

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



**ITEM: 3.16
(ID # 14271)**

MEETING DATE:
Tuesday, February 09, 2021

FROM: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS (HHPWS): Approve the Form of the Loan Agreement for the Use of Neighborhood Stabilization Program Funds for Veterans Village in the City of Cathedral City; District 4. [\$1,650,000 Neighborhood Stabilization Program (NSP1) Funds 100%]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached form of Loan Agreement For the Use of Neighborhood Stabilization Program Funds (Veterans Village of Cathedral City), including all attachments thereto, between the County of Riverside (County) and A0685 Cathedral City, L.P., a California limited partnership, (NSP1 Loan Agreement) providing a loan derived from the Neighborhood Stabilization Program in an amount up to \$1,500,000 (NSP1 Loan), to be used for the development of a multi-family affordable rental housing project in the City of Cathedral City;
2. Approve the attached form of NSP1 Loan Deed of Trust, NSP1 Loan Promissory Note and Covenant Agreement;
3. Approve the allocation of approximately \$150,000 derived from Neighborhood Stabilization Program 1 funds to be used to pay County staff related costs to the Project;

Continued on Page 2

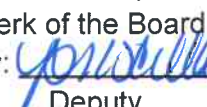
ACTION: Policy


Heidi Marshall, Director 1/26/2021

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez, and Hewitt
Nays: None
Absent: None
Date: February 9, 2021
xc: HHPWS

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

4. Authorize the Director of Housing, Homelessness Prevention and Workforce Solutions (HHPWS), or designee, to execute a NSP1 Loan Agreement and Covenant Agreement substantially conforming in form and substance to the attached NSP1 Loan Agreement and Covenant Agreement, subject to approval as to form by County Counsel;
5. Authorize the Director of HHPWS, or designee, to execute a Subordination Agreement subordinating the NSP1 Loan Deed of Trust to a Deed of Trust for the benefit of Citibank, N.A., senior lender, securing a construction loan for the Project in an amount up to \$3,700,000, subject to approval as to form by County Counsel;
6. Authorize the Director of HHPWS, or designee, to execute a Subordination Agreement subordinating the NSP1 Loan Deed of Trust to a Deed of Trust and a Senior Regulatory Agreement for the benefit of California Department of Housing and Community Development (HCD), senior lender, securing a Veterans Housing and Homelessness Prevention (VHHP) Program loan for the Project in an amount up to \$5,510,000, subject to approval as to form by County Counsel; and
7. Authorize the Director of HHPWS, or designee, to take all necessary steps to implement the NSP1 Loan Agreement, including but not limited to, signing subsequent necessary and relevant administrative documents, such as grants of easement, dedications, lot line adjustments, and parcel mergers, subject to approval as to form by County Counsel.

Continued on Page 3

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

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$1,650,000	\$ 0	\$1,650,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Neighborhood Stabilization Program 1 Funds (100%)			Budget Adjustment: No	
			For Fiscal Year: 20/21	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

On January 14, 2020, the Board of Supervisors approved Resolution No. 2020-013, (i) allocating up to \$1,500,000 in funds (NSP1 Loan) derived from the federal Neighborhood Stabilization Program 1 (NSP1) subject to the satisfaction of certain conditions contained therein, and (ii) supporting the submission of a low income housing tax credit application by A0685 Cathedral City, L.P., a California limited partnership (Partnership), to the California Tax Credit Allocation Committee (CTCAC) for Veterans Village, a 60 unit multi-family affordable rental housing complex located in the City of Cathedral City (Project). If approved, the NSP1 Loan will be evidenced by a promissory note and secured by a deed of trust for the benefit of the County.

The Project was awarded 9% tax credits by CTCAC and staff recommends that the Board approve the attached proposed Loan Agreement For the Use of Neighborhood Stabilization Program 1 Funds (Veterans Village) (NSP1 Loan Agreement) between the County of Riverside (County) and Partnership to formalize the County's funding contribution of the NSP1 Loan to the Project since all of the conditions to funding set forth in Resolution No. 2020-013 have been satisfied.

The Project is located on 8.9 acres of vacant land located at 30-600 Landau Boulevard, Cathedral City, California 92234 with Assessor's Parcel Numbers 678-060-001, 678-060-002, 678-060-003, 678-060-004, 678-060-005, 678-060-049, 678-060-050, 678-060-051, 678-060-052, and 678-060-053 (Project Site). The Project will be comprised of 48 one-bedroom units and 12 two-bedroom units. The Project will be rented to and occupied by qualified low-income households with a preference for veteran households. The low-income housing tax credits will be used by the Partnership to finance a majority of the costs to develop and construct the Project. A total of 29 units will be reserved as NSP1-assisted units restricted to households whose incomes do not exceed 50% of the Riverside County Area Median Income for a period of 55 years.

The total development cost for the Project is estimated at \$33,917,166. All the conditions precedent to funding the \$1,500,000 NSP1 Loan by the County set forth in Resolution No. 2020-

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

013 have been satisfied and staff is recommending approval of the NSP1 Loan to the Partnership. In addition to the NSP1 Loan, a construction loan from Citibank, N.A. in an amount up to \$23,000,000 will be utilized to finance the construction of the Project. The construction loan will be repaid by permanent financing for the Project which includes: A Perm Loan from Citibank, N.A. of \$3,609,000; \$5,510,000 in Veteran Housing and Homelessness Prevention Program (VHHP) funds from the California Department of Housing and Community Development (HCD), and an estimated \$18,397,073 in limited partner tax credit investor equity contribution, donated land valued at \$1,830,000 from the City of Cathedral City, and \$571,097 in deferred developer fee. In addition, a \$1,000,000 grant from the City of Cathedral City, and a \$1,500,000 grant from the office of Assembly member Eduardo Garcia to Ikaika Ohana which will be loaned to the partnership. Additionally, the Partnership was awarded 53 Housing Choice Voucher Program (HCVP) Project Based Veterans Affairs Supportive Housing Vouchers (VASH) through a competitive Request for Proposals released by the Housing Authority of the County of Riverside on December 12, 2019.

Staff recommends allocation of NSP1 funds for the Project to pay a portion of the acquisition costs, development costs and direct project staffing in an amount not to exceed 10% of the total NSP1 funds approved for the Project as follows:

Veterans Village	\$1,500,000	NSP1 Project Funding
<u>Veterans Village</u>	<u>\$ 150,000</u>	Direct Staffing Cost (10%)
Total	\$1,650,000	

The construction lender for the project and HCD (Senior Lenders) each require, as a condition precedent to funding their respective loans, that the lien of the County NSP1 Loan is subordinated to their respective liens. Subordination of the County NSP1 Loan is necessary since an economically feasible alternative method of financing the project on comparable terms is not available without subordination. As a result of such subordinations, the County's NSP1 Loan will be in a third priority lien position junior to the two Senior Lender loans. All subordination agreements shall be approved as to form by County Counsel.

On June 5, 2018, the Board of Supervisors adopted a Finding of No Significant Impact for the Project for an award of Project Based Vouchers and concluded that the Project is not an action which may affect the quality of the human environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations at 24 CFR Parts 50 and 58. Therefore, no new environmental review is required for the proposed NSP1 Loan Agreement pursuant to NEPA.

Staff recommends that the Board of Supervisors approve the NSP1 Loan Agreement, NSP1 Loan Promissory Note, NSP1 Loan Deed of Trust, and Covenant Agreement. Staff further recommends that the Board of Supervisors authorize the Director/HHPWS, or designee, to execute subordination agreements, as a required condition to the Senior Lender financing,

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

subordinating the NSP1 Loan Deed of Trust to a Deed of Trust for the benefit of the two Senior Lenders, subject to approval as to form by County Counsel.

Impact of Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses in the County of Riverside. The Proposed Project is expected to generate construction, permanent maintenance and property management jobs, and provide affordable housing for residents of the County of Riverside. The use of NSP funds and Project Based Vouchers requires federal Davis Bacon prevailing wages to be paid to the majority of workers, laborers, and mechanics for the project.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Proposed Project will be fully funded with federal Neighborhood Stabilization Program 1 (NSP1) funds from the U.S. Department of Housing and Urban Development.

Attachment:

- A. Form of Loan Agreement for Use of NSP funds, including all exhibits
- B. Form of Deed of Trust and Promissory Note (attached to Loan Agreement)
- C. Form of Covenant Agreement (attached to Loan Agreement)



Marcus Maltese

2/1/2021



Gregory V. Priamos, Director County Counsel

1/29/2021

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

2 Order No.
3 Escrow No.
4 Loan No.

4 RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

5 County of Riverside
6 Housing, Homelessness Prevention and
7 Workforce Solutions
8 5555 Arlington Avenue
9 Riverside, CA 92504
10 Attn: Nicole Sanchez

9 SPACE ABOVE THIS LINE FOR RECORDERS USE

10 LOAN AGREEMENT FOR THE USE OF
11 NEIGHBORHOOD STABILIZATION PROGRAM FUNDS
12 (Veterans Village of Cathedral City)

12 This Loan Agreement for the Use of Neighborhood Stabilization Program funds
13 (“Agreement”) is made and entered into this 9th day of February, 2021 by and between the
14 COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”) and
15 A0685 Cathedral City, L.P., a California limited partnership (“BORROWER”). The COUNTY
16 and BORROWER may be individually referred to herein as a “Party” and collectively as the
17 “Parties.”

18 WITNESETH:

19 WHEREAS, the Neighborhood Stabilization Program (“NSP”), which was
20 enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008
21 (“HERA”) and appropriated under Community Development Block Grant (“CDBG”), was
22 created under the heading of Emergency Assistance for Redevelopment of Abandoned and
23 Foreclosed Homes for the purpose of assisting in the redevelopment of abandoned or foreclosed
24 homes. The American Recovery and Reinvestment Act of 2009 (“ARRA”) provided a second
25 round of NSP funds (NSP2). On October 19, 2010, a third round of NSP funding, NSP3,
26 provided an additional allocation of funds under Section 1497 of the Wall Street Reform and
27 Consumer Protection Act of 2010 (“Dodd-Frank Act”). The intent of NSP, NSP2 and NSP3 is
28 to stabilize neighborhoods in areas with greatest need and stem the decline of house values of

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1 neighboring homes;

2 WHEREAS, COUNTY has qualified as an “Urban County” for purposes of
3 receiving CDBG funds, including NSP, NSP2 and NSP3 funds, which are to be used to assist
4 and undertake essential community redevelopment and housing assistance activities pursuant to
5 HERA, ARRA and the Dodd-Frank Act;

6 WHEREAS, BORROWER is eligible under NSP1 to apply and receive NSP1 funds
7 to perform those activities described herein;

8 WHEREAS, BORROWER’s managing general partner is A0685 Cathedral City
9 Holdings, LLC, a California limited liability company whose sole member/manager is Ikaika
10 Ohana, a California nonprofit public benefit corporation organized to provide housing for low
11 income persons.;

12 WHEREAS, BORROWER has proposed to utilize NSP1 funds to develop and
13 construct a multi-family affordable rental housing project consisting of sixty (60) rental units
14 including one (1) residential manager’s unit (“Project”) on real property located on
15 approximately 8.9 acres of vacant land located on the east side of Landau Blvd between Vega
16 Road and Corta Road, city of Cathedral City, California 92234 also identified as Assessor’s
17 Parcel Numbers 678-060-001, 678-060-002, 678-060-003, 678-060-004, 678-060-005, 678-060-
18 049, 678-060-050, 678-060-051, 678-060-052, and 678-060-053 as more specifically described
19 in the legal description and depicted on the site map attached hereto as **Exhibit A** and
20 incorporated herein by this reference (“Property”);

21 WHEREAS, a total of twenty-nine (29) units will be reserved as NSP1 assisted
22 units restricted to households whose incomes do not exceed 50% of the Riverside County Area
23 Median Income (“NSP1-Assisted Units”);

24 WHEREAS, construction of the Project is within a designated target area of the
25 County of Riverside as defined in the COUNTY’s 2010-2011 One Year Action Plan (“Action
26 Plan”) including its amendments;

27 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY
28 to reserve and commit up to One Million, Five Hundred Thousand Dollars (\$1,500,000) of NSP1

1 funds, to provide financial assistance to BORROWER to pay a portion of development and
2 construction costs related to the Project, as more fully described herein; and

3 WHEREAS, funding for development and construction activities described herein
4 complies with NSP-eligible uses, including redevelopment of demolished or vacant properties,
5 pursuant to NSP regulations set forth under Federal Register Notice, Vol. 75, No. 201, Docket
6 No. FR-5447-N-01, dated October 19, 2010, as amended, and is consistent with the COUNTY's
7 Consolidated Plan.

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

11 1. PURPOSE. The aforementioned Recitals are true and correct and
12 incorporated herein by this reference. COUNTY has agreed to lend no more than a total of One
13 Million, Five Hundred Thousand Dollars (\$1,500,000) in NSP1 funds ("NSP1 Loan") to
14 BORROWER upon the satisfaction of the terms and conditions set forth herein, including but
15 not limited to the conditions precedent to distribution of NSP1 Loan funds set forth in **Section**
16 **11** below. Subject to **Sections 49** and **50** below, BORROWER shall undertake and complete the
17 NSP1 activities required herein and as set forth in **Exhibit A**, and shall utilize the NSP1 Loan
18 funds, as required herein and pursuant to the NSP1 regulations. A total of 29 units floating
19 throughout the project, shall be reserved as NSP1-Assisted Units. During the Affordability
20 Period (as defined in **Section 14** below), the NSP1-Assisted Units shall be rented to and occupied
21 by Qualified Very Low Income Households for an affordable rent pursuant to **Sections 18 and**
22 **19** below, **Exhibit A** and the Covenant Agreement ("Covenant Agreement") attached hereto as
23 **Exhibit G** and incorporated herein by this reference.

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

- 27 a. Satisfy the conditions precedent to distribution of NSP1 Loan funds set
28 forth in **Section 11** below.

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- b. Develop the Project in accordance with the timeline set forth in **Exhibit A**.
- c. Operate the Project in such a manner so that it will remain affordable to Qualified Very Low Income Households for the Affordability Period as defined in **Section 14** below without regard to (i) the term of the promissory note or (ii) transfer of ownership.
- d. Maintain the Project in compliance with applicable local, state, federal laws, codes and regulations as further described in **Section 17** below until the expiration of the Term of Agreement set forth in **Section 6** below and the Affordability Period set forth in **Section 14** below.
- e. Provide the COUNTY the Data Universal Number as assigned by the Data Universal Number System (“DUNS”) assigned to BORROWER as required by the Federal Funding Accountability and Transparency Act of 2006.
- f. Cooperate with the Riverside County Work Force Development Center (“WDC”) and post all jobs created, if any, as a result of this Project with the WDC. Evidence of posted jobs, if any, shall be submitted to the COUNTY prior to start of construction.

3. Reserved.

4. NSP1 Loan. Subject to BORROWER’s satisfaction of the conditions precedent to disbursement of the NSP1 Loan set forth in **Section 11** below, COUNTY shall provide financing to Borrower in the form of a loan pursuant to the following terms and conditions:

- a. Term of NSP1 Loan. The maturity date of the NSP1 Loan amount shall be the later to occur of (i) July 1, 2076 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 “NSP1 Loan Term”). The term, “Official Records” used herein

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shall mean the Official Records of the Recorder’s Office of the County of Riverside.

b. Principal. The total amount of the NSP1 Loan shall not exceed \$1,500,000, and shall be evidenced by a Promissory Note, substantially conforming in form and substance to the Promissory Note attached hereto as **Exhibit C** and incorporated herein by this reference (“NSP1 Note”), which note shall be secured by a Deed of Trust with Assignment of Rents, substantially conforming in form and substance to the Deed of Trust with Assignment of Rents attached hereto as **Exhibit B** and incorporated herein by this reference (“NSP1 Deed of Trust”).

c. Interest. The interest rate shall be three percent (3%) simple interest per annum.

d. Repayment. The terms of the NSP1 Note shall be as follows:

1. That the NSP1 Loan will accrue simple interest at a rate of three percent (3%) 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 Promissory Note, and shall be repaid on an annual basis from the Project’s Residual Receipts (defined in **Section 4(d)(4)** below). Interest will begin to accrue 30 days from the recordation of the Notice of Completion in the Official Records. Repayment of the NSP1 Loan amount from Project’s Residual Receipts with respect to the calendar year in which the Construction Loan is repaid in full shall be calculated based on Project’s Residual Receipts from and after the date that the Construction Loan is repaid in full.

2. The NSP1 Note shall be repaid to COUNTY as follows:

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i) Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, including a deed of trust for the benefit of the California Department of Housing and Community Development ("HCD") securing a Veterans Housing and Homeless Prevention ("VHHP") Program loan for the Project and a NSP1 Deed of Trust for the benefit of the COUNTY securing this NSP1 Loan (collectively, the "Residual Receipts Loans"). The payment shall be prorated based on the percentage of each respective principal loan amount in relation to the total principal amount of all such loans, until the NSP1 Note is repaid in full; and

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

3. The Project's Residual Receipts and COUNTY's and HCD's pro rata share of 50% of 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 expiration of the NSP1 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

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following the date the Construction Loan (defined below) is repaid in full, to the extent of available Residual Receipts from the preceding calendar year, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts from the preceding calendar year until the earlier of full repayment of the NSP1 Loan or the NSP1 Loan maturity date as set forth above.

4. The term “Project’s Residual Receipts” as used herein shall mean gross receipts, not including interest on required reserve accounts, less the following costs reasonably and actually incurred for operation and maintenance of the project:

- i) auditing and accounting fees;
- ii) a reasonable property management fee not to exceed \$60 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;
- iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project’s day-to-day activities, which shall include administration, on-site management, resident and social services, utilities, on-site staff payroll, payroll taxes, and maintenance);
- iv) replacement reserves, established in a separate account from operating reserves, limited to \$400 per

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unit per year for all units in the Project, as defined in **Exhibit A** or such higher amount as is required by a senior lender or HCD, increased annually by an amount equal to the increase in CPI;

- v) Deposits into an Operating Reserve until the amount therein reaches \$318,760 (or such other amount as required by the BORROWER's limited partner) and, thereafter, annual Operating Reserve deposits in an amount necessary to bring Operating Reserve Account into compliance;
- vi) deferred developer's fee;
- vii) payment to HCD of an amount based on the percentage of the outstanding principal loan balance on the VHHP Loan pursuant to California Code of Regulations, Title 25, Section 7308;
- viii) annual asset management fee paid to BORROWER's limited partner in an amount equal to \$10,000, escalating annually by 3%;
- ix) annual partnership management fee paid to BORROWER's general partner in an amount equal to \$20,000, escalating annually by the Consumer Price Index (CPI), as more specifically discussed in **Section 28**; and
- x) COUNTY's Annual Monitoring Fee in the total annual amount of \$6,000 increased annually by an amount equal to the increase of the Consumer Price Index (CPI), as more specifically discussed in **Section 28**.

1 Operating expenses shall not include, depreciation,
2 amortization, depletion or other non-cash expenses, any
3 amount expended from a reserve account, and any capital
4 cost associated with development of the project. The
5 calculation of operating expenses shall be subject to the
6 reasonable approval of the COUNTY's Assistant County
7 Executive Officer/HHWPS or designee.

- 8 5. Security. During the construction phase the NSP1 Deed of Trust
9 and this Agreement shall be in a third and fourth priority lien
10 position, respectively. Upon repayment of the Construction Loan
11 (defined below), the NSP1 Deed of Trust and this Agreement shall
12 be in a sixth and seventh priority lien position, respectively. Lien
13 priorities during construction, including regulatory agreements,
14 shall be as follows: (a) first priority shall be a County of Riverside
15 NSP Covenant Agreement, substantially conforming in form and
16 substance to the Covenant Agreement, attached hereto as Exhibit
17 "G"; (b) second priority shall be a deed of trust for the benefit of
18 Citibank, N.A. securing that certain construction loan for the
19 Project in an amount up to \$3,700,000 (the "Construction Loan");
20 (c) third priority shall be the NSP1 Deed of Trust for the benefit of
21 COUNTY; and (d) fourth priority shall be this Agreement.

22 Upon repayment of the Construction Loan, lien priority, including
23 applicable regulatory agreements shall be as follows: (1) first
24 priority shall be the VHHP Senior Regulatory Agreement
25 (Affordability Provisions) for the benefit of HCD; (2) second
26 priority shall be a County of Riverside NSP Covenant Agreement,
27 substantially conforming in form and substance to the Covenant
28 Agreement, attached hereto as Exhibit "G"; (3) third priority shall

1 be a deed of trust for the benefit of Citibank, N.A. securing that
2 certain permanent loan for the Project in an amount up to
3 \$ _____ (the "Permanent Loan"); (4) fourth priority shall
4 be the VHHP Subordinate Regulatory Agreement for the benefit of
5 HCD; (5) fifth priority shall be the deed of trust for the benefit of
6 HCD securing that certain VHHP Program loan for the Project in
7 an amount up to \$5,510,000 (the "VHHP Loan"); (6) sixth priority
8 shall be the NSP1 Deed of Trust for the benefit of COUNTY; (7)
9 seventh priority shall be this Agreement. Borrower shall cause the
10 Senior Loans or any other COUNTY approved senior lender to
11 execute and record in the Official Records, a Subordination
12 Agreement, substantially in a form and of substance approved by
13 the COUNTY, which, among other things, grants the COUNTY
14 notice and opportunity to cure events of default under the Senior
15 Loan documents.

16 e. Prepayment. Prepayment of principal and/or interest under the NSP1
17 Note may occur at any time without penalty; provided, however (i) the
18 requirements of **Section 17**, Compliance with Laws and Regulations,
19 shall remain in full force and effect for the term of the Agreement
20 specified in **Section 6** below; and (ii) the affordability requirements set
21 forth in the Covenant Agreement, attached hereto as **Exhibit G**, shall
22 remain in effect until the expiration of the Affordability Period.

23 5. PRIOR COUNTY APPROVAL.

24 a. Except as otherwise expressly provided in this Agreement,
25 approvals required of COUNTY or BORROWER in this Agreement, including the attachments
26 hereto, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure
27 by either party to approve a matter within the time provided for approval of the matter shall not
28 be deemed disapproval, and failure by either party to disapprove a matter within the time

1 provided for approval of the matter shall not be deemed an approval.

2 b. Except as otherwise expressly provided in this Agreement,
3 approvals required of the COUNTY shall be deemed granted by the written approval of the
4 Director for the Department of Housing, Homelessness Prevention and Workforce Solutions or
5 designee (“Director/HHWPS”). Notwithstanding the foregoing, the Director/HHWPS may, in
6 his or her sole discretion, refer to the governing body of the COUNTY any item requiring
7 COUNTY approval; otherwise, “COUNTY approval” means and refers to approval by the
8 Director/HHWPS or designee.

9 c. The Director/HHWPS or designee shall have the right to make non-
10 substantive changes to the attachments to this Agreement in order to ensure that all such
11 attachments are consistent with the terms and provisions of this Agreement.

12 6. TERM OF AGREEMENT. This Agreement shall become effective upon
13 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to the
14 terms hereof, shall continue in full force and effect until the later to occur of (i) July 1, 2076 or
15 (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records
16 for the last building for which rehabilitation is completed for the Project (“Term of Agreement”).

17 7. BORROWER’S REPRESENTATIONS. BORROWER represents and
18 warrants to COUNTY as follows:

19 a. Authority. BORROWER is a duly organized limited partnership in
20 good standing under the laws of the State of California. The copies
21 of the documents evidencing the organization of BORROWER,
22 which have been delivered to COUNTY, are true and complete
23 copies of the originals, amended to the date of this Agreement.
24 BORROWER has full right, power and lawful authority to enter
25 into this Agreement and accept the loan of NSP1 Loan funds and
26 undertake all obligations as provided herein. The execution,
27 performance and delivery of this Agreement by BORROWER have
28 been fully authorized by all requisite actions on the part of

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BORROWER.

- b. No Conflict. To the best of BORROWER’s knowledge, BORROWER’s execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under contract, agreement or order to which BORROWER is a party or by which it is bound.
- c. No Bankruptcy. BORROWER is not the subject of a bankruptcy proceeding.
- d. Prior to Closing. BORROWER shall upon learning of any fact or condition which would cause any of the warranties and representations in this **Section 7** not to be true as of Closing, immediately give written notice of such fact or condition to COUNTY. Such exception(s) to a representation shall not be deemed a breach by BORROWER hereunder, but shall constitute an exception which COUNTY shall have the right to approve or disapprove if such exception would have an effect on the value and/or operation of the Project Site.

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

9. FORCE MAJEURE DELAYS. “Force Majeure” or “Force Majeure Event” means any of the following events, provided that it actually delays and interferes with the timely performance of the matter to which it applies and despite the exercise of diligence and good business practices is or would be beyond the reasonable control of the party claiming such interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging

1 the validity of this transaction or any element thereof; unusually severe weather; inability to
2 secure necessary labor, materials or tools; acts of the other party; acts or failure to act of any
3 Governmental Authority (except acts or failure to act of the COUNTY shall not excuse
4 performance by the COUNTY); or the imposition of any applicable moratorium by a
5 Governmental Authority; or any other causes which despite the exercise of diligence and good
6 business practices are or would be beyond the reasonable control of the party claiming such delay
7 and interference. Notwithstanding the foregoing, none of the foregoing events shall constitute a
8 Force Majeure Event unless and until the party claiming such delay and interference delivers to
9 the other party written notice describing the event, its cause, when and how such party obtained
10 knowledge of the event, the date the event commenced, and the estimated delay resulting
11 therefrom. Any party claiming a Force Majeure Delay shall deliver such written notice within
12 fifteen (15) days after it obtains actual knowledge of the event.

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

15 10. EXTENSION OF TIME. COUNTY may grant an extension to the
16 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's
17 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request said
18 extension in writing, stating the reasons therefore, which extension must be first approved in
19 writing by the COUNTY in its reasonable discretion. The Director/HHPWS or designee, on
20 behalf of the COUNTY and without referring such matter to the County's Board of Supervisor's
21 may extend all pending deadlines in the Implementation Schedule on two (2) or fewer occasions,
22 so long as the aggregate duration of such administrative time extensions is no greater than ninety
23 (90) days. Every term, condition, covenant, and requirement of this Agreement shall continue
24 in full force and effect during the period of any such extension.

25 11. CONDITIONS PRECEDENT TO DISTRIBUTION OF NSP1 LOAN
26 FUNDS. COUNTY, through its Housing, Homelessness Prevention and Workforce Solutions
27 (“HHWPS”), shall: (1) make payments of the NSP1 Loan funds to BORROWER as designated
28 in **Exhibit A** subject to Borrower's satisfaction of the conditions precedent set forth below, and

1 (2) monitor the Project to ensure compliance with applicable federal regulations and the terms
2 of this Agreement. COUNTY shall not disburse any NSP1 Loan funds pursuant to this
3 Agreement until the following conditions precedent have been satisfied:

- 4 a. BORROWER executes this Agreement and delivers to COUNTY for
5 recordation in the Official Records;
- 6 b. Borrower submits written evidence to COUNTY that Borrower has
7 obtained sufficient financing commitments necessary to undertake the
8 acquisition and rehabilitation of the project as required herein;
- 9 c. BORROWER provides COUNTY with the Data Universal Number as
10 assigned by the Date Universal Number System assigned to Borrower
11 as required by the Federal Accountability and Transparency Act of
12 2006;
- 13 d. BORROWER provides COUNTY with evidence of insurance as
14 required herein;
- 15 e. BORROWER executes the NSP1 Deed of Trust, substantially
16 conforming in form and substance to the Deed of Trust with
17 Assignment of Rents attached hereto as **Exhibit B**, in recordable form,
18 and delivers such document to the County of Riverside for recordation
19 in the Official records;
- 20 f. BORROWER executes the NSP1 Note, substantially conforming in
21 form and substance to the Promissory Note attached hereto as **Exhibit**
22 **C** and delivers to COUNTY;
- 23 g. BORROWER executes the Covenant Agreement, substantially
24 conforming in form and substance to the Covenant Agreement attached
25 hereto as **Exhibit G** and incorporated herein by this reference, in
26 recordable form, and delivers to the County of Riverside for
27 recordation in the Official Records;
- 28 h. BORROWER has reasonably cooperated with and pays for any

1 recording fees in connection with COUNTY executing and recording
2 the Request for Notice of Default conforming in form and substance to
3 **Exhibit I** attached hereto;

4 i. BORROWER provides, at its expense, an ALTA lender's policy in
5 favor of COUNTY, insuring the NSP1 Deed of Trust as a sixth priority
6 lien against the Property junior only to the Senior Loans identified in
7 **Section 4(d)(5)**;

8 j. BORROWER provides satisfactory evidence that it has all the
9 financing documents required to cause the proceeds of the Senior
10 Loans, when combined with the NSP1 Loan and Borrower equity, to
11 pay for all development and construction costs for the Project;

12 k. BORROWER is not in default under the terms of this Agreement or
13 any other agreement related to the financing of the Project;

14 l. BORROWER submits evidence that all jobs created, if any, as a result
15 of this project shall be posted with the Riverside County Workforce
16 Development Center (WDC);

17 m. BORROWER provides satisfactory evidence that it has secured any
18 and all land use entitlements, permits, approvals which may be required
19 for construction of the Project pursuant to the applicable rules and
20 regulations of COUNTY, or any other governmental agency affected
21 by such construction work. BORROWER shall, without limitation,
22 secure all entitlement, change of zone, lot line adjustment, any and all
23 necessary studies required including but not limited to archaeological,
24 cultural, environmental, traffic studies and lead-based paint surveys, as
25 applicable, and required, and pay all costs, charges and fees associated
26 therewith, all conditions precedent to the issuance of all permits
27 necessary for the construction of the Project and all such permits are
28 available for issuance, other than payment of fees;

- 1 n. BORROWER provides duly executed documents and instruments
2 evidencing that BORROWER owns fee title to the Property;
- 3 o. BORROWER consults and complies with concerned Native American
4 tribes pursuant to Section 106 requirements, including entering into a
5 Native American monitoring agreement, and if necessary, a cultural
6 resource treatment and disposition agreement;
- 7 p. If Davis Bacon and/or prevailing wages are required to be paid,
8 BORROWER hires a qualified professional firm to review and monitor
9 Davis Bacon and/or prevailing wage compliance for all submissions of
10 contractors certified payrolls to COUNTY. In the event that the Project
11 requires prevailing wages, BORROWER shall comply with any
12 applicable labor regulations and all other State laws in connection with
13 the construction of the improvements which compromise the Project,
14 including if applicable, requirements relating to prevailing wages.
15 BORROWER agrees and acknowledges that it is the responsibility of
16 BORROWER to obtain legal determination, at BORROWER's sole
17 cost and expense, as to whether prevailing wages must be paid during
18 the construction of the Project. If the Project is subject to prevailing
19 wage, then BORROWER shall be solely responsible to pay its
20 contractors and subcontractors the required prevailing wage rates.
21 BORROWER agrees to indemnify, defend, and hold COUNTY
22 harmless from and against any and all liability arising out of and related
23 to BORROWER's failure to comply with any and all applicable Davis
24 Bacon and/or prevailing wage requirements;
- 25 q. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
26 BORROWER, and its principals, or any/all persons, contractors,
27 consultants, businesses, etc. ("Developer Associates"), that
28 BORROWER is conducting business with, are not presently debarred,

1 proposed for debarment, suspended, declared ineligible, or voluntarily
2 excluded from participation or from receiving federal contracts or
3 federally approved subcontracts or from certain types of federal
4 financial and nonfinancial assistance and benefits with the Excluded
5 Parties Listing System (“EPLS”). EPLS records are located at
6 www.sam.gov; and

- 7 r. BORROWER shall search and provide a single comprehensive list of
8 Developer Associates (individuals and firms) and print and maintain
9 evidence of the search results of each Developer Associate as
10 verification of compliance with this requirement as provided in **Exhibit**
11 **I**, Contractor Debarment Certification Form, which is attached hereto
12 and by this reference incorporated herein.

13 COUNTY shall retain ten percent (10%) of the total NSP1 Loan amount and
14 release final draw down of NSP1 funds until COUNTY receives all of the following:

- 15 1) Conditional lien release from general contractor;
16 2) recorded Notice of Completion;
17 3) Permanent Certificate of Occupancy;
18 4) architect certification identifying units that are accessible to
19 individuals with mobility impairments and units that are
20 accessible to individuals with sensory impairments in
21 compliance with Section 504 of the Rehabilitation Act of
22 1973, as described in **Section 17(i)**;
23 5) final Contract and Subcontract Activity report, Minority
24 Business Enterprise/Women Business Enterprise
25 (“MBE/WBE”) report, HUD form 2516;
26 6) submission of documentation that shows compliance with
27 the Uniform Relocation Assistance and Real Property
28 Acquisition Policies Act of 1970 and 24 CFR Part 42, to the

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extent applicable;

- 7) submission of a Project completion report including Tenant Checklist as shown in **Exhibit F** which is attached hereto and by this reference incorporated herein;
- 8) Affirmative Fair Housing Marketing Plan – Multifamily Housing, HUD form 935.2A, as described in **Section 17(c)**;
- 9) Tenant Selection Policy;
- 10) Management Plan;
- 11) Certified statement of final development costs; and
- 12) Certified statement of final sources and uses of funds for the project.

12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the Construction Start Deadline as set forth in **Section 49(a)**, (2) the Completion Deadline as set forth in **Section 49(b)**, (3) the Lease Deadline as set forth in **Section 19(b)**, or (4) the Project Financing Contingency in **Section 50**, all of which are herein (collectively, the “Performance Deadlines”), subject to the notice and cure periods set forth in **Section 32** herein, the provisions for Force Majeure delays set forth in **Section 9** and the provisions for extensions set forth in **Section 10**, then the NSP1 Loan funds allocated, reserved, or placed in a NSP1 account pursuant to this Agreement may be reallocated by COUNTY after at least thirty (30) days’ prior written notice is given to BORROWER. Upon such reallocation and repayment of funds, this Agreement shall be terminated and be of no further force and effect and Borrower shall be released and discharged from any obligations under this Agreement, the NSP1 Note, the NSP1 Deed of Trust and the Covenant Agreement (collectively, the “Loan Documents”), except as to those obligations which by their terms survive termination of this Agreement. Upon such termination, the parties shall reasonably cooperate to reconvey or remove the Loan Documents from the title of the Project.

13. DISTRIBUTION OF FUNDS. The Disaster Recovery Grant Reporting (DRGR) system was developed by HUD’s Office of Community Planning and Development and

1 will be utilized for NSP1. The DRGR system is a computerized system which manages,
2 disburses, collects, and reports information on the use of NSP1 funds in the United States
3 Treasury Account. Disbursement of NSP1 funds shall occur upon the satisfactory receipt of
4 copies of invoices and conditional (upon receipt of payment) lien releases for construction costs
5 to be paid with the proceeds of the NSP1 Loan. Any disbursement of funds is expressly
6 conditioned upon the satisfaction of conditions set forth herein, including, but not limited to the
7 conditions set forth in **Section 11** above. Subject to the satisfaction of the required conditions
8 precedent, COUNTY shall disburse to BORROWER the sum specified in **Section 1** above on a
9 "cost-as-incurred" basis for all eligible approved costs under itemized schedule shown in **Exhibit**
10 **A** as follows:

- 11 a. Up to fifty percent (50%) of the NSP1 Loan shall be disbursed at
12 the commencement of construction.
- 13 b. Up to ninety percent (90%) of the NSP1 Loan shall be disbursed
14 upon fifty-one percent (51%) completion of Project, as certified
15 and documented by the architect/engineer for the Project.
- 16 c. COUNTY shall release and disburse the final draw down of ten
17 percent (10%) of the NSP1 Loan, including the deferred developer
18 fee (should the Project have unexpended NSP1 funds) following
19 receipt of all of the items listed in **Section 11**.

20 14. TERMS OF AFFORDABILITY. The COUNTY NSP1-Assisted Units
21 shall remain occupied and rented by Qualified Very Low Income Households for an affordable
22 rent pursuant to **Sections 18 and 19** below, **Exhibit A** and the Covenant Agreement attached
23 hereto as **Exhibit G** until the later of (i) fifty-five (55) years from the recordation of the Notice
24 of Completion in the Official Records for the last building for which construction is completed
25 for the Project, or (ii) July 1, 2076 ("Affordability Period").

26 15. INSURANCE. Without limiting or diminishing BORROWER'S
27 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain,
28 at its sole cost and expense, the following insurance coverage's during the Term of Agreement.

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a. Builder's All Risk (Course of Construction) Insurance. BORROWER shall provide a policy of Builder's All Risk (Course of Construction) insurance coverage including (if the work is located in an earthquake or flood zone or if required on financed or bond financing arrangements) coverage for earthquake and flood, covering the COUNTY, BORROWER and every subcontractor, of every tier, for the entire Project, including property to be used in the construction of the work while such property is at off-site storage locations or while in transit or temporary off-site storage. Such policy shall include, but not be limited to, coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire department service charges, valuable papers and records, trees, grass, shrubbery and plants. If scaffolding, falsework and temporary buildings are insured separately by the BORROWER or others, evidence of such separate coverage shall be provided to Authority prior to the start of the work. Such policy shall be written on a completed value form. Such policy shall also provide coverage for temporary structures (on-site offices, etc.), fixtures, machinery and equipment being installed as part of the work. BORROWER shall be responsible for any and all deductibles under such policy. Upon request by COUNTY, BORROWER shall declare all terms, conditions, coverages and limits of such policy. If the Authority so provides, in its sole discretion, the All Risk (Course of Construction) insurance for the Project, then BORROWER shall assume the cost of any and all applicable policy deductibles (currently, \$50,000 per occurrence) and shall insure its own machinery, equipment, tools, etc. from any loss of any nature whatsoever.

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b. Worker's Compensation Insurance.

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

c. Commercial General Liability Insurance.

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

d. Vehicle Liability Insurance.

If vehicles or mobile equipment are used by BORROWER in the performance of the obligations under this Agreement, then BORROWER shall maintain liability insurance for all owned, non-

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owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the County of Riverside, its Agencies, Boards, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured or provide similar evidence of coverage approved by COUNTY's Risk Manager.

e. General Insurance Provisions – All Lines.

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

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

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investigations, claims administration, and defense costs and expenses.

3) BORROWER shall cause BORROWER's insurance carrier(s) to furnish the County of Riverside with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by COUNTY Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another Certificate of Insurance and copies of endorsements, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. BORROWER shall not commence operations until COUNTY has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

4) It is understood and agreed to by the parties hereto that BORROWER's insurance shall be construed as primary insurance,

1 and COUNTY's insurance and/or deductibles and/or self-insured
2 retention's or self-insured programs shall not be construed as
3 contributory.

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

15 6) BORROWER shall pass down the insurance obligations
16 contained herein to all tiers of subcontractors working under this
17 Agreement.

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

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

24 16. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
25 financial, programmatic, statistical, and other supporting records of its operations and financial
26 activities in accordance with the requirements of the NSP1, and the regulations as amended and
27 promulgated thereunder, which records shall be open to inspection and audit by authorized
28 representatives of COUNTY, HUD, and the Comptroller General of the United States during

1 regular working hours. COUNTY, HUD, and the Comptroller General, or any of their
2 representatives, have the right of access with at least forty-eight (48) hours prior notice, to any
3 pertinent books, documents, papers, or other records of BORROWER, in order to make audits,
4 examinations, excerpts, and transcripts. Said records shall be retained for such time as may be
5 required by the regulations of NSP1, but in no event no less than five (5) years after the Project
6 completion date as evidenced by recordation of the Notice of Completion; except that records of
7 individual tenant income verifications, project rents, and project inspections must be retained for
8 the most recent five (5) year period, until five (5) years after the Affordability Period terminates.
9 If any litigation, claim, negotiation, audit, or other action has been started before the expiration
10 of the regular period specified, the records must be retained until completion of the action and
11 resolution of all issues which arise from it, or until the end of the regular period, whichever is
12 later.

13 17. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
14 Agreement, BORROWER hereby certifies that it will adhere to and comply with all federal, state
15 and local laws, regulations and ordinances. In particular, BORROWER shall comply with the
16 following as they may be applicable to BORROWER in connection with the loan of funds
17 granted pursuant to the NSP1:

- 18 a. NSP1 and its implementing regulations set forth in pursuant to the
19 Dodd-Frank Act, as amended, H.R. 4173 and Federal Register
20 Notice, Vol. 75, No. 201, Docket No. FR-5447-N-01, dated
21 October 19, 2010, as amended. Since NSP1 is a component of the
22 Community Development Block Grant (CDBG) Program, the
23 CDBG regulatory structure is the platform used to implement
24 NSP1. The regulations created by the Office of the Assistant
25 Secretary of Community Planning and Development that pertain to
26 Community Development programs are contained within 24 CFR
27 part 570 - Community Development Block Grants. NSP1 is
28 governed by CDBG regulations except where specifically waived.

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- b. Section 92.350 Other Federal requirements and nondiscrimination.
As set forth in 24 CFR part 5, sub part A, BORROWER is required to include the following requirements: nondiscrimination and equal opportunity under Section 282 of the Act; disclosure; debarred, suspended, or ineligible contractors; and drug-free workplace.
- c. Section 92.351 Affirmative marketing and minority outreach program. BORROWER must adopt affirmative marketing procedures and requirements. These must include:
 - (1) Methods for informing the public, owners, and potential tenants about Federal fair housing laws and the affirmative marketing policy (e.g., the use of the Equal Housing Opportunity logotype or slogan in press releases and solicitations for owners, and written communication to fair housing and other groups).
 - (2) Requirements and practices that BORROWER must adhere to in order to carry out the affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster).
 - (3) Procedures to be used by BORROWER to inform and solicit applications from persons in the housing market area who are not likely to apply without special outreach (e.g., use of community organizations, employment centers, fair housing groups, or housing counseling agencies).
 - (4) Records that will be kept describing actions taken by BORROWER to affirmatively market units and records to assess the results of these actions.
 - (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.

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- (iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises.
- (v) Using the services and assistance of the Small Business Administration, and the Minority Business Development Agency of the Department of Commerce.
- (vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in (i) through (v) above of this section.

- d. Section 92.352 Environmental review. The environmental effects of each activity carried out with NSP1 funds must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related authorities listed in HUD's implementing regulations at 24 CFR Parts 50 and 58.
- e. Section 92.353 Displacement, relocation, and acquisition. The relocation requirements of Title II and the acquisition requirements of Title III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, and the implementing regulations at 24 CFR Part 42. BORROWER must ensure that it has taken all reasonable steps to minimize the displacement of persons as a result of this project assisted with NSP1 Funds.
- f. Section 92.354 Lead-based paint. Housing assisted with NSP1 funds is subject to the lead-based paint requirements of 24 CFR Part 35 issued pursuant to the Lead-Based Paint Poisoning 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 NSP1
6 funds must contain a provision requiring the payment of not less
7 than the wages prevailing in the locality, as predetermined by the
8 Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C.
9 276a-276a-5), to all laborers and mechanics employed in the
10 development of any part of the housing. Such contracts must also
11 be subject to the overtime provisions, as applicable, of the Contract
12 Work Hours and Safety Standards Act (40 U.S.C. 327-332).
13 BORROWER must apply most current wage rate determination at
14 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 NSP1 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 NSP1 funds will be awarded to business concerns
18 that are located in or owned by persons residing in the program
19 service area as outlined in the Riverside County HHPWS Section 3
20 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 NSP1 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 Part 84
23 and 85 "Common Rule", OMB Circular Nos. A-87 (for
24 government entities), A-122 (for non-profit organizations), and the
25 following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through 85.34,
26 85.36, 85.44, 85.51 and 85.52 (for government entities), and the
27 following §§84.2, 84.5, 84.13 through 84.16, 84.21, 84.22, 84.26
28 through 84.28, 84.30, 84.31, 84.34 through 84.37, 84.40 through

1 84.48, 84.51, 84.60 through 84.62, 84.72, and 84.73 (for non-profit
2 organizations). Federal awards expended as a recipient or a
3 subrecipient, as defined by HUD, would be subject to single audit.
4 The payments received for goods or services provided as a vendor
5 would not be considered Federal awards.

6 p. BORROWER shall include written agreements that include all
7 provisions of **Section 17** if BORROWER provides NSP1 funds to
8 for-profit owners or developers, non-profit owners or developers,
9 sub-recipients, homeowners, homebuyers, tenants receiving tenant-
10 based rental assistance, or contractors.

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

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

22 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set aside
23 twenty nine (29) units to be designated as NSP1-Assisted Units which shall be occupied and
24 rented to households whose incomes do not exceed fifty percent (50%) of the area median
25 income for the County of Riverside (“Qualified Very Low Income Households”), adjusted by
26 family size at the time of occupancy as published by HUD.

27 19. RENT LIMITATIONS. Pursuant to the COUNTY’s NSP1 program, as
28 described in the COUNTY’s Action Plan, BORROWER shall comply with the rent limitations

1 set forth under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME
2 Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-
3 Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C.
4 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the
5 “HOME Program”). A total of 29 units will be floating throughout the project shall be reserved
6 as NSP1-Assisted Units and rented at Low HOME rent levels as published by HUD. The NSP1-
7 Assisted Units shall be a “floating” designation on the Property such that the requirements of
8 this Agreement will be satisfied so long as the total number of NSP1-Assisted Units and bedroom
9 size remains the same throughout the Affordability Period. COUNTY shall review and approve
10 proposed rents to the extent required under this section. BORROWER shall ensure the NSP1-
11 Assisted Units are rented to Qualified Very Low Income Households at the Low HOME rent
12 levels required herein. The maximum monthly allowances for utilities and services (excluding
13 telephone) shall not exceed the utility allowance as described below.

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

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

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27 b. Initial Occupancy of Vacant Units: All twenty nine (29) NSP1-
28 Assisted Units floating throughout the project shall be occupied

1 and rented by Qualified Very Low Income Households for an
2 affordable rent within six (6) months from the recordation of the
3 Notice of Completion in the Official Records (“Lease Deadline”).
4 If a COUNTY NSP1-Assisted Unit remains unoccupied or not
5 leased to an eligible tenant, BORROWER must provide to
6 COUNTY information about current marketing efforts and an
7 enhanced plan for marketing the unit so that it is leased promptly.

- 8 c. Rent Review and Approval: The BORROWER shall submit to the
9 COUNTY for review and written approval of all proposed rents for
10 the NSP1-Assisted Units prior to lease-up. Low HOME rent
11 limitations for COUNTY NSP1-Assisted units shall be set forth
12 under 24 CFR 92.252 of the HOME program and published by
13 HUD.

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

- 17 a. Provide written lease agreement for an initial term of not less than one
18 year, unless by mutual agreement between the tenant and
19 BORROWER. COUNTY shall review the initial form of the lease
20 agreement prior to BORROWER executing any leases and, provided
21 that BORROWER uses the approved lease form, BORROWER shall
22 be permitted to enter into residential leases without COUNTY’s prior
23 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, except to the extent
8 required by applicable law or program requirements.

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

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

19 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the
20 provisions of the NSP1 Program and any amendments thereto and all applicable federal
21 regulations and guidelines now or hereafter enacted pursuant to the Dodd-Frank Act.

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

1 hereunder which accrue from and after the date of such sale. Notwithstanding anything to the
2 contrary contained in the Loan Documents, upon written notice to COUNTY, BORROWER may
3 (i) admit limited partners to BORROWER, and provide for the purchase of any such limited
4 partnership interest or interests by BORROWER's general partner; (ii) remove BORROWER's
5 general partner, and replace with an affiliate of the BORROWER's limited partner, provided that
6 any replacement general partner for BORROWER who is not an affiliate with the BORROWER's
7 limited partner will require the written consent of COUNTY, which consent will not be
8 unreasonably withheld; (iii) the lease for occupancy of all or any of the NSP1-Assisted Units; (iv)
9 the granting of easements or permits to facilitate the development of the Property in accordance
10 with this Agreement; (v) enter into laundry leases and solar energy leases, (vi) transfer the Project
11 to A0685 Cathedral City, L.P. or any affiliates thereof; and (vii) the withdrawal and/or
12 replacement of any limited partner of BORROWER, (collectively a "Permitted Transfer"). All
13 Permitted Transfers shall be subject to reasonable review of documentation by the COUNTY.
14 The parties hereto acknowledge that "affiliate" for purposes of this section means, as to any
15 Person (as defined below), any general partnership, limited partnership, corporation, joint venture,
16 trust, business trust, cooperative, association, limited liability company or individual
17 (collectively, a "Person") that (A) directly or indirectly controls or is controlled by (such as any
18 partnership or limited liability company in which the Person, directly or indirectly, serves as a
19 general partner or managing member, respectively) or is under common control with the specified
20 Person; (B) is an officer or director of, commissioner of, partner in, member of or trustee of, or
21 serves in a similar capacity with respect to, the specified Person or of which the Specified Person
22 is an officer, director, member, partner or trustee, or with respect to which the specified Person
23 serves in a similar capacity; or (C) is the beneficial owner, directly or indirectly, of 10% or more
24 of any class of equity securities of the specified Person or of which the specified Person is directly
25 or indirectly the owner of 10% or more of any class of equity securities. The term "control"
26 (including the term "controlled by" and "under common control with") means the possession,
27 direct or indirect, of the power to direct or cause the direction of the management and policies of
28 a Person, whether through the ownership of voting securities, by contract or otherwise.

1 23. INDEPENDENT CONTRACTOR. BORROWER and its agents, servants
2 and employees shall act at all times in an independent capacity during the term of this Agreement,
3 and shall not act as, shall not be, nor shall they in any manner be construed to be agents, officers,
4 or employees of COUNTY.

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

25 BORROWER herein covenants by and for itself, its successors and assigns, and all persons
26 claiming under or through them, that this Covenant is made and accepted upon and subject to the
27 following conditions: There shall be no discrimination against or segregation of any person or
28 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the

1 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and
2 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,
3 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall
4 the transferee itself or any person claiming under or through him or her, establish or permit any
5 such practice or practices of discrimination or segregation with reference to the selection, location,
6 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

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

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

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

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

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

23 25. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 24 a. BORROWER and its assigns, employees, agents, consultants, officers
25 and elected and appointed officials shall become familiar with and shall
26 comply with the conflict of interest provisions in OMB Circular A-110,
27 24 CFR 85.36, 24 CFR 84.42, 24 CFR 92.356 and Policy Manual #A-
28 11, attached hereto as **Exhibit E** and by this reference incorporated

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herein.

- b. BORROWER understands and agrees that no waiver or exception can be granted to the prohibition against conflict of interest except upon written approval of HUD pursuant to 24 CFR 92.356(d). Any request by BORROWER for an exception shall first be reviewed by COUNTY to determine whether such request is appropriate for submission to HUD. In determining whether such request is appropriate for submission to HUD, COUNTY will consider the factors listed in 24 CFR 92.356(e).
- c. Prior to any funding under this Agreement, BORROWER shall provide COUNTY with a list of all employees, agents, consultants, officers and elected and appointed officials who are in a position to participate in a decision-making process, exercise any functions or responsibilities, or gain inside information with respect to the NSP1 activities funded under this Agreement. BORROWER shall also promptly disclose to COUNTY any potential conflict, including even the appearance of conflict that may arise with respect to the NSP1 activities funded under this Agreement.
- d. Any violation of this section shall be deemed a material breach of this Agreement, and the Agreement shall be immediately terminated by COUNTY.

26. RELIGIOUS ACTIVITIES. BORROWER shall adhere to the regulations set forth in 24 CFR 92.257 and 24 CFR 5.109. particular, there must be no religious or membership criteria for tenants of the property.

27. PROJECT MONITORING AND EVALUATION.

- a. Tenant Checklist. BORROWER shall submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic composition,

1 number and percentage of very low-income and low-income households who are tenants of the
2 COUNTY NSP1-Assisted Units. The Tenant Checklist Form shall be submitted upon completion
3 of the construction and thereafter, on a semi-annual basis on or before March 31st and September
4 30th. BORROWER shall maintain financial, programmatic, statistical and other supporting
5 records of its operations and financial activities in accordance with the requirements of NSP1
6 under 24 CFR 92.508, including the submission of Tenant Checklist Form. Except as otherwise
7 provided for in this Agreement, BORROWER shall maintain and submit records to COUNTY
8 within ten business days of COUNTY's request which clearly documents BORROWER's
9 performance under each requirement of NSP1. A list of document submissions and timeline are
10 shown in **Exhibit A** and such list may be amended from time to time subject to HUD and
11 COUNTY reporting requirements.

12 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the
13 Affordability Period, COUNTY must perform on-site inspections of COUNTY NSP1-assisted
14 rental housing to determine compliance with the property standards of §92.251 and to verify the
15 information submitted by the owners in accordance with the requirements of §92.252. The
16 inspections must be in accordance with the inspection procedures that the participating
17 jurisdiction establishes to meet the inspection requirements of §92.251. The on-site inspections
18 must occur within 12 months after Notice of Completion and at least once every 3 years thereafter
19 during the Affordability Period. If there are observed deficiencies for any of the inspectable items
20 in the property standards established by COUNTY, in accordance with the inspection
21 requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are corrected
22 must occur within 12 months. COUNTY may establish a list of non-hazardous deficiencies for
23 which correction can be verified by third party documentation (e.g., paid invoice for work order)
24 rather than re-inspection. Health and safety deficiencies must be corrected immediately, in
25 accordance with §92.251. COUNTY must adopt a more frequent inspection schedule for
26 properties that have been found to have health and safety deficiencies. The property owner must
27 annually certify to the COUNTY that each building and all NSP1- assisted units in the project are
28 suitable for occupancy, taking into account State and local health, safety, and other applicable

1 codes, ordinances, and requirements, and the ongoing property standards established by the
2 participating jurisdiction to meet the requirements of §92.251. Inspections must be based on a
3 statistically valid sample of units appropriate for the size of the COUNTY NSP1-Assisted project,
4 as set forth by HUD through notice. For projects with one-to-four COUNTY NSP1-Assisted
5 Units, COUNTY must inspect 100 percent of the COUNTY NSP1-Assisted Units and the
6 inspectable items (site, building exterior, building systems, and common areas) for each building
7 housing COUNTY NSP1-assisted units.

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

12 28. MONITORING FEE. BORROWER shall be responsible for paying an
13 annual compliance monitoring fee to the COUNTY in the total annual amount of \$6,000
14 (“Monitoring Fee”). The first Monitoring Fee payment is due on July 1st of each year for the
15 monitoring period of July 1st to June 30th commencing July 1, 2023. The Monitoring Fee will be
16 due on July 1st thereafter and will continue until the expiration of the Affordability Period. The
17 Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the increase
18 in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of a decrease in the
19 applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not
20 decrease.

21 29. ACCESS TO PROJECT SITE. Subject to any rights of tenants, COUNTY
22 and HUD shall have the right to access the Project Site at all reasonable times, and upon
23 completion of the Project upon reasonable written notice to BORROWER, to review the operation
24 of the Project in accordance with this Agreement.

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

27 a. Monetary Default. (1) BORROWER’s failure to pay when due any
28 sums payable under this Agreement, the Covenant Agreement, the

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NSP1 Note or any advances made by COUNTY under this Agreement; (2) BORROWER's or any agent of BORROWER's use of NSP1 funds for costs other than those costs permitted under this 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 this Agreement, and /or (4) default under the terms of any Senior Loan documents or any other instrument or document secured against the Property following the expiration of applicable notice and cure periods set forth therein;

b. Non-Monetary Default. (1) Discrimination by BORROWER or BORROWER's agent(s) 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 NSP1 Deed of Trust; (3) BORROWER's failure to obtain and maintain the insurance coverage required under this Agreement; (4) any material default under this Agreement, the NSP1 Loan Deed of Trust, Covenant Agreement, NSP1 Note or any document executed by the County in connection with this Agreement following the expiration of any applicable notice and cure periods set forth herein, and /or (5) a default under the terms of any Senior Loan documents or any other instrument or document secured against the Property or the Project following the expiration of applicable notice and cure periods set forth therein;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER's

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agents of any material obligations of BORROWER under this Agreement;

- d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER's agents of any material obligations of BORROWER related to the Project imposed by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement; but only following any applicable notice and cure periods with respect to any such obligation;
- e. Representations and Warranties. A determination by COUNTY that any of BORROWER's representations or warranties made in this Agreement, any statements made to COUNTY by BORROWER, or any certificates, documents, or schedules supplied to COUNTY by BORROWER were false in any material respect when made, or that BORROWER concealed or failed to disclose a material fact to COUNTY.
- f. Damage to Project. In the event that the Project is materially damaged or destroyed by fire or other casualty, and BORROWER receives an award or insurance proceeds sufficient for the repair or reconstruction of the Project, and BORROWER does not use such award or proceeds to repair or reconstruct the Project.
- g. Bankruptcy, Dissolution and Insolvency. BORROWER's or general partner and co-general partner of BORROWER's (1) filing for bankruptcy, dissolution, or reorganization, or failure to obtain a full dismissal of any such involuntary filing brought by another party before the earlier of final relief or ninety (90) days after such filing; (2) making a general assignment for the benefit of creditors;

1 (3) applying for the appointment of a receiver, trustee, custodian,
2 or liquidator, or failure to obtain a full dismissal of any such
3 involuntary application brought by another party before the earlier
4 of final relief or ninety (90) days after such filing; (4) insolvency;
5 or (5) failure, inability or admission in writing of its inability to pay
6 its debts as they become due.

7 31. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
8 notices, demands and communications between the COUNTY and the BORROWER shall be
9 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
10 requested, to the principal offices of the COUNTY and the BORROWER, as designated below.
11 Such written notices, demands and communications may be sent in the same manner to such other
12 addresses as either party may from time to time designate by mail as provided in this **Section 31**.
13 Any notice that is transmitted by electronic facsimile transmission followed by delivery of a
14 "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally
15 delivered (including by means of professional messenger service, courier service such as United
16 Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the
17 documented date of receipt by the recipient; and any notice that is sent by registered or certified
18 mail, postage prepaid, return receipt required shall be deemed received on the date of delivery
19 thereof. Notwithstanding anything to the contrary contained herein, County hereby agrees that
20 any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a
21 cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by
22 Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to
23 Borrower's limited partner as set forth in Section 54 hereto.

24 a. Subject to the Force Majeure Delay, as provided in **Section 9**, failure or
25 delay by BORROWER to perform any term or provision of this Agreement constitutes a default
26 under this Agreement. BORROWER must immediately commence to cure, correct or remedy
27 such failure or delay and shall complete such cure, correction or remedy with reasonable
28 diligence.

1 b. COUNTY shall give written notice of default to BORROWER, specifying
2 the default complained of by COUNTY. Failure or delay in giving such notice shall not constitute
3 a waiver of any default, nor shall it change the time of default. Except as otherwise expressly
4 provided in this Agreement, any failures or delays by COUNTY in asserting any of its rights and
5 remedies as to any default shall not operate as a waiver of any default or of any such rights or
6 remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive
7 COUNTY of its right to institute and maintain any actions or proceedings which it may deem
8 necessary to protect, assert or enforce any such rights or remedies.

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

13 d. If a non-monetary event of default occurs, prior to exercising any remedies
14 hereunder, COUNTY shall give BORROWER written notice of such default. If the default is
15 reasonably capable of being cured within sixty (60) days, BORROWER shall have such period
16 to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not
17 reasonably capable of being cured within sixty (60) days, and BORROWER (i) initiates corrective
18 action within said period, and (ii) diligently, continually, and in good faith works to effect a cure
19 as soon as possible, then BORROWER shall have such additional time as is reasonably necessary
20 to cure the default prior to exercise of any remedies by the injured party, but in no event no more
21 than ninety (90) days from the date of the notice of default. In no event shall COUNTY be
22 precluded from exercising remedies if its security becomes or is about to become materially
23 jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after
24 the first notice of default is given.

25 32. COUNTY REMEDIES. Upon the occurrence of an Event of Default, after
26 notice and opportunity to cure COUNTY's obligation to disburse NSP1 funds shall terminate, and
27 COUNTY shall also have the right, but not the obligation to, in addition to other rights and
28 remedies permitted by this Agreement or applicable law, proceed with any or all of the following

1 remedies in any order or combination COUNTY may choose in its sole discretion:

- 2 a. Terminate this Agreement, in which event the entire NSP1 Loan
- 3 amount as well as any other monies advanced to BORROWER by
- 4 COUNTY under this Agreement including administrative costs, shall
- 5 immediately become due and payable to COUNTY at the option of
- 6 COUNTY.
- 7 b. Bring an action in equitable relief (1) seeking the specific performance
- 8 by BORROWER of the terms and conditions of this Agreement, and/or
- 9 (2) enjoining, abating, or preventing any violation of said terms and
- 10 conditions, and/or (3) seeking declaratory relief.
- 11 c. Accelerate the NSP1 Loan, and demand immediate full payment of the
- 12 principal payment outstanding and all accrued interest under the NSP1
- 13 Note, as well as any other monies advanced to BORROWER by
- 14 COUNTY under this Agreement.
- 15 d. Enter the Project and take any remedial actions necessary in its
- 16 judgment with respect to hazardous materials that COUNTY deems
- 17 necessary to comply with hazardous materials laws or to render the
- 18 Project suitable for occupancy, which costs shall be due and payable
- 19 by BORROWER to COUNTY.
- 20 e. Enter upon, take possession of, and manage the Project, either in
- 21 person, by agent, or by a receiver appointed by a court, and collect rents
- 22 and other amounts specified in the assignment of rents in the Deed of
- 23 Trust and apply them to operate the Project or to pay off the NSP1 Loan
- 24 or any advances made under this Agreement, as provided for by the
- 25 NSP1 Deed of Trust.
- 26 f. Pursue any other remedies allowed at law or in equity.

27 33. Reserved.

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

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

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

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

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

36. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (collectively the “Indemnified Parties”) from any liability whatsoever, based or asserted upon any services of BORROWER, its officers, employees, subcontractors, agents or representatives arising out of their performance under this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of BORROWER, its officers, agents, employees, subcontractors, agents or representatives under this Agreement. BORROWER shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives in any claim or action based upon such alleged acts or omissions.

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

BORROWER’s obligation hereunder shall be satisfied when BORROWER has provided

1 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action
2 or claim involved.

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

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

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

11 37. TERMINATION.

- 12 a. BORROWER. BORROWER may terminate this Agreement prior to
13 disbursement of any NSP1 Loan funds by COUNTY in accordance with
14 the applicable NSP1 regulations.
- 15 b. COUNTY. Notwithstanding the provisions of **Section 37(a)**, COUNTY
16 may suspend or terminate this Agreement upon written notice to
17 BORROWER of the action being taken and the reason for such action
18 in the event one of the following events occur:

- 19 (1) In the event BORROWER fails to perform the covenants
20 herein contained at such times and in such manner as
21 provided in this Agreement after the applicable notice and
22 cure provision hereof; or
- 23 (2) In the event there is a conflict with any federal, state or local
24 law, ordinance, regulation or rule rendering any material
25 provision, in the judgment of COUNTY of this Agreement
26 invalid or untenable; or
- 27 (3) In the event the NSP1 funding from HUD identified in
28 **Section 1** above is terminated or otherwise becomes

1 form and substance to the Covenant Agreement attached hereto as **Exhibit G** and incorporated
2 herein by this reference, setting forth the affordability use and income restriction required in this
3 Agreement. The Covenant Agreement shall be recorded in a first (1st) priority lien position
4 superior to the Senior Loans and the respective deeds of trust securing each Senior Loan, and the
5 NSP1 Deed of Trust. BORROWER acknowledges and agrees that notwithstanding any
6 prepayment of the NSP1 Loan amount, the Covenant Agreement shall remain in full force and
7 effect until the expiration of the affordability period provided for therein.

8 39. Reserved.

9 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
10 lien is filed against the Project or a stop notice affecting the NSP1 Loan is served on COUNTY,
11 BORROWER must, within fifteen (15) calendar days of such filing or service, either pay and
12 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
13 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
14 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
15 discharged.

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

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

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

1 thereafter.

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

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

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

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

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

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

4 49. CONDITIONAL COMMITMENT.

5 a. Construction. Pursuant to 24 CFR 92.2, under the
6 definition of Commitment, all necessary financing has been secured, a budget and
7 schedule have been established, and underwriting has been completed and under
8 which construction is scheduled to start within nine (9) months of the Effective Date of this
9 Agreement (“Construction Start Deadline”). If BORROWER cannot start construction or provide
10 evidence such as construction permits within nine (9) months of the Effective Date, then
11 COUNTY and BORROWER mutually agree that this Agreement will self-terminate and any
12 NSP1 Loan funds drawn to date shall be returned within thirty (30) calendar days. Upon such
13 termination, the Loan Documents shall become null and void. COUNTY and BORROWER shall
14 be released and discharged respectively from its obligations under the Loan Documents, except
15 for those provisions which by their terms survive termination. Upon such termination, the parties
16 shall reasonably cooperate to reconvey or remove the Loan Documents from the title of the
17 Project. All cost incurred by each party on the Project will be assumed respectively.



18 b. Completion. The Project must be completed and a
19 Notice of Completion shall have been recorded in the Official Records no later than
20 two (2) years from the Effective Date of this Agreement (the “Completion
21 Deadline”). BORROWER may request a one year extension of the Completion Deadline from
22 COUNTY (“Extension”), in which may be granted by COUNTY’s sole and absolute discretion,
23 if the BORROWER can provide proof that the circumstances that led to the failure to complete
24 the Project by the Completion Deadline were beyond the BORROWER’s control. Extension is
25 subject to COUNTY’s approval and not guaranteed. The Director/HHWPS, or designee, has the
26 authority, at his or her discretion, to consent to such Extension. If BORROWER is unable to meet
27 the condition as required by this **Section 49** including Extension, then such failure shall be
28 deemed an Event of Default, subject to any applicable notice and cure provisions herein, after



1 which COUNTY shall have the right to exercise all remedies available to it in law and equity,
2 including, but not limited to, termination of this Agreement.

3 c. Tenant Leases. BORROWER shall comply with the initial
4 occupancy requirements set forth in **Section 19(b)** of this Agreement.

5 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
6 conditioned upon BORROWER's delivery to COUNTY, on or prior to **[February 1, 2021]** of (i)
7 written documentation of such binding loan commitments required to fully finance the
8 development and construction of the Project (less the NSP1 Loan), on terms and conditions
9 acceptable to BORROWER and COUNTY, including, but not limited any conventional
10 construction and/or permanent financing, including without limitation, a construction and
11 permanent loan from an institutional construction lender. Either COUNTY or BORROWER may
12 elect to terminate this Agreement with ten (10) days prior written notice to the other party if
13 BORROWER fails to acquire the project financing as required by this **Section 50**. Upon such
14 termination, this Agreement shall be null and void, and:

15 a. If BORROWER elects to terminate this Agreement,
16 BORROWER shall be released and discharged by COUNTY
17 from its obligations under the Loan Documents; or

18 b. If COUNTY elects to terminate this Agreement, COUNTY shall
19 be released and discharged by BORROWER from its obligations
20 under the Loan Documents.

21 Upon any such termination, the parties shall reasonably cooperate to reconvey or
22 remove the Loan Documents from the title of the Project. At that time all cost incurred by each
23 party on the Project will be assumed respectively, and each party shall be released from all
24 liability under this Agreement, except those obligations which by their terms survive termination.

25 51. Reserved.

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

28 53. MEDIA RELEASES. BORROWER agrees to allow COUNTY to provide

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

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

12 COUNTY
13 Director, Housing
14 Riverside County Housing, Homelessness Prevention and Workforce Solutions
15 5555 Arlington Avenue
16 Riverside, CA 92504

17 BORROWER
18 A0685 Cathedral City, L.P.
19 c/o Ikaika Ohana
20 Santa Ana, CA92705
21 Attn: John Bigley
22 Facsimile No.: xxx-xxx-xxxx

23 With copies to:

24 RBC Community Investments, LLC
25 600 Superior Avenue
26 Suite 2300
27 Cleveland, Ohio 44114
28 Attention: President and General Counsel

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

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

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

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

13 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

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

24 b. If any term or provision of this Agreement, the deletion of which
25 would not adversely affect the receipt of any material benefit by any party hereunder, shall be
26 held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this
27 Agreement shall not be affected thereby and each other term and provision of this Agreement
28 shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the

1 parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or
2 unenforceable, there be added as a part of this Agreement an enforceable clause or provision as
3 similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

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

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

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

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

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

23 62. NO THIRD PARTY BENEFICIARIES. The parties to this Agreement
24 acknowledge and agree that the provisions of this Agreement are for the sole benefit of Authority
25 and Developer, and not for the benefit, directly or indirectly, of any other person or entity, except
26 as otherwise expressly provided herein.

27 63. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

28 a. This Agreement shall be executed in three duplicate originals each

1 of which is deemed to be an original. This Agreement, including all attachments hereto and
2 exhibits appended to such attachments shall constitute the entire understanding and agreement of
3 the parties.

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

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

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15 [REMAINDER OF PAGE BLANK]
16 [SIGNATURES ON THE NEXT PAGE]

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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:

A0685 CATHEDRAL CITY, L.P,
a California limited partnership

By: A0685 Cathedral City Holdings LLC,
a California limited liability company
Its: Managing General Partner

By: Urban Housing Communities,
a California nonprofit public benefit
corporation, its sole member and manager

By: _____

By: _____
John Bigley, Chief Operating Officer

Date: February __, 2021
2021

Date: February __,

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

By: 

Amrit H. Dhillon, Deputy County Counsel

(Signatures need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2021, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2021, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

Borrower: A0685 Cathedral City, L.P.
Address: 2000 E. 4th Street, Suite 220
Santa Ana, CA 92705
Project Title: Veteran Village of Cathedral City
Location: Northeast corner of Landau Blvd & Corta Road, 30-600 Landau Boulevard,
Cathedral City, CA, 922354 also identified as Assessor's Parcel Numbers 678-060-
001; 002; 003; 004; 005; 049; 050; 051; 052 & 053

Project Description:

A0685 Cathedral City, L.P. shall develop and construct a multi-family affordable rental housing project consisting of sixty (60) rental units including one (1) residential manager's unit ("Project") on real property located on approximately 6 acres of vacant land located on the Northeast corner of Landau Blvd & Corta Road, 30-600 Landau Boulevard, Cathedral City, CA, 922354 also identified as [Assessor's Parcel Numbers 678-060-001; 002; 003; 004; 005; 049; 050; 051; 052 & 053] ("Property").

A total of 29 units (will be floating throughout project) to be designated as NSP1-Assisted Units shall be rented to and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Qualified Very Low Income Households"), adjusted by family size at the time of occupancy as determined and published by HUD, for a period of 55 years. The Project shall be comprised of affordable units in addition to the NSP1-Assisted Units restricted by Low Income Housing Tax Credits. The Project shall include a total of 48 one-bedroom units and 12 two-bedroom units; one of the one-bedroom units shall be a manager's unit. The one-bedroom units shall be approximately 661 to 692 square-feet and the two-bedroom units are approximately 987 square-feet.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	February 23, 2021
2. Construction Start Deadline	9 months from date of Agreement
3. Completion Deadline	2 years from date of Agreement
4. Lease Deadline	6 months from Notice of Completion
5. Submission of Final actual project costs and Sources and Uses of Funds	February 2021
6. Submission of income & ethnic characteristics report	June

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A:

PARCEL A OF LOT MERGER/ LOT LINE ADJUSTMENT NO. 2020-529 RECORDED _____, 2021 AS INSTRUMENT NO. 2021-_____ OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA,

DESCRIBED AS FOLLOWS:

All of Lots 101 through 107 and a portion of Lot 108 inclusive as shown by Assessors Map No. 46 on file in Book 2 Page 3 of Assessor's Maps, in the Office of the County Recorder of Riverside County, in the City of Cathedral City, State of California, lying within the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 16, Township 4 South, Range 5 East, San Bernardino Meridian, more particularly described as follows:

COMMENCING at the Northeast Corner of Lot C as shown by Tract No. 26424 on file in Book 257 Pages 49 and 50 inclusive records of said County, said point also being the Southeast Corner of Lot 110 as shown on said Assessor's Map;

THENCE along the North line of said Lot C of said Tract Map and South line of said Lot 110 and subsequent Lots 109 and 108 of said Assessor's Map, North 89°27'13" West, a distance of 174.56 feet to the TRUE POINT OF BEGINNING;

THENCE continuing along said line and South line of subsequent descending Lots 107 through 101 inclusive North 89°27'13" West, a distance of 447.85 feet to a point on the Easterly Sideline of Landau Boulevard (40.00 foot half width Right of Way) as shown on said Assessor's Map said point also being the Southwest corner of said Lot 101;

THENCE along said Easterly Sideline and West Lot line, North 00°08'23" East, a distance of 632.52 feet to the Southerly Sideline of Frank/Vega Road (30.00 foot half width Right of Way) as shown on said Assessor's Map said point also being the Northwest corner of said Lot 101;

THENCE along said Sideline and North line of said Lot 101 and subsequent Lots 102 through 108, South 89°34'59" East, a distance of 452.34 feet to a point being 169.90 feet distant from the Northeast Corner of said Lot 110;

THENCE South 00°32'47" West, a distance of 633.52 feet to the TRUE POINT OF BEGINNING.

Containing 6.541 acres, more or less.

PARCEL B:

PARCEL B OF LOT MERGER/ LOT LINE ADJUSTMENT NO. 2020-529 RECORDED _____, 2021 AS INSTRUMENT NO. 2021-_____ OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

Lots 109 and 110 and a portion of Lot 108 inclusive as shown by Assessors Map No. 46 on file in Book 2 Page 3 of Assessor's Maps, in the Office of the County Recorder of Riverside County, in the City of Cathedral City, State of California, lying within the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 16, Township 4 South, Range 5 East, San Bernardino Meridian, more particularly described as follows:

BEGINNING at the Northeast Corner of Lot C as shown by Tract No. 26424 on file in Book 257 Pages 49 and 50 inclusive records of said County, said point also being the Southeast Corner of Lot 110 as shown on said Assessor's Map;

THENCE along the North line of said Lot C of said Tract Map and South line of said Lot 110 and subsequent Lots 109 and 108 of said Assessor's Map, North 89°27'13" West, a distance of 174.56 feet;

THENCE North 00°32'47" East, a distance of 633.52 feet to a point on the Southerly Sideline of

Frank/Vega Road (30.00 foot half width Right of Way) as shown on said Assessor's Map and the North line of said Lot 108 said point being 169.90 feet from the Northeast Corner of said Lot 110;
THENCE along said Southerly Sideline and North line of said Lot 108 and subsequent Lots 109 and 110, South 89°34'59" East, a distance of 169.90 feet to the said Northeast corner of said Lot 110 said Corner being on the Westerly line of Palm Springs Highlands Unit No. 3 on file in Book 37 Pages 77 and 78 inclusive records of said County;
THENCE along the East line of said Lot 110 of said Assessor's Map and West line of said Palm Springs Highlands Map South 00°07'30" West, a distance of 633.92 feet to the TRUE POINT OF BEGINNING.
Containing 2.506 acres, more or less.

Permanent Sources and Uses of Funds:

Sources:

Tax-Exempt Bonds – Perm Loan	\$3,609,000
Veteran Housing and Homelessness Prevention (“VHHP”)	\$5,509,996
Ikaika Ohana Soft Loan	\$1,500,000
Cathedral City Land Contribution	\$1,830,000
Cathedral City Soft Loan	\$1,000,000
Limited Partner Tax Credit Equity	\$18,397,073
General Partner Deferred Developer Fee	\$571,097
County of Riverside NSP1 Loan	<u>\$1,500,000</u>
Total Sources	\$33,917,166

Uses:

New construction (includes site work, common area bldgs and structures)	\$18,134,139
Contractor’s Overhead & Profit & Gen’l Req.	\$1,707,828
General Liability Insurance	\$228,108
Construction Contingency (Hard and Soft)	\$ 1,705,532
Architectural & Engineering Cost	\$922,755
Construction Interest & Fees	\$2,254,221
Reserves	\$748,896
Land Development Impact and Permit Processing Fees	\$2,573,578
Other Fees, Marketing & Furnishings	\$1,302,109
TCAC Fees	\$220,000
Legal Fees	\$215,000
Developer’s fee	\$2,000,000
Land & Acquisition Cost	<u>\$1,905,000</u>
Total Uses	\$33,907,166

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. Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

This DEED OF TRUST AND ASSIGNMENT OF RENTS (“Deed of Trust”) is made this 9th day of February, 2021 by A0685 Cathedral City, L.P., a California limited partnership, (hereinafter referred to as “Trustor”), whose address is 2000 E. 4th Street, Suite 205, Santa Ana, California, 92705. The trustee is First American Title Company (“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 Cathedral City, County of Riverside, State of California more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the “Subject Property”);

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

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

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

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

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

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

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

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

- (a) that certain Promissory Note in favor of the Beneficiary executed by Trustor ("Borrower" therein) of even date herewith (the "Note");
- (b) that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds dated February 9, 2021 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "NSP1 Loan Agreement"); and
- (c) that certain Covenant Agreement dated February 9, 2021 and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").

2. payment of indebtedness of the Trustor to the Beneficiary not to exceed One Million Five Hundred Thousand Dollars (\$1,500,000) (the "NSP1 Loan") according to the terms of the Note.

Said Note, NSP1 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, NSP1 Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, NSP1 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 NSP1 Loan Agreement.

The NSP1 Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the Neighborhood Stabilization Program and the regulations issued thereunder (Title III of Division B of the Housing and Economic Recovery Act of 2008, as amended) (the "NSP1 Program"). Pursuant to the NSP1 Loan Agreement, the maturity of the NSP1 Loan shall be the first to occur of (i) July 1, 2076 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the NSP1 (the "NSP1 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 NSP1 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 NSP1 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 NSP1 Loan Agreement and Covenant Agreement.

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.

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 **Sections 5 and 6** shall be applied: first, to amounts payable under **Section 2**; second, to interest due; third, 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. Trustor shall pay these obligations in the manner provided in **Section 6**, or if not paid in that manner, Trustor shall pay them on time directly to the person owed payment. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

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. **Third Priority Position.** This Deed of Trust shall be recorded in a third priority position. Lien priorities during construction, including regulatory agreements, shall be as follows: (a) first priority shall be a County of Riverside NSP Covenant Agreement, substantially conforming in form and substance to the Covenant Agreement, attached hereto as Exhibit "G"; (b) second priority shall be a deed of trust for the benefit of Citibank, N.A. securing that certain construction loan for the Project in an amount up to \$3,700,000 (the "Construction Loan"); (c) third priority shall be the Deed of Trust for the benefit of COUNTY; and (d) fourth priority shall be this Agreement.

Upon repayment of the Construction Loan, lien priority, including applicable regulatory agreements shall be as follows: (1) first priority shall be the VHHP Senior Regulatory Agreement (Affordability Provisions) for the benefit of HCD; (2) second priority shall be a County of Riverside NSP Covenant Agreement, substantially conforming in form and substance to the Covenant Agreement, attached hereto as Exhibit "G"; (3) third priority shall be a deed of trust for the benefit of Citibank, N.A. securing that certain permanent loan for the Project in an amount up to \$ _____ (the "Permanent Loan"); (4) fourth priority shall be the VHHP Subordinate Regulatory Agreement for the benefit of HCD; (5) fifth priority shall be the deed of trust for the benefit of HCD securing that certain VHHP Program loan for the Project in an amount up to \$5,510,000 (the "VHHP Loan"); (6) sixth priority shall be the Deed of Trust for the benefit of COUNTY; (7) seventh priority shall be this Agreement. Borrower shall cause the Senior Loans or any other COUNTY approved senior lender to execute and record in the Official Records, a Subordination Agreement, substantially in a form and of substance approved by the COUNTY, which, among other things, grants the COUNTY notice and opportunity to cure events of default under the Senior Loan documents.

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 and to execute any further documents necessary to

effectuate a subordination in the event that the Senior Loan is refinanced on substantially similar terms.

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 NSP1 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 NSP1 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 that will not be cured by the restoration or repair of the Project. 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 NSP1 Program. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. **Protection of Beneficiary's Rights in the Property.** If Trustor fails to 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 NSP1 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 NSP1 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 NSP1 Program) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's

approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor and the Senior 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, the transfer of the limited partner interest to the investment limited partner or the assignment of that interest to a limited liability company or limited partnership in which the investor limited partner or an affiliate is the managing member or general partner, respectively, shall not constitute a prohibited transfer under this Deed of Trust.

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 sixty (60) calendar days from the mailing of the notice for a non-monetary default (provided that if the non-monetary default is not reasonably capable of being cured within sixty (60) days and BORROWER (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then BORROWER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in no event no more than ninety (90) days from the date of the notice of default), by which the default must be cured; provided that in no event shall COUNTY be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions then in effect, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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. **Modification 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 NSP1 Loan Agreement, the withdrawal, removal, and/or replacement of a general partner of the Trustor pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Secured Obligations, and any such actions shall not accelerate the maturity of the NSP1 Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and

is selected with reasonable promptness. 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 NSP1 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:

A0685 Cathedral City, L.P.,
a California limited liability partnership

By: A0685 Cathedral City Holdings, LLC,
a California limited liability company
Its: Managing General Partner

By: Urban Housing Communities,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
John Bigley, Chief Operating Officer

Date: February ___, 2021

(Signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2021, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A:

PARCEL A OF LOT MERGER/ LOT LINE ADJUSTMENT NO. 2020-529 RECORDED _____, 2021 AS INSTRUMENT NO. 2021-_____ OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA,

DESCRIBED AS FOLLOWS:

All of Lots 101 through 107 and a portion of Lot 108 inclusive as shown by Assessors Map No. 46 on file in Book 2 Page 3 of Assessor's Maps, in the Office of the County Recorder of Riverside County, in the City of Cathedral City, State of California, lying within the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 16, Township 4 South, Range 5 East, San Bernardino Meridian, more particularly described as follows:

COMMENCING at the Northeast Corner of Lot C as shown by Tract No. 26424 on file in Book 257 Pages 49 and 50 inclusive records of said County, said point also being the Southeast Corner of Lot 110 as shown on said Assessor's Map;

THENCE along the North line of said Lot C of said Tract Map and South line of said Lot 110 and subsequent Lots 109 and 108 of said Assessor's Map, North 89°27'13" West, a distance of 174.56 feet to the TRUE POINT OF BEGINNING;

THENCE continuing along said line and South line of subsequent descending Lots 107 through 101 inclusive North 89°27'13" West, a distance of 447.85 feet to a point on the Easterly Sideline of Landau Boulevard (40.00 foot half width Right of Way) as shown on said Assessor's Map said point also being the Southwest corner of said Lot 101;

THENCE along said Easterly Sideline and West Lot line, North 00°08'23" East, a distance of 632.52 feet to the Southerly Sideline of Frank/Vega Road (30.00 foot half width Right of Way) as shown on said Assessor's Map said point also being the Northwest corner of said Lot 101;

THENCE along said Sideline and North line of said Lot 101 and subsequent Lots 102 through 108, South 89°34'59" East, a distance of 452.34 feet to a point being 169.90 feet distant from the Northeast Corner of said Lot 110;

THENCE South 00°32'47" West, a distance of 633.52 feet to the TRUE POINT OF BEGINNING.

Containing 6.541 acres, more or less.

PARCEL B:

PARCEL B OF LOT MERGER/ LOT LINE ADJUSTMENT NO. 2020-529 RECORDED _____, 2021 AS INSTRUMENT NO. 2021-_____ OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

Lots 109 and 110 and a portion of Lot 108 inclusive as shown by Assessors Map No. 46 on file in Book 2 Page 3 of Assessor's Maps, in the Office of the County Recorder of Riverside County, in the City of Cathedral City, State of California, lying within the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 16, Township 4 South, Range 5 East, San Bernardino Meridian, more particularly described as follows:

BEGINNING at the Northeast Corner of Lot C as shown by Tract No. 26424 on file in Book 257 Pages 49 and 50 inclusive records of said County, said point also being the Southeast Corner of Lot 110 as shown on said Assessor's Map;

THENCE along the North line of said Lot C of said Tract Map and South line of said Lot 110 and subsequent Lots 109 and 108 of said Assessor's Map, North 89°27'13" West, a distance of 174.56 feet;

THENCE North $00^{\circ}32'47''$ East, a distance of 633.52 feet to a point on the Southerly Sideline of Frank/Vega Road (30.00 foot half width Right of Way) as shown on said Assessor's Map and the North line of said Lot 108 said point being 169.90 feet from the Northeast Corner of said Lot 110;
THENCE along said Southerly Sideline and North line of said Lot 108 and subsequent Lots 109 and 110, South $89^{\circ}34'59''$ East, a distance of 169.90 feet to the said Northeast corner of said Lot 110 said Corner being on the Westerly line of Palm Springs Highlands Unit No. 3 on file in Book 37 Pages 77 and 78 inclusive records of said County;
THENCE along the East line of said Lot 110 of said Assessor's Map and West line of said Palm Springs Highlands Map South $00^{\circ}07'30''$ West, a distance of 633.92 feet to the TRUE POINT OF BEGINNING.
Containing 2.506 acres, more or less.

EXHIBIT "C"

PROMISSORY NOTE (NSP1 Loan)

\$1,500,000

Riverside, CA

In installments as hereafter stated, for value received, A0685 Cathedral City, L.P., a California limited partnership ("Borrower"), promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 5555 Arlington Avenue, Riverside, CA 92504, the sum of One Million Dollars Five Hundred Thousand and No/100 Dollars (U.S. \$1,500,000.00) (the "NSP1 Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the "Note") is given in accordance with that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds executed by COUNTY and Borrower, dated as of February 9, 2021 and recorded in the Official Records ("Official Records") of the County of Riverside (the "NSP1 Loan Agreement"). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the NSP1 Loan Agreement. The Note is secured by a Deed of Trust executed by Borrower for the benefit of the County recorded on or about the date hereof in the Official Records of the County of Riverside (the "NSP1 Deed of Trust"). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the NSP1 Loan Agreement and the following terms:

- (1) The NSP1 Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Neighborhood Stabilization Program and the regulations issued thereunder (Section 1497 of the Wall Strwatereet Reform and Consumer Protection Act of 2010, as amended) (the "NSP1 Program"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the NSP1 Program regulations, the NSP1 Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County ("Official Records"), between Borrower and County.
- (2) That the NSP1 Loan will accrue simple interest at a rate of three percent (3%) 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) The NSP1 Note shall be repaid to COUNTY as follows:
 - (i) Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, including a deed of trust for the benefit of the California Department of Housing and Community Development ("HCD") securing a Veterans Housing and Homeless Prevention ("VHHP") Program loan for the Project and a NSP1 Deed of Trust for the benefit of the COUNTY securing this NSP1 Loan (collectively, the "Residual Receipts Loans"). The payment shall be prorated based on the percentage of each respective principal loan amount in relation to the total principal amount of all such loans, until the NSP1 Note is repaid in full; and

- (ii) The remaining fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.
- (4) The Project's Residual Receipts and COUNTY's and HCD's pro rata share of 50% of 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 expiration of the NSP1 Loan Term as set forth in Section 4(a) of the NSP1 Loan Agreement, which shall be the later to occur of (i) July 1, 2076 or (ii) fifty-five (55) years from the date the Construction Loan is repaid in full. The first payment from BORROWER to COUNTY shall be due on July 1st in the first full calendar year following the date the Construction Loan is repaid in full, to the extent of available Residual Receipts from the preceding calendar year, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts from the preceding calendar year until the earlier of full repayment of the NSP1 Loan or the NSP1 Loan maturity date as set forth above. Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP1 Loan Agreement.
- (5) This Note shall be repaid as follows:
- (i) That the NSP1 Loan will accrue simple interest at a rate of three percent (3%) 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 Promissory Note, and shall be repaid on an annual basis from the Project's Residual Receipts (defined in Section 4(d)(4) below). Interest will begin to accrue 30 days from the recordation of the Notice of Completion in the Official Records. Repayment of the NSP1 Loan amount from Project's Residual Receipts with respect to the calendar year in which the Construction Loan is repaid in full shall be calculated based on Project's Residual Receipts from and after the date that the Construction Loan is repaid in full.
 - (ii) The NSP1 Note shall be repaid to COUNTY as follows:
 1. Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, including a deed of trust for the benefit of the California Department of Housing and Community Development ("HCD") securing a Veterans Housing and Homeless Prevention ("VHHP") Program loan for the Project and a NSP1 Deed of Trust for the benefit of the COUNTY securing this NSP1 Loan (collectively, the "Residual Receipts Loans"). The payment shall be prorated based on the percentage of each respective principal loan amount in relation to the total principal amount of all such loans, until the NSP1 Note is repaid in full; and
 2. The remaining fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.

- (iii) The Project's Residual Receipts and COUNTY's and HCD's pro rata share of 50% of 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 expiration of the NSP1 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 the Construction Loan is repaid in full, to the extent of available Residual Receipts from the preceding calendar year, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts from the preceding calendar year until the earlier of full repayment of the NSP1 Loan or the NSP1 Loan maturity date as set forth above.
- (iv) The term "Project's Residual Receipts" as used herein shall mean gross receipts from and after the repayment in full of the Construction Loan and the closing of the VHHP Loan (as such terms are defined below), not including interest on required reserve accounts, less the following costs reasonably and actually incurred for operation and maintenance of the project:
1. auditing and accounting fees;
 2. a reasonable property management fee not to exceed \$60 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;
 3. 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, resident and social services, utilities, on-site staff payroll, payroll taxes, and maintenance);
 4. replacement reserves, established in a separate account from operating reserves, limited to \$400 per unit for all units in the Project or such higher amount as is required by a Senior Lender or HCD, as defined in Exhibit A, increased annually by an amount equal to the increase in CPI;
 5. Deposits into an Operating Reserve until the amount therein reaches \$318,760 (or such other amount as required by the Borrower's limited partner) and, thereafter, annual Operating Reserve deposits in an amount necessary to bring Operating Reserve Account into compliance;;
 6. deferred developer's fee;
 7. payment to HCD of a portion of the accrued interest on the VHHP Loan pursuant to California Code of Regulations, Title 25, Section 7308;
 8. annual asset management fee paid to Borrower's limited partner in an amount equal to \$10,000, escalating annually by 3%;
 9. annual partnership management fee paid to Borrower's general partner in an amount equal to \$20,000, escalating annually by the Consumer Price Index (CPI), as more specifically discussed in Section 29; and

10. COUNTY's Annual Monitoring Fee in the total annual amount of \$6,000 increased annually by an amount equal to the increase of the Consumer Price Index (CPI), as more specifically discussed in Section 29.

Operating expenses shall not include depreciation, amortization, depletion or other non-cash expenses, any amount expended from a reserve account, and any capital cost associated with development of the project. The calculation of operating expenses shall be subject to the reasonable approval of the COUNTY's Director/HHPWS or designee.

- (6) The NSP1 Loan evidenced by this Note is secured by that certain 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 NSP1 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 20, 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 NSP1 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 NSP1 Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the NSP1 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) Event of Default. 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 NSP1 Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the NSP1 Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of NSP1 funds for costs other than those costs permitted under the NSP1 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 NSP1 Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (1) that certain deed of trust for the benefit of Citibank, N.A. securing a construction loan for the Project in an amount up to \$3,700,000; and (2) that certain deed of trust for the benefit the California Department of Housing and Community Development ("HCD") securing a Veterans Housing and Homelessness Prevention ("VHHP") Program loan for the Project in an amount up to \$5,510,000;

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 NSP1 Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the NSP1 Loan Agreement, (4) any material default under the NSP1 Loan Agreement, NSP1 Deed of Trust with Assignment of Rents, Covenant Agreement, NSP1 Note, or any document executed by the County in connection with this Agreement, and/or (4) default past any applicable notice and cure period under the terms of (A) that certain deed of trust for the benefit of Citibank, N.A. securing a construction loan for the Project in an amount up to \$3,700,000; and (B) that certain deed of trust for the benefit the California Department of Housing and Community Development ("HCD") securing a Veterans Housing and Homelessness Prevention ("VHHP") Program loan for the Project in an amount up to \$5,510,000;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the NSP1 Loan Agreement; and

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

(10) Notice of Default and Opportunity to Cure.

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

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

If a non-monetary event of default occurs, prior to exercising any remedies hereunder, COUNTY shall give BORROWER written notice of such default. If the default is reasonably capable of being cured within sixty (60) days, BORROWER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not reasonably capable of being cured within sixty (60) days, and BORROWER (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then BORROWER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party but in no event no more than ninety (90) days from the date of the notice of default. In no event shall COUNTY be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given.

Notwithstanding anything to the contrary contained herein, County hereby agrees that any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to Borrower's limited partner as set forth in the Loan Agreement.

- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY

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

- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the NSP1 Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.
- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) Except for Permitted Transfers (as defined in the NSP1 Loan Agreement), in no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement

by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the NSP1 Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.

- (19) Except as to the Permitted Deeds of Trust identified herein or otherwise permitted under the Loan Documents (as defined in the NSP1 Loan Agreement), Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion; except that prior written approval for secured financing that is junior to the NSP1 Loan and does not affect the repayment of the NSP1 Loan shall not be unreasonably withheld, delayed or conditioned.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21) (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.
- (b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 5555 Arlington Avenue, Riverside, California 92504, Attention: Assistant Director of Housing. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.
- (c) The address(es) of Borrower for purposes of receiving notices pursuant to this Note shall be as stated in the NSP1 Loan Agreement.
- (22) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (23) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (24) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

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

BORROWER:

A0685 Cathedral City, LP,
a California limited liability partnership

By: A0685 Cathedral City, LLC,
a California limited liability company

Its: Managing General Partner

By: Urban Housing Communities,
a California nonprofit public benefit corporation,
its sole member and manager

By: _____
John Bigley, Chief Operating Officer

Date: February __, 2021

EXHIBIT "D"

RIVERSIDE COUNTY
HOUSING, HOMELESSNESS PREVENTION AND
WORKFORCE SOLUTIONS

SECTION 3
24 CFR PART 135

ECONOMIC OPPORTUNITIES FOR
LOW-AND VERY LOW-INCOME PERSONS

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS

I. Section 135.1 Purpose

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

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

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

B. TRAINING AND EMPLOYMENT

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

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

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

- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and
- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

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

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

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

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

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

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).

- (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;
- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)
- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

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

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.
 - (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 business concerns that provide economic opportunities for Section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
 - (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youthbuild programs (category 2 businesses);
 - (iii) Other Section 3 business concerns.
- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.
- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

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

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

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

VI. SECTION 135.40 Providing Other Economic Opportunities

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

VII. SECTION 135.5 Definitions.

As used in this part:

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

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

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

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

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

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

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

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

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

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and

Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

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

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

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

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

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

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

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

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

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

Section 3 covered assistance means:

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement):
 - (ii) Housing construction; or

- (iii) Other public construction project (which includes other buildings or improvements regardless of ownership).

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

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

Section 3 resident means:

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

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

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

**RIVERSIDE COUNTY HOUSING, HOMELESSNESS PREVENTION AND
 WORKFORCE SOLUTIONS**

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

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

known as _____
 (print business name)

_____ is not a Section 3 business. (Please complete the bottom section.)

_____ is a Section 3 business **because** (check one of the following:)

_____ *51 percent or more is owned by Section 3 residents; or*

_____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*

_____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

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

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

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

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective FY 2020 – Annual Low-Income Limit

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

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

EXHIBIT D-2

§ 135.38 Section 3 Clause

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

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

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

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

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

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

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

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

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

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

(b) Conflicts prohibited. No persons described in **paragraph (c)** of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with NSP1 funds or who are in a position to participate in a decision making process or gain inside information with regard to these activities, may obtain a financial interest or benefit from a NSP1-assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

(c) Persons covered. The conflict of interest provisions of **paragraph (b)** of this section apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of COUNTY, State recipient, or sub-recipient which are receiving NSP1 funds.

(d) Exceptions: Threshold requirements. Upon the written request of the recipient, HUD may grant an exception to the provisions of **paragraph (b)** of this section on a case-by-case basis when it determines that the exception will serve to further the purposes of the NSP1 Investment Partnerships Program and the effective and efficient administration of COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

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

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

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

- d. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- e. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive

generally the same interests or benefits as are being made available or provided to the group or class;

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

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with NSP1 funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a NSP1-assisted affordable housing unit in a project. This provision does not apply to an individual who receives NSP1 funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.
- (2) Exceptions. Upon written request of owner or developer, COUNTY may grant an exception to the provisions of **paragraph (f)(1)** of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the NSP1 program and the effective and efficient administration of the owner's or developer's NSP1-assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and

- (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

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

TOPIC: CONFLICT OF INTEREST CODED

RIVERSIDE COUNTY

HOUSING, HOMELESSNESS PREVENTION AND WORKFORCE SOLUTIONS

DATE: MARCH 1999

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

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

- entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

4th

File No: File No: NSP1.4-20-001-
Veterans Village of Cathedral City

EXHIBIT “G”

Covenant Agreement

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing, Homelessness Prevention and
Workforce Solutions
5555 Arlington Avenue
Riverside, CA 92504
Attn. Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDERS USE

COVENANT AGREEMENT

(Veterans Village of Cathedral City)

This Covenant Agreement (Veterans Village of Cathedral City) (“Covenant”) is made and entered into as of the day of _____, 2021 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and A0685 CATHEDRAL CITY, L.P., a California limited partnership (“OWNER”).

RECITALS

WHEREAS, OWNER owns those certain real properties located at the northeast corner of Landau Blvd & Corta Rd, 30-600 Landau Boulevard, California 92234 also identified as Assessor’s Parcel Numbers 678-060-001; 002; 003; 004; 005; 049; 050; 051; 052 and 053, legally described in **Exhibit A** attached hereto and incorporated herein by this reference (the “Property”);

WHEREAS, on February 9, 2021, COUNTY and OWNER entered into that certain Loan Agreement for the Use of Neighborhood Stabilization Program 3 Funds recorded in the Official Records (“Official Records”) of the County of Riverside concurrently herewith (the “NSP1 Loan Agreement”) which provides for, among other things, redevelopment and construction on the Property, “Veterans Village of Cathedral City,” a portion of which will be for very low-income families (the “Project”). Capitalized terms not defined herein shall have the meaning ascribed to

them in the NSP1 Loan Agreement;

WHEREAS, the Neighborhood Stabilization Program (“NSP”), which was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (“HERA”) and appropriated under Community Development Block Grant (CDBG), was created under the heading of Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes for the purpose of assisting in the redevelopment of abandoned or foreclosed homes. The American Recovery and Reinvestment Act of 2009 provided a second round of NSP funds (NSP2). On October 19, 2010, a third round of NSP funding (“NSP1”), provided an additional allocation of funds under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”). The intent of NSP, NSP2 and NSP1 is to stabilize neighborhoods in areas with greatest need and stem the decline of house values of neighboring homes;

WHEREAS, pursuant to the NSP1 Loan Agreement, COUNTY loaned to OWNER \$1,500,000 of NSP1 funds (“NSP1 Loan”), to provide financial assistance to OWNER, to pay a portion of the costs related to the Project, as more fully described in the NSP1 Loan Agreement. The NSP1 Loan is evidenced by a Promissory Note executed by OWNER, in favor of the COUNTY dated on or about the date hereof (“NSP1 Loan Note”)and secured by that certain Deed of Trust executed by OWNER, for the benefit of COUNTY and recorded in the Official Records concurrently herewith (“NSP1 Loan Deed of Trust”); and

WHEREAS, pursuant to the NSP1 Loan Agreement, OWNER has agreed to redevelop the land and construct a multi-family affordable rental housing project consisting of sixty (60) rental units including one (1) residential manager’s unit. A total of twenty nine (29) NSP1-Assisted Units are to be rented to and occupied by qualified very low income households pursuant to the NSP1 Program (“NSP1-Assisted Units”) as set forth more specifically below.

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

- 1) RESTRICTIONS. This Covenant shall continue in full force and effect for the later

of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last building for which construction is completed for the Project on the Property or (ii) July 1, 2076 (“Term”), for itself and on behalf of its successors and assigns. For the duration of the term, the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and restrictions:

a) Twenty nine (29) NSP1-Assisted Units shall be limited to households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside (“Qualified Very Low Income Households”), adjusted by family size at the time of occupancy as published by HUD. The NSP1-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 NSP1-Assisted Units remains the same throughout the Affordability Period;

b) Pursuant to the COUNTY’s NSP1 program as set forth in the COUNTY’s 2010-2011 One Year Action Plan (“Action Plan”) including its amendments, BORROWER shall comply with the rent limitations under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the “HOME Program”). A total of 29 units floating throughout the project, shall be reserved as NSP1-Assisted Units and rented at Low HOME rent levels as published by HUD. The NSP1-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 NSP1-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 NSP1-Assisted Units are rented to Qualified Very Low Income Households at the Low HOME rent levels required herein. The maximum monthly allowances for utilities and services (excluding telephone) shall not exceed the utility allowance as described below;

c) Utility Allowance: Owners are required to complete initial Utility Allowance (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 a qualified professional.

d) OWNER shall comply with the terms of the NSP1 Loan Agreement, NSP1 Loan Note, NSP1 Loan Deed of Trust and any other instrument secured against the Property.

2) SUBORDINATION. During the construction phase, this Covenant Agreement shall be recorded in a senior position to all other loans and regulatory agreements, which will be recorded in the following positions: (a) a deed of trust for the benefit of Citibank, N.A. securing a construction loan for the Project in an amount up to \$3,700,000 (the "Construction Loan") shall be in a second priority lien position. Upon repayment of the Construction Loan and reconveyance of the deed of trust securing the Construction Loan; this Covenant Agreement shall be recorded in a second priority lien position, junior to the VHHP Senior Regulatory Agreement (Affordability Provisions) for the benefit of HCD. A deed of trust for the benefit of Citibank, N.A. securing a permanent loan for the Project in an amount up to \$ _____ (the "Permanent Loan") shall be in a third priority lien position.

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

- a) The Neighborhood Stabilization Program as enacted under Section 1497

of the Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) and Federal Register Notice, Vol. 75, No. 201, Docket No. FR-5447-N-01, dated October 19, 2010, as amended.

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

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

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

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

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

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

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

(9) OWNER must prescribe procedures to establish and oversee a minority outreach

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

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

10) TENANT PROTECTIONS. OWNER shall provide protection to the tenants of the COUNTY NSP1 Assisted Units in accordance with the requirements set forth at 24 CFR 92.253 and described as follows:

- a) Provide written lease agreement for not less than one year, unless by

mutual agreement between the tenant and OWNER. COUNTY shall review the initial form of the lease agreement prior to OWNER executing any leases and, provided that OWNER uses the approved lease form, OWNER shall be permitted to enter into residential leases without COUNTY's prior written consent.

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

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

- (7) *Waiver of right to appeal court decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- (8) *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by OWNER against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- (9) *Mandatory supportive services.* Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due to a tenant's status as a victim of domestic violence, dating violence, or stalking, and requires landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a survivor of domestic violence, dating violence, sexual assault, and stalking from being denied assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of violence committed against them. It extends housing protections to survivors of sexual assault, and adds "intimate partner" to the list of eligible relationships in the domestic violence definition. Protections also now cover an "affiliated individual," which includes any lawful occupant living in the survivor's household, or related to the survivor by blood or marriage including the survivor's spouse, parent, brother, sister, child, or any person to whom the survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual, or others may be evicted or removed without evicting or removing or otherwise penalizing a victim who is a tenant or lawful occupant.

If victim cannot establish eligibility, OWNER must give a reasonable amount of time to find new housing or establish eligibility under another covered housing program. A Notice of Rights under VAWA 2013 for tenants must be provided at the time a person applies for housing, when a person is admitted as a tenant of a housing unit, and when a tenant is threatened with eviction or termination of housing benefits. Tenants must request an emergency transfer and reasonably believe that they are threatened with imminent harm from further violence if the tenant remains in the same unit. The provisions of VAWA 2013 that are applicable to HUD programs are found in title VI of VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

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

maintain the Property in accordance with the standard for the quality of maintenance, the COUNTY or its designee shall have the right but not the obligation to enter the Property upon reasonable notice to OWNER, correct any violation, and hold OWNER, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property.

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

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

OWNER, its successors and assigns, shall refrain from restricting the rental, sale, or lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual

orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and contract entered into with respect to the Property, or any portion thereof, after the date of this Agreement shall contain or be subject to substantially the following nondiscrimination or nonsegregation clauses:

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

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

use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

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

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

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

- a) Worker’s Compensation Insurance. If OWNER has employees as defined by the State of California, OWNER shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers’ Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer Endorsement.
- b) Commercial General Liability Insurance. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and

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

- c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance of the obligations under this Covenant, then OWNER shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured or provide similar evidence of coverage approved by County's Risk Manager ("Risk Manager").
- d) General Insurance Provisions – All Lines.
- i) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by Risk Manager. If Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.
 - ii) OWNER's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent of Risk Manager. Upon notification of self-insured retention unacceptable to COUNTY, and at the election of Risk Manager, OWNER's carriers shall either: (a) reduce or

eliminate such self-insured retention, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

- iii) OWNER shall cause OWNER's insurance carrier(s) to furnish the County of Riverside with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. OWNER shall not continue operations until COUNTY has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required herein. An individual authorized by the insurance carrier to do so, on its behalf, shall sign the original endorsements for each policy and the Certificate of Insurance.
- iv) It is understood and agreed to by the parties hereto that OWNER's insurance shall be construed as primary insurance, and COUNTY's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory.
- v) If, during the term of this Covenant or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.), then COUNTY reserves the right to adjust the types of insurance required under this Covenant and the monetary limits of liability for the insurance coverage's currently

required herein, if, in Risk Manager's reasonable judgment, the amount or type of insurance carried by OWNER has become inadequate.

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

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

14) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of OWNER, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of OWNER, its officers, employees, subcontractors, agents or representatives Indemnitors from this Agreement. OWNER shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions. With respect to any action or claim subject to indemnification herein by OWNER shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes OWNER's indemnification to Indemnitees as set forth herein. OWNER's obligation hereunder shall be satisfied when OWNER has provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action or claim involved. The specified insurance limits required in this Agreement shall in no way limit or circumscribe OWNER's obligations to indemnify and hold harmless the Indemnitees herein from third party claims. In the event there is conflict between this clause and California Civil Code

Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve OWNER from indemnifying the Indemnitees to the fullest extent allowed by law.

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

COUNTY

Assistant Director, Housing
Riverside County
Housing, Homelessness Prevention and Workforce Solutions
5555 Arlington Avenue
Riverside, CA 92504

BORROWER

A0685 Cathedral City, L.P.
c/o Urban Housing Communities
2000 E. 4th Street, Suite 205
Santa Ana, CA 92705
Attn: President

With copies to:

RBC Community Investments, LLC
600 Superior Avenue
Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel

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

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

18) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY

shall give OWNER notice of such default pursuant to section 9 above. Any monetary default shall be cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein, if a non-monetary default is reasonably capable of being cured within sixty (60) days of delivery of such notice of default, OWNER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured within sixty (60) days of delivery of such notice of default, and OWNER (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as possible, then OWNER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the COUNTY but in no event no more than ninety (90) days from the date of the notice of default. In no event shall COUNTY be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within ninety (90) days after the first notice of default is given. COUNTY, upon providing OWNER with any notice of default under this Covenant, shall, within a reasonable time, provide a copy of such default notice to a Permitted Lender who has given written notice to COUNTY of its interest in the Property and Project. From and after such notice has been delivered to a Permitted Lender, such Permitted Lender shall have the same period for remedying the default complained of as the cure period provided to OWNER pursuant to this Section 18. COUNTY shall accept performance by a Permitted Lender as if the same had been done by OWNER.

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

any later time.

Notwithstanding anything to the contrary contained herein, County hereby agrees that any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to Borrower's limited partner as set forth in Section 15 hereto.

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

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

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

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

23) PERMITTED MORTGAGES. No violation or breach of the covenants, conditions,

restrictions, provisions or limitations contained in this Covenant shall defeat or render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted by the Agreement or the lien or charge of a deed of trust made by OWNER for the benefit of any lender first approved in writing by the COUNTY (each, a “Permitted Lender”) and nothing herein or in the Agreement shall prohibit or otherwise limit the exercise of a Permitted Lender’s rights and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure and subsequent transfer thereafter.

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

25) PROJECT MONITORING AND EVALUATION.

- a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit F** of the NSP1 Loan Agreement, and may be revised by COUNTY, summarizing the racial/ethnic composition, number and percentage of very low-income households who are tenants of the NSP1-Assisted Units. The Tenant Checklist Form shall be submitted upon completion of the construction and thereafter, on a semi-annual basis on or before March 31 and September 30. OWNER shall maintain financial, programmatic, statistical and other supporting records of its operations and financial activities in accordance with the requirements of the NSP1 Program, including the submission of Tenant Checklist Form. Except as otherwise provided for in this Covenant and in the Agreement, OWNER shall maintain and submit records to COUNTY within ten (10) business days of COUNTY’s request which clearly documents OWNER’s performance under each requirement of the NSP1 Program.
- b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability, COUNTY must perform on-site inspections of NSP1-Assisted rental housing to determine compliance with the property standards of §92.251 and to verify the information submitted by the owners in accordance with the requirements of §92.252. The inspections must be

in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of §92.251. The on-site inspections must occur at least once every 3 years thereafter during the period of affordability. If there are observed deficiencies for any of the inspectable items in the property standards established by COUNTY, in accordance with the inspection requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur within 12 months. COUNTY may establish a list of non-hazardous deficiencies for which correction can be verified by third party documentation (e.g., paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be corrected immediately, in accordance with §92.251. COUNTY must adopt a more frequent inspection schedule for properties that have been found to have health and safety deficiencies. The property owner must annually certify to the COUNTY that each building and all NSP1-Assisted Units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the participating jurisdiction to meet the requirements of §92.251. Inspections must be based on a statistically valid sample of units appropriate for the size of the NSP1-Assisted project, as set forth by HUD through notice. COUNTY will inspect 100 percent of the NSP1-Assisted Units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing NSP1-Assisted Units.

26) ACCESS TO PROJECT SITE. Subject to any rights of tenants, representatives of the COUNTY and HUD shall have the right of access to the Property, upon 48 hours' written notice to OWNER (except in the case of an emergency, in which case COUNTY and/or HUD shall provide such notice as may be practical under the circumstances), without charges or fees, during normal business hours to review the operation of the Project in accordance with this Covenant and the Agreement.

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

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

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[remainder of page intentionally blank]

(SIGNATURES ON THE NEXT PAGE)

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

COUNTY:

County of Riverside, a political
Subdivision of the State of California

OWNER:

A0685 Cathedral City, L.P.,
a California limited liability partnership

By: A0685 Cathedral City, LLC,
a California limited liability company
Its: Managing General Partner

By: Urban Housing Communities,
a California nonprofit public benefit
corporation, its sole member and manager

By: _____

By: _____
John Bigley, Chief Operating Officer

Date: February ___, 2021

Date: February ___, 2021

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

By: _____
Amrit P. Dhillon, Deputy County Counsel

(COUNTY and OWNER signatures need to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2021, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A:

PARCEL A OF LOT MERGER/ LOT LINE ADJUSTMENT NO. 2020-529 RECORDED _____, 2021 AS INSTRUMENT NO. 2021-_____ OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA,

DESCRIBED AS FOLLOWS:

All of Lots 101 through 107 and a portion of Lot 108 inclusive as shown by Assessors Map No. 46 on file in Book 2 Page 3 of Assessor's Maps, in the Office of the County Recorder of Riverside County, in the City of Cathedral City, State of California, lying within the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 16, Township 4 South, Range 5 East, San Bernardino Meridian, more particularly described as follows:

COMMENCING at the Northeast Corner of Lot C as shown by Tract No. 26424 on file in Book 257 Pages 49 and 50 inclusive records of said County, said point also being the Southeast Corner of Lot 110 as shown on said Assessor's Map;

THENCE along the North line of said Lot C of said Tract Map and South line of said Lot 110 and subsequent Lots 109 and 108 of said Assessor's Map, North 89°27'13" West, a distance of 174.56 feet to the TRUE POINT OF BEGINNING;

THENCE continuing along said line and South line of subsequent descending Lots 107 through 101 inclusive North 89°27'13" West, a distance of 447.85 feet to a point on the Easterly Sideline of Landau Boulevard (40.00 foot half width Right of Way) as shown on said Assessor's Map said point also being the Southwest corner of said Lot 101;

THENCE along said Easterly Sideline and West Lot line, North 00°08'23" East, a distance of 632.52 feet to the Southerly Sideline of Frank/Vega Road (30.00 foot half width Right of Way) as shown on said Assessor's Map said point also being the Northwest corner of said Lot 101;

THENCE along said Sideline and North line of said Lot 101 and subsequent Lots 102 through 108, South 89°34'59" East, a distance of 452.34 feet to a point being 169.90 feet distant from the Northeast Corner of said Lot 110;

THENCE South 00°32'47" West, a distance of 633.52 feet to the TRUE POINT OF BEGINNING.

Containing 6.541 acres, more or less.

PARCEL B:

PARCEL B OF LOT MERGER/ LOT LINE ADJUSTMENT NO. 2020-529 RECORDED _____, 2021 AS INSTRUMENT NO. 2021-_____ OF OFFICIAL RECORDS OF RIVERSIDE COUNTY, CALIFORNIA,

DESCRIBED AS FOLLOWS:

Lots 109 and 110 and a portion of Lot 108 inclusive as shown by Assessors Map No. 46 on file in Book 2 Page 3 of Assessor's Maps, in the Office of the County Recorder of Riverside County, in the City of Cathedral City, State of California, lying within the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 16, Township 4 South, Range 5 East, San Bernardino Meridian, more particularly described as follows:

BEGINNING at the Northeast Corner of Lot C as shown by Tract No. 26424 on file in Book 257 Pages 49 and 50 inclusive records of said County, said point also being the Southeast Corner of Lot 110 as shown on said Assessor's Map;

THENCE along the North line of said Lot C of said Tract Map and South line of said Lot 110 and subsequent Lots 109 and 108 of said Assessor's Map, North $89^{\circ}27'13''$ West, a distance of 174.56 feet; THENCE North $00^{\circ}32'47''$ East, a distance of 633.52 feet to a point on the Southerly Sideline of Frank/Vega Road (30.00 foot half width Right of Way) as shown on said Assessor's Map and the North line of said Lot 108 said point being 169.90 feet from the Northeast Corner of said Lot 110; THENCE along said Southerly Sideline and North line of said Lot 108 and subsequent Lots 109 and 110, South $89^{\circ}34'59''$ East, a distance of 169.90 feet to the said Northeast corner of said Lot 110 said Corner being on the Westerly line of Palm Springs Highlands Unit No. 3 on file in Book 37 Pages 77 and 78 inclusive records of said County; THENCE along the East line of said Lot 110 of said Assessor's Map and West line of said Palm Springs Highlands Map South $00^{\circ}07'30''$ West, a distance of 633.92 feet to the TRUE POINT OF BEGINNING. Containing 2.506 acres, more or less.

EXHIBIT “H”

Request for Notices

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing, Homelessness Prevention and
Workforce Solutions
5555 Arlington Avenue
Riverside, CA 92504
Attn: Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2021 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by A0685 Cathedral City, L.P., a California limited liability partnership, as Trustor in which Citibank, N.A., an California banking association, its successors and assigns is named as Beneficiary, and First American Title Company as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

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

All notices to be mailed to:

Attn: Assistant Director
Riverside County HHPWS
Housing Division
5555 Arlington Avenue
Riverside, California 92504

Request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust

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

RIVERSIDE COUNTY
HOUSING, HOMELESSNESS PREVENTION AND
WORKFORCE SOLUTIONS

Michael Walsh, Deputy Director

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2021, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

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

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

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

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

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

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

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

DEVELOPER SIGNATURE