Guidance on Verification of
7 Citizenship, Qualified Alien Status and Eligibility Under Title IV
8 of the Personal Responsibility and Work Opportunity
9 Reconciliation Act of 1996 (“PRWORA”). Final Attorney
10 General’s Order issued pursuant to PRWORA is specified under
11 Federal Register Vol. 66, No. 10, Department of Justice Final
12 Specification of Community Programs Necessary for Protection of
13 Life or Safety Under Welfare Reform Legislation.

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

16 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set aside
17 49% of the units for restricted use for homeless households whose incomes do not exceed 30%
18 of the area median income for the County of Riverside, adjusted by family size at the time of
19 occupancy. Income limits are published by the United States Department of Housing and Urban
20 Development (HUD).

21 19. RENT LIMITATIONS. BORROWER shall comply with the rent
22 limitations set forth under 24 CFR 92.252 of the HOME Investment Partnerships program.
23 Effective 2020, HUD published Rent Limits for the County of Riverside. The low rent limit for
24 a one-bedroom unit is \$706, two-bedroom unit is \$847, and three-bedroom unit is \$979. The
25 high rent limit for a one-bedroom unit is \$899, two-bedroom unit is \$1081, and three-bedroom
26 unit is \$1239. Rent limits are more specifically set forth herein and incorporated herein by this
27 reference. In order to calculate net rent to be charged, an applicable utility allowance must be
28 subtracted from the gross rents listed.

1 a. Utility Allowance: Owners are required to complete initial Utility Allowance
2 (UA) calculations and submit their calculations for review and approval to the County prior to
3 implementation, annually by June 1st. The following methods below are acceptable
4 methodologies for calculating UA's:

- 5 i. HUD Utility Schedule Model (HUSM), UA based on HUD's model.
- 6 ii. Utility Company Estimate, UA based on estimated obtained from a local
7 utility company for each of the utilities used in the project.
- 8 iii. LIHTC Agency Estimate, UA approved by the LIHTC agency based on its
9 actual usage methodology.
- 10 iv. Energy Consumption Model (Engineer Model), UA based upon on an
11 energy and water and sewage consumption and analysis model prepared
12 by a third party licensed engineer or t qualified professional.

13 b. Initial Occupancy of Vacant Units: All CARES-Assisted Units shall be occupied
14 by and rented to Qualified Households for an affordable rent within six (6) months from the
15 recordation of the Notice of Completion in the Official Records ("Lease Deadline"). If a
16 COUNTY CARES-Assisted Unit remains unoccupied or not leased to an eligible tenant,
17 BORROWER must provide to COUNTY information about current marketing efforts and an
18 enhanced plan for marketing the unit so that it is leased promptly.

19 Within twelve (12) months from the Lease Deadline (six (6) months from the
20 recordation of the Notice of Completion), if a CARES-Assisted Unit remains unoccupied or not
21 leased to an eligible tenant, then BORROWER agrees to repay CARES funds for any CARES-
22 Assisted Unit that is not rented to eligible tenants. BORROWER may request an extension of
23 the Lease Deadline, as stated in Implementation Schedule set forth in this Agreement from
24 COUNTY if BORROWER can provide to COUNTY evidence showing efforts of aggressive
25 marketing efforts and proof that the circumstances that led to the failure to lease the CARES-
26 Assisted Unit(s) by the Lease Deadline were beyond the BORROWER's control.
27 The extension and time of extension is subject to COUNTY's approval and not
28 guaranteed. The Director HHPWS or designee, has the authority, at his or her



1 discretion, to consent to an extension of the Lease Deadline.

2 The amount of CARES funds to be repaid is based on the CARES Loan, defined
3 in **Section 1**, prorated by the number of COUNTY CARES-Assisted Units that are or are not
4 rented to eligible tenants. If all COUNTY CARES-Assisted Units are not rented to eligible
5 tenants upon the initial occupancy of those units, then COUNTY and BORROWER mutually
6 agree that this Agreement will self-terminate and any CARES Loan funds drawn shall be
7 returned within thirty (30) calendar days. Upon such termination, this Agreement shall become
8 null and void. COUNTY and BORROWER shall be released and discharged respectively from
9 their obligations under this Agreement. All cost incurred by each party on the Project will be
10 assumed respectively.

11 c. Approval: The BORROWER shall submit to the COUNTY for
12 review and written approval, all proposed rents for the CARES-Assisted Units prior to lease-up.
13 If during the recertification process a household income falls above 80% of the Area Median
14 Income then household shall pay the lesser of 30% of the adjusted income or Market rent.

15 20. TENANT PROTECTIONS. During the Affordability Period,
16 BORROWER shall adhere to the tenant protections and selection standard set forth in 24 CFR
17 92.253, as may be amended from time to time, and the following requirements:

18 a. Provide written lease agreement for not less than one year, unless by
19 mutual agreement between the tenant and BORROWER. COUNTY
20 shall review the initial form of the lease agreement prior to
21 BORROWER executing any leases and, provided that BORROWER
22 uses the approved lease form, BORROWER shall be permitted to enter
23 into residential leases without COUNTY's prior written consent.

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

26 (1) Agreement to be sued. Agreement by the tenant to be sued,
27 to admit guilt or to a judgment in favor of BORROWER in
28 a lawsuit brought in connection with the lease.

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

1 outcome. Agreement by the tenant to pay attorneys' fees or
2 other legal costs even if the tenant wins in a court
3 proceeding by BORROWER against the tenant. The tenant,
4 however, may be obligated to pay costs if the tenant loses.

5 (9) Mandatory supportive services. Agreement by the tenant
6 (other than a tenant in transitional housing) to accept
7 supportive services that are offered.

8 c. Violence Against Women Reauthorization Act of 2013. (Pub. L. 113–
9 4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes and
10 amends the Violence Against Women Act of 1994, as previously
11 amended, (title IV, sec. 40001–40703 of Pub. L. 103–322, 42 U.S.C.
12 13925 et seq.) VAWA 2013, among other things, bars eviction and
13 termination due to a tenant’s status as a victim of domestic violence,
14 dating violence, or stalking, and requires landlords to maintain
15 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is
16 a survivor of domestic violence, dating violence, sexual assault, and
17 stalking from being denied assistance, tenancy, or occupancy rights
18 based solely on criminal activity related to an act of violence
19 committed against them. It extends housing protections to survivors of
20 sexual assault, and adds “intimate partner” to the list of eligible
21 relationships in the domestic violence definition. Protections also now
22 cover an “affiliated individual,” which includes any lawful occupant
23 living in the survivor’s household, or related to the survivor by blood
24 or marriage including the survivor’s spouse, parent, brother, sister,
25 child, or any person to whom the survivor stands in loco parentis.
26 VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant
27 who engages in criminal activity directly relating to domestic violence,
28 dating violence, sexual assault, or stalking against an affiliated

1 individual or other individual, or others may be evicted or removed
2 without evicting or removing or otherwise penalizing a victim who is
3 a tenant or lawful occupant. If victim cannot establish eligibility,
4 BORROWER must give a reasonable amount of time to find new
5 housing or establish eligibility under another covered housing
6 program. A Notice of Rights under VAWA 2013 for tenants must be
7 provided at the time a person applies for housing, when a person is
8 admitted as a tenant of a housing unit, and when a tenant is threatened
9 with eviction or termination of housing benefits. Tenants must request
10 an emergency transfer and reasonably believe that they are threatened
11 with imminent harm from further violence if the tenant remains in the
12 same unit. The provisions of VAWA 2013 that are applicable to HUD
13 programs are found in title VI of VAWA 2013, which is entitled "Safe
14 Homes for Victims of Domestic Violence, Dating Violence, Sexual
15 Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N
16 of VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled
17 "Housing Rights."

18 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
19 provisions of the CARES Act and any amendments thereto and all applicable federal regulations
20 and guidelines now or hereafter enacted pursuant to the Act.

21 22. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
22 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
23 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
24 which consent shall be conditioned upon receipt by the COUNTY of reasonable evidence
25 satisfactory to the COUNTY in its sole discretion, that transferee has assumed in writing and in
26 full, and is reasonably capable of performing and complying with the BORROWER's duties and
27 obligations under this Agreement, provided, however Borrower shall not be released of all
28 obligations hereunder which accrue from and after the date of such sale. Notwithstanding

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



**ITEM: 14.1
(ID # 13515)**

MEETING DATE:

Tuesday, September 29, 2020

FROM: RIVERSIDE COMMUNITY HOUSING CORP.:

SUBJECT: RIVERSIDE COMMUNITY HOUSING CORP. (RCHC): Approve the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis; District 4 [50% CARES Act, Coronavirus Relief Funds, 50% State Homekey Grant Funds - \$12,500,000] (Companion Item to MT Item #13514)

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the Projects are exempt from California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3);
2. Approve the Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC, for the acquisition of the Ivy Palm Hotel located at 2000 North Palm Canyon Drive, Palm Springs, CA, Assessor's Parcel Numbers 504-320-032, for an amount not to exceed \$8,500,000, subject to approval as to form by County Counsel, and authorize the Chief Executive Officer of Riverside Community Housing Corp., or designee, to execute a Purchase and Sale Agreement for such acquisition, and any other related documents to consummate the acquisition;

ACTION: Policy


Heidi Marshall, Director of Housing, Health and Safety Prevention 9/22/2020

MINUTES OF THE BOARD OF DIRECTORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: September 29, 2020
xc: RCHC

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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

3. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$4,250,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation (RCHC), providing a loan derived from the CARES funds in the amount of \$4,250,000 (CARES Loan), to be used to pay a portion of the acquisition and rehabilitation of Ivy Palms Hotel in the City of Palm Springs and convert it to permanent supportive housing, subject to approval as to form by County Counsel;

4. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$2,00,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation, providing a loan derived from the CARES funds in the amount of \$2,000,000 (CARES Loan), to be used to purchase 40 new manufactured housing units to be rented to farmworkers living in substandard conditions in unpermitted parks that lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems, mobile homes to be installed at Mountain View Estates in the community of Oasis, subject to approval as to form by County Counsel;

5. Authorize the Chief Executive Officer of RCHC, or designee, to execute the CARES Loan Documents and to take all necessary steps to implement the CARES Loan Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

6. Direct staff to file the Notice of Exemption within five days of approval by the Board.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$12,500,000	\$ 0	\$12,500,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 50% County Coronavirus Aid, Relief, and Economic Security Act (CARES) Act Funding, 50% State Homekey Grant Funds			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:
Summary

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

On July 16, 2020, the Department of Housing and Community Development (HCD) published a Notice of Funding Availability (NOFA) for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assembly Bill No. 83 (2019-2020 Reg. Sess.), § 21.). The Homekey Program is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness impacted by COVID-19. HCD has allocated \$600 million in Homekey funding, \$550 million is derived from the State's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million is derived from the State's General Fund. Projects receiving an award from the State's direct allocation of the federal CRF must expend the funds by December 30, 2020. The portion of a Project's award associated with State's General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

The Housing Authority of the County of Riverside (HACR) and its affiliate Riverside Community Housing Corp. (RCHC) identified two potential projects that could benefit from HCD Homekey Program grant funds and submitted two separate applications to HCD for Homekey Program grant funds. We have received confirmation from HCD that a reservation of Homekey funding has been reserved for both applications. Below are brief descriptions of the proposed projects (collectively the "Projects"):

Application 1 Requested \$4,250,000 (Project Ivy Palms in Palm Springs)

Riverside Community Housing Corp. (RCHC) has negotiated the acquisition of the Ivy Palms Hotel (Hotel) for \$8,500,000, located in the City of Palm Springs for the purpose to convert it to Permanent Supportive Housing.

The 100-unit hotel is located on the edge of downtown Palm Springs, and is centrally located to transportation, medical centers, shopping, jobs, and grocery stores. Although the hotel currently has 100 rooms, the Housing Authority and RCHC envision that the ultimate number of rooms will be less in order to convert units to one-bedroom units and to incorporate kitchenettes into the units. The development also will feature a 5,000 square foot community space.

In the fall of 2020, the Housing Authority and RCHC will seek a development partner that will help secure the funding and entitlements for the property. Through this process the Housing Authority and RCHC will identify an architect, engineers, and other consultants that are necessary to bring the project to fruition. The Housing Authority and RCHC envision that the property will be fully entitled and secure financing in 2021, so that construction may commence in the spring of 2022. The Housing Authority commits to project base Housing Choice Vouchers on the property to assist with the development.

While the Housing Authority and RCHC are working through the entitlement process and obtaining the funding, the facility will continue to function as a hotel under Project Roomkey (or similar effort). The County of Riverside has housed more than 700 people through project Roomkey, and currently has transitioned more than 100 to permanent housing with the goal of transitioning 550 families to permanent housing. Specifically, the County of Riverside has close to one hundred people occupying hotels under Project Roomkey in the City of Palm Springs at several hotels and the County plans to relocate many of those clients to this hotel after

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

acquisition. If Project Roomkey were to go away the County will use the hotel as a central location for clients of the Department of Public Social Services and Behavioral Health. Annually, the County of Riverside spends more than \$500,000 in the Coachella Valley on hotels.

The property will serve as an anchor institution in the community and provide a central location for the delivery of services. The County of Riverside is committed to leveraging the work of Public Health, Whole Person Care Nurses, Office on Aging, Adult Protective Services, Behavioral Health, Workforce Development, and the strong nonprofit community to leverage the acquisition to serve as a model for the rest of the County. The County of Riverside through the creation of the Housing, Homelessness Prevention, and Workforce Solutions, is seeking to breakdown silos between departments and create a comprehensive service delivery model on the property.

Application 2 Requested \$2,000,000 (40 Mobile homes in Oasis)

The HACR along with its nonprofit affiliate Riverside Community Housing Corp. (RCHC) are proposing the purchase of 40 new manufactured housing units ("Rental Units") to be installed at Mountain View Estates, a mobile home park with mobile home park spaces for rent ("Park"). RCHC and the Park owner agree to enter into an agreement to rent 40 mobile home spaces (Rental Spaces") at \$455 per month per space ("Space Rent"). The Park owner will provide property management services for the Rental Units. The Space Rent shall not exceed 35% of the area median income as established by family size. The Rental Units will be owned by Riverside Community Housing Corp. and will be leased to farmworkers living in substandard conditions in unpermitted parks that oftentimes lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems. The Eastern Coachella Valley is plagued with farmworker housing that is unsafe and unsanitary for farmworkers ("Essential Workers"). Historically, each summer there is an increase in unpermitted mobile home parks losing power due to the faulty and illegal electrical systems providing powering to the mobile home park and mobile homes. This summer alone, over 50 families living in unpermitted mobile home parks have been affected by power outages during times of the day when temperatures have reached over 120 degrees.

Additionally, the Coronavirus has disproportionately affected rural communities and Essential Workers, the Eastern Coachella Valley is no exception. The farmworker communities of Thermal, Mecca and Oasis have the highest per-capita rates of infection and death in the County of Riverside. The inability to socially distance, to stop working, and to qualify for benefits due to their legal resident status, continues to exacerbate the problem.

As part of the Homekey applications submitted to the State the County committed to providing County CARES matching funds on both applications so that the applications were more competitive and eligible for additional funding. For application 1 the County committed to providing \$4,250,000; and for application 2 the County committed to providing \$2,000,000.

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

Both applications have received reservations of Homekey funding from HCD, staff recommends that the Board approve the following attached documents memorializing the CARES Loans for the Projects for the use of CARES funds, including exhibits (CARES Loan Agreement) between the County of Riverside and Riverside Community Housing Corp., memorializing loans of \$4,250,000 and \$2,000,000, derived from CARES funds to pay a portion of the acquisition, development and construction costs for the Projects. The CARES Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Projects, the forms of which are each attached to the CARES Loan Agreement. The aforementioned use and occupancy restrictions will be memorialized in separate covenant agreements recorded against the Projects with concurrent 55-year terms.

The Projects have been evaluated and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption). Notwithstanding any other law, the California Environmental Quality Act ([Division 13 \(commencing with Section 21000\) of the Public Resources Code](#)) shall not apply to any project, including a phased project, funded pursuant to [Section 50675.1.1](#) if certain requirements described in Section 50675.1.2, if applicable, are satisfied. The proposed projects as described above are made pursuant to Health and Safety Code Section 50675.1.1 and any resulting agreements will be subject to the requirements of the Homekey Program and the aforementioned Health & Safety Code sections. In addition, the projects are exempt pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption) because it can be seen with certainty that that there is no possibility that the activity in question may have a significant effect on the environment. Projects include the authorizing the negotiation of real property, acquisition of mobile home units to be placed and renting spaces at an existing mobile home park, and rehabilitation of existing facilities. Therefore, the projects are statutorily exempt from CEQA and exempt under State CEQA Guidelines Section 15061 (b)(3).

Staff recommends that the Board of Directors approve the attached form the CARES Loan Agreement, including all exhibits, including, but not limited to the forms of the CARES Loan Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement.

Impact on Residents and Businesses

The Projects will allow the County to address a growing problem with housing our homeless population and providing housing to people impacted by COVID-19.

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Projects will be fully funded with the County's direct allocation of Coronavirus Aid, Relief, and Economic Security Act and HCD Homekey Program funds.

Ivy Palm Hotel:

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


State Homekey	\$4,250,000
County CARES	<u>\$4,250,000</u>
Total Acquisition Cost	\$8,500,000

40 Mobile Homes at Mt. View:

State Homekey	\$2,000,000
County CARES	<u>\$2,000,000</u>
Total Acquisition Cost	\$4,000,000


ATTACHMENTS:

- Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC
- Form of Loan Agreement for the Use of CARES funds, including all exhibits
- Form of CARES Deed of Trust and Promissory Note
- Form of CARES Covenant Agreement
- Notice of Exemption



Marcus Maltese

9/22/2020



Gregory P. Priamos, Director County Counsel

9/22/2020

MINUTES OF THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



14.1
(MT 13429)

(1)

On motion of Supervisor Jeffries, seconded by Supervisor Hewitt and duly carried by unanimous vote, IT WAS ORDERED that the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis, is continued to Tuesday, September 22, 2020 at 9:30 a.m. or as soon as possible thereafter.

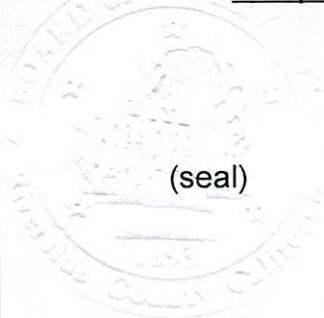
(2)

On motion of Supervisor Washington, seconded by Supervisor Spiegel and duly carried by unanimous vote, IT WAS ORDERED that the recommendation from Counsel regarding to Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis, is reconsidered and continued to Tuesday, September 29, 2020 at 9:30 a.m. or as soon as possible thereafter.

Roll Call:

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

I hereby certify that the foregoing is a full true, and correct copy of an order made and entered on September 15, 2020 of Supervisors Minutes.



(seal)

WITNESS my hand and the seal of the Board of Supervisors
Dated: September 15, 2020
Kecia R. Harper, Clerk of the Board of Supervisors, in
and for the County of Riverside, State of California.

By: *Musalla Rasht* Deputy

AGENDA NO.
14.1

xc: COB

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



ITEM:
(ID # 13429)

MEETING DATE:
Tuesday, September 15, 2020

FROM : RIVERSIDE COMMUNITY HOUSING CORP.:

SUBJECT: RIVERSIDE COMMUNITY HOUSING CORP. (RCHC): Approve the Agreement of Purchase and Sale and Joint Escrow Instructions for the Ivy Palms Hotel; Accept the allocation of CARES Act Funds from the County of Riverside and Approve the Form of Loan Documents for the Use of CARES Act, Coronavirus Relief Funds for Project Ivy Palms Hotel in the City of Palm Springs and Acquisition of 40 Mobile Homes at Mt. View Estates Phase III in the Community of Oasis; District 4 [50% CARES Act, Coronavirus Relief Funds, 50% State Homekey Grant Funds - \$12,500,000] (Companion Item to MT Item #13428) (Clerk of the Board to file the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Directors:

1. Find that the Projects are exempt from California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3);
2. Approve the Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC, for the acquisition of the Ivy Palm Hotel located at 2000 North Palm Canyon Drive, Palm Springs, CA, Assessor's Parcel Numbers 504-320-032, for an amount not to exceed \$8,500,000, subject to approval as to form by County Counsel, and authorize the Chief Executive Officer of Riverside Community Housing Corp., or designee, to execute a Purchase and Sale Agreement for such acquisition, and any other related documents to consummate the acquisition;
3. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$4,250,000 and approve the attached form of CARES Loan Agreement for the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation (RCHC), providing a loan derived from the CARES funds in the amount of \$4,250,000 (CARES Loan), to be used to pay a portion of the acquisition and rehabilitation of Ivy Palms Hotel in the City of Palm Springs and convert it to permanent supportive housing, subject to approval as to form by County Counsel;
4. Accept the allocation of CARES Act Funds from the County of Riverside ("County") in the amount of \$2,00,000 and approve the attached form of CARES Loan Agreement for

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

the Use of Coronavirus Aid, Relief, and Economic Security Act (CARES), Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement, including all attachments thereto, (CARES Loan Documents), between the County and Riverside Community Housing Corp., a California nonprofit corporation, providing a loan derived from the CARES funds in the amount of \$2,000,000 (CARES Loan), to be used to purchase 40 new manufactured housing units to be rented to farmworkers living in substandard conditions in unpermitted parks that lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems, mobile homes to be installed at Mountain View Estates in the community of Oasis, subject to approval as to form by County Counsel;

5. Authorize the Chief Executive Officer of RCHC, or designee, to execute the CARES Loan Documents and to take all necessary steps to implement the CARES Loan Agreement including, but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.
6. Direct staff to file the Notice of Exemption within five days of approval by the Board.

ACTION:Policy


Heidi Marshall, Director of Housing, Homelessness Prevention 9/3/2020

MINUTES OF THE BOARD OF DIRECTORS

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$12,500,000	\$ 0	\$12,500,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 50% County Coronavirus Aid, Relief, and Economic Security Act (CARES) Act Funding, 50% State Homekey Grant Funds			Budget Adjustment: No	
			For Fiscal Year: 2020/21	

C.E.O. RECOMMENDATION: [CEO use]

BACKGROUND:

Summary

On July 16, 2020, the Department of Housing and Community Development (HCD) published a Notice of Funding Availability (NOFA) for Homekey grant funds pursuant to Health and Safety Code section 50675.1.1 (Assembly Bill No. 83 (2019-2020 Reg. Sess.), § 21.). The Homekey Program is a statewide effort to rapidly sustain and expand housing for persons experiencing homelessness impacted by COVID-19. HCD has allocated \$600 million in Homekey funding, \$550 million is derived from the State's direct allocation of the federal Coronavirus Relief Fund (CRF) and \$50 million is derived from the State's General Fund. Projects receiving an award from the State's direct allocation of the federal CRF must expend the funds by December 30, 2020. The portion of a Project's award associated with State's General Fund must be expended by June 30, 2022. Depending on the funding award, the successful applicant must close escrow by the expenditure deadline.

The Housing Authority of the County of Riverside (HACR) and its affiliate Riverside Community Housing Corp. (RCHC) identified two potential projects that could benefit from HCD Homekey Program grant funds and submitted two separate applications to HCD for Homekey Program grant funds. We have received confirmation from HCD that a reservation of Homekey funding has been reserved for both applications. Below are brief descriptions of the proposed projects (collectively the "Projects"):

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The 100-unit hotel is located on the edge of downtown Palm Springs, and is centrally located to transportation, medical centers, shopping, jobs, and grocery stores. Although the hotel currently has 100 rooms, the Housing Authority and RCHC envision that the ultimate number of rooms will be less in order to convert units to one-bedroom units and to incorporate kitchenettes into the units. The development also will feature a 5,000 square foot community space.

In the fall of 2020, the Housing Authority and RCHC will seek a development partner that will

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

help secure the funding and entitlements for the property. Through this process the Housing Authority and RCHC will identify an architect, engineers, and other consultants that are necessary to bring the project to fruition. The Housing Authority and RCHC envision that the property will be fully entitled and secure financing in 2021, so that construction may commence in the spring of 2022. The Housing Authority commits to project base Housing Choice Vouchers on the property to assist with the development.

While the Housing Authority and RCHC are working through the entitlement process and obtaining the funding, the facility will continue to function as a hotel under Project Roomkey (or similar effort). The County of Riverside has housed more than 700 people through project Roomkey, and currently has transitioned more than 100 to permanent housing with the goal of transitioning 550 families to permanent housing. Specifically, the County of Riverside has close to one hundred people occupying hotels under Project Roomkey in the City of Palm Springs at several hotels and the County plans to relocate many of those clients to this hotel after acquisition. If Project Roomkey were to go away the County will use the hotel as a central location for clients of the Department of Public Social Services and Behavioral Health. Annually, the County of Riverside spends more than \$500,000 in the Coachella Valley on hotels.

The property will serve as an anchor institution in the community and provide a central location for the delivery of services. The County of Riverside is committed to leveraging the work of Public Health, Whole Person Care Nurses, Office on Aging, Adult Protective Services, Behavioral Health, Workforce Development, and the strong nonprofit community to leverage the acquisition to serve as a model for the rest of the County. The County of Riverside through the creation of the Housing, Homelessness Prevention, and Workforce Solutions, is seeking to breakdown silos between departments and create a comprehensive service delivery model on the property.

Application 2 Requested \$2,000,000 (40 Mobile homes in Oasis)

The HACR along with its nonprofit affiliate Riverside Community Housing Corp. (RCHC) are proposing the purchase of 40 new manufactured housing units ("Rental Units") to be installed at Mountain View Estates, a mobile home park with mobile home park spaces for rent ("Park"). RCHC and the Park owner agree to enter into an agreement to rent 40 mobile home spaces (Rental Spaces") at \$455 per month per space ("Space Rent"). The Park owner will provide property management services for the Rental Units. The Space Rent shall not exceed 35% of the area median income as established by family size. The Rental Units will be owned by Riverside Community Housing Corp. and will be leased to farmworkers living in substandard conditions in unpermitted parks that oftentimes lack basic infrastructure such as potable water, safe electrical, paved streets, or proper sanitation systems. The Eastern Coachella Valley is plagued with farmworker housing that is unsafe and unsanitary for farmworkers ("Essential Workers"). Historically, each summer there is an increase in unpermitted mobile home parks losing power due to the faulty and illegal electrical systems providing powering to the mobile home park and mobile homes. This summer alone, over 50 families living in unpermitted

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

mobile home parks have been affected by power outages during times of the day when temperatures have reached over 120 degrees.

Additionally, the Coronavirus has disproportionately affected rural communities and Essential Workers, the Eastern Coachella Valley is no exception. The farmworker communities of Thermal, Mecca and Oasis have the highest per-capita rates of infection and death in the County of Riverside. The inability to socially distance, to stop working, and to qualify for benefits due to their legal resident status, continues to exacerbate the problem.

As part of the Homekey applications submitted to the State the County committed to providing County CARES matching funds on both applications so that the applications were more competitive and eligible for additional funding. For application 1 the County committed to providing \$4,250,000; and for application 2 the County committed to providing \$2,000,000.

Both applications have received reservations of Homekey funding from HCD, staff recommends that the Board approve the following attached documents memorializing the CARES Loans for the Projects for the use of CARES funds, including exhibits (CARES Loan Agreement) between the County of Riverside and Riverside Community Housing Corp., memorializing loans of \$4,250,000 and \$2,000,000, derived from CARES funds to pay a portion of the acquisition, development and construction costs for the Projects. The CARES Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Projects, the forms of which are each attached to the CARES Loan Agreement. The aforementioned use and occupancy restrictions will be memorialized in separate covenant agreements recorded against the Projects with concurrent 55-year terms.

The Projects have been evaluated and determined to be exempt from the California Environmental Quality Act (CEQA) pursuant to California Health and Safety Code Sections 50675.1.1 and 50675.1.2 and State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption). Notwithstanding any other law, the California Environmental Quality Act ([Division 13 \(commencing with Section 21000\) of the Public Resources Code](#)) shall not apply to any project, including a phased project, funded pursuant to [Section 50675.1.1](#) if certain requirements described in Section 50675.1.2, if applicable, are satisfied. The proposed projects as described above are made pursuant to Health and Safety Code Section 50675.1.1 and any resulting agreements will be subject to the requirements of the Homekey Program and the aforementioned Health & Safety Code sections. In addition, the projects are exempt pursuant to State CEQA Guidelines Section 15061 (b)(3) (Common sense exemption) because it can be seen with certainty that that there is no possibility that the activity in question may have a significant effect on the environment. Projects include the authorizing the negotiation of real property, acquisition of mobile home units to be placed and renting spaces at an existing mobile home park, and rehabilitation of existing facilities. Therefore, the projects are statutorily exempt from CEQA and exempt under State CEQA Guidelines Section 15061 (b)(3).

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

Staff recommends that the Board of Directors approve the attached form the CARES Loan Agreement, including all exhibits, including, but not limited to the forms of the CARES Loan Deed of Trust and Assignment of Rents, CARES Loan Promissory Note and CARES Covenant Agreement.

Impact on Residents and Businesses

The Projects will allow the County to address a growing problem with housing our homeless population and providing housing to people impacted by COVID-19.

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Projects will be fully funded with the County's direct allocation of Coronavirus Aid, Relief, and Economic Security Act and HCD Homekey Program funds.

Ivy Palm Hotel:

State Homekey	\$4,250,000
County CARES	<u>\$4,250,000</u>
Total Acquisition Cost	\$8,500,000

40 Mobile Homes at Mt. View:

State Homekey	\$2,000,000
County CARES	<u>\$2,000,000</u>
Total Acquisition Cost	\$4,000,000

ATTACHMENTS:

- Agreement of Purchase and Sale and Joint Escrow Instructions with Hotel Oxygen Palm Springs, LLC
- Form of Loan Agreement for the Use of CARES funds, including all exhibits
- Form of CARES Deed of Trust and Promissory Note
- Form of CARES Covenant Agreement
- Notice of Exemption

1 manner whatsoever limits or circumscribes BORROWER'S indemnification to COUNTY as set
2 forth herein.

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

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

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

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

14 37. TERMINATION.

15 a. BORROWER. BORROWER may terminate this Agreement prior to
16 disbursement of any CARES Loan funds by COUNTY in accordance with the applicable CARES
17 Act regulations.

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

- 21 1. In the event BORROWER fails to perform the covenants herein
22 contained at such times and in such manner as provided in this
23 Agreement after the applicable notice and cure provision hereof;
24 or
- 25 2. In the event there is a conflict with any federal, state or local
26 law, ordinance, regulation or rule rendering any material
27 provision, in the judgment of COUNTY of this Agreement
28 invalid or untenable; or

1 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
2 discharged.

3 40. ENTIRE AGREEMENT. It is expressly agreed that this Agreement
4 embodies the entire agreement of the parties in relation to the subject matter hereof, and that no
5 other agreement or understanding, verbal or otherwise, relative to this subject matter, exists
6 between the parties at the time of execution.

7 41. AUTHORITY TO EXECUTE. The persons executing this Agreement or
8 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
9 that they have the authority to execute this Agreement and warrant and represent that they have
10 the authority to bind the respective parties to this Agreement to the performance of its obligations
11 hereunder.

12 42. WAIVER. Failure by a party to insist upon the strict performance of any
13 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
14 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
15 insist and demand strict compliance by the other party with the terms of this Agreement thereafter.

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

23 44. JURISDICTION AND VENUE. Any action at law or in equity arising
24 under this Agreement or brought by a party hereto for the purpose of enforcing, construing or
25 determining the validity of any provision of this Agreement shall be filed in the Superior Court
26 of Riverside County, State of California, and the parties hereto waive all provisions of law
27 providing for the filing, removal or change of venue to any other court or jurisdiction.

28 45. SEVERABILITY. Each paragraph and provision of this Agreement is

1 severable from each other provision, and if any provision or part thereof is declared invalid, the
2 remaining provisions shall nevertheless remain in full force and effect.

3 46. MINISTERIAL ACTS. COUNTY's Director HHPWS or designee is
4 authorized to take such ministerial actions as may be necessary or appropriate to implement the
5 terms, provisions, and conditions of this Agreement as it may be amended from time to time by
6 both parties.

7 47. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
8 consider it in its best interest to change, modify or extend a term or condition of this Agreement,
9 provided such change, modification or extension is agreed to in writing by the other party. Any
10 such change, extension or modification, which is mutually agreed upon by COUNTY and
11 BORROWER shall be incorporated in written amendments to this Agreement. Such amendments
12 shall not invalidate this Agreement, nor relieve or release COUNTY or BORROWER from any
13 obligations under this Agreement, except for those parts thereby amended. No amendment to this
14 Agreement shall be effective and binding upon the parties, unless it expressly makes reference to
15 this Agreement, is in writing, is signed and acknowledged by duly authorized representatives of
16 all parties, and approved by the County.

17 48. CONDITIONAL COMMITMENT.

18 a. Acquisition: Borrower must demonstrate that the property will be
19 acquired by December 30, 2020.

20 b. Construction. Borrower must demonstrate that they are working
21 towards obtaining financing to reconstruct the Project in accordance to the scheduled

22 c. Completion. The Project must be completed, and a
23 Notice of Completion shall have been recorded in the Official Records no later than
24 four (4) years from the Effective Date of this Agreement (the "Completion
25 Deadline"). BORROWER may request a one year extension of the Completion Deadline from
26 COUNTY ("Extension"), which may be granted in COUNTY's sole and absolute discretion, if
27 the BORROWER can provide proof that the circumstances that led to the failure to complete the
28 Project by the Completion Deadline were beyond the BORROWER's control. Extension is



1 subject to COUNTY's approval and not guaranteed. The Director HHPWS or designee, has the
2 authority, at his or her discretion, to consent to such Extension. If BORROWER is unable to meet
3 the condition as required by this **Section 48** including Extension, then COUNTY and
4 BORROWER mutually agree that this Agreement will self-terminate and any CARES Loan funds
5 disbursed to BORROWER to date shall be returned to COUNTY within thirty (30) calendar days
6 of such termination. Upon such termination, this Agreement shall become null and void.
7 COUNTY and BORROWER shall be released and discharged respectively from their obligations
8 under this Agreement, except for those provisions which by their terms survive termination. All
9 costs incurred by each party on the Project will be assumed respectively.

10 d. Tenant Leases. BORROWER shall comply with the initial
11 occupancy requirements set forth in **Section 19(b)** of this Agreement.

12 49. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
13 conditioned upon BORROWER's delivery to COUNTY, on or prior to **November 1, 2020** of (i)
14 written documentation of such binding loan commitments required to acquire the Project (less the
15 CARES Loan), on terms and conditions acceptable to BORROWER and COUNTY. Either
16 COUNTY or BORROWER may elect to terminate this Agreement with ten (10) days prior written
17 notice to the other party if BORROWER fails to acquire the project financing as required by this
18 **Section 49**. 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 obligations
24 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 those
27 obligations which by their terms survive termination.
28

1 in entering into this Agreement.

2 57. NONLIABILITY OF COUNTY OFFICIALS AND EMPLOYEES. No
3 member, official, employee or consultant of the COUNTY shall be personally liable to the
4 BORROWER, or any successor in interest, in the event of any default or breach by the COUNTY
5 or for any amount which may become due to the BORROWER or to its successor, or on any
6 obligations under the terms of this Agreement.

7 58. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

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

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

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

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

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

12 59. TIME OF ESSENCE. Time is of the essence with respect to the
13 performance of each of the covenants and agreements contained in this Agreement.

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

17 61. NO THIRD PARTY BENEFICIARIES. The parties to this Agreement
18 acknowledge and agree that the provisions of this Agreement are for the sole benefit of COUNTY
19 and BORROWER, and not for the benefit, directly or indirectly, of any other person or entity,
20 except as otherwise expressly provided herein.

21 62. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

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

///
///
///

(SIGNATURES ON THE NEXT PAGE)

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

COUNTY:

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

BORROWER:

[INSERT NAME OF BORROWER].
a _____

By: _____
Heidi Marshall, Director HHPWS

By: _____

Date: _____

Date: _____

(Above signatures need to be notarized)

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
County Counsel

APPROVED AS TO FORM:
GREGORY P. PRIAMOS
County Counsel

By: _____
Lisa Sanchez
Deputy County Counsel

By: _____
Synthia M. Gunzel,
Chief Deputy County Counsel

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT>

EXHIBIT "A"

Borrower: _____
Address: _____
Project Title: _____
Location: _____

Project Description:

BORROWER proposes to utilize \$X,XXX,XXX in CARES Act funds to acquire the _____ located at _____. The _____ is a _____ unit _____ located near, and is centrally located to transportation, medical centers, shopping, jobs, and grocery stores.

BORROWER shall set aside 49% of the units to homeless households whose incomes do not exceed 30% of the area median income for the County of Riverside, adjusted by family size at the time of occupancy.

The CARES-Assisted Units shall be a "floating" designation on the Property such that the requirements of this Agreement will be satisfied so long as the total number of CARES-Assisted Units and bedroom size remains the same throughout the Affordability Period. COUNTY shall review and approve proposed rents to the extent required under this section. BORROWER shall ensure the CARES-Assisted Units are rented to Qualified Households at the rent levels required herein. The maximum monthly allowances for utilities and services (excluding telephone) shall not exceed the utility allowance as described below. The CARES-Assisted Units may overlap Project Based Vouchers units with the Housing Authority of the County of Riverside.

Utility Allowance: Owners are required to complete initial UA calculations and submit their calculations for review and approval to the County prior to implementation, annually by June 1st. The following methods below are acceptable methodologies for calculating UA's:

- i. HUD Utility Schedule Model (HUSM), UA based on HUD's model.
- ii. Utility Company Estimate, UA based on estimated obtained from a local utility company for each of the utilities used in the project.
- iii. LIHTC Agency Estimate, UA approved by the LIHTC agency based on its actual usage methodology.
- iv. Energy Consumption Model (Engineer Model), UA based upon on an energy and water and sewage consumption and analysis model prepared by a third party licensed engineer or t qualified professional.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Acquisition of Property	December 30, 2020
2. Financing Commitment Reconstruction	September 1, 2022
3. Construction Start Deadline	January 1, 2022
4. Completion Deadline	August 1, 2023
5. Lease Deadline 6 months from Notice of Completion	January 1, 2024
6. Submission of Final project costs and Sources and Uses of Funds	September, 2025
7. Submission of income & ethnic characteristics report	January 1, 2024

LEGAL DESCRIPTION OF PROPERTY

Acquisition:

Sources:

HCD Homekey	\$ _____
County CARES Act	\$ _____
Total Sources	\$ _____

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. Section 504 Architect Certification	Beginning of Construction – initial letter End of Construction – final letter
5. Project Site Photos	Bimonthly, due by the 5 th of each month
6. The filing of the Notice of Completion	End of Construction
7. Certificate of Occupancy	End of Construction
8. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
9. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
10. Project Completion Report	Close of Project
11. Final Development Cost - Sources and Uses	Close of Project
12. Final Cost Certification by CPA	Close of Project and Audits Completed
13. Final 15/30 Year Cash Flow Projection	Close of Project
14. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
15. Management Plan	Marketing Stage
16. Tenant Selection Policy	Marketing Stage
17. Copy of Lease Agreement	Marketing Stage
18. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
19. Project Operating Budget	Annual submission
20. 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 and
Workforce Solutions
5555 Arlington Avenue
Riverside, CA 92504
Attn. Juan Garcia

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 _____, 2020 by _____, a _____, (hereinafter referred to as "Trustor"), whose address, _____, The trustee is Housing, Homelessness Prevention and Workforce Solutions ("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 _____, 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 Trustor's 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 \$XXXXXXXXXXXXXX.
 - (b) that certain Loan Agreement for the Use of CARES Act Funds dated _____, 2020 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "CARES Loan Agreement"); and
 - (c) that certain Covenant Agreement dated _____, 2020 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 TWO MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS (the "CARES Loan") according to the terms of the Note.

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

The CARES Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the Coronavirus Aid, Relief, and Economic Security Act (Section 5001, Public Law 116-136) (the "CARES Act"). Pursuant to the CARES Loan Agreement, the maturity date of the CARES Loan shall be the later to occur of (i) July 1, 2077 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 CARES Loan Agreement) ("CARES 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 CARES 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 CARES 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 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 CARES Loan Agreement and Covenant Agreement.

4a. That upon default hereunder or under any of the Secured Obligations and after giving notice and opportunity to cure, 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 CARES Deed of Trust.** During the construction phase lien priority during construction shall be as follows: (1) first priority deed of trust for the benefit of a lender to be named at a later date securing a construction loan for the Project in an amount up to \$ _____ ("Construction Senior Loan"); (2) second priority deed of trust for the benefit of the California Department of Housing and Community Development ("HCD"), securing a loan in the amount of \$ _____ ("HCD Loan"), and (3) third priority deed of trust for benefit of the City of _____ ("City Loan") securing a loan in the amount of \$ _____ (the "City Loan"). Lien priority upon Conversion shall be as follows: (1) first priority deed of trust for the benefit of a lender to be named at a later date securing the project in an amount up to \$ _____ ("Permanent Senior Loan"), (2) second priority deed of trust for the benefit of the HCD, securing the HCD Loan, (3) third priority deed of trust for benefit of the City, securing the City Loan.

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 CARES 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 CARES 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 Senior Lien

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

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

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

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. 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 CARES Act. 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 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 a Senior Lien Holder Deed 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 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 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 at the address set forth in the CARES Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to such other address the Senior Lien Holder designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

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

provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the CARES 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 CARES Act) 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 Lien Holder, prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

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 days of execution thereof; (iii) the lease for occupancy of all or any of the CARES-Assisted Units (as defined in the CARES Loan Agreement); (iv) the granting of easements or permits to facilitate the development of the Property in accordance with the CARES Loan Agreement; and (v) the withdrawal and/or replacement 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 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) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than thirty (30) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure

to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions 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 Lien Holder Deed of Trust or any other Senior Lenders loan documents, including any provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

31. **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 CARES Loan Agreement, the withdrawal, removal, and/or replacement of a non-Affiliate 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 CARES 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 CARES 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:

[INSERT NAME OF TRUSTOR]

a _____

By: _____

Date: _____

(Signature needs to be notarized)

< CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT >

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

TO BE ATTACHED BEHIND THIS

EXHIBIT "C"

PROMISSORY NOTE (CARES Loan)

\$XXXXXX

Riverside, CA

In installments as hereafter stated, for value received, _____, a (“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 _____ Dollars (U.S. \$XXXXXXXX) (the “CARES 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 CARES Act funds executed by COUNTY and Borrower, dated as of _____, 2020 and recorded in the Official Records (“Official Records”) of the County of Riverside on or about the date hereof (the “CARES 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 CARES 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 _____, 2020 and recorded on or about the date hereof in the Official Records (the “CARES Deed of Trust” or “Deed of Trust”). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the CARES Loan Agreement and the following terms:

- (1) The CARES Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Coronavirus Aid, Relief, and Economic Security Act (Section 5001, Public Law 116-136), herein after (the "CARES Act"). 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 CARES Act regulations, the CARES 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 CARES Loan will accrue simple interest at a rate of one percent (1%) 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 CARES Loan, and the City of _____ (“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 CARES 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 recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the CARES Loan Agreement, which shall be the later to occur of (i) July 1, 2077 or (ii) fifty-five (55) years from and after the recordation of the Notice of

Completion (the "CARES Loan Term"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation 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 CARES Loan or the CARES 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 recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon the maturity date of the CARES Note and the expiration of the CARES 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 recordation 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 CARES Loan or the CARES 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, including but not limited to 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;
 - f) deferred developer's fee in the amount of approximately \$_____;
 - g) general partner asset management annual fees which shall be no more than \$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 Director of Department of Housing, Homelessness Prevention and Workforce Solutions in his/her discretion;
 - i) payments of principal and interest on amortized loans and indebtedness senior to the CARES Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and

- j) COUNTY's Annual Monitoring Fee in the total annual amount of \$10,000 for the County CARES Loan

The calculation of operating expenses shall be subject to the reasonable approval of the County's Director HHPWS 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 Director HHPWS, 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 Director HHPWS, 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 Director HHPWS, 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 Director HHPWS, or designee, approves the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The County's Director HHPWS, 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 Director HHPWS, 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 CARES Loan evidenced by this Note is secured by that certain CARES 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 CARES 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 CARES 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 CARES Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the CARES 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 notice and opportunity to cure pursuant to the terms set forth in the CARES Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the CARES Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of CARES funds for costs other than those costs permitted under the CARES 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 CARES 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 lender to be named at a later date securing a construction loan in a principal amount up to \$ _____, (ii) that certain Deed of Trust for the benefit of California Department of Housing and Community Development Loan in a principal amount up to \$ _____, (iii) that certain Deed of Trust for the benefit of the City of _____ in a principal amount of \$ _____ and (iv) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without 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 CARES Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the CARES Loan Agreement, (4) any material default under the CARES Loan Agreement, CARES Deed of