

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



ITEM: 3.8
(ID # 17947)

MEETING DATE:
Tuesday, February 01, 2022

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of Loan Agreement for the Use of PLHA Funds for Sheila Street Apartments, in the City of Moreno Valley and Authorize the Director of HWS to Execute a Form of the PLHA Loan Agreement, Covenant Agreement and Subsequent Subordination Agreement; District 5.[\$853,650 - 100% Permanent Local Housing Allocation (PLHA) Funds] (CEQA Exempt) (Clerk of the Board to File the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301;
2. Approve the attached Loan Agreement for the Use of Permanent Local Housing Allocation (PLHA) Program Funds, including all attachments thereto (PLHA Loan Agreement), between the County of Riverside and Riverside Housing Development Corporation, providing a loan derived from the PLHA Program in the amount of \$813,000 (PLHA Loan), to be used to pay a portion of the acquisition and rehabilitation costs for a multi-family affordable rental housing project in the City of Moreno Valley, County of Riverside;

Continued on page 2


ACTION:Policy


Heidi Marshall, Director 12/30/2021

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Spiegel seconded by Supervisor Washington and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, and Hewitt
Nays: None
Absent: Perez
Date: February 1, 2022
xc: HWS, Recorder

Kecia R. Harper
Clerk of the Board
By: 
Deputy

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RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached forms of PLHA Loan Deed of Trust and Assignment of Rents, PLHA Loan Promissory Note and PLHA Covenant Agreement;
4. Approve the allocation of approximately \$40,650 derived from PLHA funds to be used to pay direct County staff related and delivery costs for the Project;
5. Authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute the PLHA Loan Agreement and PLHA Covenant Agreement conforming in form and substance to the attached PLHA Loan Agreement and PLHA Covenant Agreement, subject to approval as to form by County Counsel;
6. Authorize the Director of the HWS, or designee, to negotiate and execute a Subordination Agreement subordinating the PLHA Loan Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of Provident Savings Bank securing a rehabilitation loan for the Project for a not to exceed amount of \$279,000, subject to approval as to form by County Counsel;
7. Authorize the Director of the HWS, or designee, to take all necessary steps to implement the PLHA Loan Agreement and Subordination Agreements, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel; and
8. Direct the Clerk of the Board to file the Notice of Exemption within 5 business days.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$853,650	\$ 0	\$853,650	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Permanent Local Housing Allocation Funds (100%)			Budget Adjustment:	No
			For Fiscal Year:	21/22

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Riverside Housing Development Corporation, a California nonprofit public benefit corporation (RHDC), participates in the development and operation of housing that is affordable to low- and moderate-income people within the County of Riverside, combating community deterioration, and eliminating neighborhood blight.

RHDC is proposing to utilize \$813,000 in Permanent Local Housing Allocation (PLHA) funds allocated from the California Department of Housing and Community Development PLHA Program (PLHA Loan) to acquire and rehabilitate a sub-standard 4-unit multi-family housing rental property for qualified low-income families located at 15427 Sheila Street, Moreno Valley, CA 92551 in the County of Riverside, also identified as Assessor's Parcel Number 486-091-013 and 486-091-014. If approved, the PLHA Loan will be evidenced by a Promissory Note in favor

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of the County (PLHA Loan Note), which would be secured by a Deed of Trust with Assignment of Rents for the benefit of the County (PLHA Loan Deed of Trust). The proposed PLHA Loan Deed of Trust and PLHA Loan Note are exhibits to the Loan Agreement attached hereto.

The proposed project will consist of the acquisition and rehabilitation of an existing building consisting of four 2-bedroom units (Proposed Project). One 2-bedroom unit will be designated as a PLHA-assisted unit pursuant to PLHA regulations that will be restricted for occupancy and rent by households whose incomes do not exceed 50% of the area median income for the County of Riverside. Another 2-bedroom unit will be designated as a PLHA-assisted unit pursuant to PLHA regulations that will be restricted for occupancy and rent by households whose incomes do not exceed 80% of the area median income for the County of Riverside. RHDC will reserve the remaining two 2-bedroom units for occupancy and rent by households whose incomes do not exceed 120% of the area median income for the County of Riverside. The use and occupancy of the PLHA-assisted units will be restricted until the later to occur of (i) July 1, 2078 or (ii) 55 years from the recordation of the Notice of Completion for which rehabilitation is completed for the Proposed Project. The aforementioned use and occupancy restrictions will be set forth in a recorded Covenant Agreement (see attached).

The total development cost for the Proposed Project is estimated to be \$1,092,000 which will be funded in part by the PLHA Loan and a \$279,000 loan from Provident Savings Bank evidenced by a Promissory Note and secured by a Deed of Trust which will be recorded against the Property in a first priority lien position. Provident Savings Bank is requiring the subordination of the PLHA Loan as a condition precedent to the funding of the bank loan. As such, subordination of the PLHA 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 subordination, the PLHA Loan will be in a junior lien position. The Covenant Agreement may be recorded in senior position to preserve affordability. The terms of the proposed PLHA Loan and obligations of RHDC and the County are memorialized in the proposed Loan Agreement for the Use of PLHA Program Funds, including all exhibits, attached hereto (PLHA Loan Agreement).

Staff recommends approval of PLHA funds for the Project to pay acquisition and rehabilitation costs for the Project and direct project staffing and delivery costs in an amount not to exceed 5% of PLHA funds approved for the Project as follows:

Sheila Street Housing Project	\$813,000	PLHA Project Funding
<u>Sheila Street Housing Project</u>	<u>\$ 40,650</u>	Direct Project Staffing and Delivery Costs (5%)
Total	\$853,650	

Pursuant to the California Environmental Quality Act (CEQA), the PLHA Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities. The PLHA Loan Agreement, involves the loan of PLHA funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use

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will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained. A Notice of Exemption will be filed with the County Clerk upon approval of the PLHA Loan Agreement.

County Counsel has reviewed and approved the attached PLHA Loan Agreement for the Use of PLHA Program Funds, Deed of Trust, Promissory Note, Environmental Indemnity, and Covenant Agreement as to form. Staff recommends that the Board approve the PLHA Loan Agreement for the Use of PLHA Program funds, Deed of Trust, Promissory Note, Environmental Indemnity, and Covenant Agreement.

Impact on Citizens and Businesses

The acquisition and rehabilitation of the property at 15427 Sheila Street in the City of Moreno Valley will have a positive impact on residents and businesses as it will provide needed affordable housing and mitigate health and safety issues affecting the property making it a decent and safe place for residents to live. The project is also expected to create jobs in construction, property maintenance and property management.

SUPPLEMENTAL:

Additional Fiscal Information

No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with PLHA funds allocated from the California Department of Housing and Community Development Permanent Local Housing Allocation Program.

Attachments:

- Notice of Exemption
- Form of the Loan Agreement for the Use of PLHA Program Funds, including all exhibits
- Forms of the Deed of Trust, Promissory Note, Environmental Indemnity and Covenant Agreement


Brianna Lontajo, Principal Management Analyst

1/21/2022


Gregory H. Priarios, Director County Counsel

1/20/2022

1 NO FEE FOR RECORDING PURSUANT
2 TO GOVERNMENT CODE SECTION 27383

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 3403 Tenth Street, Suite #300
10 Riverside, CA 92501
11 Attn: Mervyn Manalo

12 SPACE ABOVE THIS LINE FOR RECORDERS USE

13 LOAN AGREEMENT FOR THE USE OF PLHA PROGRAM FUNDS
14 (15427 Sheila Street, Moreno Valley, CA)

15 This LOAN AGREEMENT FOR THE USE OF PLHA PROGRAM FUNDS
16 (“Agreement”) is made and entered into this 25th day of January, 2022 by and between the
17 COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY” or
18 “County”), and RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California
19 nonprofit public benefit corporation (“BORROWER”). The COUNTY and BORROWER may
20 be individually referred to herein as a “Party” and collectively as the “Parties.”

21 WITNESSETH:

22 WHEREAS, Chapter 364, Statutes of 2017 (Senate Bill (SB) 2, Atkins), as
23 authorized by Health and Safety Code (HSC) Section 50470, established the Building Homes
24 and Jobs Trust Fund (Fund) and the Permanent Local Housing Allocation (“PLHA”) Program
25 which was designed to provide a permanent source of funding to all local governments in
26 California to help cities and counties implement plans to increase affordable housing stock;

27 WHEREAS, the State of California (the “State”), Department of Housing and
28 Community Development (“HCD”) issued a Notice of Funding Availability (“NOFA”), dated
February 26, 2020, to provide approximately \$195,000,000 under the PLHA Program through
its Entitlement and Non-entitlement Local Government Formula Component from the Fund for
assistance to local governments pursuant to HSC section 50470 et seq. and SB 2 (Chapter 364,
Statutes of 2017) (the “PLHA Statutes”);

1 WHEREAS, to implement the PLHA Program, HCD adopted and issued the
2 HCD 2019 PLHA Final Guidelines (“Guidelines” or “PLHA Guidelines”);

3 WHEREAS, the County is an eligible local government for the program to
4 administer one or more eligible activities, including on behalf of other local governments that
5 have delegated County to submit an application and administer their PLHA formula
6 allocations;

7 WHEREAS, HSC Section 50470 authorizes the HCD to allocate moneys
8 collected and deposited in the Fund for the PLHA Program, with 90 percent of PLHA funds to
9 local governments, and to adopt Guidelines to implement the PLHA Program;

10 WHEREAS, pursuant to Section 300(c) of the HCD Guidelines, a local
11 government may delegate another local government to submit an application and administer
12 the formula component of PLHA funds on its behalf, provided the local governments enter into
13 an agreement and the funds are expended for eligible activities consistent with program
14 requirements;

15 WHEREAS, consistent with HCD guidelines, City of Moreno Valley (“City”)
16 delegated to County the responsibility for submitting an application for administering its
17 formula component for Allocation Years 2019-2023 (“City’s Allocations”) in the estimated
18 funding amount of Six Million One Hundred Seventy Eight Thousand Eight Hundred Fifty
19 Four Dollars (\$6,178,854);

20 WHEREAS, pursuant to the PLHA Program, the County and HCD entered into
21 that certain Standard Agreement (20-PLHA-15170) dated October 5, 2020, including Exhibits
22 A, B, C, D and E (collectively, the “PLHA Standard Agreement”), which allocates PLHA
23 funding to the County for use in the City;

24 WHEREAS, in connection therewith, City and County entered in that certain
25 Agreement for the Permanent Local Housing Allocation (PLHA) Program under the California
26 Department of Housing and Community Development (HCD) for Allocation Years 2019-2023
27 (the “City PLHA Agreement”), which provides for the use of PLHA Funds by the County
28 within the City to increase the affordable housing stock within the City;

1 WHEREAS, the PLHA Statutes, Guidelines, NOFA, PLHA Standard
2 Agreement, City Standard Agreement and all applicable rules and regulations imposed by
3 HCD on PLHA funding recipients shall collectively be referred to herein as the “PLHA
4 Program”;

5 WHEREAS, BORROWER is an experienced developer of affordable housing
6 that has among its purposes the provision of decent housing that is affordable to low income
7 persons;

8 WHEREAS, BORROWER desires to perform the following in the City,
9 collectively referred to herein as the “Project”: (i) acquire that certain real property known as
10 15427 Sheila Street, Moreno Valley, CA, identified as Assessor’s Parcel Numbers 486-091-
11 013 and 486-091-014, as more specifically described in the legal description and depicted on
12 the site map attached hereto as **Exhibit A** and incorporated herein by this reference
13 (“Property”) and (ii) rehabilitate the existing four (4) unit apartment complex (consisting of
14 four (4) 2-bedroom units located thereon (each, a “Unit,” collectively, the “Units”);

15 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY
16 to provide a loan of PLHA funds (consisting of PLHA funds allocated for use in the City
17 pursuant to the PLHA Standard Agreement, as well as other PLHA funds available to the
18 COUNTY for the purposes set forth herein) to BORROWER in the maximum amount of Eight
19 Hundred Thirteen Thousand Dollars (\$813,000) to pay a portion of the acquisition and
20 rehabilitation costs related to the Project, as more fully described herein;

21 WHEREAS, in consideration of the loan of PLHA funds, BORROWER has
22 agreed to restrict approximately forty nine percent (49%) of the Units in the Project not
23 occupied by a manager or two (2) Units (collectively, the “Affordable Units”) to rental to and
24 occupancy by qualified Low and Very Low Income Households consistent with the PLHA
25 Program requirements and as defined more specifically herein;

26 WHEREAS, the development of the Project as described herein increases the
27 available affordable housing stock within the City and the County and complies with the
28 objectives set forth in the PLHA Program.

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

4 1. PURPOSE. The aforementioned Recitals are incorporated herein by this
5 reference. COUNTY has agreed to lend up to Eight Hundred Thirteen Thousand Dollars
6 (\$813,000) in PLHA funds ("PLHA Loan") to BORROWER upon the satisfaction of the
7 conditions precedent to distribution of PLHA Loan funds set forth in **Section 12** below.
8 Subject to **Sections 49** and **50** below, BORROWER shall undertake and complete the Project
9 in accordance with all entitlements and the Scope of Work and Project Description set forth in
10 **Exhibit B**, and shall utilize the PLHA Loan funds as required herein and in strict compliance
11 with the PLHA Program. Once the Project is completed, during the Affordability Period (as
12 defined in **Section 15** below), approximately forty nine percent (49%) of the Units not
13 occupied by a manager or two (2) of the Units rehabilitated on the Property shall be restricted
14 to rental to and occupancy by qualified Low and Very Low Income Households (collectively,
15 "Affordable Units") at an Affordable Rent (as hereinafter defined). The Affordable Units shall
16 consist of two 2- bedroom units (900 square feet). At least twenty percent (20%) of the
17 Affordable Units or one (1) Affordable Unit (consisting of one 2- bedroom unit) shall be
18 restricted to occupancy by a Very Low Income Household. The remaining Affordable Unit or
19 one (1) Affordable Unit (consisting of one 2- bedroom unit) shall be rented to and occupied by
20 a Low Income Household.

21 For purposes hereof:

- 22 a. a "Household" is one or more persons occupying an Affordable Unit.
23 b. "Low Income" has the meaning set forth in HSC Section 50079.5,
24 which is a Household whose income does not exceed 80% of the area
25 median income, adjusted for actual family size.
26 c. "Very Low Income" has the meaning set forth in HSC Section
27 50105, which is a Household whose income does not exceed 50% of
28 the area median income, adjusted for actual family size.

- 1 d. "area median income" shall refer to the most recent area median
2 family income published by HCD for Riverside County, available at
3 the following link: [https://www.hcd.ca.gov/grants-funding/income-](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml)
4 [limits/state-and-federal-income-limits.shtml](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml).
- 5 e. "Qualified Household" means a Low Income Household or a Very
6 Low Income Household.

7 The Affordable Units shall be rented to and occupied by Very Low and
8 Low Income Households at an "Affordable Rent" in compliance with the Multifamily Housing
9 Program guidelines Section 7312 and the Section 7301 definition of "Affordable Rent."
10 COUNTY shall review and approve proposed rents prior to entry into leases for occupancy of
11 the Affordable Units by BORROWER. BORROWER shall ensure the Affordable Units are
12 rented to qualified applicants at the rent levels required herein during the Affordability Period.
13 The maximum monthly allowances for utilities and services (excluding telephone) shall not
14 exceed the utility allowance permitted by a Covenant Agreement entered into by COUNTY and
15 BORROWER substantially in the form attached as **Exhibit H** hereto upon Closing (as defined
16 in **Section 12**).

17 Income and Affordable Rent limitations for Very Low Income
18 Households and Low Income Households must be calculated in accordance with the
19 Multifamily Housing Program (MHP), as required by the PLHA Program. BORROWER shall
20 utilize the most recently available "MHP Income and Rent Calculator" published by HCD,
21 available on the following web page: [https://www.hcd.ca.gov/grants-funding/income-](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml)
22 [limits/state-and-federal-income-limits.shtml](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml).

23 This PLHA Loan Agreement, a Promissory Note for the benefit of
24 COUNTY and given by BORROWER upon Closing, substantially in the form attached as
25 **Exhibit F** hereto (the "PLHA Note"), a Deed of Trust for the benefit of COUNTY and given by
26 BORROWER upon Closing, substantially in the form attached as **Exhibit E** hereto (the "PLHA
27 Deed of Trust"), a Covenant Agreement for the benefit of COUNTY and given by
28 BORROWER upon Closing, substantially in the form attached as **Exhibit H** hereto (the

1 “Covenant Agreement”), an Environmental Indemnity for the benefit of COUNTY and given by
2 BORROWER upon Closing, substantially in the form attached as **Exhibit J** hereto (the
3 “Environmental Indemnity”) and any other agreement entered into by COUNTY and
4 BORROWER in connection with the PLHA Loan for the Project shall collectively be referred
5 to herein as the “PLHA Loan Documents.” BORROWER shall comply with the terms and
6 conditions of the PLHA Loan Documents, any other agreements entered into in connection with
7 the development and/or financing for the Project, and any instrument secured against the
8 Property. BORROWER shall strictly comply with all requirements of the PLHA Program.

9 2. BORROWER’S OBLIGATIONS. Upon the commencement of the
10 Effective Date (defined in **Section 56** below), BORROWER shall undertake and complete the
11 following activities within the time periods set forth herein and in **Exhibit D**:

- 12 a. Satisfy the conditions precedent to distribution of PLHA Loan funds
13 set forth in **Section 12** below.
- 14 b. Acquire fee title to the Property and assemble any necessary
15 permanent and construction financing no later than the date set forth
16 in **Exhibit D**, including any County approved extensions thereto.
- 17 c. Develop the Project in accordance with the timeline set forth in
18 **Exhibit D**.
- 19 d. Operate the Project in such a manner so that it will remain affordable
20 to Qualified Households for the Affordability Period as defined in
21 **Section 15** herein without regard to (i) the term of the PLHA Note, or
22 (ii) transfer of ownership.
- 23 e. Maintain the Project in compliance with applicable local, state,
24 federal laws, codes and regulations as further described in **Section 17**
25 below until the expiration of the Term of this Agreement set forth in
26 **Section 7** below, and the Affordability Period set forth in **Section 15**
27 below.
- 28

1 3. COUNTY'S OBLIGATIONS. COUNTY hereby agrees to undertake and
2 complete the following activities, subject to its receipt of PLHA funds from HCD and
3 BORROWER's satisfactory completion of the conditions precedent to disbursement of PLHA
4 funds set forth in this Agreement:

- 5 a. Provide the PLHA Loan to BORROWER in the amount identified in
6 **Section 1**, to be used to pay a portion of the acquisition and eligible
7 rehabilitation/construction costs for the Project in accordance with the
8 PLHA Program; and
9 b. Comply with all of its obligations under the PLHA Standard
10 Agreement, City Standard Agreement and all other applicable
11 requirements of the PLHA Program.

12 4. PLHA Loan. Subject to the satisfaction of the conditions precedent to
13 disbursement of the PLHA Loan set forth in **Section 12** below, COUNTY shall provide
14 financing to Borrower in the form of a loan in the amount of the PLHA Loan, pursuant to the
15 following terms and conditions:

- 16 a. Term of PLHA Loan. The maturity date of the PLHA Loan shall be
17 the later to occur of (i) July 1, 2078 or (ii) fifty-five (55) years from
18 the recordation of the Notice of Completion in the Official Records
19 for the building for which rehabilitation is completed for the Project
20 (the "PLHA Loan Term"). The term, "Official Records" used herein
21 shall mean the Official Records of the Recorder's Office of the
22 County of Riverside.
23 b. Principal. The total amount of the PLHA Loan shall not exceed Eight
24 Hundred Thirteen Thousand Dollars (\$813,000), and shall be
25 evidenced by the PLHA Note, which note shall be secured by the
26 PLHA Deed of Trust.
27 c. Interest. The interest rate shall be zero percent (0%) simple interest
28 per annum.

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

2 (1) That the PLHA Loan will accrue simple interest at a rate of zero
3 percent (0%) per annum, except in the case of an event of default
4 as hereinafter provided wherein a higher default interest rate shall
5 apply as more specifically set forth in the PLHA Note, and shall
6 be repaid on an annual basis from the Project's Residual Receipts
7 (defined in **Section 4** below). Interest will begin to accrue 30 days
8 from the recordation of the Notice of Completion in the Official
9 Records.

10 (2) The PLHA Note shall be repaid by BORROWER to COUNTY as
11 follows:

- 12 i) Fifty percent (50%) of the Project's Residual
13 Receipts shall be paid annually towards
14 outstanding amounts under the PLHA Loan. Such
15 payment of fifty percent (50%) of the Project's
16 Residual Receipts to County shall continue
17 annually until the PLHA Note is repaid in full; and
18 ii) The remaining fifty percent (50%) of the Project's
19 Residual Receipts will be paid to BORROWER.

20 (3) The Project's Residual Receipts shall be determined based on an
21 annual review of certified financial statements for the Project.
22 Annual audited financial statements shall be submitted by
23 BORROWER to COUNTY within one hundred twenty (120) days
24 following the close of the Project fiscal year commencing on
25 April 1st of the first full calendar year following the recordation of
26 the Notice of Completion. All outstanding principal along with
27 accrued interest shall be due upon the maturity date of the PLHA
28 Note and the expiration of the PLHA Loan Term as set forth in

Section 4.a. The first payment from BORROWER to COUNTY shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion, to the extent of available Residual Receipts, calculated in accordance with the PLHA Note. Subsequent payments shall be made on each July 1st thereafter to the extent of available Residual Receipts until the earlier of full repayment of the PLHA Loan or the PLHA Loan maturity date as set forth above.

(4) The term "Project Residual Receipts" used herein shall mean the gross rental and other income from all residential and non-residential components of the Project, including, without limitation, proceeds from loss of rent insurance, and any other income to the BORROWER derived from the ownership, operation and management of the Project and the Property, but excluding interest on required reserve accounts, less the following operating expenses:

- i) auditing and accounting fees;
- ii) a reasonable property management fee not to exceed \$55 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year;
- iii) customary operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall

- 1 include administration, on-site management costs,
 2 utilities, on-site staff payroll, payroll taxes, and
 3 maintenance);
- 4 iv) required deposits into replacement reserves,
 5 established in a separate account from operating
 6 reserves, limited to \$300 per unit per year for all
 7 units in the Project, increased annually by an
 8 amount equal to the increase in CPI;
- 9 v) required operating reserve replenishments in an
 10 amount up to \$12,000 maximum total balance,
 11 increased annually by an amount equal to the
 12 increase in CPI;
- 13 vi) required payments of principal and interest on
 14 amortized loans and indebtedness senior to the
 15 PLHA Loan, which have been approved by
 16 COUNTY (collectively, the "Senior Debt"); and
- 17 vii) COUNTY's Monitoring Fee in the total annual
 18 amount of \$100 per Unit, increased annually by an
 19 amount equal to the increase of the Consumer
 20 Price Index (CPI), as more specifically discussed
 21 in **Section 30**.

22 The calculation of annual operating expenses shall be subject to
 23 the reasonable approval of the Director or designee.

- 24 e. Security. The PLHA Note shall be secured by the PLHA Deed of Trust.
 25 The PLHA Deed of Trust and this Agreement shall be recorded in a lien
 26 position junior to the Covenant Agreement and any deed of trust securing
 27 a third party, commercial bank construction or permanent loan or another
 28

1 mutually acceptable senior lender as agreed to by the Parties in writing
 2 (the “Senior Loan”).

3 f. Prepayment. Prepayment of principal and/or interest under the PLHA
 4 Note may occur at any time without penalty; provided, however (i) the
 5 requirements of **Section 17**, Compliance with Laws and Regulations,
 6 shall remain in full force and effect for the term of this Agreement
 7 specified in **Section 7** below; and (ii) the affordability requirements set
 8 forth in the Covenant Agreement shall remain in effect until the
 9 expiration of the Affordability Period.

10 5. PRIOR COUNTY APPROVAL. Except as otherwise expressly provided
 11 in this Agreement, approvals required of the COUNTY shall be deemed granted by the written
 12 approval of the Director. Notwithstanding the foregoing, the Director may, in his or her sole
 13 discretion, refer to the governing body of the COUNTY any item requiring COUNTY
 14 approval; otherwise, “COUNTY approval” means and refers to approval by the Director or
 15 designee.

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

19 7. TERM OF AGREEMENT. This Agreement shall become effective upon
 20 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to
 21 the terms hereof, shall continue in full force and effect until the later to occur of (i) July 1,
 22 2078 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the
 23 Official Records for the last building for which rehabilitation is completed for the Project
 24 (“Term of Agreement”).

25 8. BORROWER’S REPRESENTATIONS. BORROWER represents and
 26 warrants to COUNTY as follows:

27 a. Authority. BORROWER is a duly organized nonprofit public
 28 benefit corporation, validly existing and in good standing under

1 the laws of the State of California. The copies of the documents
2 evidencing the organization of BORROWER, which have been
3 delivered to COUNTY, are true and complete copies of the
4 originals, as amended to the date of this Agreement.
5 BORROWER, and the persons executing and delivering the
6 PLHA Loan Documents on its behalf, have full right, power and
7 lawful authority to enter into this Agreement and accept the
8 PLHA Loan funds and undertake development of the Project and
9 all obligations as provided in the PLHA Loan Documents. The
10 execution, performance and delivery of this Agreement by
11 BORROWER has been fully authorized by all requisite actions on
12 the part of BORROWER.

- 13 b. No Conflict. To the best of BORROWER's knowledge,
14 BORROWER's execution, delivery and performance of its
15 obligations under this Agreement will not constitute a default or a
16 breach under contract, agreement or order to which BORROWER
17 is a party or by which it is bound.
- 18 c. No Bankruptcy. BORROWER is not the subject of a bankruptcy
19 proceeding.
- 20 d. General. BORROWER has access to professional advice and
21 support to the extent necessary to enable BORROWER to fully
22 comply with the terms of this Agreement, and to otherwise carry
23 out the Project. Neither BORROWER nor any of its principals is
24 presently debarred, suspended, proposed for debarment, declared
25 ineligible, or voluntarily excluded from participation in
26 connection with the transaction contemplated by this Agreement.
- 27 e. Use of PLHA Funds. Borrower represents and warrants that it will
28 use all PLHA funds in a manner consistent and in compliance

1 with all applicable state and federal statutes, rules, regulations,
2 and laws, including without limitation, all rules and laws
3 regarding the PLHA Program, as well as any contracts for the
4 PLHA funds entered into between City and County and any
5 contracts County may have with HCD.

6 f. Prior to Closing. BORROWER shall, upon learning of any fact or
7 condition which would cause any of the warranties and
8 representations in this **Section 8** not to be true as of Closing,
9 immediately give written notice of such fact or condition to
10 COUNTY. Such exception(s) to a representation shall not be
11 deemed a breach by BORROWER hereunder, but shall constitute
12 an exception which COUNTY shall have the right to approve or
13 disapprove if such exception would have an effect on the value
14 and/or operation of the Project Site.

15 g. Applicable Requirements. BORROWER represents and warrants
16 that after Closing, the Property and all improvements located
17 thereon, including any portion thereof, shall comply with all
18 applicable Governmental Requirements (as defined in **Section**
19 **18.b**) and all covenants or restrictions of record (together, the
20 “**Applicable Requirements**”). If the Property and all
21 improvements located thereon do not comply with said
22 Applicable Requirements, BORROWER shall promptly rectify
23 the same at BORROWER’s expense.

24 h. CEQA. BORROWER represents and warrants that the Project
25 will be developed in full compliance with all applicable
26 requirements of the California Environmental Quality Act
27 (“CEQA”) concerning this Agreement, including without
28 limitation any challenge to CEQA compliance.

- 1 i. Prevailing Wage and Labor Laws. BORROWER represent and
2 warrants that it shall comply with any applicable labor regulations
3 and all other State laws, including, without limitation, California
4 prevailing wage law, as set forth in Labor Code Section 1720 et
5 seq. and shall pay prevailing wages in accordance with California
6 law in connection with the construction of the improvements
7 which compromise the Project.

8 9. COMPLETION SCHEDULE. From and after the Effective Date,
9 BORROWER shall proceed consistent with the Schedule of Performance (“Schedule of
10 Performance”) set forth in **Exhibit D**, (as such schedule may be amended pursuant to **Section**
11 **12**), subject to Force Majeure Delays, as defined in **Section 10**.

12 10. FORCE MAJEURE DELAYS. “Force Majeure” means event(s) beyond
13 the reasonable control of BORROWER, and which could not have been reasonably anticipated,
14 which prevent(s) BORROWER from complying with any of its non-payment obligations under
15 this Agreement, including, but not limited to: acts of God, acts of war, acts or threats of
16 terrorism, civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other
17 similar acts.

18 “Force Majeure Delay” is delay due to Force Majeure event that, in each case, (i)
19 materially adversely affects the performance by BORROWER of its obligations hereunder, (ii)
20 is not reasonably foreseeable and is beyond BORROWER's reasonable control, (iii) despite the
21 exercise of reasonable diligence, cannot be prevented, avoided or removed by BORROWER
22 and is not attributable to the negligence, willful misconduct or bad faith of BORROWER, and
23 (iv) is not the result of the failure of BORROWER to timely perform any of its obligations
24 under this Agreement. Notwithstanding the foregoing, a Force Majeure Delay shall not be
25 deemed to have occurred unless BORROWER has notified COUNTY in writing of such
26 occurrence of a Force Majeure event within fifteen (15) days after such occurrence and has
27 provided COUNTY with the details of such event and the length of the anticipated delay within
28 an additional fifteen (15) days thereafter. BORROWER shall diligently attempt to remove,

1 resolve, or otherwise eliminate such event, keep COUNTY advised with respect thereto, and
2 shall commence performance of its obligations hereunder immediately upon such removal,
3 resolution or elimination. During the occurrence and continuance of a Force Majeure Delay,
4 BORROWER shall be excused from performance of its obligations under this Agreement to
5 the extent the Force Majeure event prevents BORROWER from performing such obligations.
6 A Force Majeure Delay shall not excuse BORROWER from the timely performance of its
7 payment obligations under the PLHA Loan Documents.

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

19 12. CONDITIONS PRECEDENT TO DISBURSEMENT OF PLHA LOAN
20 FUNDS. The date upon which the PLHA Deed of Trust is recorded in the official records of
21 Riverside County shall be referred to herein as the "Closing." COUNTY shall disburse PLHA
22 Loan funds in accordance with this Agreement to BORROWER subject to the Closing having
23 occurred and Borrower's satisfaction of the conditions precedent set forth below. COUNTY
24 shall not be obligated to effect the Closing until the following conditions precedent have been
25 satisfied:

- 26 a. BORROWER executes this Agreement and delivers to COUNTY for
27 recordation in the Official Records;

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- b. Borrower submits written evidence to COUNTY that Borrower has obtained sufficient financing commitments necessary to undertake the acquisition and rehabilitation of the Project as required herein;
- c. BORROWER provides COUNTY with evidence of insurance as required herein;
- d. BORROWER executes the PLHA Deed of Trust, in recordable form, and delivers such document to COUNTY for recordation in the Official Records;
- e. BORROWER executes the PLHA Note, and delivers it to COUNTY;
- f. BORROWER executes the Covenant Agreement, in recordable form, and delivers to the COUNTY for recordation in the Official Records;
- g. COUNTY executes and records a Request for Notice of Default for any Senior Loan conforming in form and substance to **Exhibit H** attached hereto;
- h. BORROWER executes the Environmental Indemnity, and delivers it to COUNTY;
- i. BORROWER has caused the Property to be divided or reconfigured at BORROWER's cost in such a manner that the Project may be financed and obtain title insurance.
- j. BORROWER causes a title company, reasonably acceptable to COUNTY, at BORROWER'S expense, to issue or be irrevocably committed to issue an ALTA lender's policy in favor of COUNTY, insuring the PLHA Deed of Trust as a subordinate priority monetary lien against the Property junior to the deed of trust securing the Senior Loan and such other financing as has been approved as senior by the COUNTY for the development of the Project;

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- k. BORROWER provides satisfactory evidence that Senior Loan and any other financing obtained for the Project will close concurrently with the Closing;
- l. BORROWER provides a financial pro forma or similar satisfactory evidence that the Senior Loan, permanent financing and any other financing obtained for the Project, when combined with the PLHA Loan, will result in the development and operation of the Project being financially feasible;
- m. BORROWER is not in default under the terms of this Agreement or any other agreement related to the financing of the Project;
- n. BORROWER provides satisfactory evidence that it has secured any and all necessary land use entitlements, permits, and approvals which may be required for construction of the Project pursuant to the applicable rules and regulations of City, COUNTY, and any other governmental agency with jurisdiction over such construction work. BORROWER shall have secured, without limitation, the following in connection with the Project: all entitlements, changes of zoning, lot line adjustments, any and all necessary studies required including but not limited to archaeological, cultural, and environmental, and traffic studies and lead-based paint surveys. BORROWER shall have paid all costs, charges and fees associated therewith;
- o. BORROWER provides duly executed documents and instruments evidencing that BORROWER owns fee title to the Property;
- p. BORROWER provides satisfactory evidence that it has satisfied all conditions precedent to the issuance of all permits necessary for the rehabilitation of the Property and all such permits are available for issuance, other than payment of fees; and

1 q. BORROWER provides satisfactory evidence to COUNTY that it has
2 hired a qualified professional firm to review and monitor prevailing
3 wage compliance for all submissions of contractors certified payrolls
4 to COUNTY.

5 13. OUTSIDE CLOSING DATE. If the Closing fails to occur by June 30, 2022
6 (the “Outside Closing Date”), then this Agreement shall automatically terminate and be of no
7 further force and effect and Borrower shall be released and discharged from any obligations
8 under this Agreement, except as to those obligations which by their terms survive termination
9 of this Agreement. The PLHA Loan funds allocated, reserved, or placed in a PLHA account
10 pursuant to this Agreement may be reallocated by COUNTY.

11 Notwithstanding the foregoing, the Parties hereto acknowledge that many of the
12 potential sources of financing for the Project are subject to competitive awards, and that it is
13 difficult to identify with certainty the period of time needed to obtain financing and
14 entitlements necessary for construction. In light of the foregoing, the Outside Closing Date (i)
15 if applicable, may be automatically extended to such closing date as required by the Tax Credit
16 Allocation Committee pursuant to an award of Low Income Housing Tax Credits for the
17 Project made prior to the Outside Closing Date, or (ii) shall be subject to written extension with
18 the consent of the Director or his or her designee through 2024. The Director shall reasonably
19 consider any request for extensions to the Outside Closing Date based on BORROWER’s
20 updates on progress toward obtaining financing and entitlements. Any extension of the
21 Outside Closing Date past December 31, 2024 shall require the consent of the Board of
22 Supervisors.

23 14. DISBURSEMENT OF FUNDS; RETENTION. Upon and after the
24 Closing, COUNTY shall disburse the PLHA Loan Funds in accordance herewith.
25 Disbursement of PLHA Loan funds shall occur upon the receipt of copies of invoices and
26 conditional (upon receipt of payment) lien releases for construction costs to be paid with the
27 proceeds of the PLHA Loan. Any disbursement of funds is expressly conditioned upon the
28 satisfaction of conditions set forth above. COUNTY shall disburse to BORROWER the PLHA

1 Loan funds above on a "cost-as-incurred" basis for all eligible approved costs under itemized
2 schedule shown in **Exhibit C** as follows:

- 3 a. Up to fifty percent (50%) of the PLHA Loan may be disbursed at
4 Closing.
- 5 b. Up to ninety percent (90%) of the PLHA Loan upon fifty-one
6 percent (51%) completion of Project, as certified and documented
7 by the project architect/engineer.
- 8 c. COUNTY shall release final draw down of ten percent (10%) of
9 the PLHA Loan following receipt of all of the items listed below,
10 in such form as is satisfactory to COUNTY:
 - 11 1) Conditional lien release from general contractor;
 - 12 2) recorded Notice of Completion;
 - 13 3) Permanent Certificate of Occupancy;
 - 14 4) architect certification identifying units that are accessible to
15 individuals with mobility impairments and units that are
16 accessible to individuals with sensory impairments in
17 compliance with Applicable California law;
 - 18 5) submission of documentation that shows compliance with
19 the Uniform Relocation Assistance and Real Property
20 Acquisition Policies Act of 1970 and 24 CFR Part 42;
 - 21 6) submission of a Project completion report including Tenant
22 Checklist which is attached hereto and by this reference
23 incorporated herein;
 - 24 7) Tenant Selection Policy;
 - 25 8) Management Plan;
 - 26 9) Certified statement of final development costs; and
 - 27 10) Certified statement of final sources and uses of funds for the
28 Project.

1 15. TERMS OF AFFORDABILITY. The Affordable Units in the Project
2 shall remain occupied and rented by Qualified Households for an Affordable Rent as set forth
3 herein and in the Covenant Agreement until the later of (i) fifty-five (55) years from the
4 recordation of the Notice of Completion in the Official Records for the last building for which
5 construction is completed for the Project, or (ii) July 1, 2078 (the "Affordability Period").

6 16. INSURANCE. Without limiting or diminishing the BORROWER'S
7 obligation to indemnify or hold the COUNTY harmless, BORROWER shall procure and
8 maintain or cause to be maintained by Borrower or its general contractor for the Project
9 ("General Contractor"), at its sole cost and expense, the following insurance coverage's during
10 the term of this Agreement. As respects to the insurance section only, the COUNTY herein
11 refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments,
12 their respective directors, officers, Board of Supervisors, employees, elected or appointed
13 officials, agents or representatives as Additional Insureds.

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

1 Contractor or others, evidence of such separate coverage shall be
2 provided to County prior to the start of the work. Such policy
3 shall be written on an all risk basis and a completed value
4 form. Such policy shall cover the full insurable value. Such
5 policy shall also provide coverage for temporary structures (on-
6 site offices, etc.), fixtures, machinery and equipment being
7 installed as part of the work. BORROWER shall require that
8 General Contractor shall be responsible for any and all
9 deductibles under such policy. Upon request by COUNTY,
10 BORROWER, on behalf of General Contractor, shall declare all
11 terms, conditions, coverages and limits of such policy. Such
12 policy shall name the COUNTY as a loss payee as their interest
13 may appear. If the County so provides, in its sole discretion, the
14 All Risk (Course of Construction) insurance for the Project, then
15 BORROWER shall cause the General Contractor to assume the
16 cost of any and all applicable policy deductibles (currently,
17 \$50,000 per occurrence) and shall insure its own machinery,
18 equipment, tools, etc. from any loss of any nature whatsoever.

19 b. Worker's Compensation.

20 If the BORROWER or General Contractor have employees as
21 defined by the State of California, the BORROWER or General
22 Contractor, as applicable, shall maintain statutory Workers'
23 Compensation Insurance (Coverage A) as prescribed by the laws
24 of the State of California. Policy shall include Employers'
25 Liability (Coverage B) including Occupational Disease with
26 limits not less than \$1,000,000 per person per accident. The
27 policy shall be endorsed to waive subrogation in favor of The
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1 County of Riverside. Policy shall name the COUNTY as
2 Additional Insureds.

3 c. Commercial General Liability Insurance.

4 Borrower shall maintain Commercial General Liability insurance
5 coverage, including but not limited to, premises liability,
6 unmodified contractual liability, products and completed
7 operations liability, personal and advertising injury, and cross
8 liability coverage, covering claims which may arise from or out of
9 BORROWER'S performance of its obligations hereunder. Policy
10 shall name the COUNTY as Additional Insured. Policy's limit of
11 liability shall not be less than \$2,000,000 per occurrence
12 combined single limit. If such insurance contains a general
13 aggregate limit, it shall apply separately to this agreement or be
14 no less than two (2) times the occurrence limit. Policy shall name
15 the COUNTY as Additional Insureds.

16 d. Vehicle Liability Insurance.

17 If vehicles or mobile equipment are used in the performance of
18 the obligations under this Agreement, then BORROWER shall
19 maintain liability insurance for all owned, non-owned or hired
20 vehicles so used in an amount not less than \$1,000,000 per
21 occurrence combined single limit. If such insurance contains a
22 general aggregate limit, it shall apply separately to this agreement
23 or be no less than two (2) times the occurrence limit. Policy shall
24 name the COUNTY as Additional Insureds.

25 e. General Insurance Provisions – All Lines.

26 1) Any insurance carrier providing insurance
27 coverage hereunder shall be admitted to the State of California
28 and have an A M BEST rating of not less than A: VIII (A:8)

1 unless such requirements are waived, in writing, by the County
2 Risk Manager. If the County's Risk Manager waives a
3 requirement for a particular insurer such waiver is only valid for
4 that specific insurer and only for one policy term.

5 2) The BORROWER, or Borrower on behalf of
6 General Contractor, must declare its insurance self-insured
7 retention for each coverage required herein. If any such self-
8 insured retention exceed \$500,000 per occurrence each such
9 retention shall have the prior written consent of the County Risk
10 Manager before the commencement of operations under this
11 Agreement. Upon notification of self-insured retention
12 unacceptable to the COUNTY, and at the election of the County's
13 Risk Manager, BORROWER'S or General Contractor's, as
14 applicable, carriers shall either; 1) reduce or eliminate such self-
15 insured retention as respects this Agreement with the COUNTY,
16 or 2) procure a bond which guarantees payment of losses and
17 related investigations, claims administration, and defense costs
18 and expenses.

19 3) BORROWER shall cause BORROWER'S and
20 General Contractor's insurance carrier(s) to furnish the County of
21 Riverside with either 1) a properly executed original Certificate(s)
22 of Insurance and certified original copies of Endorsements
23 effecting coverage as required herein, and 2) if requested to do so
24 orally or in writing by the County Risk Manager, provide original
25 Certified copies of policies including all Endorsements and all
26 attachments thereto, showing such insurance is in full force and
27 effect. Further, said Certificate(s) and policies of insurance shall
28 contain the covenant of the insurance carrier(s) that a minimum of

1 thirty (30) days written notice shall be given to the County of
2 Riverside prior to any material modification, cancellation,
3 expiration or reduction in coverage of such insurance. If
4 BORROWER's or General Contractor's insurance carrier(s)
5 policies do not meet the minimum notice requirement found
6 herein, BORROWER shall cause BORROWER'S or General
7 Contractor's insurance carrier(s) to furnish a 30 day Notice of
8 Cancellation Endorsement.

9 4) In the event of a material modification,
10 cancellation, expiration, or reduction in coverage, this Agreement
11 shall terminate forthwith, unless the County of Riverside receives,
12 prior to such effective date, another properly executed original
13 Certificate of Insurance and original copies of endorsements or
14 certified original policies, including all endorsements and
15 attachments thereto evidencing coverage's set forth herein and the
16 insurance required herein is in full force and effect. Neither
17 BORROWER nor General Contractor shall commence operations
18 until the COUNTY has been furnished original Certificate (s) of
19 Insurance and certified original copies of endorsements and if
20 requested, certified original policies of insurance including all
21 endorsements and any and all other attachments as required in this
22 Section. An individual authorized by the insurance carrier to do so
23 on its behalf shall sign the original endorsements for each policy
24 and the Certificate of Insurance.

25 5) It is understood and agreed to by the parties hereto
26 that the BORROWER'S or General Contractor's insurance, as
27 applicable, shall be construed as primary insurance, and the
28 COUNTY'S insurance and/or deductibles and/or self-insured

1 retention's or self-insured programs shall not be construed as
2 contributory.

3 6) If, during the term of this Agreement or any
4 extension thereof, there is a material change in the scope of
5 services; or, there is a material change in the equipment to be used
6 in the performance of the scope of work; or, the term of this
7 Agreement, including any extensions thereof, exceeds five (5)
8 years; the COUNTY reserves the right to adjust the types of
9 insurance and the monetary limits of liability required under this
10 Agreement, if in the County Risk Management's reasonable
11 judgment, the amount or type of insurance carried by the
12 BORROWER has become inadequate.

13 7) BORROWER shall pass down the insurance
14 obligations contained herein to all tiers of subcontractors working
15 under this Agreement.

16 8) The insurance requirements contained in this
17 Agreement may be met with a program(s) of self- insurance
18 acceptable to the COUNTY.

19 9) BORROWER agrees to notify COUNTY on behalf
20 of itself ad General Contractor of any claim by a third party or
21 any incident or event that may give rise to a claim arising from
22 the performance of this Agreement.

23 17. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
24 financial, programmatic, statistical, and other supporting records of its operations and financial
25 activities in accordance with the requirements of any financing secured by the Project and any
26 applicable Governmental Requirements, which records shall be open to inspection and audit by
27 authorized representatives of COUNTY and HCD during regular working hours. COUNTY
28 and HCD, or any of their representatives, have the right of access with at least forty-eight (48)

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

11 18. COMPLIANCE WITH LAWS AND REGULATIONS;
12 INDEMNIFICATION. By executing this Agreement, BORROWER hereby certifies that it
13 will adhere to and comply with all applicable federal, state and local laws, regulations and
14 ordinances. BORROWER agrees to indemnify, defend, and hold the Indemnified Parties (as
15 defined in Section 38) harmless from and against any and all liabilities, costs or fees
16 (including, but not limited to, attorneys' costs and fees) arising out of, in connection with or
17 related to BORROWER's failure to comply with any and all applicable federal, state and local
18 laws, regulations and ordinances in connection with the development of the Project.. Without
19 limitation, BORROWER shall comply with the following as they may be applicable to
20 BORROWER in connection with the use of PLHA Loan funds and/or development of the
21 Project on the Property:

- 22 a. PLHA Program. BORROWER shall comply with all requirements
23 set forth in a Notice of Funding Availability ("NOFA"), dated
24 February 26, 2020, issued by HCD to provide approximately
25 \$195,000,000 under the Permanent Local Housing Allocation
26 ("PLHA") Program through its Entitlement and Non-entitlement
27 Local Government Formula Component from the Building Homes
28 and Jobs Trust Fund for assistance to Local Governments

1 pursuant to Health and Safety Code section 50470 et seq. and
2 Senate Bill (SB) 2 (Chapter 364, Statutes of 2017), the HCD 2019
3 PLHA Final Guidelines (“Guidelines” or “PLHA Guidelines”)
4 adopted and issued to implement the PLHA Program, any
5 Standard Agreement for the PLHA funds applicable to COUNTY
6 or City, and all applicable rules and regulations imposed by HCD
7 on PLHA funding recipients.

8 b. Governmental Requirements. BORROWER shall carry out
9 development, construction and operation of the Project in
10 conformity with all applicable Governmental Requirements. For
11 purposes of this Agreement, “Governmental Requirements”
12 means all laws, ordinances, statutes, codes, rules, resolutions,
13 regulations, policy statements, orders, and decrees (including,
14 without limitation, those relating to land use, subdivision, zoning,
15 environmental, labor relations, prevailing wage, and building and
16 fire codes) of the United States, the State of California, the
17 County or any other political subdivision in which the Property is
18 located or which exercises jurisdiction over BORROWER or the
19 construction, maintenance, management, use, or operation of the
20 Project.

21 c. CEQA. Prior to Closing, BORROWER shall have performed all
22 necessary final actions and obtained the final approvals required
23 by CEQA for the development and construction of the Project
24 within the time frames set forth herein. Such final actions and
25 approvals may include, but are not limited to the following: (i)
26 completing requisite activities to comply with CEQA, (ii) all final
27 action and approvals for environmental and land use permits by
28 any governmental authorities having jurisdiction over the

1 Property, and (iii) resolution or final adjudication of any legal
2 challenges, including such challenges based on CEQA. This
3 Agreement does not restrict the lead agency from considering any
4 feasible mitigation measures and alternatives, including the “no
5 project” alternative and does not bind the lead agency to any
6 definite course of action prior to CEQA compliance.

7 The commencement of any development and construction
8 identified herein is contingent upon BORROWER obtaining all
9 required environmental and land use permits, including CEQA
10 compliance with any applicable public agencies. In the event any
11 action is brought challenging the legality of compliance with
12 CEQA or any other law applicable to the Project, including any
13 actions related to any of the proposed uses of the Property or this
14 Agreement, BORROWER shall indemnify, defend (with counsel
15 reasonably acceptable to COUNTY), and hold harmless the
16 Indemnified Parties (as defined in **Section 38**), at its sole cost and
17 expense for, from and against any and all claims, actions,
18 proceedings, demands, liabilities, costs, expenses, including
19 reasonable attorney’s fees and costs, damages and losses, cause or
20 causes or action and suit or suits (collectively, “Claims”) arising
21 from or in connection with the failure to comply with such
22 applicable law, or any action to attack, set aside, void, or annul
23 any approvals of the City, County, any other Governmental
24 Authority with jurisdiction over the Project or the Property, or
25 COUNTY, its advisory agencies, or legislative body.

- 26 d. Displacement, relocation, and acquisition. The relocation
27 requirements of the California Relocation Assistance Act,
28 California Government Code § 7260 et seq. and the implementing

1 regulations thereto in 25 California Code of Regulations § 6000 et
 2 seq., the Uniform Relocation Assistance and Real Property
 3 Acquisition Policies Act of 1970 (42 U.S.C. 4201-4655) and
 4 implementing regulations at 49 CFR Part 24, and any other local,
 5 state, or federal laws or regulations governing the Project and the
 6 provision and administration of Relocation Payments and
 7 advisory assistance. BORROWER must ensure that it has taken
 8 all reasonable steps to comply with the foregoing and minimize
 9 the displacement of persons as a result of this project assisted with
 10 PLHA Funds.

- 11 e. Prevailing Wage. BORROWER shall carry out development and
 12 construction (as defined by applicable law) or cause the
 13 development and construction (as defined by applicable law) of
 14 the Project, including, without limitation, any and all public works
 15 (as defined by applicable law), if any, in conformity with all
 16 applicable Governmental Requirements. The PLHA Program
 17 requires that prevailing wages be paid in connection with the
 18 construction of the Project. Prevailing wages are required for
 19 work done that falls within the definition of “public works” under
 20 California Labor Code §1720. “Public works” are defined as
 21 “construction, alteration, demolition, installation, or repair work
 22 done under contract and paid for in whole or in part out of public
 23 funds...” For those projects which are “public works” pursuant to
 24 Labor Code § 1720.2, the following applies:

25 BORROWER shall require that any contractor performing work on
 26 the Project, shall comply with prevailing wage requirements and be
 27 subject to restrictions and penalties in accordance with §1770 et
 28 seq. of the Labor Code, as may be amended from time to time,

1 which requires prevailing wages be paid to appropriate work
2 classifications in all bid specifications and subcontracts.
3 BORROWER shall require that the general contractor shall furnish
4 all subcontractors and employees a copy of the Department of
5 Industrial Relations prevailing wage rates which BORROWER
6 will post at the job site. All prevailing wage rates shall be obtained
7 from:

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

12 BORROWER shall require that any contractor performing work
13 on the Improvements shall comply with the payroll record
14 keeping and availability requirement of §1776 of the Labor
15 Code. BORROWER shall require that each contractor shall make
16 travel and subsistence payments to workers needed for
17 performance of work in accordance with §1773.8 of the Labor
18 Code. Prior to commencement of work, BORROWER shall
19 require that each contractor shall contact the Division of
20 Apprenticeship Standards and comply with §1777.5, §1777.6 and
21 §1777.7 of the Labor Code and applicable
22 regulations. BORROWER shall indemnify, hold harmless, and
23 defend the Indemnified Parties against, and shall be responsible
24 for, any fine, penalty or fee levied against the Project arising out
25 of any violations by BORROWER of this Section. BORROWER
26 shall comply and stay current with all applicable local, state and
27 federal building codes and laws as from time to time amended,
28 including, but not limited to, the Americans with Disabilities Act

1 requirements. BORROWER shall cause all improvements to be
2 completed at BORROWER's cost in a workmanlike manner and
3 in compliance with all applicable law.

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

11 d. Permits and Entitlements. BORROWER shall be responsible for
12 obtaining all permits, entitlements and land use approvals required
13 by the County or City for the development, construction and
14 operation of the Project, ensuring that the use of the Property for
15 the purposes described in this Agreement complies with the
16 zoning and other City and County land use regulations (including
17 any applicable exemptions and/or exceptions) applicable to the
18 Project. Before commencement of demolition, construction or
19 development of any buildings, structures or other work of
20 improvement upon any portion of the Property, BORROWER
21 shall, at its own expense, secure or cause to be secured, any and
22 all permits which may be required by the City, COUNTY or any
23 other Governmental Authority affected by such construction,
24 development or work.

25 e. Hazardous Materials. BORROWER shall develop, construct and
26 use the Project and the Property (i) in compliance with all
27 applicable environmental laws; and (ii) will not permit the
28 presence of any Hazardous Substance on the Property.

1 “Hazardous Materials” or “Hazardous Substances” shall include,
2 but not be limited to, oil, flammable explosives, asbestos, urea
3 formaldehyde insulation, radioactive materials, hazardous wastes,
4 toxic or contaminated substances or similar materials, including,
5 without limitation, any substances defined as “extremely
6 hazardous substances,” “hazardous substances,” “hazardous
7 materials,” “hazardous waste” or “toxic substances” in the
8 Comprehensive Environmental Response, Compensation and
9 Liability Act of 1980, as amended, including the Superfund
10 Amendments and Reauthorization Act of 1986, 42 U.S.C. §§
11 9601 et seq. (“CERCLA”); the Hazardous Materials
12 Transportation Act, 49 U.S.C. §§ 1801, et seq.; the Resource
13 Conservation and Recovery Act of 1976, as amended, 42 U.S.C.
14 §§ 6901, et seq.; the Toxic Substances Control Act, as amended,
15 15 U.S.C. §§ 2601 et seq.; the Clean Air Act, as amended, 42
16 U.S.C. §§ 7401 et seq.; the Federal Water Pollution Control Act,
17 as amended, 33 U.S.C. §§ 1251 et seq.; the Occupational Safety
18 and Health Act, as amended, 29 U.S.C. §§ 651; the Emergency
19 Planning and Community Right-to-Know Act of 1986, 42 U.S.C.
20 §§ 11001 et seq.; the Mine Safety and Health Act of 1977, as
21 amended, 30 U.S.C. §§ 801 et seq.; the Safe Drinking Water Act,
22 as amended, 42 U.S.C. §§ 300f et seq.; and those substances
23 defined as “hazardous waste” in § 25117 of the California Health
24 and Safety Code, as “infectious waste” in § 25117.5 of the
25 California Health and Safety Code, or as “hazardous substances”
26 in § 25316 of the California Health and Safety Code, or
27 “hazardous materials” as defined in § 353 of the California
28 Vehicle Code; waste that exhibits the characteristics set forth in §

1 25141 (b) of the California Health and Safety Code; and in the
2 regulations adopted and orders and publications promulgated
3 pursuant to said laws. Hazardous Materials shall expressly
4 exclude substances typically used in the construction,
5 development, operation and maintenance of an apartment
6 complex provided such substances are used in accordance with all
7 applicable laws.

8 19. INCOME TARGETING REQUIREMENTS. BORROWER hereby
9 agrees to restrict approximately forty nine percent (49%) of the Units not occupied by a
10 manager or two (2) of the Units rehabilitated on the Property to rental to and occupancy by
11 qualified Low and Very Low Income Households (collectively, "Affordable Units" or
12 "Restricted Units") in accordance herewith. Due to the number of units and rounding, it may
13 be that fewer than 49% of Units in the Project will constitute Restricted Units. In such event,
14 BORROWER and COUNTY agree that BORROWER will restrict the maximum number of
15 Units not in excess of 49% as Restricted Units in the Project. At least twenty percent (20%) of
16 the Affordable Units or one (1) Affordable Unit shall be restricted to occupancy a by Very
17 Low Income Household. The remaining Affordable Units or one (1) Affordable Unit shall be
18 rented to and occupied by a Low Income Household.

19 20. RENT LIMITATIONS. The Affordable Units shall be rented to and
20 occupied by Very Low and Low Income Households at an Affordable Rent in compliance with
21 the Multifamily Housing Program ("MHP") guidelines Section 7312 and the Section 7301
22 definition of "Affordable Rent." Maximum income and Affordable Rent shall be determined
23 in accordance with subsection d) below. COUNTY shall review and approve proposed rents
24 prior to entry into leases for occupancy of the Affordable Units by BORROWER.
25 BORROWER shall ensure the Affordable Units are rented to qualified applicants at the
26 described rent levels herein during the Affordability Period. The maximum monthly
27 allowances for utilities and services (excluding telephone) shall not exceed the utility
28 allowance as described in c. below.

1 a. Initial Occupancy of Vacant Units: All Affordable Units shall be
2 occupied by and rented to Qualified Households for an Affordable Rent within the time period
3 set forth in the Schedule of Performance attached to this Agreement (“Lease Deadline”) for the
4 rehabilitated building(s) of the Project. If an Affordable Unit remains unoccupied or not leased
5 to an eligible tenant, BORROWER must provide to COUNTY information about current
6 marketing efforts and an enhanced plan for marketing the unit so that it is leased promptly.

7 BORROWER may request from COUNTY an extension of the Lease Deadline if
8 BORROWER can provide to COUNTY written evidence showing efforts of aggressive
9 marketing efforts and proof that the circumstances that led to the failure to lease the Affordable
10 Unit(s) by the Lease Deadline were beyond the BORROWER’s control. The extension and
11 duration of such extension is subject to COUNTY’s approval in its discretion and not
12 guaranteed. The Assistant County Executive Officer/EDA, or designee, has the authority, at
13 his or her discretion, to consent to an extension of the Lease Deadline.

14 b. Rent Limitations: In order to calculate net rent to be charged, an
15 applicable utility allowance must be subtracted from the gross rents permitted by the PLHA
16 Program.

17 c. Utility Allowances: For Projects not receiving financing from tax
18 credits, BORROWER shall use the Utility Allowances published by the Housing Authority of
19 the County of Riverside to establish maximum monthly allowances for utilities and services to
20 be used by the BORROWER in calculating Affordable Rents. Projects assisted with tax credits
21 shall use the California Utility Allowance Calculator (CUAC) published annually by the
22 Treasurer of the State of California. The CUAC and use instructions can be found at:
23 <https://www.treasurer.ca.gov/ctcac/cuac/index.asp>.

24 d. Approval: The BORROWER shall submit to the COUNTY for
25 review and written approval, proposed rents for all of the Affordable Units prior to lease-up.

26 21. TENANT PROTECTIONS. During the Affordability Period,
27 BORROWER shall adhere to all applicable tenant protections and selection standards set forth
28

1 in applicable Governmental Requirements, as may be amended from time to time, and the
2 following requirements:

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

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

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

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

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

- 1 (4) Waiver of notice. Agreement of the tenant that
2 BORROWER may institute a lawsuit without notice to the
3 tenant.
- 4 (5) Waiver of legal proceeding. Agreement by the tenant that
5 the BORROWER may evict the tenant or household
6 members without instituting a civil court proceeding in
7 which the tenant has the opportunity to present a defense,
8 or before a court decision on the rights of the parties.
- 9 (6) Waiver of a jury trial. Agreement by the tenant to waive
10 any right to a trial by jury.
- 11 (7) Waiver of right to appeal court decision. Agreement by the
12 tenant to waive the tenant's right to appeal, or to otherwise
13 challenge in court, a court decision in connection with the
14 lease.
- 15 (8) Tenant chargeable with cost of legal actions regardless of
16 outcome. Agreement by the tenant to pay attorneys' fees
17 or other legal costs even if the tenant wins in a court
18 proceeding by BORROWER against the tenant. The
19 tenant, however, may be obligated to pay costs if the
20 tenant loses.
- 21 (9) Mandatory supportive services. Agreement by the tenant
22 (other than a tenant in transitional housing) to accept
23 supportive services that are offered.
- 24 c. Violence Against Women Reauthorization Act of 2013. (Pub. L.
25 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes
26 and amends the Violence Against Women Act of 1994, as previously
27 amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C.
28 13925 et seq.) VAWA 2013, among other things, bars eviction and

1 termination due to a tenant's status as a victim of domestic violence,
2 dating violence, or stalking, and requires landlords to maintain
3 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
4 is a survivor of domestic violence, dating violence, sexual assault,
5 and stalking from being denied assistance, tenancy, or occupancy
6 rights based solely on criminal activity related to an act of violence
7 committed against them. It extends housing protections to survivors
8 of sexual assault, and adds "intimate partner" to the list of eligible
9 relationships in the domestic violence definition. Protections also
10 now cover an "affiliated individual," which includes any lawful
11 occupant living in the survivor's household, or related to the survivor
12 by blood or marriage including the survivor's spouse, parent,
13 brother, sister, child, or any person to whom the survivor stands in
14 loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or
15 lawful occupant who engages in criminal activity directly relating to
16 domestic violence, dating violence, sexual assault, or stalking against
17 an affiliated individual or other individual, or others may be evicted
18 or removed without evicting or removing or otherwise penalizing a
19 victim who is a tenant or lawful occupant. If victim cannot establish
20 eligibility, BORROWER must give a reasonable amount of time to
21 find new housing or establish eligibility under another covered
22 housing program. A Notice of Rights under VAWA 2013 for tenants
23 must be provided at the time a person applies for housing, when a
24 person is admitted as a tenant of a housing unit, and when a tenant is
25 threatened with eviction or termination of housing benefits. Tenants
26 must request an emergency transfer and reasonably believe that they
27 are threatened with imminent harm from further violence if the
28 tenant remains in the same unit. The provisions of VAWA 2013 that

1 are applicable to HCD programs are found in title VI of VAWA
2 2013, which is entitled "Safe Homes for Victims of Domestic
3 Violence, Dating Violence, Sexual Assault, and Stalking." Section
4 601 of VAWA 2013 amends subtitle N of VAWA (42 U.S.C.
5 14043e et seq.) to add a new chapter entitled "Housing Rights."

6 22. FEDERAL REQUIREMENTS. BORROWER shall comply with all
7 applicable federal regulations and guidelines.

8 23. REPAYMENT INCOME. COUNTY must record the receipt and
9 expenditure of PLHA repayment income in accordance with the standards specified in the
10 PLHA Program.

11 24. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
12 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
13 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
14 which consent shall be conditioned upon (a) a County determination that transferee is a
15 qualified and experienced operator of low income housing and (b) solely upon receipt by the
16 COUNTY of reasonable evidence satisfactory to the COUNTY in its sole discretion, that
17 transferee has assumed in writing all of BORROWER'S duties and obligations under this
18 Agreement, and is reasonably capable of performing and complying with the BORROWER's
19 duties and obligations under this Agreement, provided, however Borrower shall not be released
20 of all obligations hereunder which accrue from and after the date of such sale.
21 Notwithstanding anything to the contrary contained herein, upon written notice to COUNTY,
22 BORROWER may (i) lease for occupancy of all or any of the Affordable Units in accordance
23 with this Agreement; and (ii) grant easements or permits to facilitate the development of the
24 Property in accordance with this Agreement (collectively a "Permitted Transfer").

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

1 26. NONDISCRIMINATION. BORROWER shall not discriminate on the
2 basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in
3 the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in
4 subcontracting/subconsulting opportunities. BORROWER understands and agrees that
5 violation of this clause shall be considered a material breach of this Agreement and may result
6 in termination, debarment or other sanctions. This language shall be incorporated into all
7 contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants,
8 vendors and suppliers. BORROWER shall comply with the provisions of the California Fair
9 Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil
10 Rights Act of 1964 (P.L. 88-352), as amended, and all applicable local, state and federal laws
11 with respect to its use of the Property.

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

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

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

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

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

13 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

14 a. No member, official or employee of COUNTY shall have any
 15 personal interest, direct or indirect, in this Agreement nor shall any
 16 such member, official or employee participate in any decision relating
 17 to the this Agreement which affects his or her personal interests or the
 18 interests of any corporation, partnership or association in which he or
 19 she is, directly or indirectly, interested.

20 b. BORROWER warrants that it has not paid or given, and will not pay
 21 or give, any third party any money or other consideration for
 22 obtaining the PLHA Loan.

23 28. INTENTIONALLY OMITTED.

24 29. PROJECT MONITORING AND EVALUATION.

25 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist
 26 Form to COUNTY, as shown in **Exhibit G** which is attached hereto and by this reference is
 27 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
 28 composition, number and percentage of Very Low Income and Low Income Households who

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

11 b. Inspections. During the Affordability Period, COUNTY may perform
12 on-site inspections of COUNTY PLHA-assisted rental housing to determine compliance with
13 the property standards of the PLHA Program and to verify the information submitted by the
14 owners in accordance with the requirements of the PLHA Program. If there are observed
15 deficiencies for any of the inspectable items in the property standards established by
16 COUNTY, a follow-up on-site inspection to verify that deficiencies are corrected must occur
17 within 12 months. COUNTY may establish a list of non-hazardous deficiencies for which
18 correction can be verified by third party documentation (e.g., paid invoice for work order)
19 rather than re-inspection. Health and safety deficiencies must be corrected immediately.
20 COUNTY may adopt a more frequent inspection schedule for properties that have been found
21 to have health and safety deficiencies. The property owner must annually certify to the
22 COUNTY that each building and all Units in the Project are suitable for occupancy, taking into
23 account State and local health, safety, and other applicable codes, ordinances, and
24 requirements, and the ongoing property standards. For projects with one-to-four COUNTY
25 Affordable Units, COUNTY may inspect 100 percent of the COUNTY Affordable Units and
26 the inspectable items (site, building exterior, building systems, and common areas) for each
27 building housing COUNTY Affordable Units.

28

1 c. Income Certification. The income of a tenant must be determined
2 initially in accordance with California Code of Regulations, Title 25, Section 6924. In
3 addition, annually thereafter BORROWER must re-examine each tenants annual income to
4 determine that they remain a Qualified Tenant.

5 30. MONITORING FEE. BORROWER shall pay an annual compliance
6 monitoring fee to the COUNTY in the total annual amount of One Hundred Dollars (\$100) per
7 Unit constructed (increased annually by an amount equal to the increase of the Consumer Price
8 Index (CPI) for the Los Angeles-Riverside-Orange County, CA area) ("Monitoring Fee"). The
9 first Monitoring Fee payment is due on July 1st of each year for the monitoring period of July
10 1st to June 30th commencing on the July 1 following the issuance of a Certificate of Occupancy
11 for the Project and may be pro-rated for a partial first year. The Monitoring Fee will be due on
12 each July 1st thereafter and will continue until the expiration of the Affordability Period. The
13 Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the
14 increase in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of a
15 decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same
16 and shall not decrease.

17 31. ACCESS TO PROJECT SITE. COUNTY and HCD shall have the right
18 to access the Project site and the Property at all reasonable times, and upon completion of the
19 Project upon reasonable written notice to BORROWER, to review the operation of the Project
20 in accordance with this Agreement.

21 32. EVENTS OF DEFAULT. The occurrence of any of the following events
22 shall constitute an "Event of Default" under this Agreement:

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

1 terms and restrictions set forth in this Agreement; (3)
2 BORROWER's or any agent of BORROWER's failure to make
3 any other payment of any assessment or tax due under this
4 Agreement, and /or (4) default under the terms of any Senior
5 Loan documents or any other instrument or document secured
6 against the Property;

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

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

25 d. General Performance of Other Obligations. Any substantial or
26 continuous or repeated breach by BORROWER or
27 BORROWER's agents of any material obligations of
28 BORROWER related to the Project imposed by any other

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

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

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

17 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
18 general partner and co-general partner of BORROWER's (1)
19 filing for bankruptcy, dissolution, or reorganization, or failure to
20 obtain a full dismissal of any such involuntary filing brought by
21 another party before the earlier of final relief or ninety (90) days
22 after such filing; (2) making a general assignment for the benefit
23 of creditors; (3) applying for the appointment of a receiver,
24 trustee, custodian, or liquidator, or failure to obtain a full
25 dismissal of any such involuntary application brought by another
26 party before the earlier of final relief or ninety (90) days after
27 such filing; (4) insolvency; or (5) failure, inability or admission in
28 writing of its inability to pay its debts as they become due.

1 33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
2 notices, demands and communications between the COUNTY and the BORROWER shall be
3 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
4 requested, or as set forth below, to the principal offices of the COUNTY and the
5 BORROWER, as designated below. Such written notices, demands and communications may
6 be sent in the same manner to such other addresses as either party may from time to time
7 designate by mail as provided in this **Section 33**. Any notice that is transmitted by electronic
8 facsimile transmission followed by delivery of a “hard” copy, shall be deemed delivered upon
9 its transmission; any notice that is personally delivered (including by means of professional
10 messenger service, courier service such as United Parcel Service or Federal Express, or by
11 U.S. Postal Service), shall be deemed received on the documented date of receipt by the
12 recipient; and any notice that is sent by registered or certified mail, postage prepaid, return
13 receipt required shall be deemed received on the date of delivery thereof.

14 a. Subject to the Force Majeure Delay, failure or delay by BORROWER to
15 perform any term or provision of this Agreement constitutes a default under this Agreement.
16 BORROWER must immediately commence to cure, correct or remedy such failure or delay
17 and shall complete such cure, correction or remedy with reasonable diligence.

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

27 c. If a monetary event of default occurs, prior to exercising any remedies
28 hereunder, COUNTY shall give BORROWER written notice of such default. BORROWER

1 shall have a period of ten (10) days after such notice is given within which to cure the default
2 prior to exercise of remedies by COUNTY.

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

15 34. COUNTY REMEDIES. Upon the occurrence of an Event of Default,
16 after notice and opportunity to cure, COUNTY's obligation to disburse PLHA funds shall
17 terminate, and COUNTY shall also have the right, but not the obligation to, in addition to
18 other rights and remedies permitted by this Agreement or applicable law, proceed with any or
19 all of the following remedies in any order or combination COUNTY may choose in its sole
20 discretion:

- 21 a. Terminate this Agreement, in which event the entire PLHA Loan
22 amount as well as any other monies advanced to BORROWER by
23 COUNTY under this Agreement including administrative costs,
24 shall immediately become due and payable to COUNTY at the
25 option of COUNTY.
- 26 b. Bring an action in equitable relief (1) seeking the specific
27 performance by BORROWER of the terms and conditions of this
28 Agreement, and/or (2) enjoining, abating, or preventing any

1 violation of said terms and conditions, and/or (3) seeking
2 declaratory relief.

3 c. Accelerate the PLHA Loan, and demand immediate full payment
4 of the principal payment outstanding and all accrued interest under
5 the PLHA Note, as well as any other monies advanced to
6 BORROWER by COUNTY under this Agreement.

7 d. Enter the Project and take any remedial actions necessary in its
8 judgment with respect to hazardous materials that COUNTY
9 deems necessary to comply with hazardous materials laws or to
10 render the Project suitable for occupancy, which costs shall be due
11 and payable by BORROWER to COUNTY.

12 e. Enter upon, take possession of, and manage the Project, either in
13 person, by agent, or by a receiver appointed by a court, and collect
14 rents and other amounts specified in the assignment of rents in the
15 Deed of Trust and apply them to operate the Project or to pay off
16 the PLHA Loan or any advances made under this Agreement, as
17 provided for by the PLHA Deed of Trust.

18 f. Pursue any other remedies allowed at law or in equity.

19 35. LIMITATION ON LIABILITY. Notwithstanding anything to the
20 contrary contained herein, neither BORROWER nor COUNTY shall in any event be entitled
21 to, and each hereby waives, any right to seek loss of profits, or any special, incidental or
22 consequential damages of any kind or nature, however caused, from the other Party arising
23 out of or in connection with the PLHA Loan Documents, even if the other Party has been
24 advised of the possibility of the damages, and in connection with such waiver each Party is
25 familiar with and hereby waives the provision of § 1542 of the California Civil Code which
26 provides as follows:

27 "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT
28 THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR

1 SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF
2 EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR
3 HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER
4 SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

5 36. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
6 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
7 Districts and Departments, and their respective directors, officers, members, elected and
8 appointed officials, employees, agents and representatives (individually and collectively, the
9 “Indemnified Parties”) from any claim or liability, costs or fees (including, but not limited to,
10 attorneys’ costs and fees), resulting from any act or failure to act of BORROWER, its officers,
11 employees, subcontractors, agents or representatives, in connection with, arising out of, or in
12 any way relating to this Agreement, the PLHA Loan Documents, the Property or the Project,
13 including but not limited to property damage, bodily injury, or death or any other element of
14 any kind or nature whatsoever. BORROWER shall defend the Indemnified Parties, at its sole
15 expense, in any claim or action based upon such alleged acts or omissions. The indemnification
16 obligations of BORROWER set forth in this Agreement shall survive the repayment of the
17 PLHA Loan and the expiration or earlier termination of this Agreement.

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

24 BORROWER’S obligation hereunder shall be satisfied when BORROWER has provided
25 to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the
26 action or claim involved.

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

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

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

9 37. TERMINATION.

10 a. BORROWER. BORROWER may terminate this Agreement upon written
11 notice of such termination prior to disbursement of any PLHA Loan funds by COUNTY.

12 b. COUNTY. Notwithstanding the provisions of **Section 39(a)**, COUNTY
13 may suspend or terminate this Agreement upon written notice to BORROWER of the action
14 being taken and the reason for such action in the event one of the following events occur:

15 (1) In the event BORROWER fails to perform the covenants
16 herein contained at such times and in such manner as
17 provided in this Agreement after the applicable notice and
18 cure provision hereof; or

19 (2) In the event there is a conflict with any federal, state or
20 local law, ordinance, regulation or rule rendering any
21 material provision, in the judgment of COUNTY of this
22 Agreement invalid or untenable; or

23 (3) In the event the PLHA funding from HCD identified in
24 **Section 1** above is terminated or otherwise becomes
25 unavailable.

26 c. Upon expiration or earlier termination of this Agreement, BORROWER
27 shall transfer to COUNTY any unexpended PLHA funds in its possession at the time of
28

1 expiration of the Agreement as well as any accounts receivable held by BORROWER which are
2 attributable to the use of PLHA funds awarded pursuant to this Agreement.

3 38. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER, on
4 behalf of its successors and assigns, hereby declare their express intent that the restrictions set
5 forth in this Agreement shall continue in full force and effect for the duration of the
6 Affordability Period (as defined in **Section 15** above). Each and every contract, deed or other
7 instrument hereafter executed covering and conveying the Property or any portion thereof shall
8 be held conclusively to have been executed, delivered and accepted subject to such restrictions,
9 regardless of whether such restrictions are set forth in such contract, deed or other instrument.
10 Borrower shall execute and record as a lien against the Property, the Covenant Agreement
11 setting forth the affordability use and income restriction required in this Agreement. The
12 Covenant Agreement shall be in a lien position senior to this PLHA Loan Agreement.

13 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
14 lien is filed against the Project or a stop notice affecting the Project is served on COUNTY,
15 BORROWER must, within twenty (20) calendar days of such filing or service, either pay and
16 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
17 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
18 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
19 discharged.

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

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

1 43. WAIVER. Failure by a party to insist upon the strict performance of any
2 of the provisions of this Agreement by the other party, or the failure by a party to exercise its
3 rights upon the default of the other party, shall not constitute a waiver of such party's rights to
4 insist and demand strict compliance by the other party with the terms of this Agreement
5 thereafter.

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

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

18 46. SEVERABILITY. Each paragraph and provision of this Agreement is
19 severable from each other provision, and if any provision or part thereof is declared invalid by a
20 competent court of law, the remaining provisions shall nevertheless remain in full force and
21 effect.

22 47. MINISTERIAL ACTS. COUNTY's Assistant County Executive
23 Officer/Economic Development Agency or designee(s) are authorized to take such ministerial
24 actions as may be necessary or appropriate to implement the terms, provisions, and conditions
25 of this Agreement as it may be amended from time to time by both parties.

26 48. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may
27 consider it in its best interest to change, modify or extend a term or condition of this
28 Agreement, provided such change, modification or extension is agreed to in writing by the

1 other party. Any such change, extension or modification, which is mutually agreed upon by
2 COUNTY and BORROWER shall be incorporated in written amendments to this Agreement.
3 Such amendments shall not invalidate this Agreement, nor relieve or release COUNTY or
4 BORROWER from any obligations under this Agreement, except for those parts thereby
5 amended. No amendment to this Agreement shall be effective and binding upon the parties,
6 unless it expressly makes reference to this Agreement, is in writing, is signed and
7 acknowledged by duly authorized representatives of all parties, and approved by the County.

8 49. SCHEDULE OF PERFORMANCE. BORROWER shall use
9 commercially reasonable efforts to satisfy the obligations set forth herein and in the Schedule of
10 Performance in a timely manner and by the dates set forth herein and therein. The Project shall
11 be completed and a Notice of Completion shall have been recorded in the Official Records no
12 later than the date set forth in the Schedule of Performance (the "Completion Deadline").
13 Provided that all construction and permanent financing remains committed to the Project,
14 BORROWER may request an extension of the Completion Deadline from COUNTY
15 ("Extension"), which may be granted if the BORROWER can provide proof that all
16 construction and permanent financing remains committed to the Project and that the
17 circumstances that led to the failure to complete the Project by the Completion Deadline were
18 beyond the BORROWER's control. Extension is subject to COUNTY's reasonable approval,
19 and not guaranteed. The Assistant County Executive Officer/EDA, or designee, has the
20 authority, at his or her discretion, to consent to such Extension.

21 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
22 conditioned upon BORROWER's delivery to COUNTY, on or prior to the date set forth in the
23 Schedule of Performance of written documentation of such binding loan commitments required
24 to fully finance the development, construction and operation of the Project (less the PLHA
25 Loan), on terms and conditions acceptable to BORROWER and COUNTY, including, but not
26 limited any conventional construction and/or permanent financing. Either COUNTY or
27 BORROWER may elect to terminate this Agreement with ten (10) days prior written notice to
28

1 the other party if BORROWER fails to acquire the project financing as required by this **Section**
2 **50**. Upon such termination, this Agreement shall be null and void, and:

- 3 a. If BORROWER elects to terminate this Agreement,
4 BORROWER shall be released and discharged by COUNTY
5 from its obligations under this Agreement; or
6 b. If COUNTY elects to terminate this Agreement, COUNTY shall
7 be released and discharged by BORROWER from its
8 obligations under this Agreement.

9 At that time all costs incurred by each party on the Project will be borne by the
10 Party incurring such costs, and each party shall be released from all liability under this
11 Agreement, except those obligations which by their terms survive termination.

12 51. EXHIBITS AND ATTACHMENTS. Each of the attachments and
13 exhibits attached hereto is incorporated herein by this reference. To the extent BORROWER is
14 required to execute and deliver to COUNTY an agreement substantially in the form attached
15 hereto, execution and delivery of such agreement constitutes consideration given to COUNTY
16 for the PLHA Loan funds and other obligations of COUNTY hereunder.

17 52. MEDIA RELEASES. BORROWER agrees to allow COUNTY to
18 provide input regarding all media releases regarding the Project. Any publicity generated by
19 BORROWER for the Project must make reference to the contribution of COUNTY in making
20 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
21 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and
22 public service announcements. BORROWER agrees to cooperate with COUNTY in any
23 COUNTY-generated publicity or promotional activities with respect to the Project.

24 53. NOTICES. All notices, requests, demands and other communication
25 required or desired to be served by either party upon the other shall be addressed to the
26 respective parties as set forth below or the such other addresses as from time to time shall be
27 designated by the respective parties and shall be sufficient if sent by United States first class,
28

1 certified mail, postage prepaid, or express delivery service with a receipt showing the date of
2 delivery.

3
4 COUNTY

5 Director, Housing
6 County of Riverside
7 3403 Tenth Street, Suite #300
8 Riverside, CA 92501

BORROWER

Riverside Housing Development Corp.
Attn: Bruce Kulpa
4250 Brockton Avenue
Riverside, CA 92501

9
10 54. COUNTERPARTS. This Agreement may be signed by the different
11 parties hereto in counterparts, each of which shall be an original but all of which together shall
12 constitute one and the same agreement.

13 55. EFFECTIVE DATE. The effective date of this Agreement is the date the
14 parties execute the Agreement (“Effective Date”). If the parties execute the Agreement on more
15 than one date, then the last date the Agreement is executed by a party shall be the Effective
16 Date.

17 56. FURTHER ASSURANCES. BORROWER shall execute any further
18 documents consistent with the terms of this Agreement, including documents in recordable
19 form, as the COUNTY may from time to time find necessary or appropriate to effectuate its
20 purposes in entering into this Agreement.

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

26 58. CONSTRUCTION AND INTERPRETATION OF AGREEMENT. The
27 language in all parts of this Agreement shall in all cases be construed simply, as a whole and in
28 accordance with its fair meaning and not strictly for or against any party. The parties hereto
acknowledge and agree that this Agreement has been prepared jointly by the parties and has
been the subject of arm’s length and careful negotiation over a considerable period of time, that
each party has been given the opportunity to independently review this Agreement with legal

1 counsel, and that each party has the requisite experience and sophistication to understand,
2 interpret, and agree to the particular language of the provisions hereof. Accordingly, in the
3 event of an ambiguity in or dispute regarding the interpretation of this Agreement, this
4 Agreement shall not be interpreted or construed against the party preparing it, and instead other
5 rules of interpretation and construction shall be utilized.

6 a. If any term or provision of this Agreement, the deletion of which
7 would not adversely affect the receipt of any material benefit by any party hereunder, shall be
8 held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this
9 Agreement shall not be affected thereby and each other term and provision of this Agreement
10 shall be valid and enforceable to the fullest extent permitted by law. It is the intention of the
11 parties hereto that in lieu of each clause or provision of this Agreement that is illegal, invalid, or
12 unenforceable, there be added as a part of this Agreement an enforceable clause or provision as
13 similar in terms to such illegal, invalid, or unenforceable clause or provision as may be possible.

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

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

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

28

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

3 COUNTY:

BORROWER:

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

Riverside Housing Development
Corporation, a California nonprofit public benefit
corporation

6
7
8 By: _____
Heidi Marshall, Director
9 Department of Housing and
10 Workforce Solutions

By: _____
Bruce Kulpa, President & CEO


11
12 Date: _____

Date: _____

13
14
15 ATTEST:
16 KECIA HARPER-IHEM
17 Clerk of the Board

18
19 By: _____
Deputy

20
21
22 APPROVED AS TO FORM:
23 GREGORY P. PRIAMOS, County Counsel

24 By:  /for
25 Amrit Dhillon, Deputy County Counsel

26
27 **(Signatures need to be notarized)**

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

Property Legal Description

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014

EXHIBIT "B"

Scope of Work and Project Description

Borrower: Riverside Housing Development Corporation
Address: 4250 Brockton Ave., Riverside, CA 92501
Project Title: Sheila Street
Location: 15427 Sheila Street, Moreno Valley, CA, identified as Assessor's Parcel Numbers 486-091-013 and 486-091-014

Project Description:

Riverside Housing Development Corporation, a California nonprofit public benefit corporation will utilize \$813,000 in PLHA funds for the acquisition and rehabilitation of an existing building located at 15427 Sheila Street, Moreno Valley, CA, identified as Assessor's Parcel Numbers 486-091-013 and 486-091-014. When complete, the Project will consist of four (4) 2-bedroom/1-bathroom units (900 square feet).

Approximately forty nine percent (49%) of the units not occupied by a manager will be designated as Affordable Units. One 2-bedroom unit will be set-aside for households whose incomes do not exceed 50% of the area median income for the County of Riverside adjusted for family size appropriate to the unit, which shall be designated as a Very Low Income Unit. One 2-bedroom unit will be set-aside for households whose incomes do not exceed 80% of the area median income adjusted for family size appropriate to the unit, which shall be designated as a Low Income Units. The total of two (2) units (both 2-bedroom) of the Project are to be designated as "Affordable Units".

The **Scope of Work** shall comply with all entitlements for the Project and include removal of drywall, roof tile replacement, stucco repair, exterior and interior painting, new cabinetry, electrical, plumbing and new water line, insulation, new ductwork/registers/thermostats, new forced air units/compressors, carpet flooring/tile, fencing, kitchen countertops, bathroom sinks, range/ovens, dishwashers, irrigation system, planters, termite treatment, and masonry work.

EXHIBIT "C"

Sources and Uses of Funds; Operations Budget

[attached]

DIRECT CAPITALIZATION TECHNIQUE

RENTAL ASSUMPTIONS

Unit Type	GROSS Rent/ Unit/Mo.	Minus Util. Allow.	NET Rent/ Unit/Mo.	# of Units	Monthly Rent	Percentage of Total	Cap. Rate	Blended Cap. Rate
Studio (@ 50% median) Limit = \$610 Gross	\$610.00	\$126.00	\$484.00	0	\$0	0.00%	0.000%	0.00%
Studio (@ 60% median) Limit = \$732 Gross	\$732.00	\$126.00	\$606.00	0	\$0	0.00%	0.000%	0.00%
1 bedroom (@ 50% median) Limit = \$697	\$697.00	\$134.00	\$563.00	0	\$0	0.00%	0.000%	0.00%
1 bedroom (@ 60% median) Limit = \$836	\$836.00	\$134.00	\$702.00	0	\$0	0.00%	0.000%	0.00%
1 bedroom (@ 80% median) Limit = \$957	\$957.00	\$134.00	\$823.00	0	\$0	0.00%	0.000%	0.00%
2 bedroom (@ 50% median) = \$847	\$847.00	\$156.00	\$691.00	1	\$691	17.80%	0.000%	0.00%
2 bedroom (@ 80% median) = \$1081	\$1,081.00	\$156.00	\$925.00	1	\$925	23.83%	0.000%	0.00%
2 bedroom (@ 120% median) = \$1289	\$1,289.00	\$156.00	\$1,133.00	2	\$2,266	58.37%	0.000%	0.00%
4 bedroom (@ 35% median) Limit = \$684	\$684.00	\$0.00	\$684.00	0	\$0	0.00%	0.000%	0.00%
4 bedroom (@ 120% median) = Mgr Unit	\$0.00	\$0.00	\$0.00	0	\$0	0.00%	0.000%	0.00%
n/a	\$0.00	\$0.00	\$0.00	0	\$0	0.00%	0.000%	0.00%
Added rent from 1 PBV's (assumed)	0	\$0.00	\$0.00	0	\$0	0.00%	0.000%	0.00%
TOTAL/AVERAGE	#DIV/0!		\$970.50	4	\$3,882	100.00%	NA	0.00%
			Units at 35%	0				
			Units at 50%	1				
			Units at 80%	1				
			Units at 120%	2				

ADDITIONAL FACTORS

Number of units	4
Blended Vacancy & Coll. Loss Rate	5.00%
Tax Rate	0.250000%
Assumed Tax Value	\$800,000
Implied Taxes	\$2,000.00
Reimbursable Base	\$0
	\$0.00

	Rent	Reimbursable	Total	% of Total	Vacancy	Coll. Loss
Total Income : Studio Units	\$0	\$0	\$0	0.00%	5.00%	0.00%
: 1 Bedroom Units	\$0	\$0	\$0	0.00%	5.00%	0.00%
: 2 Bedroom Units	\$19,392	\$0	\$19,392	41.63%	5.00%	2.08%
: 3 Bedroom Units	\$27,192	\$0	\$27,192	58.37%	5.00%	2.92%
: 4 Bedroom Units	\$0	\$0	\$0	0.00%	5.00%	0.00%
Misc/Other	\$0	\$0	\$0	0.00%	5.00%	0.00%
Total Income	\$46,584	\$0	\$46,584	100.00%	NA	5.00%

INCOME

		Per Unit
Annual Rent: Studio Units	\$0	#DIV/0!
: 1 Bedroom Units	\$0	#DIV/0!
: 2 Bedroom Units	\$19,392	\$19,392.00
: 3 Bedroom Units	\$27,192	\$9,064.00
: 4 Bedroom Units	\$0	#DIV/0!
Other : Addtl PBV Revenue	\$0	\$0.00
Reimburse. : All Units	\$0	\$0.00
	\$0	\$0.00
	\$0	\$0.00
Sub-Total	\$46,584	\$11,646.00
Vacancy & Coll. Loss	(\$2,329)	\$582.30
Sub-Total	\$44,255	\$11,063.70
Laundry Income & Cleaning/Damage Reimb.	\$0	
EGI (Effective Gross Income)	\$44,255	\$11,063.70

EXPENSES

		Per Unit
PAYROLL, STAFFING	\$3,200	\$800.00
PROPERTY MGMT. (RHDC)	\$2,400	\$600.00
LEASE UP FEES	\$300	\$75.00
ADMIN. (Legal, advert, taxes, ins.)	\$4,120	\$1,030.00
MAINT. (Repairs, Trash, Landscaping)	\$7,700	\$1,925.00
UTIL. - (Common Area Gas, Elect, Water)	\$3,380	\$845.00
RESERVES (Capital Expenses)	\$1,200	\$300.00
Other - Case Mgmt stipend (n/a)	\$0	\$0.00
Other	\$0	\$0.00
TOTAL EXPENSES	\$22,300	\$5,575.00
Expenses/%EGI	50.39%	

NET OPERATING INCOME

	\$21,955	\$5,488.70
		DCR = 1.15
ANNUAL DEBT SERVICE	\$19,010	\$4,752.39

CASHFLOW AFTER DEBT SERVICE

	\$2,945	\$736.31
--	---------	----------

LOAN AMT.	INT RATE	TERM (yrs)
\$279,000	5.50%	30
MO. PYMT.	BANK LOAN	
\$1,584.13		
LOAN AMT.	INT RATE	TERM (yrs)
\$0	2.25%	30
MO. PYMT.	RHDC LOAN	
\$0.00		

Sources & Uses

Sources:		Final
15427 Sheila, Moreno Valley, CA - 4 Units @ 50%-80%-120% AMI (APN 486-091-013,-014)		
Private Bank Loan		\$0
Capital Recovery Loan - RHDC Internal Loan		\$279,000
City Funding - PLHA funding		\$0
Other		\$813,000
TOTAL		\$0
Uses:		
Property Acquisition (1 bldg)		Final
Rehab Construction		\$640,000 *
Exterior Improvements (Landscaping & pavement)		\$265,000 **
Temporary Relocation (2 units)		included
Permanent Relocation (2 units)		\$15,000
Soft Costs (Permits, Architectural Fees, Engr., etc)		\$60,000
Holding Costs (Ins., Taxes, utilities, etc)		included
Contingency		\$10,000
Developer's Fee		\$42,000
TOTAL		\$60,000
SHORTFALL or SURPLUS		\$1,092,000
		\$0

* - Privately owned property. Purchase price \$635,000, plus \$5,000 closing costs.

** - (4) two bedroom units. Rehab construction.

EXHIBIT "D"**Schedule of Performance**

1.	<u>Financing.</u> Borrower shall timely submit applications for financing for the Project.	Following COUNTY approval and execution of the Agreement, but in no event later than December 31, 2021.
2.	<u>Additional Financing.</u> If necessary, Borrower shall re-apply for financing for the Project or apply for additional financing.	Following COUNTY approval and execution of the Agreement, but in no event later than December 31, 2022.
3.	<u>Project Budget and Plans.</u> Borrower shall submit to COUNTY the Project Budget and Plans.	A draft Project Budget and Plans shall be submitted not later than 120 days prior to the date proposed for Closing, with a final Project Budget delivered prior to Closing.
4.	<u>Financing Commitments and Documents.</u> Borrower shall submit to COUNTY financing commitments and draft legal agreements for all construction and permanent financing for the Project.	As soon as reasonably practical, but in no event later than 90 days prior to the Closing Date.
5.	<u>Escrow – Purchase of the Property.</u> If applicable, BORROWER shall open Escrow for the purchase of the Property.	At least 90 days prior to the date proposed for Closing but in no event later than 90 days prior to the Outside Closing Date.
6.	<u>Conditions Precedent to the Closing.</u> BORROWER shall satisfy all conditions precedent to Closing.	Not later than the Outside Closing Date.
7.	<u>Closing Date.</u> The Deed of Trust and all liens required for construction financing for the Project shall be recorded in the Official Records of Riverside County provided all conditions precedent in Section 12 of Agreement remain satisfied.	Not later than the Outside Closing Date.
8.	<u>Construction Commencement.</u> Borrower shall commence construction of the Project.	Within 15 days of the Closing Date.
9.	<u>Construction Completion.</u> Borrower shall complete construction of the Improvements for the Project (as shown on the Final	Within eighteen (18) months of the Closing Date.

EXHIBIT "D"

	Construction Drawings upon which Borrower's building permit is based).	
10.	<u>Leasing.</u> Borrower shall have entered into leases with Qualified Tenants for the Affordable Units.	Within three (3) months from Notice of Completion.
11.	<u>Submission of Final actual project costs and Sources and Uses of Funds</u>	Within four (4) months from Notice of Completion.
12.	<u>Submission of income & ethnic characteristics report</u>	Within four (4) months from Notice of Completion.

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 Closing. GC –At Closing, but in no event later than the start of construction.. Copies of Certificates must be filed and up-to-date throughout the course of the Project with COUNTY additionally insured.
3. Project Site Photos	Bimonthly, due by the 5 th of each month
4. The filing of the Notice of Completion	End of Construction
5. Certificate of Occupancy	End of Construction
6. Tenant Checklist Reporting	Close of Project; and Semi-Annually–Sept 30th & March 31st
7. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
8. Project Completion Report	Close of Project
9. Final Development Cost - Sources and Uses	Close of Project
10. Final Cost Certification by CPA	Close of Project and Audits Completed
11. Final 15/30 Year Cash Flow Projection	Close of Project
12. Affirmative Fair Housing Marketing Plan, HCD form 935.2A	Marketing Stage
13. Management Plan	Marketing Stage
14. Tenant Selection Policy	Marketing Stage
15. Copy of Lease Agreement	Marketing Stage
16. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
17. Project Operating Budget	Annual submission
18. Audited Yearly Income Expense Report for the Project	Annual submission

Exhibit E

PLHA DEED OF TRUST

[attached]

EXEMPT RECORDING FEE
Government Code Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this 25th day of January, 2022 by RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation, (hereinafter referred to as "Trustor"), whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is LAWYERS TITLE COMPANY ("Trustee"). The beneficiary is the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND AS SIGNS 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 located at 15427 Sheila Street, in the City of Moreno Valley, 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 Real 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 Real Property or any other part of the Trust Estate, including (to the extent applicable to the Real 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 Real Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided

herein, all the rights and remedies of a "secured party" under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

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

- (i) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note Secured by Deed of Trust (PLHA Loan Funds) in favor of the Beneficiary ("County" therein) executed by Trustor ("Borrower" therein) of even date herewith (the "Note") in the principal amount of \$813,000;
 - (b) that certain Loan Agreement for the Use of PLHA Program Funds dated January 25, 2022 and recorded in the Official Records of the County of Riverside ("Official Records") concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "PLHA Loan Agreement"); and
 - (c) that certain Covenant Agreement (PLHA Loan Funds) dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").
- (ii) payment of indebtedness of the Trustor to the Beneficiary in the original principal amount of Eight Hundred Thirteen Thousand Dollars (\$813,000) (the "PLHA Loan"), together with any interest or other amounts due according to the terms of the Note and/or the PLHA Loan Agreement.

Said Note, PLHA Loan Agreement and Covenant Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this Deed of Trust 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, PLHA Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, PLHA 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 PLHA Loan Agreement.

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

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

1. 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 PLHA 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 PLHA Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of any obligation under 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 PLHA Loan Agreement and Covenant Agreement.

4a. That upon default hereunder or under any of the Secured Obligations and after giving notice and opportunity to cure, Beneficiary shall be entitled to the appointment of receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate described herein and operate the Real Property and collect the rents, profits and income therefrom.

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

6. **Taxes and Insurance.** Trustor shall pay before delinquency all taxes and assessments affecting said Real 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 Section 5 shall be applied: first, to interest due; second, to principal due; and last, to any late charges due under the Note.

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

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) bonds 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. **Subordinate Priority Position.** This Deed of Trust shall be recorded in a subordinate priority position junior in priority to the Covenant Agreement and the Deed of Trust executed by Borrower for the benefit of a commercial bank approved by Beneficiary ("Senior Lender" or "Senior Lien Holder") securing a construction loan in a principal amount up to \$279,000 ("Senior Loan").

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 PLHA 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 PLHA Loan Agreement. Trustor shall promptly give to Beneficiary certificates of

insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

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

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

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

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Real Property, allow the Real Property to deteriorate, or commit waste on the Real 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 Real 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 Real 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 the Real 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.

The Trustor acknowledges that the Real 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 activities that comply with the PLHA Program (as defined in the PLHA Loan Agreement). 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 applicable 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.

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 Real 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 Real 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 Real Property in which the fair market value of the Real 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 Real Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Real Property in which the fair market value of the Real 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 Real 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 Real 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 any party requested by Trustor in writing, including any the investment limited

partner at the address set forth in the PLHA 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 and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect. 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 PLHA Loan Agreement, if all or any part of the Real 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 Real Property for activities that comply with the PLHA Loan Agreement) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by applicable 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 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. Reserved.

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 Real Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

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

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

26. Hazardous Substances. Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Real Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Real 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 Real 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 Real 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, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder has not cured the default within that same period, subject to any non-recourse provisions then in effect, 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. **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.

32. **Severability.** Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid by a competent court of law, the remaining provisions shall nevertheless remain in full force and effect.

[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:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: Exhibit – Do Not Sign

Bruce Kulpa

Its: President & CEO

Date: _____

(TRUSTOR signature needs to be notarized)

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

STATE OF CALIFORNIA)
) §
County of _____)

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

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

WITNESS my hand and official seal.

Signature of Notary

(Affix seal here)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014

Exhibit F

PLHA NOTE

[attached]

PROMISSORY NOTE SECURED BY DEED OF TRUST

PLHA LOAN FUNDS

\$813,000 (“Loan Amount”)

January 25, 2022 (“Note Date”)

FOR VALUE RECEIVED, RIVERSIDE HOUSING DEVELOPMENT CORPORATION (“BORROWER”), a California nonprofit public benefit corporation, promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), at 3403 Tenth Street, Suite #300, Riverside, CA 92501, or order, the sum of Eight Hundred Thirteen Thousand Dollars (\$813,000 USD) (the “PLHA Loan” or “Note Amount”) which at the time of payment is due in funds lawful for the payment of public and private debts.

This Promissory Note Secured by Deed of Trust – PLHA Loan Funds (this “Note”) is given in accordance with that certain Loan Agreement for the Use of PLHA Program Funds executed by COUNTY and BORROWER, dated as of January 25, 2022 and recorded in the Official Records of the County of Riverside (“Official Records”) on or about the date hereof (the “PLHA Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the PLHA Loan Agreement. The Note is secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents executed by BORROWER for the benefit of the COUNTY dated January 25, 2022 and recorded on or about the date hereof in the Official Records (the “PLHA Deed of Trust” of “Deed of Trust”). This Note, the PLHA Loan Agreement, the Deed of Trust, the Covenant (as hereinafter defined) and all agreements entered into in connection with the foregoing, and any amendments or modifications thereto, shall collectively be referred to herein as the “PLHA Loan Documents.”

The rights and obligations of the BORROWER and COUNTY under this Note shall be governed by the PLHA Loan Documents and the following terms:

1. The PLHA Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Permanent Local Housing Allocation (“PLHA”) Program Statutes, Final Guidelines, Notice Of Funding Availability, a Standard Agreement and applicable rules and regulations imposed by the Department of Housing and Community Development (“HCD”) on PLHA funding recipients (collectively, the “PLHA 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 PLHA Program regulations, the PLHA Loan Documents and that certain Covenant Agreement dated on or about the date hereof and recorded on or about the date hereof in the Official Records between BORROWER and COUNTY (“Covenant”).
2. That the PLHA Loan will accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default, as hereinafter provided, and shall be repaid on an annual basis from the Project’s Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.

3. This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be paid to COUNTY annually in accordance with the terms set forth herein. Such payment of fifty percent (50%) of the Project's Residual Receipts to COUNTY shall continue until the PLHA Note is repaid in full.
4. The Project's Residual Receipts shall be determined based on an annual review of audited financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion for the Project. All outstanding principal along with accrued interest shall be due upon the later to occur of (i) July 1, 2079 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "Maturity Date"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion for the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until the sooner of full repayment of the PLHA Loan or the Maturity Date as set forth above.
5. The Project's Residual Receipts shall be determined based on an annual review of audited 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. The term "Project Residual Receipts" as used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the BORROWER derived from the ownership, operation and management of the Project, not including interest on required reserve accounts, less the following operating expenses:
 - i) auditing and accounting fees;
 - ii) a reasonable property management fee not to exceed \$55 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year;
 - iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance);
 - iv) replacement reserves in such amount as approved by COUNTY for the Project, established in a separate account from operating reserves, limited to \$300 per unit per year for all Units in the Project, increased annually by an amount equal to the increase in CPI;

v) Operating Reserves replenishment in such amount as approved by COUNTY for the Project, up to \$12,000 maximum total balance, increased annually by an amount equal to the increase in CPI;

vi) payments of principal and interest on a mortized loans and indebtedness senior to the PLHA Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and

vii) COUNTY's Annual Monitoring Fee in the total annual amount of \$100 per Unit in the Project, increased annually by an amount equal to the increase of the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County, CA area.

6. The PLHA Loan evidenced by this Note is secured by that certain PLHA Deed of Trust executed by BORROWER for the benefit of COUNTY, dated on or about the date hereof and recorded in the Official Records.
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. Neither BORROWER nor its shareholders, members or 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 PLHA Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name BORROWER as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against BORROWER; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section 8, the COUNTY may recover directly from BORROWER or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of BORROWER or any general partner, member, shareholder, officer, director or employee 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 PLHA 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 PLHA Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the PLHA Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

9. The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the PLHA Loan Agreement:

a. Monetary Default. (1) BORROWER's failure to pay when due any sums payable under this Note or any advances made by COUNTY under the PLHA Loan Agreement, (2) BORROWER'S or any agent of BORROWER'S use of PLHA funds for costs other than those costs permitted under the PLHA Loan Agreement or for uses inconsistent with terms and restrictions set forth therein, (3) BORROWER'S or any agent of BORROWER'S failure to make any other payment of any assessment or tax due under the PLHA Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) any Deed of Trust executed by BORROWER in connection with any Senior Debt, and (ii) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by BORROWER or BORROWER'S agent on the basis of characteristics prohibited by the PLHA Loan Documents 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 PLHA Deed of Trust, (3) BORROWER's failure to obtain and maintain the insurance coverage required under the PLHA Loan Agreement, (4) any material default under the PLHA Loan Documents, or any document executed by the COUNTY in connection with the PLHA Program, and/or (5) default past any applicable notice and cure period under the terms of any Deed of Trust executed by BORROWER in connection with any Senior Debt and any other instrument or document secured against the Property;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER'S agents of any material obligations on BORROWER imposed by the PLHA Loan Documents; and

d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER'S agents of any

material obligations imposed on the Project by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.

10. COUNTY shall give written notice of default to BORROWER, specifying the default complained of by the COUNTY. BORROWER shall have ten (10) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
11. Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
12. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of this 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 PLHA Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
15. This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside

County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

(b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 3403 Tenth Street, Suite #300, Riverside, California 92501, Attention: Assistant Director of Housing. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.

(c) The address of BORROWER for purposes of receiving notices pursuant to this Note is 4250 Brockton Avenue, Riverside, CA 92501, Attention: Bruce Kulpa, President & CEO.

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.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

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

BORROWER:

Riverside Housing Development Corporation,

a California nonprofit public benefit corporation

By: *Exhibit – Do Not Sign* _____

Bruce Kulpa

Its: President & CEO

[insert date], File No: _____
 [insert street address], [insert city]

Exhibit G: Sample Tenant Checklist

Project Name:
 Address:

Insert a check mark for each item that is relevant to the family below																										
Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recent. Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N. Haw P. C. Isian	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races		

Prepared by:

Title:

Phone Number:

Problems or questions please call Mervyn Manalo at (951) 343-5495

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

Exhibit H

COVENANT AGREEMENT

[attached]

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

2 Order No.
Escrow No.
3 Loan No.

4 RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

5 County of Riverside
6 3403 Tenth Street, Suite #300
Riverside, CA 92501
7 Attn. Mervyn Manalo

8 SPACE ABOVE THIS LINE FOR RECORDERS USE

9
10 **PLHA PROGRAM**
11 **COVENANT AGREEMENT**

12 **(15427 Sheila Street, Moreno Valley, CA)**

13 This PLHA Program Covenant Agreement (15427 Sheila Street) (this “Covenant” or
14 “Agreement”) is made and entered into as of the day of January 25, 2022 b y and between the
15 COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and
16 RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public
benefit corporation (“BORROWER”).

17 **RECITALS**

18 WHEREAS, BORROWER owns that certain real property including any improvements
19 located thereon, located at 15427 Sheila Street, Moreno Valley, CA, Assessor’s Parcel Numbers
20 486-091-013 and 486-091-014, described in the legal description attached hereto as Exhibit A
and incorporated herein by this reference (the “Property”);

21 WHEREAS, COUNTY and BORROWER entered into that certain Loan Agreement for
22 the Use of PLHA Program Funds (15427 Sheila Street) dated January 25, 2022 and recorded in
23 the Official Records of the County of Riverside (“Official Records”) concurrently herewith (the
24 “PLHA Loan Agreement” or “Agreement”) which provides for, among other things, acquisition
25 and rehabilitation on the Property of an existing multi-family apartment complex and related

1 amenities consisting of four (4) 2-bedroom units (each, a “Unit,” collectively, the “Units”). The
2 acquisition of the Property and the rehabilitation of the Units and such other improvements as
3 specified in the PLHA Loan Agreement shall be referred to herein as the “Project.” Capitalized
4 terms not defined herein shall have the meaning ascribed to them in the PLHA Loan Agreement;

5 WHEREAS, the State of California (the “State”), Department of Housing and
6 Community Development (“HCD”) issued a Notice of Funding Availability (“NOFA”), dated
7 February 26, 2020, to provide approximately \$195,000,000 under the Permanent Local Housing
8 Allocation (“PLHA”) Program through its Entitlement and Non-entitlement Local Government
9 Formula Component from the Building Homes and Jobs Trust Fund for assistance to Local
10 Governments pursuant to Health and Safety Code section 50470 et seq. and Senate Bill (SB) 2
(Chapter 364, Statutes of 2017);

11 WHEREAS, to implement the PLHA Program, HCD adopted and issued the HCD 2019
12 PLHA Final Guidelines (“Guidelines” or “PLHA Guidelines”);

13 WHEREAS, the PLHA Program (as hereinafter defined) provides a permanent source of
14 funding to all local governments in the State of California to help implement plans to increase
15 the affordable housing stock;

16 WHEREAS, the County is an eligible local government for the program to administer
17 one or more eligible activities, including on behalf of other local governments that have
18 delegated to the County submission of an application and administration of their respective
19 PLHA formula allocations;

20 WHEREAS, HCD approved a funding allocation to the County for the PLHA Program,
21 subject to the terms and conditions of the PLHA Statutes, Guidelines, NOFA, a Standard
22 Agreement and applicable rules and regulations imposed by HCD on PLHA funding recipients
(collectively, the “PLHA Program”);

23 WHEREAS, pursuant to the PLHA Program, the County and HCD entered into that
24 certain Standard Agreement (20-PLHA-15170) dated October 5, 2020, including Exhibits A, B,
25 C, D and E (collectively, the “PLHA Standard Agreement”), which allocates PLHA funding to
26 the County for use in the City of Moreno Valley (“City”), where the Property is located;

1 WHEREAS, BORROWER is an experienced developer of affordable housing that has
2 among its purposes the provision of decent housing that is affordable to low income persons; and

3 WHEREAS, in consideration of a loan of PLHA funds, BORROWER has agreed to
4 restrict approximately forty nine percent (49%) of the Units in the Project not occupied by a
5 manager or two (2) Units to rental to and occupancy by qualified low- and very low-income
6 households consistent with the PLHA Program requirements and as set forth more specifically
7 below.

8 NOW, THEREFORE, in consideration of the PLHA Loan funds and the mutual
9 covenants and agreements set forth herein and in the PLHA Loan Agreement, and for other good
10 and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,
11 BORROWER, on behalf of itself and its successors, assigns, and each successor in interest to the
12 Property or any part thereof, hereby declares as follows:

13 1) RESTRICTIONS. The recitals set forth above are true and correct and
14 incorporated herein. This Covenant shall continue in full force and effect for the later of (i)
15 fifty-five (55) years from the recordation of the Notice of Completion for the last building for
16 which rehabilitation is completed for the Project on the Property, or (ii) July 1, 2079 (“Term”
17 or “Affordability Period”). For the duration of the Term, the Property shall be held, sold and
18 conveyed, subject to the following covenants, conditions, and restrictions:

19 a) BORROWER hereby covenants and agrees to restrict approximately forty nine
20 percent (49%) of the Units not occupied by a manager or two (2) of the Units
21 rehabilitated on the Property to rental to and occupancy by qualified Low- and
22 Very Low Income Households (collectively, “Affordable Units” or “Restricted
23 Units”) in accordance herewith. The Affordable Units shall consist of two (2) 2-
24 bedroom units (900 square feet each). At least twenty percent (20%) of the
25 Affordable Units or one (1) Affordable Unit (consisting of one 2 - bedroom unit)
26 shall be restricted to occupancy by a Very Low Income Household. The
27 remaining Affordable Unit or one (1) Affordable Unit (consisting of one 2 -

1 bedroom unit) shall be rented to and occupied by a Low Income Household. For
 2 purposes hereof:

- 3 (i) "Household" is one or more persons occupying an Affordable Unit.
- 4 (ii) "Low Income" has the meaning set forth in HSC Section 50079.5, which
 5 is a household whose incomes does not exceed 80% of the area median
 6 income, adjusted for actual family size.
- 7 (iii) "Very Low Income" has the meaning set forth in HSC Section 50105,
 8 which is a household whose incomes does not exceed 50% of the area
 9 median income, adjusted for actual family size.
- 10 (iv) "area median income" shall refer to the most recent area median family
 11 income published by HCD for Riverside County, available at the
 12 following link: <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

13 b) The Affordable Units shall be rented to and occupied by Very Low and Low
 14 Income Households at an Affordable Rent in compliance with the Multifamily
 15 Housing Program ("MHP") guidelines Section 7312 and the Section 7301
 16 definition of "Affordable Rent." Maximum income and Affordable Rent shall be
 17 determined in accordance with subsection d) below. COUNTY shall review and
 18 approve proposed rents prior to entry into leases for occupancy of the Affordable
 19 Units by BORROWER. BORROWER shall ensure the Affordable Units are
 20 rented to qualified applicants at the described rent levels herein during the
 21 Affordability Period. The maximum monthly allowances for utilities and services
 22 (excluding telephone) shall not exceed the utility allowance as described in c)
 23 below.

24 c) Utility Allowance: For Projects not receiving financing from tax credits,
 25 BORROWER shall use the most currently available Utility Allowances published
 26 by the Housing Authority of the County of Riverside to establish maximum
 27 monthly allowances for utilities and services in calculating Affordable Rents.

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Projects assisted with tax credits shall use the California Utility Allowance Calculator (CUAC) published annually by the Treasurer of the State of California. The CUAC and use instructions can be found at: <https://www.treasurer.ca.gov/ctcac/cuac/index.asp>.

d) Income and Affordable Rent limitations for Very Low Income Households and Low Income Households must be calculated in accordance with the Multifamily Housing Program (MHP) as required by the PLHA Program. BORROWER shall utilize the most recently available “MHP Income and Rent Calculator” published by HCD, available on the following web page: <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>

e) PLHA Loan Documents. This Covenant Agreement, the PLHA Loan Agreement, PLHA Note, PLHA Deed of Trust, the Environmental Indemnity and any other agreement entered into by COUNY and BORROWER in connection with the Project shall collectively be referred to herein as the “PLHA Loan Documents.” BORROWER shall comply with the terms and conditions of the PLHA Loan Documents, any other agreements evidencing financing for the Project, and any instrument secured against the Property. BORROWER shall strictly comply with all requirements of the PLHA Program.

2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the PLHA Loan Agreement, including any of its attachments, if required by financing for the Project, this Covenant may be recorded in a second priority lien position junior to the deed of trust securing any bank loan and senior to the PLHA Loan Agreement.

3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this Covenant, BORROWER, for itself and on behalf of its successors and assigns, shall insure that the Project is constructed in accordance with and operated in compliance with the PLHA Program and all applicable federal, state and local laws, regulations and ordinances, including, but not limited to the following: all laws, ordinances, statutes, codes, rules, resolutions, regulations, policy statements, orders, and decrees (including, without limitation,

1 those relating to land use, subdivision, zoning, environmental, labor relations, prevailing
2 wage, and building and fire codes) of the United States, the State of California, the County or
3 any other political subdivision in which the Property is located or which exercises
4 jurisdiction over the BORROWER or the construction, maintenance, management, use, or
5 operation of the Project.

6 4) TENANT PROTECTIONS. BORROWER shall provide protection to the
7 tenants of the Affordable Units as follows:

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

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

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

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

27 (3) *Excusing BORROWER from responsibility*. A greement by the
tenant not to hold BORROWER or BORROWER's agents legally

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responsible for any action or failure to act, whether intentional or negligent.

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

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

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

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

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

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

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-

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

24 5) USE OF PROPERTY; CONSTRUCTION OF IMPROVEMENTS. During the
25 Affordability Period, BORROWER covenants and agrees to use the Property solely for the
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1 construction and operation of the Project in accordance with the PLHA Loan Documents, and
 2 to rehabilitate the Units located in the Project in a timely manner and in accordance with the
 3 Schedule of Performance attached to the PLHA Loan Agreement. The proceeds of the
 4 PLHA Loan shall be used solely for construction of the Units, and not in connection with any
 5 non-residential facilities, services or activities.

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

1 such successors or assigns responsible for the cost thereof, and such cost, until paid, shall
2 constitute a lien on the Property.

3 7) STRUCTURAL MODIFICATIONS. In order to protect and maintain the
4 architectural and structural integrity of the Project, no structural modification will be made to
5 the Project without a validly issued building permit in accordance with the requirements of
6 the County of Riverside Ordinances. Any application for a building permit pursuant to this
7 section and in connection with a proposed exterior modification to the Project shall be
8 accompanied by elevations and plans depicting the proposed modifications.

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

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

1 establish or permit any such practice or practices of discrimination or segregation with reference
2 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
3 or vendees of the Property.

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

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

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

1 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
2 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
3 or any person claiming under or through him or her, establish or permit any such practice
4 or practices of discrimination or segregation with reference to the selection, location,
5 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
6 premises herein leased.”

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

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

21 9) INSURANCE. Without limiting or diminishing the BORROWER’S obligation
22 to indemnify or hold the COUNTY harmless, BORROWER shall procure and maintain or
23 cause to be maintained by Borrower or its general contractor for the Project (“General
24 Contractor”), at its sole cost and expense, the following insurance coverage's during the term
25 of this Agreement. As respects to the insurance section only, the COUNTY herein refers to
26 the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their
27 respective directors, officers, Board of Supervisors, employees, elected or appointed
officials, agents or representatives as Additional Insureds.

1 a) Builder's All Risk (Course of Construction) Insurance. BORROWER
2 shall cause General Contractor to provide a policy of Builder's All Risk (Course of
3 Construction) insurance coverage including (if the work is located in an earthquake or
4 flood zone or if required on financed or bond financing arrangements) coverage for
5 earthquake and flood, covering the COUNTY, BORROWER, General Contractor and
6 every subcontractor, of every tier, for the entire Project, including property to be used in
7 the construction of the work while such property is at off-site storage locations or while
8 in transit or temporary off-site storage. Such policy shall include, but not be limited to,
9 coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire
10 department service charges, valuable papers and records, trees, grass, shrubbery and
11 plants. If scaffolding, false work and temporary buildings are insured separately by the
12 General Contractor or others, evidence of such separate coverage shall be provided to
13 County prior to the start of the work. Such policy shall be written on an all risk basis and
14 a completed value form. Such policy shall cover the full insurable value. Such policy
15 shall also provide coverage for temporary structures (on-site offices, etc.), fixtures,
16 machinery and equipment being installed as part of the work. BORROWER shall require
17 that General Contractor shall be responsible for any and all deductibles under such
18 policy. Upon request by COUNTY, BORROWER, on behalf of General Contractor,
19 shall declare all terms, conditions, coverages and limits of such policy. Such policy shall
20 name the COUNTY as a loss payee as their interest may appear. If the County so
21 provides, in its sole discretion, the All Risk (Course of Construction) insurance for the
22 Project, then BORROWER shall cause General Contractor to assume the cost of any and
23 all applicable policy deductibles (currently, \$50,000 per occurrence) and shall insure its
24 own machinery, equipment, tools, etc. from any loss of any nature whatsoever.

25 b) Worker's Compensation Insurance. If the BORROWER or General
26 Contractor have employees as defined by the State of California, the BORROWER or
27 General Contractor, as applicable, shall maintain statutory Workers' Compensation
Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall

1 include Employers' Liability (Coverage B) including Occupational Disease with limits
2 not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive
3 subrogation in favor of The County of Riverside. Policy shall name the COUNTY as
4 Additional Insureds.

5 c) Commercial General Liability Insurance. BORROWER shall maintain
6 Commercial General Liability insurance coverage, including but not limited to, premises
7 liability, unmodified contractual liability, products and completed operations liability,
8 personal and advertising injury, and cross liability coverage, covering claims which may
9 arise from or out of BORROWER'S performance of its obligations hereunder. Policy
10 shall name the COUNTY as Additional Insured. Policy's limit of liability shall not be
11 less than \$2,000,000 per occurrence combined single limit. If such insurance contains a
12 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 as Additional Insureds.

13 d) Vehicle Liability Insurance. If vehicles or mobile equipment are used in
14 the performance of the obligations under this Agreement, then BORROWER shall
15 maintain liability insurance for all owned, non-owned or hired vehicles so used in an
16 amount not less than \$1,000,000 per occurrence combined single limit. If such insurance
17 contains a general aggregate limit, it shall apply separately to this agreement or be no less
18 than two (2) times the occurrence limit. Policy shall name the COUNTY as Additional
Insureds.

19 e) General Insurance Provisions – All Lines.

20 1) Any insurance carrier providing insurance coverage hereunder shall
21 be admitted to the State of California and have an A M BEST rating of not less than A:
22 VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager.
23 If the 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.

24 2) The BORROWER, or Borrower on behalf of General Contractor,
25 must declare its insurance self-insured retention for each coverage required herein. If any
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such self-insured retention exceed \$500,000 per occurrence each such retention shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the COUNTY, and at the election of the County's Risk Manager, BORROWER'S or General Contractor's, as applicable, carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with the COUNTY, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

3) BORROWER shall cause BORROWER'S and General Contractor's insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified 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 a minimum of 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. If BORROWER or General Contractor's insurance carrier(s) policies do not meet the minimum notice requirement found herein, BORROWER shall cause BORROWER'S or General Contractor's insurance carrier(s) to furnish a 30 day Notice of Cancellation Endorsement.

4) 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 properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Neither BORROWER nor General Contractor shall commence operations until the COUNTY has been

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

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

10 6) If, during the term of this Agreement or any extension thereof, there
11 is a material change in the scope of services; or, there is a material change in the
12 equipment to be used in the performance of the scope of work; or, the term of this
13 Agreement, including any extensions thereof, exceeds five (5) years; the COUNTY
14 reserves the right to adjust the types of insurance and the monetary limits of liability
15 required under this Agreement, if in the County Risk Management's reasonable judgment,
16 the amount or type of insurance carried by the BORROWER has become inadequate.

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

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

21 9) BORROWER agrees to notify COUNTY on behalf of itself and
22 General Contractor of any claim by a third party or any incident or event that may give
23 rise to a claim arising from the performance of this Agreement.

24 10) HOLD HARMLESS/INDEMNIFICATION. BORROWER shall indemnify and
25 hold harmless the County of Riverside, its Agencies, Districts, Boards, Special Districts and
26 Departments, their respective directors, officers, elected and appointed officials, employees,
27 agents and representatives (individually and collectively hereinafter referred to as
"Indemnitees") from any claim, liability, costs or fees (including, but not limited to,

1 attorneys' fees and costs, costs of investigation, defense and settlements or awards), resulting
2 from any act or failure to act of BORROWER, its officers, employees, subcontractors, agents
3 or representatives, in connection with, arising out of or in any way relating to this
4 Agreement, the PLHA Loan Documents or the Project, including, but not limited to, property
5 damage, bodily injury, death or any other claim or liability of any kind or nature whatsoever.
6 BORROWER shall defend the Indemnitees, at BORROWER's sole expense, in any claim or
7 action based upon such alleged acts or omissions. With respect to any action or claim subject
8 to indemnification herein, BORROWER shall, at its sole cost, have the right to use counsel
9 of its own choice and shall have the right to adjust, settle, or compromise any such action or
10 claim without the prior consent of COUNTY; provided, however, that any such adjustment,
11 settlement or compromise in no manner whatsoever limits or circumscribes BORROWER's
12 indemnification obligation to Indemnitees as set forth herein. BORROWER's obligation
13 hereunder shall be satisfied when BORROWER has provided to COUNTY the appropriate
14 form of dismissal relieving the Indemnitees from any liability for the action or claim
15 involved. The specified insurance limits required in this Agreement shall in no way limit or
16 circumscribe BORROWER's obligations to indemnify and hold harmless the Indemnitees
17 herein from third party claims. In the event there is conflict between this clause and
18 California Civil Code Section 2782, this clause shall be interpreted to comply with Civil
19 Code 2782. Such interpretation shall not relieve BORROWER from indemnifying the
20 Indemnitees to the fullest extent allowed by law. The indemnification set forth in this
21 paragraph shall survive the expiration or earlier termination of this Covenant.

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

Assistant Director, Housing
Riverside County
Economic Development Agency
3403 Tenth Street, Suite #300
Riverside, CA 92501

BORROWER

Riverside Housing Development Corp.
4250 Brockton Avenue
Riverside, CA 92501
Attn: Bruce Kulpa

12) REMEDIES. COUNTY shall have the right, in the event of any breach of any of the terms and conditions of the 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.

13) TERM. The non-discrimination covenants, conditions and restrictions contained in 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.

14) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY shall give BORROWER notice of such default pursuant to the Notice section above. Any monetary default shall be cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein, if a non-monetary default is reasonably capable of being cured within thirty (30) days of delivery of such notice of default, BORROWER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured within thirty (30) days of delivery of such notice of default, and BORROWER (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 BORROWER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the COUNTY; but in no event no later than sixty (60) days from delivery of such notice of default. COUNTY, upon providing BORROWER with any notice of default under this Covenant, shall, within a reasonable time, provide a copy of such default notice to a Permitted Lender (as defined in Section 19 below) or limited partner, if any, who has given written notice to COUNTY of its

1 interest in the Property and Project. From and after such notice has been delivered to a
2 Permitted Lender and the Owner's limited partner, if any, such Permitted Lender or limited
3 partner shall have the same period for remedying the default complained of as the cure period
4 provided to BORROWER pursuant to this Section 14. COUNTY shall accept performance
5 by a Permitted Lender or limited partner as if the same had been done by BORROWER.

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

15 15) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

16 BORROWER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose
17 of the Project, the Property or any portion thereof, without obtaining the prior written consent
18 of COUNTY, which such consent may be granted or withheld in its discretion. Upon
19 application for and such, sale transfer or assignment, BORROWER shall demonstrate that the
20 proposed transferee is reasonably capable of performing and complying with BORROWER's
21 duties and obligations under the PLHA Loan Documents, including this Covenant. Any sale,
22 assignment, or transfer of the Project or Property shall be memorialized in an assignment and
23 assumption agreement, the form and substance of which shall have been first approved in
24 writing by the COUNTY, in its discretion. Such assignment and assumption agreement shall,
25 among other things, provide that the transferee has assumed in writing and in full,
26 BORROWER's duties and obligations under the PLHA Loan Documents, including this
27

1 Covenant, provided, however BORROWER shall not be released of its obligations under the
2 PLHA Loan Documents, including this Covenant.

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

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

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

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

23 20) COVENANT RUNS WITH PROPERTY. In accordance with California Civil
24 Code Section 1461 et seq., all conditions, covenants and restrictions contained in this
25 Covenant shall be covenants running with the land. The Housing Authority of the County of
26 Riverside ("Housing Authority") and COUNTY shall be deemed the beneficiaries of the
27 covenants, conditions and restrictions of this Covenant both for and in their own rights and
for the purposes of protecting the interests of the community. The covenants, conditions, and

1 restrictions shall run in favor of the Housing Authority and COUNTY, without regard to
2 whether the Housing Authority or COUNTY has been, remains, or is an owner of any land or
3 interest therein in the Property.

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

9 22) MANAGEMENT. BORROWER shall be responsible for the operation of the
10 Project either by direct management or by contracting its managerial functions to a third
11 party property manager reasonably acceptable to COUNTY ("Property Manager"). The
12 Property Manager will be charged with managing the Project on behalf of the BORROWER.
13 COUNTY shall have the right to review and approve, which approval shall not be
14 unreasonably withheld, conditioned or delayed, any such entity and agreement therefor prior
15 to its selection by the BORROWER. BORROWER shall include in any such property
16 management agreement a provision providing for the termination of the agreement in the
17 event that the Property Manager violates any federal, state or local health and safety laws and
18 regulations which are not cured within thirty (30) days following the giving of notice of such
19 violations by COUNTY or any other governmental entity; provided, however, that in the case
20 of a violation that cannot be cured within such thirty (30) day period, that such cure shall be
21 commenced within thirty (30) days of notification and shall be diligently prosecuted to
22 completion not later than sixty (60) days after notification. BORROWER, its successors and
23 assigns, upon notice from COUNTY, shall indemnify, hold harmless and pay any costs and
24 fees (including administrative and attorneys' fees) incurred by COUNTY or the Indemnitees
25 in connection with responding to or defending any discrimination claim brought by any third
26 party and/or local, state or federal government entity, arising out of or in connection with the
27 Project and/or this Agreement.

1 23) COMPLIANCE WITH APPLICABLE LAWS. BORROWER shall carry out
2 the design, construction and operation of the Project in conformity with all applicable
3 federal, state and local laws, ordinances, statutes, codes, rules, resolutions, regulations, policy
4 statements, orders, and decrees including without limitation, all applicable labor and
5 employment laws and standards, laws regarding hazardous substances, laws regarding the
6 acceptance or rejection of tenants and/or the termination of any tenancy, zoning and
7 development standards, building, plumbing, mechanical and electrical codes, and all other
8 provisions of the Code of Ordinances of Riverside County, and all applicable disabled and
9 handicapped access requirements, including without limitation the Americans With
10 Disabilities Act, 42 U.S.C. § 12101, et seq., as currently exists or as may be amended from
11 time to time, Government Code § 4450, et seq., as currently exists or as may be amended
12 from time to time, Government Code § 11135, et seq., as currently exists or as may be
13 amended from time to time, and the California Building Standards Code, Health and Safety
Code § 18900, et seq. as currently exists or as may be amended from time to time.

14 24) PROJECT MONITORING AND EVALUATION.

15 a) Tenant Checklist. BORROWER shall submit a “Tenant Checklist Form”
16 to COUNTY, in such form as may be required by COUNTY, and may from time to time
17 be revised by COUNTY, summarizing the racial/ethnic composition, number and
18 percentage of Very Low and Low Income Households who are tenants of the Affordable
19 Units. The Tenant Checklist Form shall be submitted upon completion of the
20 construction and thereafter, on a semi-annual basis on or before March 31 and
21 September 30. BORROWER shall maintain financial, programmatic, statistical and
22 other supporting records of its operations and financial activities in accordance with the
23 requirements of the COUNTY and the PLHA Program, and shall provide such records to
24 COUNTY at least annually. Except as otherwise provided for in this Covenant and in
25 the PLHA Loan Agreement, BORROWER shall maintain and submit records to
26 COUNTY within ten (10) business days of COUNTY’s request which clearly
27 documents BORROWER’s performance under each requirement of the PLHA Program.

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b) Inspections. During the period of affordability, COUNTY may perform on-site inspections of the rental housing included in the Project to determine compliance with applicable State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the participating jurisdiction and to verify the information submitted by the BORROWER.

c) Written Selection Policies. BORROWER shall adopt written selection policies and criteria that are approved in writing by COUNTY prior to entering into any lease for an Affordable Unit in the Project, which selection policies shall be subject to all applicable laws, including, if applicable, Section 42 of the Internal Revenue Code:

1) Are consistent with the purpose of providing housing for Very Low Income Households and Low Income Households.

2) Are reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease.

3) Provide for:

(A) The selection of tenants from a written waiting list in the chronological order of their satisfaction of all eligibility requirements, insofar as is practicable; and

(B) The prompt written notification to any rejected applicant of the grounds for any rejection;

4) To the extent permitted by law, provide first priority in the selection of otherwise eligible tenants to persons displaced by COUNTY (if any); and

5) Carry out the affirmative marketing procedures of COUNTY, to provide information and otherwise attract eligible persons from all racial, ethnic and gender groups in the housing market area. BORROWER and COUNTY shall cooperate to effectuate this provision during the BORROWER's initial lease-up of the Affordable Units and as vacancies occur.

1 d) Income Requirements and Certification. Prior to leasing an Affordable
2 Unit and annually thereafter, BORROWER, at its sole expense, shall or shall cause the
3 Property Manager, if any, engaged to manage the Project to certify the eligibility of each
4 tenant applicant as a Very Low Income Household or Low Income Household in
5 accordance with the PLHA Program. The BORROWER shall complete such
6 certification on forms as may be reasonably required by COUNTY (which may include
7 provision to COUNTY of any reporting forms required by California Tax Credit
8 Allocation Committee (CTCAC)). Gross income calculations for prospective (and
9 continuing) tenants shall be determined in accordance with the PLHA Program and
10 applicable California law. BORROWER shall cause the Property Manager to submit
11 such income certification, verification and such additional information as may
12 reasonably be required by COUNTY, HCD or, if applicable, CTCAC. Such supporting
13 documentation shall include, for each member of the household eighteen (18) years old
14 or older, copies of documentation and verification procedures as required by California
15 law or Section IV of CTCAC's Compliance Online Reference Manual, as may be
16 amended from time to time by CTCAC and currently located at -
17 <https://www.treasurer.ca.gov/ctcac/compliance/manual/manual.pdf>. BORROWER and
18 COUNTY agree and acknowledge that COUNTY may require such additional
19 information, if any, required to comply with the PLHA Program and/or applicable
20 California law regarding affordable housing.

21 e) Submission of Audited Financial Statements. BORROWER shall
22 prepare and obtain an audited annual financial statement for the Project for each
23 calendar year (the "Annual Audited Financial Statements") ending after completion of
24 the development of the Project. By no later than the April 1st following the year in
25 which final certificate of occupancy for the Project is issued, BORROWER shall submit
26 such Annual Audited Financial Statements to COUNTY for the immediately preceding
27 calendar year. Thereafter, by no later than each April 1st, BORROWER shall submit
Annual Audited Financial Statements to COUNTY for the immediately preceding year.

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f) Monitoring Fee. BORROWER covenants and agrees to pay a Monitoring Fee on an annual basis in compliance herewith, and to prepare and submit all reports required by this Covenant or any other PLHA Loan Document no later than April 1 of each year during the Affordability Period, commencing on the first April 1 following the completion of construction of the Project. For purposes hereof, "Monitoring Fee" means an annual fee in the amount of One Hundred Dollars (\$100) per Unit (increased annually by an amount equal to the increase of the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County, CA area) constructed in the Project, payable on April 1 of each year during the Affordability Period commencing on the first April 1 after the construction of the Project is complete.

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

26) 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.

27) RECITALS. The Recitals set forth above are true and correct and incorporated herein by this reference.

28) ENTIRE UNDERSTANDING. This Covenant and the PLHA Loan Documents 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 PLHA Loan Documents, including all amendments and modifications thereto.

[remainder of page intentionally blank]

(SIGNATURES ON THE NEXT PAGE)

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

COUNTY:

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

BORROWER:

Riverside Housing Development
Corporation, a California nonprofit public benefit
corporation

By: Exhibit – Do Not Sign
Heidi Marshall, Director
Department of Housing and
Workforce Solutions

By: Exhibit – Do Not Sign
Bruce Kulpa, President & CEO

Date: _____

Date: _____

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: Exhibit – Do Not Sign

APPROVED AS TO FORM:
GREGORY P. PRIAMOS, County Counsel
Clerk of the Board

By: Exhibit – Do Not Sign
Amrit Dhillon, Deputy County Counsel

(Signatures need to be notarized)

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014

Exhibit I

REQUEST FOR NOTICE OF DEFAULT

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn: Mervyn Manalo

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 _____, 20__ and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by _____, a California _____, as Trustor in which _____ is named as Beneficiary, and _____ is named as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

[INSERT LEGAL DESCRIPTION]

Assessor's Parcel No.: _____
_____, _____, CA _____

All notices to be mailed to:

Attn: _____
County of Riverside
Housing Division
3403 Tenth Street, Suite #300
Riverside, California 92501

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.

COUNTY OF RIVERSIDE

By: _____
Juan Garcia, Deputy Director

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

Exhibit J

ENVIRONMENTAL INDEMNITY

[attached]

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated as of January 25, 2022, is made by RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation (referred to as "Indemnitor"), whose address for purposes of giving notices is 4250 Brockton Avenue, Riverside, CA 92501, in favor of the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY" or "County"), whose address for purposes of giving notices is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

WITNESSETH

WHEREAS, Indemnitor is the owner of the real property located at 15427 Sheila Street, Moreno Valley, County of Riverside, California, as more particularly described on Exhibit A attached hereto and made a part hereof, and the real property improvements thereon or to be constructed thereon (collectively referred to as the "Property");

WHEREAS, Indemnitor and COUNTY have entered into that certain Loan Agreement for the Use of PLHA Program Funds (15427 Sheila Street, Moreno Valley, CA), dated as of January 25, 2022 (the "Loan Agreement"), pursuant to which COUNTY agreed to loan to Indemnitor, or its assignee, Eight Hundred Thirteen Thousand Dollars (\$813,000) in PLHA Program funds (the "PLHA Loan") for the purpose of rehabilitating a four (4) unit multifamily rental affordable housing development and related improvements and amenities on the Property; and

WHEREAS, Indemnitor has agreed to execute and deliver to COUNTY this Indemnity to induce COUNTY to enter into the Loan Agreement and provide the PLHA Loan to Indemnitor.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Indemnitor hereby agrees with COUNTY as follows:

Section 1. DEFINITIONS

For the purpose of this Indemnity, "Hazardous Materials" or "Hazardous Substances" shall include, but not be limited to, any substance or material (whether a raw material, building component or waste, a product or by-product of manufacturing or other activities, or any other substance or material) which is or becomes designated, classified or regulated as being "hazardous" or "toxic", or is or becomes otherwise similarly designated, classified or regulated, under any Federal, state or local law, regulation or ordinance, including without limitation (i) any substance defined as a "hazardous substance" or a "hazardous waste" for purposes of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 *et seq.*, or the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.*, respectively, (ii) any substance defined as a "hazardous waste" or a "hazardous substance" for purposes of applicable state or local law and (iii) petroleum, flammable explosives, urea formaldehyde insulation, asbestos and radioactive materials, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, *et seq.*; and those substances defined as "hazardous waste" in Section 25117 of

the California Health and Safety Code, as “infectious waste” in Section 25117.5 of the California Health and Safety Code, or as “hazardous substances” in Section 25316 of the California Health and Safety Code or “hazardous materials” as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. “Hazardous Materials” and “Hazardous Substances” shall expressly exclude substances typically used in the construction, development, operation and maintenance of an apartment complex provided such substances are used in accordance with all applicable laws.

For the purpose of this Indemnity, “PLHA Loan Documents” shall refer to the Loan Agreement, any agreement entered into in the form of an Attachment thereto or in connection therewith, and any extensions, modifications or amendments thereto.

Section 2. COVENANTS AND INDEMNITY

The following covenants and indemnities are hereby given and made by Indemnitor:

2.1 Covenants.

(a) Indemnitor covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Indemnitor covenants that the Property will not, while Indemnitor is the owner thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for de minimis quantities used at the Property in compliance with all applicable environmental laws and required in connection with the development of the Property in conformance with the PLHA Loan Documents.

(c) Indemnitor further agrees that Indemnitor shall not release or dispose of any Hazardous Materials at the Property without the express written approval of COUNTY and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by COUNTY.

(d) COUNTY shall have the right, at any time, to conduct an environmental audit of the Property at COUNTY’s expense, unless Hazardous Materials are found in violation of this Indemnity, then at Indemnitor’s sole cost and expense, and Indemnitor shall cooperate in the conduct of any such environmental audit but in no event shall such audit be conducted unless COUNTY believes that such audit is warranted. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Indemnitor and only in the presence of a representative of Indemnitor. Indemnitor shall give COUNTY and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Indemnitor shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Property, Indemnitor shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state regulations, at Indemnitor's sole cost and expense. If Indemnitor shall fail to so do within the cure period permitted under applicable law, regulation, or order, COUNTY may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Indemnitor under this Section 2.

(f) Indemnitor shall immediately advise COUNTY in writing of any of the following: (i) any pending or threatened environmental claim against Indemnitor or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Indemnitor with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Indemnitor.

2.2 Indemnity. Indemnitor shall indemnify, protect, and hold COUNTY and its directors, officers, employees, and agents (the "Indemnified Parties") harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "Obligations") which may at any time be imposed upon, incurred by or asserted or awarded against COUNTY and arising in connection with, from or out of:

- (a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Property, which were stored, discharged, released or emitted on the Property;
- (b) The breach of any covenant made by Indemnitor in Section 2.1 hereof; or
- (c) The enforcement by COUNTY of any of the provisions of this Section 2.2 or the assertion by Indemnitor of any defense to its obligations hereunder.

Notwithstanding the foregoing, Indemnitor's liability under this Section 2.2 shall not extend to any Hazardous Substance present or released in, on, or around any part of the Property, or in the soil, groundwater, or soil vapor or under the Property that first arise, commence or occur after the actual dispossession of the Property from Indemnitor and all entities which control, are controlled by, or are under common control with Indemnitor, following foreclosure or acquisition of the Property by a deed in lieu of foreclosure.

Section 3. INDEMNITOR'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Indemnitor hereby agrees that the Obligations will be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting the PLHA Loan Documents or affecting any of the rights of COUNTY with respect thereto. The obligations of Indemnitor hereunder shall be absolute and unconditional irrespective of:

- (a) The validity, regularity, or enforceability of the Loan Agreement or any other instrument or document executed or delivered in connection therewith;
- (b) Any alteration, amendment, modification, release, termination, or cancellation of the PLHA Loan Documents, or any change in the time, manner, or place of payment or performance of, or in any other term in respect of, all or any of the obligations of Indemnitor contained in any of the PLHA Loan Documents;
- (c) Any exculpatory provision in any of the PLHA Loan Documents or any document delivered in connection therewith limiting COUNTY's recourse to property encumbered by the deed of trust securing Indemnitor's obligations under the PLHA Loan Documents, or to any other security, or limiting COUNTY's rights to a deficiency judgment against Indemnitor;
- (d) The insolvency or bankruptcy of Indemnitor; or
- (e) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Indemnitor with respect to any or all of the Obligations.

3.2 Continuation. The Indemnity provided under § 2.2 (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the release or other extinguishment of the deed of trust securing Indemnitor's obligations under the PLHA Loan Documents); and (b) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the COUNTY upon the insolvency, bankruptcy, or reorganization of Indemnitor, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Indemnitor's obligations under the PLHA Loan Documents, this Indemnity shall not terminate if any of the following shall have occurred:

- (a) COUNTY has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

Section 4. WAIVER

Indemnitor hereby waives the following:

- (a) Promptness and diligence;
- (b) Notice of acceptance and notice of the incurrence of any obligation by Indemnitor;
- (c) Notice of any action taken by COUNTY, or any other interested party under the Loan Agreement or under any other agreement or instrument relating thereto;
- (d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Indemnitor of its Obligations hereunder;
- (e) Any requirement that COUNTY protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto,
- (f) Any requirement that COUNTY exhaust any right or take any action against Borrower or any other person or collateral;
- (g) Any defense that may arise by reason of:
 - (1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;
 - (2) The failure of COUNTY to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or
 - (3) Any defense based upon an election of remedies by COUNTY, including, without limitation, an election to proceed by non-judicial foreclosure or which destroys or otherwise impairs the subrogation rights of COUNTY or any other right of COUNTY to proceed against Indemnitor.

Section 5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first class registered mail, return

receipt requested to the address set forth above, of the party to whom such notice is to be given (or to such other address as the Parties hereto, shall designate in writing):

In the case of COUNTY:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn: Mervyn Manalo

In the case of Indemnitor:

Riverside Housing Development Corp.
4250 Brockton Avenue
Riverside, CA 92501
Attn: Bruce Kulpa

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

Section 6. MISCELLANEOUS

6.1 Indemnitor shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to COUNTY at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Indemnitor and COUNTY, and no waiver of any provision of this Indemnity, and no consent to any departure by Indemnitor from any provision of this Indemnity, shall be effective unless it is in writing and signed by COUNTY, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of COUNTY to exercise, and no delay in exercising, any right hereunder or under the PLHA Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of COUNTY provided herein and in the other loan documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or

unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (a) be binding upon Indemnitor, and Indemnitor's successors and assigns; and (b) inure, together with all rights and remedies of COUNTY hereunder, to the benefit of COUNTY, its respective directors, officers, employees, and agents, any successors to COUNTY's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of COUNTY's rights and remedies under the PLHA Loan Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, COUNTY may, subject to, and in accordance with, the provisions of the PLHA Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under the PLHA Loan Documents, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to COUNTY herein or otherwise. None of the rights or obligations of Indemnitor hereunder may be assigned or otherwise transferred without the prior written consent of COUNTY, except as provided in the PLHA Loan Documents.

6.6 Indemnitor hereby (a) irrevocably submits to the jurisdiction of the Superior Court of Riverside County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum non conveniens or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Indemnitor irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Indemnitor agrees that a final judgment in any such action or proceeding shall be inclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

[Signatures on the Following Page]

IN WITNESS WHEREOF, Indemnitor has duly executed this Indemnity as of the date first set forth above.

INDEMNITOR:

Riverside Housing Development
Corporation, a California nonprofit public
benefit corporation

By: *Exhibit – Do Not Sign*

Name: Bruce Kulpa

Title: President & CEO

Exhibit A
LEGAL DESCRIPTION

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

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014

EXEMPT RECORDING FEE
Government Code Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn. Mervyn Manalo

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF RENTS ("Deed of Trust") is made this 25th day of January, 2022 by RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation, (hereinafter referred to as "Trustor"), whose address is 4250 Brockton Avenue, Riverside, CA 92501. The trustee is LAWYERS TITLE COMPANY ("Trustee"). The beneficiary is the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

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 located at 15427 Sheila Street, in the City of Moreno Valley, 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 Real 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 Real Property or any other part of the Trust Estate, including (to the extent applicable to the Real 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 Real Property, (vii) license agreements, service and maintenance agreements, purchase and sale agreements and purchase options, together with advance payments, security deposits and other amounts paid to or deposited with Trustor under any such agreements, (viii) reserves, deposits, bonds, deferred payments, refunds, rebates, discounts, cost savings, escrow proceeds, sale proceeds and other rights to the payment of money, trade names, trademarks, goodwill and all other types of intangible personal property of any kind or nature, and (ix) all supplements, modifications, amendments, renewals, extensions, proceeds, replacements and substitutions of or to any of such property (the "Intangibles").

Trustor further grants to Trustee and Beneficiary, pursuant to the UCC, a security interest in all present and future right, title and interest of Trustor in and to all Goods and Intangibles and all of the Trust Estates described above in which a security interest may be created under the UCC (collectively, the "Personal Property"). This Deed of Trust constitutes a security agreement under the UCC, conveying a security interest in the Personal Property to Trustee and Beneficiary. Trustee and Beneficiary shall have, in addition to all rights and remedies provided

herein, all the rights and remedies of a “secured party” under the UCC and other applicable California law. Trustor covenants and agrees that this Deed of Trust constitutes a fixture filing under Section 9334 and 9502(b) of the UCC.

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

- (i) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note Secured by Deed of Trust (PLHA Loan Funds) in favor of the Beneficiary (“County” therein) executed by Trustor (“Borrower” therein) of even date herewith (the “Note”) in the principal amount of \$813,000;
 - (b) that certain Loan Agreement for the Use of PLHA Program Funds dated January 25, 2022 and recorded in the Official Records of the County of Riverside (“Official Records”) concurrently herewith, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (the “PLHA Loan Agreement”); and
 - (c) that certain Covenant Agreement (PLHA Loan Funds) dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (“Covenant Agreement”).
- (ii) payment of indebtedness of the Trustor to the Beneficiary in the original principal amount of Eight Hundred Thirteen Thousand Dollars (\$813,000) (the “PLHA Loan”), together with any interest or other amounts due according to the terms of the Note and/or the PLHA Loan Agreement.

Said Note, PLHA Loan Agreement and Covenant Agreement (collectively, referred to as the “Secured Obligations”) and all of their terms are incorporated herein by reference and this Deed of Trust 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, PLHA Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, PLHA 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 PLHA Loan Agreement.

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

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

1. 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 PLHA 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 PLHA Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of this Deed of Trust. Upon default of any obligation under 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 PLHA Loan Agreement and Covenant Agreement.

4a. That upon default hereunder or under any of the Secured Obligations and after giving notice and opportunity to cure, Beneficiary shall be entitled to the appointment of receiver by any court having jurisdiction, without notice, to take possession and protect the Trust Estate described herein and operate the Real Property and collect the rents, profits and income therefrom.

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

6. **Taxes and Insurance.** Trustor shall pay before delinquency all taxes and assessments affecting said Real 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 **Section 5** shall be applied: first, to interest due; second, to principal due; and last, to any late charges due under the Note.

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

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) bonds 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. **Subordinate Priority Position.** This Deed of Trust shall be recorded in a subordinate priority position junior in priority to the Covenant Agreement and the Deed of Trust executed by Borrower for the benefit of a commercial bank approved by Beneficiary ("Senior Lender" or "Senior Lien Holder") securing a construction loan in a principal amount up to \$279,000 ("Senior Loan").

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 PLHA 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 PLHA Loan Agreement. Trustor shall promptly give to Beneficiary certificates of

insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

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

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

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

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Real Property, allow the Real Property to deteriorate, or commit waste on the Real 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 Real 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 Real 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 the Real 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.

The Trustor acknowledges that the Real 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 activities that comply with the PLHA Program (as defined in the PLHA Loan Agreement). 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 applicable 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.

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 Real 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 Real 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 Real Property in which the fair market value of the Real 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 Real Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Real Property in which the fair market value of the Real 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 Real 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 Real 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 any party requested by Trustor in writing, including any the investment limited

partner at the address set forth in the PLHA 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 and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect. 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 PLHA Loan Agreement, if all or any part of the Real 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 Real Property for activities that comply with the PLHA Loan Agreement) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by applicable 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 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. Reserved.

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 Real Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

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

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

26. **Hazardous Substances.** Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Real Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Real 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 Real 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 Real 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, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder has not cured the default within that same period, subject to any non-recourse provisions then in effect, 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. **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.

32. **Severability.** Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid by a competent court of law, the remaining provisions shall nevertheless remain in full force and effect.

[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:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: _____

Bruce Kulpa

Its: President & CEO

Date: _____

(TRUSTOR signature needs to be notarized)

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

STATE OF CALIFORNIA)
) §
County of _____)

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

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

WITNESS my hand and official seal.

Signature of Notary

(Affix seal here)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014

PROMISSORY NOTE SECURED BY DEED OF TRUST

PLHA LOAN FUNDS

\$813,000 (“**Loan Amount**”)

January 25, 2022 (“**Note Date**”)

FOR VALUE RECEIVED, RIVERSIDE HOUSING DEVELOPMENT CORPORATION (“BORROWER”), a California nonprofit public benefit corporation, promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), at 3403 Tenth Street, Suite #300, Riverside, CA 92501, or order, the sum of Eight Hundred Thirteen Thousand Dollars (\$813,000 USD) (the “PLHA Loan” or “Note Amount”) which at the time of payment is due in funds lawful for the payment of public and private debts.

This Promissory Note Secured by Deed of Trust – PLHA Loan Funds (this “Note”) is given in accordance with that certain Loan Agreement for the Use of PLHA Program Funds executed by COUNTY and BORROWER, dated as of January 25, 2022 and recorded in the Official Records of the County of Riverside (“Official Records”) on or about the date hereof (the “PLHA Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the PLHA Loan Agreement. The Note is secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents executed by BORROWER for the benefit of the COUNTY dated January 25, 2022 and recorded on or about the date hereof in the Official Records (the “PLHA Deed of Trust” of “Deed of Trust”). This Note, the PLHA Loan Agreement, the Deed of Trust, the Covenant (as hereinafter defined) and all agreements entered into in connection with the foregoing, and any amendments or modifications thereto, shall collectively be referred to herein as the “PLHA Loan Documents.”

The rights and obligations of the BORROWER and COUNTY under this Note shall be governed by the PLHA Loan Documents and the following terms:

1. The PLHA Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Permanent Local Housing Allocation (“PLHA”) Program Statutes, Final Guidelines, Notice Of Funding Availability, a Standard Agreement and applicable rules and regulations imposed by the Department of Housing and Community Development (“HCD”) on PLHA funding recipients (collectively, the “PLHA 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 PLHA Program regulations, the PLHA Loan Documents and that certain Covenant Agreement dated on or about the date hereof and recorded on or about the date hereof in the Official Records between BORROWER and COUNTY (“Covenant”).
2. That the PLHA Loan will accrue simple interest at a rate of zero percent (0%) per annum, except in the case of default, as hereinafter provided, and shall be repaid on an annual basis from the Project’s Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.

3. This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be paid to COUNTY annually in accordance with the terms set forth herein. Such payment of fifty percent (50%) of the Project's Residual Receipts to COUNTY shall continue until the PLHA Note is repaid in full.
4. The Project's Residual Receipts shall be determined based on an annual review of audited financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion for the Project. All outstanding principal along with accrued interest shall be due upon the later to occur of (i) July 1, 2079 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "Maturity Date"). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion for the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until the sooner of full repayment of the PLHA Loan or the Maturity Date as set forth above.
5. The Project's Residual Receipts shall be determined based on an annual review of audited 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. The term "Project Residual Receipts" as used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the BORROWER derived from the ownership, operation and management of the Project, not including interest on required reserve accounts, less the following operating expenses:
 - i) auditing and accounting fees;
 - ii) a reasonable property management fee not to exceed \$55 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year;
 - iii) operating expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance);
 - iv) replacement reserves in such amount as approved by COUNTY for the Project, established in a separate account from operating reserves, limited to \$300 per unit per year for all Units in the Project, increased annually by an amount equal to the increase in CPI;

v) Operating Reserves replenishment in such amount as approved by COUNTY for the Project, up to \$12,000 maximum total balance, increased annually by an amount equal to the increase in CPI;

vi) payments of principal and interest on amortized loans and indebtedness senior to the PLHA Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and

vii) COUNTY's Annual Monitoring Fee in the total annual amount of \$100 per Unit in the Project, increased annually by an amount equal to the increase of the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County, CA area.

6. The PLHA Loan evidenced by this Note is secured by that certain PLHA Deed of Trust executed by BORROWER for the benefit of COUNTY, dated on or about the date hereof and recorded in the Official Records.
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. Neither BORROWER nor its shareholders, members or 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 PLHA Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name BORROWER as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against BORROWER; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this **Section 8**, the COUNTY may recover directly from BORROWER or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of BORROWER or any general partner, member, shareholder, officer, director or employee 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 PLHA 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 PLHA Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the PLHA Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

9. The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the PLHA Loan Agreement:

a. Monetary Default. (1) BORROWER's failure to pay when due any sums payable under this Note or any advances made by COUNTY under the PLHA Loan Agreement, (2) BORROWER'S or any agent of BORROWER'S use of PLHA funds for costs other than those costs permitted under the PLHA Loan Agreement or for uses inconsistent with terms and restrictions set forth therein, (3) BORROWER'S or any agent of BORROWER'S failure to make any other payment of any assessment or tax due under the PLHA Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) any Deed of Trust executed by BORROWER in connection with any Senior Debt, and (ii) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by BORROWER or BORROWER'S agent on the basis of characteristics prohibited by the PLHA Loan Documents 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 PLHA Deed of Trust, (3) BORROWER's failure to obtain and maintain the insurance coverage required under the PLHA Loan Agreement, (4) any material default under the PLHA Loan Documents, or any document executed by the COUNTY in connection with the PLHA Program, and/or (5) default past any applicable notice and cure period under the terms of any Deed of Trust executed by BORROWER in connection with any Senior Debt and any other instrument or document secured against the Property;

c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER'S agents of any material obligations on BORROWER imposed by the PLHA Loan Documents; and

d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by BORROWER or BORROWER'S agents of any

material obligations imposed on the Project by any other agreement with respect to the financing, development, or operation of the Project; whether or not COUNTY is a party to such agreement.

10. COUNTY shall give written notice of default to BORROWER, specifying the default complained of by the COUNTY. BORROWER shall have ten (10) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
11. Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
12. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of this 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 PLHA Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
15. This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside

County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

(b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 3403 Tenth Street, Suite #300, Riverside, California 92501, Attention: Assistant Director of Housing. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.

(c) The address of BORROWER for purposes of receiving notices pursuant to this Note is 4250 Brockton Avenue, Riverside, CA 92501, Attention: Bruce Kulpa, President & CEO.

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.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

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

BORROWER:

Riverside Housing Development Corporation,

a California nonprofit public benefit corporation

By: _____

Bruce Kulpa

Its: President & CEO

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated as of January 25, 2022, is made by RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation (referred to as "Indemnitor"), whose address for purposes of giving notices is 4250 Brockton Avenue, Riverside, CA 92501, in favor of the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY" or "County"), whose address for purposes of giving notices is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

WITNESSETH

WHEREAS, Indemnitor is the owner of the real property located at 15427 Sheila Street, Moreno Valley, County of Riverside, California, as more particularly described on Exhibit A attached hereto and made a part hereof, and the real property improvements thereon or to be constructed thereon (collectively referred to as the "Property");

WHEREAS, Indemnitor and COUNTY have entered into that certain Loan Agreement for the Use of PLHA Program Funds (15427 Sheila Street, Moreno Valley, CA), dated as of January 25, 2022 (the "Loan Agreement"), pursuant to which COUNTY agreed to loan to Indemnitor, or its assignee, Eight Hundred Thirteen Thousand Dollars (\$813,000) in PLHA Program funds (the "PLHA Loan") for the purpose of rehabilitating a four (4) unit multifamily rental affordable housing development and related improvements and amenities on the Property; and

WHEREAS, Indemnitor has agreed to execute and deliver to COUNTY this Indemnity to induce COUNTY to enter into the Loan Agreement and provide the PLHA Loan to Indemnitor.

NOW, THEREFORE, in consideration of the foregoing and in consideration of the mutual agreements hereinafter set forth, Indemnitor hereby agrees with COUNTY as follows:

Section 1. DEFINITIONS

For the purpose of this Indemnity, "Hazardous Materials" or "Hazardous Substances" shall include, but not be limited to, any substance or material (whether a raw material, building component or waste, a product or by-product of manufacturing or other activities, or any other substance or material) which is or becomes designated, classified or regulated as being "hazardous" or "toxic", or is or becomes otherwise similarly designated, classified or regulated, under any Federal, state or local law, regulation or ordinance, including without limitation (i) any substance defined as a "hazardous substance" or a "hazardous waste" for purposes of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., or the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., respectively, (ii) any substance defined as a "hazardous waste" or a "hazardous substance" for purposes of applicable state or local law and (iii) petroleum, flammable explosives, urea formaldehyde insulation, asbestos and radioactive materials, substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq.; and those substances defined as "hazardous waste" in Section 25117 of

the California Health and Safety Code, as “infectious waste” in Section 25117.5 of the California Health and Safety Code, or as “hazardous substances” in Section 25316 of the California Health and Safety Code or “hazardous materials” as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. “Hazardous Materials” and “Hazardous Substances” shall expressly exclude substances typically used in the construction, development, operation and maintenance of an apartment complex provided such substances are used in accordance with all applicable laws.

For the purpose of this Indemnity, “PLHA Loan Documents” shall refer to the Loan Agreement, any agreement entered into in the form of an Attachment thereto or in connection therewith, and any extensions, modifications or amendments thereto.

Section 2. COVENANTS AND INDEMNITY

The following covenants and indemnities are hereby given and made by Indemnitor:

2.1 Covenants.

(a) Indemnitor covenants that it shall comply with any and all laws, regulations, and/or orders which may be promulgated, from time to time, with respect to the discharge and/or removal of Hazardous Materials, to pay immediately when due the costs of the removal of, or any other action required by law with respect to, any such Hazardous Materials, and to keep the Property free of any lien imposed pursuant to any such laws, regulations, or orders.

(b) Indemnitor covenants that the Property will not, while Indemnitor is the owner thereof, be used for any activities involving, directly or indirectly, the use, generation, treatment, storage, release, or disposal of any Hazardous Materials, except for de minimis quantities used at the Property in compliance with all applicable environmental laws and required in connection with the development of the Property in conformance with the PLHA Loan Documents.

(c) Indemnitor further agrees that Indemnitor shall not release or dispose of any Hazardous Materials at the Property without the express written approval of COUNTY and that any such release or disposal shall be effected in strict compliance with all applicable laws and all conditions, if any, established by COUNTY.

(d) COUNTY shall have the right, at any time, to conduct an environmental audit of the Property at COUNTY’s expense, unless Hazardous Materials are found in violation of this Indemnity, then at Indemnitor’s sole cost and expense, and Indemnitor shall cooperate in the conduct of any such environmental audit but in no event shall such audit be conducted unless COUNTY believes that such audit is warranted. Other than in an emergency, such audit shall be conducted only after prior notice has been given to Indemnitor and only in the presence of a representative of Indemnitor. Indemnitor shall give COUNTY and its agents and employees access to the Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials.

(e) Indemnitor shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Property, Indemnitor shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state regulations, at Indemnitor's sole cost and expense. If Indemnitor shall fail to so do within the cure period permitted under applicable law, regulation, or order, COUNTY may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Indemnitor under this Section 2.

(f) Indemnitor shall immediately advise COUNTY in writing of any of the following: (i) any pending or threatened environmental claim against Indemnitor or the Property, (ii) any condition or occurrence on the Property that (A) results in noncompliance by Indemnitor with any applicable environmental law, (B) could reasonably be anticipated to cause the Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Property under any environmental law, or (C) could reasonably be anticipated to form the basis of an environmental claim against the Property or Indemnitor.

2.2 Indemnity. Indemnitor shall indemnify, protect, and hold COUNTY and its directors, officers, employees, and agents (the "Indemnified Parties") harmless from and against any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgments, suits, proceedings, costs, disbursements, or expenses (including, without limitation, attorneys' and experts' fees and disbursements) of any kind or of any nature whatsoever (collectively, the "Obligations") which may at any time be imposed upon, incurred by or asserted or awarded against COUNTY and arising in connection with, from or out of:

- (a) The presence of any Hazardous Materials on, in, under, or affecting all or any portion of the Property, which were stored, discharged, released or emitted on the Property;
- (b) The breach of any covenant made by Indemnitor in Section 2.1 hereof; or
- (c) The enforcement by COUNTY of any of the provisions of this Section 2.2 or the assertion by Indemnitor of any defense to its obligations hereunder.

Notwithstanding the foregoing, Indemnitor's liability under this Section 2.2 shall not extend to any Hazardous Substance present or released in, on, or around any part of the Property, or in the soil, groundwater, or soil vapor or under the Property that first arise, commence or occur after the actual dispossession of the Property from Indemnitor and all entities which control, are controlled by, or are under common control with Indemnitor, following foreclosure or acquisition of the Property by a deed in lieu of foreclosure.

Section 3. INDEMNITOR'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Indemnitor hereby agrees that the Obligations will be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting the PLHA Loan Documents or affecting any of the rights of COUNTY with respect thereto. The obligations of Indemnitor hereunder shall be absolute and unconditional irrespective of:

- (a) The validity, regularity, or enforceability of the Loan Agreement or any other instrument or document executed or delivered in connection therewith;
- (b) Any alteration, amendment, modification, release, termination, or cancellation of the PLHA Loan Documents, or any change in the time, manner, or place of payment or performance of, or in any other term in respect of, all or any of the obligations of Indemnitor contained in any of the PLHA Loan Documents;
- (c) Any exculpatory provision in any of the PLHA Loan Documents or any document delivered in connection therewith limiting COUNTY's recourse to property encumbered by the deed of trust securing Indemnitor's obligations under the PLHA Loan Documents, or to any other security, or limiting COUNTY's rights to a deficiency judgment against Indemnitor;
- (d) The insolvency or bankruptcy of Indemnitor; or
- (e) Any other circumstance that might otherwise constitute a defense available to, or a discharge of, Indemnitor with respect to any or all of the Obligations.

3.2 Continuation. The Indemnity provided under § 2.2 (a) is a continuing indemnity and shall remain in full force and effect until the satisfaction in full of all of the Obligations (notwithstanding the release or other extinguishment of the deed of trust securing Indemnitor's obligations under the PLHA Loan Documents); and (b) shall continue to be effective or shall be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the COUNTY upon the insolvency, bankruptcy, or reorganization of Indemnitor, all as though such payment had not been made.

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Indemnitor's obligations under the PLHA Loan Documents, this Indemnity shall not terminate if any of the following shall have occurred:

- (a) COUNTY has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

Section 4. WAIVER

Indemnitor hereby waives the following:

- (a) Promptness and diligence;
- (b) Notice of acceptance and notice of the incurrence of any obligation by Indemnitor;
- (c) Notice of any action taken by COUNTY, or any other interested party under the Loan Agreement or under any other agreement or instrument relating thereto;
- (d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Indemnitor of its Obligations hereunder;
- (e) Any requirement that COUNTY protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto,
- (f) Any requirement that COUNTY exhaust any right or take any action against Borrower or any other person or collateral;
- (g) Any defense that may arise by reason of:
 - (1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;
 - (2) The failure of COUNTY to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or
 - (3) Any defense based upon an election of remedies by COUNTY, including, without limitation, an election to proceed by non-judicial foreclosure or which destroys or otherwise impairs the subrogation rights of COUNTY or any other right of COUNTY to proceed against Indemnitor.

Section 5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first class registered mail, return

receipt requested to the address set forth above, of the party to whom such notice is to be given (or to such other address as the Parties hereto, shall designate in writing):

In the case of COUNTY:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn: Mervyn Manalo

In the case of Indemnitor:

Riverside Housing Development Corp.
4250 Brockton Avenue
Riverside, CA 92501
Attn: Bruce Kulpa

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

Section 6. MISCELLANEOUS

6.1 Indemnitor shall make any payment required to be made hereunder in lawful money of the United States of America, and in same day funds, to COUNTY at its address specified in the first paragraph hereof.

6.2 No amendment of any provision of this Indemnity shall be effective unless it is in writing and signed by Indemnitor and COUNTY, and no waiver of any provision of this Indemnity, and no consent to any departure by Indemnitor from any provision of this Indemnity, shall be effective unless it is in writing and signed by COUNTY, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

6.3 No failure on the part of COUNTY to exercise, and no delay in exercising, any right hereunder or under the PLHA Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of COUNTY provided herein and in the other loan documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by law.

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or

unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (a) be binding upon Indemnitor, and Indemnitor's successors and assigns; and (b) inure, together with all rights and remedies of COUNTY hereunder, to the benefit of COUNTY, its respective directors, officers, employees, and agents, any successors to COUNTY's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of COUNTY's rights and remedies under the PLHA Loan Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, COUNTY may, subject to, and in accordance with, the provisions of the PLHA Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under the PLHA Loan Documents, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to COUNTY herein or otherwise. None of the rights or obligations of Indemnitor hereunder may be assigned or otherwise transferred without the prior written consent of COUNTY, except as provided in the PLHA Loan Documents.

6.6 Indemnitor hereby (a) irrevocably submits to the jurisdiction of the Superior Court of Riverside County in any action or proceeding arising out of or relating to this Indemnity, (b) waives any defense based on doctrines of venue or forum non convenient or similar rules or doctrines, and (c) irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such California or federal court. Indemnitor irrevocably consents to the service of any and all process which may be required or permitted in any such action or proceeding to the address specified in the first paragraph of this Indemnity, above. Indemnitor agrees that a final judgment in any such action or proceeding shall be inclusive and may be enforced in any other jurisdiction by suit on the judgment or in any other manner provided by law.

6.7 The title of this document and the captions used herein are inserted only as a matter of convenience and for reference and shall in no way define, limit, or describe the scope or the intent of this Indemnity or any of the provisions hereof.

6.8 This Indemnity shall be governed by, and construed and interpreted in accordance with, the laws of the State of California applicable to contracts made and to be performed therein, except to the extent that the laws of the United States preempt the laws of the State of California.

6.9 This Indemnity may be executed in any number of counterparts, each of which shall constitute an original and all of which together shall constitute one agreement.

[Signatures on the Following Page]

IN WITNESS WHEREOF, Indemnitor has duly executed this Indemnity as of the date first set forth above.

INDEMNITOR:

Riverside Housing Development
Corporation, a California nonprofit public
benefit corporation

By: _____

Name: Bruce Kulpa

Title: President & CEO

Exhibit A
LEGAL DESCRIPTION

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

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014

1 NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

2 Order No.
Escrow No.
3 Loan No.

4 RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

5 County of Riverside
6 3403 Tenth Street, Suite #300
Riverside, CA 92501
7 Attn. Mervyn Manalo

8 SPACE ABOVE THIS LINE FOR RECORDERS USE

9
10 **PLHA PROGRAM**
11 **COVENANT AGREEMENT**

12 **(15427 Sheila Street, Moreno Valley, CA)**

13 This PLHA Program Covenant Agreement (15427 Sheila Street) (this “Covenant” or
14 “Agreement”) is made and entered into as of the day of January 25, 2022 by and between the
15 COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and
16 RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public
benefit corporation (“BORROWER”).

17 **RECITALS**

18 WHEREAS, BORROWER owns that certain real property including any improvements
19 located thereon, located at 15427 Sheila Street, Moreno Valley, CA, Assessor’s Parcel Numbers
20 486-091-013 and 486-091-014, described in the legal description attached hereto as **Exhibit A**
and incorporated herein by this reference (the “Property”);

21 WHEREAS, COUNTY and BORROWER entered into that certain Loan Agreement for
22 the Use of PLHA Program Funds (15427 Sheila Street) dated January 25, 2022 and recorded in
23 the Official Records of the County of Riverside (“Official Records”) concurrently herewith (the
24 “PLHA Loan Agreement” or “Agreement”) which provides for, among other things, acquisition
25 and rehabilitation on the Property of an existing multi-family apartment complex and related

1 amenities consisting of four (4) 2-bedroom units (each, a “Unit,” collectively, the “Units”). The
2 acquisition of the Property and the rehabilitation of the Units and such other improvements as
3 specified in the PLHA Loan Agreement shall be referred to herein as the “Project.” Capitalized
4 terms not defined herein shall have the meaning ascribed to them in the PLHA Loan Agreement;

5 WHEREAS, the State of California (the “State”), Department of Housing and
6 Community Development (“HCD”) issued a Notice of Funding Availability (“NOFA”), dated
7 February 26, 2020, to provide approximately \$195,000,000 under the Permanent Local Housing
8 Allocation (“PLHA”) Program through its Entitlement and Non-entitlement Local Government
9 Formula Component from the Building Homes and Jobs Trust Fund for assistance to Local
10 Governments pursuant to Health and Safety Code section 50470 et seq. and Senate Bill (SB) 2
(Chapter 364, Statutes of 2017);

11 WHEREAS, to implement the PLHA Program, HCD adopted and issued the HCD 2019
12 PLHA Final Guidelines (“Guidelines” or “PLHA Guidelines”);

13 WHEREAS, the PLHA Program (as hereinafter defined) provides a permanent source of
14 funding to all local governments in the State of California to help implement plans to increase
15 the affordable housing stock;

16 WHEREAS, the County is an eligible local government for the program to administer
17 one or more eligible activities, including on behalf of other local governments that have
18 delegated to the County submission of an application and administration of their respective
19 PLHA formula allocations;

20 WHEREAS, HCD approved a funding allocation to the County for the PLHA Program,
21 subject to the terms and conditions of the PLHA Statutes, Guidelines, NOFA, a Standard
22 Agreement and applicable rules and regulations imposed by HCD on PLHA funding recipients
(collectively, the “PLHA Program”);

23 WHEREAS, pursuant to the PLHA Program, the County and HCD entered into that
24 certain Standard Agreement (20-PLHA-15170) dated October 5, 2020, including Exhibits A, B,
25 C, D and E (collectively, the “PLHA Standard Agreement”), which allocates PLHA funding to
26 the County for use in the City of Moreno Valley (“City”), where the Property is located;

1 WHEREAS, BORROWER is an experienced developer of affordable housing that has
2 among its purposes the provision of decent housing that is affordable to low income persons; and

3 WHEREAS, in consideration of a loan of PLHA funds, BORROWER has agreed to
4 restrict approximately forty nine percent (49%) of the Units in the Project not occupied by a
5 manager or two (2) Units to rental to and occupancy by qualified low- and very low-income
6 households consistent with the PLHA Program requirements and as set forth more specifically
7 below.

8 NOW, THEREFORE, in consideration of the PLHA Loan funds and the mutual
9 covenants and agreements set forth herein and in the PLHA Loan Agreement, and for other good
10 and valuable consideration, the receipt and sufficiency of which are hereby acknowledged,
11 BORROWER, on behalf of itself and its successors, assigns, and each successor in interest to the
12 Property or any part thereof, hereby declares as follows:

13 1) RESTRICTIONS. The recitals set forth above are true and correct and
14 incorporated herein. This Covenant shall continue in full force and effect for the later of (i)
15 fifty-five (55) years from the recordation of the Notice of Completion for the last building for
16 which rehabilitation is completed for the Project on the Property, or (ii) July 1, 2079 (“Term”
17 or “Affordability Period”). For the duration of the Term, the Property shall be held, sold and
18 conveyed, subject to the following covenants, conditions, and restrictions:

19 a) BORROWER hereby covenants and agrees to restrict approximately forty nine
20 percent (49%) of the Units not occupied by a manager or two (2) of the Units
21 rehabilitated on the Property to rental to and occupancy by qualified Low- and
22 Very Low Income Households (collectively, “Affordable Units” or “Restricted
23 Units”) in accordance herewith. The Affordable Units shall consist of two (2) 2-
24 bedroom units (900 square feet each). At least twenty percent (20%) of the
25 Affordable Units or one (1) Affordable Unit (consisting of one 2 - bedroom unit)
26 shall be restricted to occupancy by a Very Low Income Household. The
27 remaining Affordable Unit or one (1) Affordable Unit (consisting of one 2 -

1 bedroom unit) shall be rented to and occupied by a Low Income Household. For
2 purposes hereof:

3 (i) "Household" is one or more persons occupying an Affordable Unit.

4 (ii) "Low Income" has the meaning set forth in HSC Section 50079.5, which
5 is a household whose incomes does not exceed 80% of the area median
6 income, adjusted for actual family size.

7 (iii) "Very Low Income" has the meaning set forth in HSC Section 50105,
8 which is a household whose incomes does not exceed 50% of the area
9 median income, adjusted for actual family size.

10 (iv) "area median income" shall refer to the most recent area median family
11 income published by HCD for Riverside County, available at the
12 following link: <https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

13 b) The Affordable Units shall be rented to and occupied by Very Low and Low
14 Income Households at an Affordable Rent in compliance with the Multifamily
15 Housing Program ("MHP") guidelines Section 7312 and the Section 7301
16 definition of "Affordable Rent." Maximum income and Affordable Rent shall be
17 determined in accordance with subsection d) below. COUNTY shall review and
18 approve proposed rents prior to entry into leases for occupancy of the Affordable
19 Units by BORROWER. BORROWER shall ensure the Affordable Units are
20 rented to qualified applicants at the described rent levels herein during the
21 Affordability Period. The maximum monthly allowances for utilities and services
22 (excluding telephone) shall not exceed the utility allowance as described in c)
23 below.

24 c) Utility Allowance: For Projects not receiving financing from tax credits,
25 BORROWER shall use the most currently available Utility Allowances published
26 by the Housing Authority of the County of Riverside to establish maximum
27 monthly allowances for utilities and services in calculating Affordable Rents.

1 Projects assisted with tax credits shall use the California Utility Allowance
2 Calculator (CUAC) published annually by the Treasurer of the State of California.
3 The CUAC and use instructions can be found at:
4 <https://www.treasurer.ca.gov/ctcac/cuac/index.asp>.

5 d) Income and Affordable Rent limitations for Very Low Income Households and
6 Low Income Households must be calculated in accordance with the Multifamily
7 Housing Program (MHP) as required by the PLHA Program. BORROWER shall
8 utilize the most recently available “MHP Income and Rent Calculator” published
9 by HCD, available on the following web page: [https://www.hcd.ca.gov/grants-](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml)
10 [funding/income-limits/state-and-federal-income-limits.shtml](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml)

11 e) PLHA Loan Documents. This Covenant Agreement, the PLHA Loan Agreement,
12 PLHA Note, PLHA Deed of Trust, the Environmental Indemnity and any other
13 agreement entered into by COUNTY and BORROWER in connection with the
14 Project shall collectively be referred to herein as the “PLHA Loan Documents.”
15 BORROWER shall comply with the terms and conditions of the PLHA Loan
16 Documents, any other agreements evidencing financing for the Project, and any
17 instrument secured against the Property. BORROWER shall strictly comply with
18 all requirements of the PLHA Program.

19 2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in
20 the PLHA Loan Agreement, including any of its attachments, if required by financing for the
21 Project, this Covenant may be recorded in a second priority lien position junior to the deed of
22 trust securing any bank loan and senior to the PLHA Loan Agreement.

23 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of
24 this Covenant, BORROWER, for itself and on behalf of its successors and assigns, shall
25 insure that the Project is constructed in accordance with and operated in compliance with the
26 PLHA Program and all applicable federal, state and local laws, regulations and ordinances,
27 including, but not limited to the following: all laws, ordinances, statutes, codes, rules,
 resolutions, regulations, policy statements, orders, and decrees (including, without limitation,

1 those relating to land use, subdivision, zoning, environmental, labor relations, prevailing
2 wage, and building and fire codes) of the United States, the State of California, the County or
3 any other political subdivision in which the Property is located or which exercises
4 jurisdiction over the BORROWER or the construction, maintenance, management, use, or
5 operation of the Project.

6 4) TENANT PROTECTIONS. BORROWER shall provide protection to the
7 tenants of the Affordable Units as follows:

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

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

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

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

27 (3) *Excusing BORROWER from responsibility*. Agreement by the
tenant not to hold BORROWER or BORROWER's agents legally

1 responsible for any action or failure to act, whether intentional or
2 negligent.

3 (4) *Waiver of notice.* Agreement of the tenant that BORROWER may
4 institute a lawsuit without notice to the tenant.

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

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

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

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

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

21 c) Violence Against Women Reauthorization Act of 2013. (Pub. L.
22 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the
23 Violence Against Women Act of 1994, as previously amended, (title IV, sec. 40001-
24 40703 of Pub. L. 103-322, 42 U.S.C. 13925 et seq.) VAWA 2013, among other
25 things, bars eviction and termination due to a tenant's status as a victim of domestic
26 violence, dating violence, or stalking, and requires landlords to maintain survivor-

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

5) USE OF PROPERTY; CONSTRUCTION OF IMPROVEMENTS. During the
Affordability Period, BORROWER covenants and agrees to use the Property solely for the

1 construction and operation of the Project in accordance with the PLHA Loan Documents, and
2 to rehabilitate the Units located in the Project in a timely manner and in accordance with the
3 Schedule of Performance attached to the PLHA Loan Agreement. The proceeds of the
4 PLHA Loan shall be used solely for construction of the Units, and not in connection with any
5 non-residential facilities, services or activities.

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

1 such successors or assigns responsible for the cost thereof, and such cost, until paid, shall
2 constitute a lien on the Property.

3 7) STRUCTURAL MODIFICATIONS. In order to protect and maintain the
4 architectural and structural integrity of the Project, no structural modification will be made to
5 the Project without a validly issued building permit in accordance with the requirements of
6 the County of Riverside Ordinances. Any application for a building permit pursuant to this
7 section and in connection with a proposed exterior modification to the Project shall be
8 accompanied by elevations and plans depicting the proposed modifications.

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

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

1 establish or permit any such practice or practices of discrimination or segregation with reference
2 to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants,
3 or vendees of the Property.

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

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

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

1 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy,
2 tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself,
3 or any person claiming under or through him or her, establish or permit any such practice
4 or practices of discrimination or segregation with reference to the selection, location,
5 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the
6 premises herein leased.”

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

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

21 9) INSURANCE. Without limiting or diminishing the BORROWER’S obligation
22 to indemnify or hold the COUNTY harmless, BORROWER shall procure and maintain or
23 cause to be maintained by Borrower or its general contractor for the Project (“General
24 Contractor”), at its sole cost and expense, the following insurance coverage’s during the term
25 of this Agreement. As respects to the insurance section only, the COUNTY herein refers to
26 the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their
27 respective directors, officers, Board of Supervisors, employees, elected or appointed
officials, agents or representatives as Additional Insureds.

1 a) Builder's All Risk (Course of Construction) Insurance. BORROWER
2 shall cause General Contractor to provide a policy of Builder's All Risk (Course of
3 Construction) insurance coverage including (if the work is located in an earthquake or
4 flood zone or if required on financed or bond financing arrangements) coverage for
5 earthquake and flood, covering the COUNTY, BORROWER, General Contractor and
6 every subcontractor, of every tier, for the entire Project, including property to be used in
7 the construction of the work while such property is at off-site storage locations or while
8 in transit or temporary off-site storage. Such policy shall include, but not be limited to,
9 coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire
10 department service charges, valuable papers and records, trees, grass, shrubbery and
11 plants. If scaffolding, false work and temporary buildings are insured separately by the
12 General Contractor or others, evidence of such separate coverage shall be provided to
13 County prior to the start of the work. Such policy shall be written on an all risk basis and
14 a completed value form. Such policy shall cover the full insurable value. Such policy
15 shall also provide coverage for temporary structures (on-site offices, etc.), fixtures,
16 machinery and equipment being installed as part of the work. BORROWER shall require
17 that General Contractor shall be responsible for any and all deductibles under such
18 policy. Upon request by COUNTY, BORROWER, on behalf of General Contractor,
19 shall declare all terms, conditions, coverages and limits of such policy. Such policy shall
20 name the COUNTY as a loss payee as their interest may appear. If the County so
21 provides, in its sole discretion, the All Risk (Course of Construction) insurance for the
22 Project, then BORROWER shall cause General Contractor to assume the cost of any and
23 all applicable policy deductibles (currently, \$50,000 per occurrence) and shall insure its
24 own machinery, equipment, tools, etc. from any loss of any nature whatsoever.

25 b) Worker's Compensation Insurance. If the BORROWER or General
26 Contractor have employees as defined by the State of California, the BORROWER or
27 General Contractor, as applicable, shall maintain statutory Workers' Compensation
Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall

1 include Employers' Liability (Coverage B) including Occupational Disease with limits
2 not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive
3 subrogation in favor of The County of Riverside. Policy shall name the COUNTY as
4 Additional Insureds.

5 c) Commercial General Liability Insurance. BORROWER shall maintain
6 Commercial General Liability insurance coverage, including but not limited to, premises
7 liability, unmodified contractual liability, products and completed operations liability,
8 personal and advertising injury, and cross liability coverage, covering claims which may
9 arise from or out of BORROWER'S performance of its obligations hereunder. Policy
10 shall name the COUNTY as Additional Insured. Policy's limit of liability shall not be
11 less than \$2,000,000 per occurrence combined single limit. If such insurance contains a
12 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 as Additional Insureds.

13 d) Vehicle Liability Insurance. If vehicles or mobile equipment are used in
14 the performance of the obligations under this Agreement, then BORROWER shall
15 maintain liability insurance for all owned, non-owned or hired vehicles so used in an
16 amount not less than \$1,000,000 per occurrence combined single limit. If such insurance
17 contains a general aggregate limit, it shall apply separately to this agreement or be no less
18 than two (2) times the occurrence limit. Policy shall name the COUNTY as Additional
Insureds.

19 e) General Insurance Provisions -- All Lines.

20 1) Any insurance carrier providing insurance coverage hereunder shall
21 be admitted to the State of California and have an A M BEST rating of not less than A:
22 VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager.
23 If the 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.

24 2) The BORROWER, or Borrower on behalf of General Contractor,
25 must declare its insurance self-insured retention for each coverage required herein. If any
26

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

9 3) BORROWER shall cause BORROWER'S and General Contractor's
10 insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed
11 original Certificate(s) of Insurance and certified original copies of Endorsements
12 effecting coverage as required herein, and 2) if requested to do so orally or in writing by
13 the County Risk Manager, provide original Certified copies of policies including all
14 Endorsements and all attachments thereto, showing such insurance is in full force and
15 effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of
16 the insurance carrier(s) that a minimum of thirty (30) days written notice shall be given to
17 the County of Riverside prior to any material modification, cancellation, expiration or
18 reduction in coverage of such insurance. If BORROWER or General Contractor's
19 insurance carrier(s) policies do not meet the minimum notice requirement found herein,
20 BORROWER shall cause BORROWER'S or General Contractor's insurance carrier(s) to
21 furnish a 30 day Notice of Cancellation Endorsement.

22 4) In the event of a material modification, cancellation, expiration, or
23 reduction in coverage, this Agreement shall terminate forthwith, unless the County of
24 Riverside receives, prior to such effective date, another properly executed original
25 Certificate of Insurance and original copies of endorsements or certified original policies,
26 including all endorsements and attachments thereto evidencing coverage's set forth
27 herein and the insurance required herein is in full force and effect. Neither BORROWER
nor General Contractor shall commence operations until the COUNTY has been

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

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

10 6) If, during the term of this Agreement or any extension thereof, there
11 is a material change in the scope of services; or, there is a material change in the
12 equipment to be used in the performance of the scope of work; or, the term of this
13 Agreement, including any extensions thereof, exceeds five (5) years; the COUNTY
14 reserves the right to adjust the types of insurance and the monetary limits of liability
15 required under this Agreement, if in the County Risk Management's reasonable judgment,
16 the amount or type of insurance carried by the BORROWER has become inadequate.

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

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

21 9) BORROWER agrees to notify COUNTY on behalf of itself and
22 General Contractor of any claim by a third party or any incident or event that may give
23 rise to a claim arising from the performance of this Agreement.

24 10) HOLD HARMLESS/INDEMNIFICATION. BORROWER shall indemnify and
25 hold harmless the County of Riverside, its Agencies, Districts, Boards, Special Districts and
26 Departments, their respective directors, officers, elected and appointed officials, employees,
27 agents and representatives (individually and collectively hereinafter referred to as
"Indemnitees") from any claim, liability, costs or fees (including, but not limited to,

1 attorneys' fees and costs, costs of investigation, defense and settlements or awards), resulting
2 from any act or failure to act of BORROWER, its officers, employees, subcontractors, agents
3 or representatives, in connection with, arising out of or in any way relating to this
4 Agreement, the PLHA Loan Documents or the Project, including, but not limited to, property
5 damage, bodily injury, death or any other claim or liability of any kind or nature whatsoever.
6 BORROWER shall defend the Indemnitees, at BORROWER's sole expense, in any claim or
7 action based upon such alleged acts or omissions. With respect to any action or claim subject
8 to indemnification herein, BORROWER shall, at its sole cost, have the right to use counsel
9 of its own choice and shall have the right to adjust, settle, or compromise any such action or
10 claim without the prior consent of COUNTY; provided, however, that any such adjustment,
11 settlement or compromise in no manner whatsoever limits or circumscribes BORROWER's
12 indemnification obligation to Indemnitees as set forth herein. BORROWER's obligation
13 hereunder shall be satisfied when BORROWER has provided to COUNTY the appropriate
14 form of dismissal relieving the Indemnitees from any liability for the action or claim
15 involved. The specified insurance limits required in this Agreement shall in no way limit or
16 circumscribe BORROWER's obligations to indemnify and hold harmless the Indemnitees
17 herein from third party claims. In the event there is conflict between this clause and
18 California Civil Code Section 2782, this clause shall be interpreted to comply with Civil
19 Code 2782. Such interpretation shall not relieve BORROWER from indemnifying the
20 Indemnitees to the fullest extent allowed by law. The indemnification set forth in this
21 paragraph shall survive the expiration or earlier termination of this Covenant.

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

Assistant Director, Housing
Riverside County
Economic Development Agency
3403 Tenth Street, Suite #300
Riverside, CA 92501

BORROWER

Riverside Housing Development Corp.
4250 Brockton Avenue
Riverside, CA 92501
Attn: Bruce Kulpa

12) REMEDIES. COUNTY shall have the right, in the event of any breach of any of the terms and conditions of the 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.

13) TERM. The non-discrimination covenants, conditions and restrictions contained in 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.

14) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY shall give BORROWER notice of such default pursuant to the Notice section above. Any monetary default shall be cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein, if a non-monetary default is reasonably capable of being cured within thirty (30) days of delivery of such notice of default, BORROWER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured within thirty (30) days of delivery of such notice of default, and BORROWER (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 BORROWER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the COUNTY; but in no event no later than sixty (60) days from delivery of such notice of default. COUNTY, upon providing BORROWER with any notice of default under this Covenant, shall, within a reasonable time, provide a copy of such default notice to a Permitted Lender (as defined in Section 19 below) or limited partner, if any, who has given written notice to COUNTY of its

1 interest in the Property and Project. From and after such notice has been delivered to a
2 Permitted Lender and the Owner's limited partner, if any, such Permitted Lender or limited
3 partner shall have the same period for remedying the default complained of as the cure period
4 provided to BORROWER pursuant to this Section 14. COUNTY shall accept performance
5 by a Permitted Lender or limited partner as if the same had been done by BORROWER.

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

15 15) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

16 BORROWER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose
17 of the Project, the Property or any portion thereof, without obtaining the prior written consent
18 of COUNTY, which such consent may be granted or withheld in its discretion. Upon
19 application for and such, sale transfer or assignment, BORROWER shall demonstrate that the
20 proposed transferee is reasonably capable of performing and complying with BORROWER's
21 duties and obligations under the PLHA Loan Documents, including this Covenant. Any sale,
22 assignment, or transfer of the Project or Property shall be memorialized in an assignment and
23 assumption agreement, the form and substance of which shall have been first approved in
24 writing by the COUNTY, in its discretion. Such assignment and assumption agreement shall,
25 among other things, provide that the transferee has assumed in writing and in full,
26 BORROWER's duties and obligations under the PLHA Loan Documents, including this
27

1 Covenant, provided, however BORROWER shall not be released of its obligations under the
2 PLHA Loan Documents, including this Covenant.

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

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

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

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

23 20) COVENANT RUNS WITH PROPERTY. In accordance with California Civil
24 Code Section 1461 et seq., all conditions, covenants and restrictions contained in this
25 Covenant shall be covenants running with the land. The Housing Authority of the County of
26 Riverside ("Housing Authority") and COUNTY shall be deemed the beneficiaries of the
27 covenants, conditions and restrictions of this Covenant both for and in their own rights and
for the purposes of protecting the interests of the community. The covenants, conditions, and

1 restrictions shall run in favor of the Housing Authority and COUNTY, without regard to
2 whether the Housing Authority or COUNTY has been, remains, or is an owner of any land or
3 interest therein in the Property.

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

9 22) MANAGEMENT. BORROWER shall be responsible for the operation of the
10 Project either by direct management or by contracting its managerial functions to a third
11 party property manager reasonably acceptable to COUNTY ("Property Manager"). The
12 Property Manager will be charged with managing the Project on behalf of the BORROWER.
13 COUNTY shall have the right to review and approve, which approval shall not be
14 unreasonably withheld, conditioned or delayed, any such entity and agreement therefor prior
15 to its selection by the BORROWER. BORROWER shall include in any such property
16 management agreement a provision providing for the termination of the agreement in the
17 event that the Property Manager violates any federal, state or local health and safety laws and
18 regulations which are not cured within thirty (30) days following the giving of notice of such
19 violations by COUNTY or any other governmental entity; provided, however, that in the case
20 of a violation that cannot be cured within such thirty (30) day period, that such cure shall be
21 commenced within thirty (30) days of notification and shall be diligently prosecuted to
22 completion not later than sixty (60) days after notification. BORROWER, its successors and
23 assigns, upon notice from COUNTY, shall indemnify, hold harmless and pay any costs and
24 fees (including administrative and attorneys' fees) incurred by COUNTY or the Indemnitees
25 in connection with responding to or defending any discrimination claim brought by any third
26 party and/or local, state or federal government entity, arising out of or in connection with the
27 Project and/or this Agreement.

1 23) COMPLIANCE WITH APPLICABLE LAWS. BORROWER shall carry out
2 the design, construction and operation of the Project in conformity with all applicable
3 federal, state and local laws, ordinances, statutes, codes, rules, resolutions, regulations, policy
4 statements, orders, and decrees including without limitation, all applicable labor and
5 employment laws and standards, laws regarding hazardous substances, laws regarding the
6 acceptance or rejection of tenants and/or the termination of any tenancy, zoning and
7 development standards, building, plumbing, mechanical and electrical codes, and all other
8 provisions of the Code of Ordinances of Riverside County, and all applicable disabled and
9 handicapped access requirements, including without limitation the Americans With
10 Disabilities Act, 42 U.S.C. § 12101, et seq., as currently exists or as may be amended from
11 time to time, Government Code § 4450, et seq., as currently exists or as may be amended
12 from time to time, Government Code § 11135, et seq., as currently exists or as may be
13 amended from time to time, and the California Building Standards Code, Health and Safety
Code § 18900, et seq. as currently exists or as may be amended from time to time.

14 24) PROJECT MONITORING AND EVALUATION.

15 a) Tenant Checklist. BORROWER shall submit a “Tenant Checklist Form”
16 to COUNTY, in such form as may be required by COUNTY, and may from time to time
17 be revised by COUNTY, summarizing the racial/ethnic composition, number and
18 percentage of Very Low and Low Income Households who are tenants of the Affordable
19 Units. The Tenant Checklist Form shall be submitted upon completion of the
20 construction and thereafter, on a semi-annual basis on or before March 31 and
21 September 30. BORROWER shall maintain financial, programmatic, statistical and
22 other supporting records of its operations and financial activities in accordance with the
23 requirements of the COUNTY and the PLHA Program, and shall provide such records to
24 COUNTY at least annually. Except as otherwise provided for in this Covenant and in
25 the PLHA Loan Agreement, BORROWER shall maintain and submit records to
26 COUNTY within ten (10) business days of COUNTY’s request which clearly
27 documents BORROWER’s performance under each requirement of the PLHA Program.

1 b) Inspections. During the period of affordability, COUNTY may perform
2 on-site inspections of the rental housing included in the Project to determine compliance
3 with applicable State and local health, safety, and other applicable codes, ordinances,
4 and requirements, and the ongoing property standards established by the participating
5 jurisdiction and to verify the information submitted by the BORROWER.

6 c) Written Selection Policies. BORROWER shall adopt written selection
7 policies and criteria that are approved in writing by COUNTY prior to entering into any
8 lease for an Affordable Unit in the Project, which selection policies shall be subject to
9 all applicable laws, including, if applicable, Section 42 of the Internal Revenue Code:

10 1) Are consistent with the purpose of providing housing for Very
11 Low Income Households and Low Income Households.

12 2) Are reasonably related to program eligibility and the applicants'
13 ability to perform the obligations of the lease.

14 3) Provide for:

15 (A) The selection of tenants from a written waiting list in the
16 chronological order of their satisfaction of all eligibility requirements,
17 insofar as is practicable; and

18 (B) The prompt written notification to any rejected applicant
19 of the grounds for any rejection;

20 4) To the extent permitted by law, provide first priority in the
21 selection of otherwise eligible tenants to persons displaced by COUNTY (if any);
22 and

23 5) Carry out the affirmative marketing procedures of COUNTY, to
24 provide information and otherwise attract eligible persons from all racial, ethnic and
25 gender groups in the housing market area. BORROWER and COUNTY shall
26 cooperate to effectuate this provision during the BORROWER's initial lease-up of
27 the Affordable Units and as vacancies occur.

1 d) Income Requirements and Certification. Prior to leasing an Affordable
2 Unit and annually thereafter, BORROWER, at its sole expense, shall or shall cause the
3 Property Manager, if any, engaged to manage the Project to certify the eligibility of each
4 tenant applicant as a Very Low Income Household or Low Income Household in
5 accordance with the PLHA Program. The BORROWER shall complete such
6 certification on forms as may be reasonably required by COUNTY (which may include
7 provision to COUNTY of any reporting forms required by California Tax Credit
8 Allocation Committee (CTCAC)). Gross income calculations for prospective (and
9 continuing) tenants shall be determined in accordance with the PLHA Program and
10 applicable California law. BORROWER shall cause the Property Manager to submit
11 such income certification, verification and such additional information as may
12 reasonably be required by COUNTY, HCD or, if applicable, CTCAC. Such supporting
13 documentation shall include, for each member of the household eighteen (18) years old
14 or older, copies of documentation and verification procedures as required by California
15 law or Section IV of CTCAC's Compliance Online Reference Manual, as may be
16 amended from time to time by CTCAC and currently located at -
17 <https://www.treasurer.ca.gov/ctcac/compliance/manual/manual.pdf>. BORROWER and
18 COUNTY agree and acknowledge that COUNTY may require such additional
19 information, if any, required to comply with the PLHA Program and/or applicable
20 California law regarding affordable housing.

21 e) Submission of Audited Financial Statements. BORROWER shall
22 prepare and obtain an audited annual financial statement for the Project for each
23 calendar year (the "Annual Audited Financial Statements") ending after completion of
24 the development of the Project. By no later than the April 1st following the year in
25 which final certificate of occupancy for the Project is issued, BORROWER shall submit
26 such Annual Audited Financial Statements to COUNTY for the immediately preceding
27 calendar year. Thereafter, by no later than each April 1st, BORROWER shall submit
Annual Audited Financial Statements to COUNTY for the immediately preceding year.

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

COUNTY:

BORROWER:

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

Riverside Housing Development
Corporation, a California nonprofit public benefit
corporation

By: _____
Heidi Marshall, Director
Department of Housing and
Workforce Solutions

By: _____
Bruce Kulpa, President & CEO

Date: _____

Date: _____

ATTEST:
KECIA HARPER-IHEM
Clerk of the Board

By: _____

APPROVED AS TO FORM:
GREGORY P. PRIAMOS, County Counsel
Clerk of the Board

By: 
Amrit Dhillon, Deputy County Counsel

(Signatures need to be notarized)

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

The land referred to in this report is situated in the County of Riverside, State of California, described as follows:

LOT 10 AND THE NORTH HALF OF LOT 11 OF TRACT NO. 2995, IN THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 52, PAGES 99 AND 100 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

ASSESSOR'S PARCEL NUMBER: 486-091-013 and 486-091-014



Original Negative Declaration/Notice of Determination was routed to County Clerks for posting on. PR Initial

2/3/22 Date

Notice of Exemption

To: Office of Planning and Research
 For U.S Mail: Street Address: County of Riverside
 P.O. Box 3044 1400 Tenth St. Address: 4080 Lemon Street, Suite 400
 Sacramento, CA 95812-3044 Sacramento, CA 95814 Riverside, CA 92501
From: Public
 Agency: County of Riverside
 Address: 4080 Lemon Street, Suite 400
Riverside, CA 92501
 Contact: Mervyn Manalo
 Phone: (951) 955-0774

County Clerk
 County of Riverside
2724 Gateway Drive
P.O. Box 751
 Address: Riverside, CA 92502-0751
 Lead Agency (if different from above):
 Address: _____
 Contact: _____
 Phone: _____

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

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

Project Title: Loan Agreement for the Use of Permanent Local Housing Allocation (PLHA) Program Funds

Project Location (include county): 15427 Sheila Street, Moreno Valley, CA 92551
(Assessor's Parcel Numbers 486-091-013 and 486-091-014)

Project Description:
 The project proposes to utilize \$813,000 in Permanent Local Housing Allocation (PLHA) funds allocated from the California Department of Housing and Community Development PLHA Program to acquire and rehabilitate a sub-standard 4-unit multi-family housing rental property for qualified low-income families located at 15427 Sheila Street, Moreno Valley, CA 92551 in the County of Riverside, also identified as Assessor's Parcel Number 486-091-013 and 486-091-014. The use and occupancy of the property and the PLHA-assisted unit located thereon will be restricted for the earlier to occur of (i) July 1, 2078 or (ii) 55 years from the recordation of the Notice of Completion for which rehabilitation is completed for the proposed project.

Project Sponsor: County of Riverside Department of Housing and Workforce Solutions

This is to advise that the County of Riverside Board of Supervisors approved the above project on Lead agency or Responsible Agency

February 1, 2022 and has made the following determinations regarding the above described project:
(tentative date)

Pursuant to the California Environmental Quality Act (CEQA), the PLHA Loan Agreement was reviewed and determined to be categorically exempt from CEQA under State CEQA Guidelines 15301, Class 1-Existing Facilities. The proposed project, the PLHA Loan Agreement, involves the loan of PLHA funds and the acquisition and rehabilitation of an existing facility and no expansion of an existing use will occur. In addition, there is no possibility that the proposed project will have a significant effect on the environment and the project will not lead to any direct or reasonably indirect physical environmental impacts since the existing use will be maintained.

Signature: (Public Agency) Juan Garcia Title: Principal Development Specialist

Date: _____ Date received for filing at OPR: _____

FEB 01 2022 3.8

Riverside County Clerk-Recorder

Authorization to Bill by Journal Voucher

To be completed by submitting Agency

COUNTY OF RIVERSIDE DEPARTMENT OF HOUSING AND WORKFORCE SOLUTIONS (HWS)

Authorization # _____

Date: 2/1/2022


Agency/Division: County of Riverside HWS - Attn: Tristan Chen

Accounting String: (Interfund) FUND DEPT ID ACCT
(Non-Interfund) 537080-21340-550200000 project code: ED1900550

This authorizes the "County Clerk & Recorder Office" to issue a Journal Voucher for payment of all fees for the accompanying documents.

Number of Documents Included: 1 Notice of Exemption (PLHA Agmt Sheila Apts)

Authorized by: 
Juan Garcia, Principal Development Specialist

Presented by: 
Mervyn Manalo, Housing Specialist

To be completed by County Recorder

Accepted by: _____

Date: _____

Document no(s)/invoice no(s): _____



HWS HOUSING AND
WORKFORCE
SOLUTIONS
ENGAGE. ENCOURAGE. EQUIP.

Board Date: February 1, 2022

To: Clerk of the Board of Supervisors
4080 Lemon St, 1st Floor, Suite 127
Riverside CA 92501

From: Juan Garcia, Principal Development Specialist
Department of Housing and Workforce Solutions
County of Riverside
3403 Tenth Street, Suite # 300
Riverside, CA 92501

Subject: Notice of Exemption (NOE) – Loan Agreement for the Use of PLHA Funds for Sheila Street Apartments, in the City of Moreno Valley; District 5

The Department of Housing and Workforce Solutions is requesting the Clerk of the Board of Supervisors post the attached Notice of Exemption. Authorization to bill by journal voucher is included for your posting fee.

After posting, please return the document to:

Mail Stop #1261
Attention: Juan Garcia, Principal Development Specialist
Department of Housing and Workforce Solutions
County of Riverside
3403 Tenth Street, Suite # 300
Riverside, CA 92501

If you have any questions, please contact Juan Garcia at 951-955-8126.


Attachment

Cc: file



FILED / POSTED
 County of Riverside
 Peter Aldana
 Assessor-County Clerk-Recorder
 E-202200144
 02/22/2022 02:55 PM Fee: \$ 50.00
 Page 1 of 1

Removed: _____ By: _____ Deputy



Notice of Exemption

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

From:
 Public
 Agency: County of Riverside
 Address: 4080 Lemon Street, Suite 400
Riverside, CA 92501
 Contact: Mervyn Manalo
 Phone: (951) 955-0774

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

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

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Signature: (Public Agency) Juan Garcia Title: Principal Development Specialist

Date: _____ Date received for filing at OPR: _____

FEB 01 2022 38