

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



ITEM: 10.1
(ID # 19002)

MEETING DATE:

Tuesday, June 07, 2022

FROM : HOUSING AUTHORITY:

SUBJECT: HOUSING AUTHORITY: Approval of the Repayment Guaranty by the Housing Authority of the County of Riverside for the Benefit of Banner Bank Guaranteeing a Loan to Perris Park Housing LLC, an Affiliate of Riverside Community Housing Corp., to Refinance the Acquisition Loan for the Perris Park Apartments, and Approval of Indemnity Agreement (Environmental and Building Laws) Entered into by the Housing Authority of the County of Riverside and Perris Park Housing LLC, for the Benefit of Banner Bank; District 5. [\$0] (Companion Item to MT 19001)

RECOMMENDED MOTION: That the Board of Commissioners:

1. Approve the attached form of Repayment Guaranty (limited to unrestricted funds) to be entered into between the Housing Authority of the County of Riverside, as guarantor, and Banner Bank, a Washington state chartered commercial bank, as beneficiary (Repayment Guaranty), guaranteeing a loan in the amount not to exceed \$7,000,000 to be provided to Perris Park Housing LLC, an affiliate of the Riverside Community Housing Corp., to refinance the loan used to acquire the Perris Park Apartments located at 1450 South Perris Boulevard, Perris, CA 92570 (Property), with the Repayment Guaranty terminating when loan is repaid by Perris Park Housing LLC;

Continued on page 2

ACTION: Policy


Heidi Marshall, Director of Housing, Homelessness Prevention

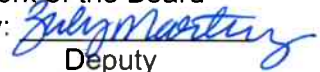

Kristine Bell-Valley, Supervising Deputy County Clerk

MINUTES OF THE BOARD OF COMMISSIONERS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: June 7, 2022
xc: Housing Authority, Housing Corp
(Companion Item 14.1)

Kecia R. Harper
Clerk of the Board

By: 
Deputy

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RECOMMENDED MOTION: That the Board of Commissioners:

2. Authorize the Executive Director, or designee, to execute the Repayment Guarantee, substantially conforming in form and substance to the attached form, subject to approval as to form by County Counsel;
3. Approve the attached form of Indemnity Agreement (Environmental and Building Laws) to be entered into by Perris Park Housing LLC and the Housing Authority for the benefit of Banner Bank (Indemnity Agreement), indemnifying Banner Bank against third-party claims relating to environmental and fair housing violations concerning the Property, wherein the Housing Authority's obligations are limited to unrestricted funds;
4. Authorize the Executive Director, or designee, to execute the Indemnity Agreement, substantially conforming in form and substance to the attached form, subject to approval as to form by County Counsel; and
5. Authorize the Executive Director, or designee, to take all necessary steps to implement the Payment Guaranty and Indemnity Agreement, including, but not limited to signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	2021/2022

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On June 18, 2019 (Minute Order 14.1), the Board authorized the formation of Perris Park Housing LLC, a California limited liability company (Perris Park Housing LLC), in which Riverside Community Housing Corp. (RCHC) is the sole member and manager, for the purpose of acquiring the Perris Park Apartments, an 80-unit apartment community located in the City of Perris at 1450 South Perris Boulevard, Perris, CA 92570, identified as Assessor's Parcel No. 313-290-020 (Property).

RCHC obtained a loan from Banner Bank (Lender) in the amount of \$2,100,000 (Acquisition Loan) for acquisition of the Property and the Property was acquired October 2, 2019. When the Property was acquired, it was in need of repairs and in financial distress, but as part of the acquisition of the Property the Housing Authority of the County of Riverside placed 70 Section 8 project-based vouchers on the Property which have helped the Property cash flow and allowed

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for much needed improvements to the Property since it was acquired. Acquiring the property allowed the County to preserve 80 affordable housing rental units for low-income households.

The term of the Acquisition Loan expires July 1, 2022, and the loan is due, RCHC has been in negotiations with Banner Bank to refinance the Acquisition Loan and borrow an additional \$1,400,000 to make capital improvements to the Property (Refinance Loan), for a total loan of \$3,500,000. Lender has offered a 5% interest rate and 10-year term amortized over 30 years; total interest expected to pay over the term is \$3,300,000. Staff explored different funding opportunities including applying for Low-Income Housing Tax Credits and other State and Federal funding, but this Property does not compete well for that type of competitive funding. The Property generates sufficient rents to be able to support the proposed loan in the amount of \$3,500,000; and the 70 Section 8 project-based vouchers will ensure the continuous cash flow for the Property and further supports the feasibility of the proposed Refinance Loan.

As a condition precedent to the financing of the Refinance Loan, similar to when the Acquisition Loan was obtained, Lender is requiring that the Housing Authority provide a guaranty for the Refinance Loan by Perris Park Housing LLC and indemnification in favor of the Lender against any third-party claims relating to environmental and fair housing violations concerning the Property. Both the proposed form of Indemnity Agreement (Environmental and Building Laws) and Repayment Guaranty explicitly provide that the obligations of the parties contained therein are not the obligations or debt of the County of Riverside nor shall any of the obligations and/or debts be payable out of the County's general funds or other funds or properties other than those explicitly pledged by the parties.

The proposed form of Indemnity Agreement (Environmental and Building Laws) (Indemnity) to be entered into by the Housing Authority and Perris Park Housing LLC for the benefit of Lender is attached. Salient terms of the proposed Indemnity are as follows: (i) The Indemnity protects Lender against any third-party claims relating to, among other things, (1) any hazardous substances on or other environmental problem or liability with respect to the Property or any nearby property that violates environmental laws, (2) violations of the Fair Housing Act of 1968, the Fair Housing Amendments Act of 1988, the Americans With Disabilities Act of 1990, (3) violations of building code requirements and all other federal, state and local laws, relating to the construction, operation, and maintenance of the improvements on the Property, and (4) any environmental proceeding affecting the Property; (ii) any enforcement action by Lender against the Housing Authority is limited to unrestricted and unencumbered funds of the Housing Authority (i.e. does not include, Section 8, HOME, NSP,CDBG and RAD assets); and (iii) Lender acknowledges and agrees that the County of Riverside is not liable for the obligations set forth thereunder.

The proposed form of Repayment Guaranty to be executed by the Housing Authority is attached. Salient terms of the proposed Repayment Guaranty are as follows: (i) guaranty payment not to exceed the \$7,000,000 Refinance Loan, (ii) payment guaranty limited to unrestricted and unencumbered funds of the Housing Authority (i.e. does not include, Section 8, HOME, NSP,CDBG and RAD assets), (iii) payment obligation terminates upon repayment of

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Refinance Loan by Perris Park Housing LLC; and (iv) Lender acknowledges and agrees that the County of Riverside is not liable for the obligations set forth thereunder. The Repayment Guaranty will appear as a contingent liability on the Housing Authority's financials until the loan is repaid by Perris Park Housing LLC and may be reported on the Electronic Municipal Market Access (EMMA) website if required by the Municipal Securities Rulemaking Board (MSRB).

Staff recommends that the Board of Commissioners approve and authorize the Executive Director of the Housing Authority of the County of Riverside, or designee, to execute Repayment Guaranty and Indemnity Agreement, substantially conforming in form and substance to the attached forms, subject to approval as to form by County Counsel. County Counsel has reviewed and approved as to form the attached form of Unconditional Guaranty of Payment, and Indemnity Agreement.

Impact on Citizens and Businesses

Refinancing the Acquisition Loan for the Perris Park Apartments will have a positive impact on citizens and businesses as it will result in the preservation of much needed affordable housing with supportive services to residents.

Additional Fiscal Information

The \$3,500,000 Refinance Loan is amortized over 30 years at a 5% interest rate, monthly payments are expected to be \$18,788; total interest expected to pay over the term is \$3,300,000.

Attachments:

- A. Form of Repayment Guaranty
- B. Form of Indemnity Agreement (Environmental and Building Laws)


Brinnia Lontajo, Principal Management Analyst 6/1/2022

WHEN DOCUMENT IS FULLY EXECUTED RETURN
CLERK'S COPY

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

REPAYMENT GUARANTY



PROJECT NAME: Perris Park Apartments
BANNER LOAN NO: 14014074

This Repayment Guaranty (this "**Guaranty**"), is made as of _____, 2022, by the HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a public body, corporate and politic ("**Guarantor**"), for the benefit of BANNER BANK, a Washington state chartered commercial bank, and its successors, participants and assigns ("**Lender**").

RECITALS

A. Guarantor has requested that Lender make a term loan to PERRIS PARK HOUSING LLC, a California limited liability company, an affiliate of Guarantor ("**Borrower**"), in the amount of \$3,500,000.00 (the "**Loan**") to refinance an existing term loan from Lender which financed the acquisition of an 80-unit multifamily housing complex known as the Perris Park Apartments, and finance costs of rehabilitation for the hereinafter described Project.

B. The Loan is evidenced by a Promissory Note of even date herewith (the "**Note**"), governed by a Term Loan Agreement between Borrower and Lender of even date herewith (the "**Loan Agreement**"), and will be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing of even date herewith ("**Deed of Trust**") granted by Borrower to Lender and recorded against that certain real property located in Riverside County, California, described therein, and the improvements located thereon (collectively, the "**Project**").

C. Lender's agreement to make the Loan is conditioned on Guarantor's execution of this Guaranty, and Lender would not make the Loan to Borrower without the agreements of Guarantor set forth herein. Guarantor will receive direct and tangible financial benefits from the Loan.

D. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Loan Agreement.

AGREEMENTS

NOW, THEREFORE, intending to be legally bound, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and in order to induce Lender to enter into the Loan, Guarantor hereby agrees as follows:

1. **Unconditional Guaranty of Payment.** Guarantor unconditionally, absolutely, and irrevocably guarantees the due and punctual payment of any and all amounts (collectively herein, the "**Indebtedness**") payable by Borrower under the Loan Agreement, the Note, the Deed of Trust, and other agreements and instruments that evidence, secure, or otherwise govern the Loan, but excluding the Indemnity Agreement (the "**Loan Documents**").

2. **Guarantor's Obligations are Absolute.** This is an absolute, present, and continuing guaranty of payment and performance and not of collection. Subject to Section **Error! Reference source not found.** below, this Guaranty may be enforced by Lender without the necessity at any time of resorting to or exhausting any Collateral (defined below) through foreclosure or sale proceedings, as the case may be, under the Deed of Trust or otherwise, or resorting to any other guaranties, and Guarantor hereby waives any right to require Lender to join Borrower or any other Guarantor in any action brought hereunder or to commence any action against or obtain any judgment against Borrower or to pursue any other remedy or enforce any other right. Subject to Section **Error! Reference source not found.** below, Guarantor

further agrees that nothing contained herein or otherwise shall prevent Lender from pursuing concurrently or successively all rights and remedies available to Lender at law or in equity or under any of the Loan Documents. Lender's exercise of any of its rights or remedies shall not constitute a discharge of Guarantor's obligations hereunder, it being the purpose and intent of Guarantor that the obligations of Guarantor hereunder shall be absolute, independent, and unconditional under any and all circumstances whatsoever. None of Guarantor's obligations under this Guaranty nor any of Lender's rights or remedies shall be impaired, modified, changed, or released in any manner whatsoever by any impairment, modification, change, release, or limitation of Borrower's liability under any of the Loan Documents or by reason of the insolvency, bankruptcy, dissolution, liquidation, or reorganization of Borrower or any Guarantor.

3. Rights of Lender. Guarantor agrees that Lender may deal exclusively with Borrower in all matters relating to the Loan without notice of any kind to or the approval of Guarantor. Specifically, Lender is not required to (a) notify Guarantor of Lender's acceptance of this Guaranty; (b) notify Guarantor when Lender advances Loan proceeds, extends credit to Borrower, or pays any obligations of Borrower; (c) notify Guarantor of any default under the Loan Documents; or (d) make presentment and demand for payment, protest, or notice of demand, protest, dishonor, and nonpayment. It is intended that Guarantor shall remain fully liable regardless of any act or omission by Lender that might otherwise directly or indirectly result, by operation of law or otherwise, in the discharge or release in whole or in part of Borrower, any other guarantor, or any other person, or the discharge, release, or impairment of any collateral now or hereafter held as security for any of the obligations under the Loan Documents (collectively herein, the "**Collateral**").

4. Modifications and Actions by Lender. Without limiting the generality of the foregoing, Guarantor agrees that Lender may do, or fail to do, any of the following one or more times, without notice to or the approval of Guarantor, without diminishing, altering, or otherwise affecting the liability of Guarantor hereunder, and even though Borrower's financial condition may have deteriorated or Guarantor may object: (a) Lender may renew, extend, or otherwise change the time for payment of the obligations of Borrower to Lender; (b) Lender may increase the amount of the Loan; (c) Lender may modify any other terms of the Loan; (d) Lender may release, surrender, substitute, or exchange any of the Collateral, or take and hold additional or other security for the payment of this Guaranty or any other indebtedness guaranteed, and exchange, enforce, waive, or release any such security; (e) Lender may release Borrower, any Guarantor, or any other guarantor from obligations under the Loan or any guaranty thereof; (f) Lender is not required to marshal assets and Lender may take a deed in lieu of foreclosure or foreclose or realize upon such security and direct the amount or manner of sale thereof as Lender in its discretion may determine; (g) Lender may apply the Collateral to the repayment of any amounts owing to Lender under the Loan Documents in any order Lender may determine in its discretion; (h) Lender may forbear from pursuing Borrower, any Guarantor, or any other guarantor or any other person, or forbear from foreclosing or otherwise realizing upon any of the Collateral; (i) Lender may impair or fail to perfect a security interest in any of the Collateral; (j) Lender may take actions that have the effect of diminishing Guarantor's subrogation rights; and (k) Lender may take any other actions with respect to the terms of or security for the Indebtedness. Notwithstanding any such action by Lender, Guarantor's obligations hereunder shall remain in full force and effect.

5. Guarantor Waivers.

5.1 Waiver of Suretyship Defenses. Guarantor hereby waives any defenses based on the action or inaction of Lender that might otherwise be deemed a legal or equitable discharge of a surety, including, without limitation, any defense based on any of the following: (a) the lack of diligence or any delay in enforcing, or any waiver of or failure to enforce, any right or remedy under the Loan Documents; (b) the failure or invalidity of, or any defect in, the Loan Documents; (c) any disability or other defense of Borrower, any Guarantor, any other guarantor, or any other person; (d) the termination from any cause whatsoever of any of the obligations under the Loan Documents, except upon full satisfaction of the Indebtedness; (e) the loss or impairment of any right of subrogation; (f) any modification of any of the terms and conditions of the Loan Documents in any form whatsoever and without notice to Guarantor; or (g) the foreclosure of the Collateral or any portion thereof, it being intended that this Guaranty shall survive the realization upon any of the Collateral, including, but not limited to, any nonjudicial foreclosure action and any deed in lieu of foreclosure, to the extent permitted under applicable law.

5.2 Waiver of Right of Reimbursement. Unless and until the Indebtedness has been fully satisfied, Guarantor hereby waives any right of reimbursement, contribution, recourse, or any other right or remedy of Guarantor against Borrower, any Guarantor, any other guarantor or any other person to recover amounts that Guarantor is obligated to pay under this Guaranty.

5.3 Waiver of Right of Subrogation. Unless and until the Indebtedness has been fully satisfied, Guarantor hereby waives any right of subrogation, any right to enforce any remedy Lender may have against Borrower, any Guarantor, any other guarantor, or any other person, and any benefit of, and the right to participate in, any of the Collateral.

6. Subordination of Debt. Any debt of Borrower now or hereafter held by any Guarantor is hereby subordinated to the Indebtedness. Guarantor shall not seek, accept, or retain for its own account any payment from Borrower on account of any subordinated debt related to the Project until the entire Indebtedness has been paid in full. Any payment of such subordinated indebtedness by Borrower to Guarantor before payment in full of the Indebtedness shall be collected, enforced and received by Guarantor as trustee for Lender and promptly paid to Lender in payment of the Indebtedness.

7. Costs and Reasonable Attorneys' Fees. Guarantor shall pay all of Lender's actual expenses incurred in any effort to enforce any terms of this Guaranty, whether or not any suit is filed, including, without limitation, reasonable attorneys' fees and disbursements, foreclosure costs, and title charges. Such sums shall be immediately due and payable and shall bear interest from the date of disbursement at the Default Rate set forth in the Loan Documents, or the maximum rate that may be collected from Borrower under applicable law, if less.

8. Representations and Warranties. In order to induce Lender to make the Loan, each Guarantor makes the following representations and warranties to Lender set forth in this Section. Guarantor acknowledges that but for the truth and accuracy of the matters covered by the following representations and warranties, Lender would not have agreed to make the Loan.

8.1 All representations and warranties of Guarantor set forth in the Loan Agreement are true and correct and made and affirmed by Guarantor as though set forth fully herein.

8.2 Any and all balance sheets, net worth statements, bank and brokerage statements, and other financial data with respect to Guarantor that have been given to Lender by or on behalf of that Guarantor fairly and accurately represent the financial condition of that Guarantor as of the respective dates thereof.

8.3 This Guaranty creates legal, valid, and binding obligations of Guarantor enforceable in accordance with its terms. The execution, delivery, and performance by Guarantor of this Guaranty does not and will not contravene or conflict with (a) any law, order, rule, regulation, writ, injunction, or decree now in effect of any government authority, or court having jurisdiction over Guarantor; (b) any contractual restriction binding on or affecting Guarantor or Guarantor's property or assets that may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty; (c) the instruments creating any trust holding title to any assets included in Guarantor's financial statements; or (d) the organizational or other documents of Guarantor.

8.4 Except as disclosed in writing to Lender, there is no action, proceeding, or investigation pending or, to the knowledge of Guarantor, threatened or affecting Guarantor, that may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty.

8.5 Guarantor is not in default under any agreements that may adversely affect Guarantor's ability to fulfill its obligations under this Guaranty.

8.6 Guarantor (a) is not insolvent and will not become insolvent as a result of this Guaranty; (b) is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which the property of Guarantor constitutes unreasonably small capital and that would leave Guarantor insolvent; (c) does not intend to or believe that it will incur debts that would be beyond Guarantor's ability to pay as such debts mature; (d) has reviewed and approved all of the terms and conditions of the Loan Documents; and (e) has established adequate means of obtaining, and will obtain from Borrower on a continuing basis, all financial and other information regarding Borrower, any other guarantor, and the Loan, without any obligation on the part of Lender to provide any such information.

All of the foregoing representations and warranties shall survive so long as any of the Indebtedness remains outstanding. Guarantor hereby agrees to indemnify, defend, and hold Lender free and harmless from and against all loss, cost, liability, damage, and expense, including reasonable attorneys' fees and costs that Lender may sustain by reason of the inaccuracy or breach of any of the foregoing representations and warranties, except in the event of negligence or willful misconduct of Lender.

9. Insolvency. So long as any of the Indebtedness remains unpaid and this Guaranty remains in effect, Guarantor agrees to file all claims against Borrower in any bankruptcy or other proceeding in which the filing of claims is required by law in connection with indebtedness owed by Borrower to Guarantor and to assign to Lender all rights of Guarantor thereunder up to the amount of such unpaid Indebtedness. In all such cases the Persons authorized to pay such claims shall pay to Lender the full amount thereof to the full extent necessary to pay the Indebtedness and Guarantor hereby assigns to Lender all of Guarantor's rights to all such payments to which Guarantor would otherwise be entitled. Notwithstanding the foregoing, and except to the extent that any sums owed by Borrower to Lender under the Loan Documents have been fully satisfied thereby, the liability of Guarantor hereunder shall in no way be affected by (a) the release or discharge of Borrower in any creditors', receivership, bankruptcy or other proceedings; or (b) the impairment, limitation or modification of the liability of Borrower or the estate of Borrower in bankruptcy resulting from the operation of any present or future statute, regulation, or from the decision of any court.

10. Preferences, Fraudulent Conveyances, Etc. If Lender is required to refund, or voluntarily refunds, any payment received from Borrower because such payment is or may be avoided, invalidated, declared fraudulent, set aside or determined to be void or voidable as a preference, fraudulent conveyance, impermissible setoff or a diversion of trust funds under applicable bankruptcy laws or for any similar reason, including, without limitation, any judgment, order or decree of any court or administrative body having jurisdiction over Lender or any of its property, or any settlement or compromise of any claim effected by Lender with Borrower or any other claimant ("**Rescinded Payment**"), then Guarantor's liability to Lender shall continue in full force and effect, or Guarantor's liability to Lender shall be reinstated, as the case may be, with the same effect and to the same extent as if the Rescinded Payment had not been received by Lender, notwithstanding the cancellation or termination of the Note or any of the other Loan Documents. In addition, Guarantor shall pay or reimburse Lender for all actual expenses (including all reasonable attorneys' fees, court costs and related disbursements) incurred by Lender in the defense of any claim that a payment received by Lender in respect of all or any part of the Indebtedness must be refunded. The provisions of this Section shall survive the termination of this Guaranty and any satisfaction and discharge of Borrower by virtue of any payment, court order or any federal or state law.

11. Lender's Election of Remedies. This Guaranty may be enforced against any Guarantor without attempting to collect from Borrower, any other Guarantor, or any other guarantor, and without attempting to enforce Lender's rights in any of the Collateral. Lender may join Guarantor in any suit in connection with the Loan Documents or proceed against any Guarantor in a separate action. Lender shall have the right to exercise its remedies in such order as it determines in its sole discretion.

12. Guarantor's Ongoing Reporting Obligations. Guarantor acknowledges that it has read or adequately understands the content of the Loan Documents. So long as the Indebtedness remains outstanding, Guarantor agrees to provide Lender with updated financial statements, certifications of liquidity, and other reports and information as required of Guarantor under the Loan Agreement. Guarantor shall further notify Lender in writing of any change of address,

telephone number, fax number, marital status (if an individual), or legal organization (if an entity) within 10 days after such event.

13. Guarantor Covenants. Guarantor shall perform all covenants of Guarantor under the Loan Documents, including, without limitation, any financial covenants and reporting requirements applicable to Guarantor under the Loan Agreement.

14. Notices. Any notice, demand, request, or other communication that any party hereto may be required or may desire to give hereunder shall be given in writing to the addresses set forth below and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three Business Days after mailing; (c) if by Federal Express or other reliable overnight courier service, on the next Business Day after delivered to such courier service; or (d) if by confirmed e-mail transmission on the day of transmission so long as a copy is sent on the same day by overnight courier to the address set forth below:

If to Guarantor: Housing Authority of the County of Riverside
5555 Arlington Avenue
Riverside, CA 92504
Attention: Michael Walsh

If to Lender: Banner Bank
5930 Granite Lake Drive, Suite 170
Granite Bay, CA 95746
Attn: Sandy Bowen

Any party may change its address for notices by notifying the others in writing of the change as set forth herein.

15. Assignment. The term "**Lender**" shall include any subsequent holder of or participant in any of the Loan Documents. Lender may assign the Loan Documents in whole or in part and grant participations therein, without notice and without affecting Guarantor's liability under this Guaranty. Lender may make available to any proposed assignee or participant all credit and financial data with respect to Guarantor as may be in the possession of Lender. Guarantor agrees to furnish any additional information that any proposed assignee or participant may reasonably request.

16. APPLICABLE LAW. THIS GUARANTY, THE NOTE, AND ALL OTHER INSTRUMENTS EVIDENCING AND SECURING THE LOAN WERE NEGOTIATED IN THE STATE OF CALIFORNIA, AND DELIVERED BY GUARANTOR OR BORROWER, AS APPLICABLE, AND ACCEPTED BY LENDER IN THE STATE OF CALIFORNIA, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND THE UNDERLYING TRANSACTIONS EMBODIED HEREBY. IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS GUARANTY AND THE OBLIGATIONS ARISING HEREUNDER, THIS GUARANTY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. Any legal action related to the performance or interpretation of this Guaranty shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location.

17. Counterparts. This Guaranty may be signed in one or more counterparts, each of which shall be an original and all of which together shall constitute but one and the same instrument.

18. WAIVER OF JURY TRIAL. TO THE GREATEST EXTENT PERMITTED BY LAW, GUARANTOR, BY ITS EXECUTION AND DELIVERY HEREOF, AND LENDER, BY ITS ACCEPTANCE HEREOF, EACH HEREBY WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER

THIS GUARANTY OR ANY OTHER LOAN DOCUMENTS OR ARISING FROM THE LENDING RELATIONSHIP WHICH IS THE SUBJECT MATTER OF THE LOAN DOCUMENTS, AND AGREE THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY SUBJECT TO SECTION 19.1 BELOW. GUARANTOR FURTHER ACKNOWLEDGES THAT (I) IT HAS READ AND UNDERSTANDS THE MEANING AND RAMIFICATIONS OF THIS WAIVER, AND (II) THIS WAIVER IS A MATERIAL INDUCEMENT FOR LENDER TO MAKE THE LOANS. GUARANTOR HEREBY AGREES THAT THIS GUARANTY CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY PURSUANT TO THE PROVISIONS OF CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 631.

19. State-Specific Provisions - California.

19.1 Judicial Reference. In the event the waiver of jury trial set forth above is not enforceable, the parties agree to proceed under this judicial reference provision as follows:

19.1.1 With the exception of the items specified in Section 19.1.2 below, any controversy, dispute or claim (each a "**Claim**") between the parties arising out of or relating to this Guaranty or any of the other Loan Documents will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure, or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding.

19.1.2 The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interests in real or personal property; (ii) exercise of self-help remedies (including, without limitation, set-off); (iii) appointment of a receiver; and (iv) temporary, provisional, or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Section 19.1 as provided herein.

19.1.3 The single referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the presiding judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to Section 170.6 of the California Code of Civil Procedure, each party shall have one peremptory challenge to the referee selected by the presiding judge of the Court (or his or her representative).

19.1.4 The parties agree that time is of the essence in conducting the reference proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues within one hundred twenty (120) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision,

19.1.5 The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

19.1.6 Except as expressly set forth herein, the referee shall determine the manner in which

the reference proceeding is conducted, including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award fees and costs (including, without limitation, attorneys' fees) to the prevailing party, the parties will share equally the cost of the referee and the cost of the court reporter at trial.

19.1.7 The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to enter equitable orders that will be binding on the parties, and to rule on any motion that would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding that disposes of all claims of the parties that are the subject of the reference. Pursuant to Section 644 of the California Code of Civil Procedure, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court, and any such decision will be final, binding, and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

19.1.8 If the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the California Code of Civil Procedure, as amended from time to time. The limitations with respect to discovery set forth in this Section shall apply to any such arbitration proceeding.

19.1.9 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES, AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS, OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS GUARANTY OR THE OTHER LOAN DOCUMENTS.

19.2 Guarantor Waivers:

19.2.1 Without limiting any other term or provision of this Guaranty, Guarantor hereby waives Guarantor's rights of subrogation, reimbursement, indemnification, and contribution and any other rights and defenses that are or may become available to Guarantor by reason of Sections 2787 to 2855, inclusive, of the Cal. Civil Code.

19.2.2 Pursuant to Cal. Civil Code § 2856(c) and without limiting the other waivers contained herein, Guarantor waives all rights and defenses that Guarantor may have because Borrower's debt is secured by real property. This means, among other things: (1) Lender may collect from Guarantor without first foreclosing on any real or personal property collateral pledged by Borrower, and (2) if Lender forecloses on any real property collateral pledged by Borrower: (a) the amount of the debt may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price, and (b) Lender may collect from Guarantor even if Lender, by foreclosing on the real property collateral, has destroyed any right Guarantor may have to collect from Borrower.

19.2.3 This is an unconditional and irrevocable waiver of any rights and defenses Guarantor may have because Borrower's debt is secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the Code of Civil Procedure.

19.2.4 Guarantor also waives all rights and defenses arising out of an election of remedies by Lender even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantor's rights of subrogation and reimbursement against the principal by the operation of Section 580d of the Code of Civil Procedure or otherwise.

19.2.5 Guarantor affirms its intention to waive all benefits that might otherwise be available to Guarantor or Borrower under California Code of Civil Procedure Sections 580a, 580b, 580d, and 726 and California Civil Code Sections 2809, 2810, 2819, 2822, 2839, 2845, 2849, 2850, 2899, and 3433, among other provisions of like effect.

19.2.6 Guarantor agrees that any action taken by Lender against Borrower or against any collateral or security held by Lender, whether judicial or nonjudicial or in pursuit of any provisional remedy, that may impair or destroy any rights Guarantor may have against Borrower shall not act as a waiver or an estoppel of Lender's rights to enforce the terms of this Guaranty against Guarantor.

20. Independent Obligation. Guarantor understands and agrees that (a) the obligations under this Guaranty are separate and independent from Borrower, any Guarantor, any other guarantor, or any other person, and represent an unconditional, absolute, and irrevocable obligation on the part of Guarantor to pay the full amount of the indebtedness when due; (b) Lender is not required to pursue Borrower, any Guarantor, any other guarantor, or any other person, or foreclose or realize on all or any portion of the Collateral, or pursue any other remedies before demanding full payment from Guarantor; and (c) Guarantor shall remain fully liable under this Guaranty even if the Collateral is impaired or discharged or Borrower, any Guarantor, any other guarantor, or any other person is discharged or otherwise relieved of liability under the Loan Documents.

21. Transaction-Specific Provisions.

Nothing in this Section 21 shall limit Lender's rights under the Indemnity Agreement, which shall remain a separate and independent obligation of Guarantor.

21.1.1 Termination. Subject to Section 10 above, the obligations of Guarantor under this Guaranty shall terminate when the Indebtedness has been fully repaid.

21.1.2 LIMITATION OF FUNDS AVAILABLE FOR GUARANTY. Notwithstanding anything to the contrary contained herein, Lender acknowledges and agrees that Guarantor has no authority to pledge Restricted Assets of Guarantor to support this Guaranty, and Lender's recourse under this Guaranty shall not extend to such Restricted Assets. For purposes of this Guaranty, "**Restricted Assets**" means any funds, subsidy, real or personal property, securities, accounts receivable, inventory, or other assets that Guarantor is prohibited from pledging as collateral or support for its financial obligations pursuant to (i) federal, state, or local laws or regulations, including, without limitation, laws and regulations governing programs administered by U.S. Department of Housing and Urban Development (HUD) in which Guarantor participates, including, without limitation, the Section 8 program, Community Development Block Grant (CDBG) program, the HOME Investment Partnership Act program, Neighborhood Stabilization Program, or Rental Assistance Demonstration or (ii) agreements entered into by Guarantor in connection with the Section 8 program, Community

Development Block Grant (CDBG) program, the HOME Investment Partnership Act program, Neighborhood Stabilization Program, Rental Assistance Demonstration, or other housing programs in which it participates.

21.1.3 NONLIABILITY OF COUNTY OF RIVERSIDE. LENDER HEREBY ACKNOWLEDGES AND AGREES THAT THE OBLIGATIONS OF GUARANTOR UNDER THIS GUARANTY SHALL NOT BE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OF RIVERSIDE ("**COUNTY**") OR ANY OF THE COUNTY'S AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES AND NEITHER THE COUNTY NOR ANY OF ITS AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH OBLIGATIONS BE PAYABLE OUT OF THE COUNTY'S GENERAL FUND OR OTHER FUNDS, ASSETS OR PROPERTIES OF THE COUNTY OR ANY FUNDS, PROPERTIES OR ASSETS OF THE COUNTY'S AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS OR REPRESENTATIVES.

[Remainder of page intentionally left blank; signatures appear on following page]

A CONTRACT, PROMISE, UNDERTAKING OR COMMITMENT TO LOAN MONEY OR GRANT OR EXTEND CREDIT, IN AN AMOUNT GREATER THAN \$100,000, NOT PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, MADE BY A PERSON ENGAGED IN THE BUSINESS OF LENDING MONEY OR EXTENDING CREDIT MUST BE IN WRITING AND SUBSCRIBED BY LENDER OR ITS AGENT TO BE VALID UNDER CALIFORNIA LAW.

Dated as of the date set forth above.

Guarantor:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,
a public body, corporate and politic

By: _____
Heidi Marshall, Executive Director

APPROVED AS TO FORM:
General Counsel

By: _____
Amrit P. Dhillon, Deputy General Counsel

**INDEMNITY AGREEMENT
(Environmental and Building Laws)**



THIS UNSECURED INDEMNITY AGREEMENT ("*Indemnity Agreement*" or "*Agreement*"), dated for reference purposes _____, 2022, is entered into by PERRIS PARK HOUSING LLC, a California limited liability company ("*Borrower*"), and by HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE, a California public entity, corporate and politic (collectively, if more than one individual and/or entity, "*Guarantor*") (Borrower and Guarantor are collectively referred to as "*Indemnitors*"), for the benefit of BANNER BANK, a Washington state chartered commercial bank ("*Lender*") and its successors, participants and assigns and the other Indemnified Parties (defined below).

RECITALS

A. Borrower has requested that Lender make a term loan to Borrower in the amount of THREE MILLION FIVE HUNDRED THOUSAND AND NO/100THS U.S. DOLLARS (\$3,500,000.00) (the "*Loan*"). The Loan shall be evidenced by a promissory note (the "*Note*") executed by Borrower in favor of Lender in the amount of the Loan. The Loan shall be secured by a Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "*Deed of Trust*") encumbering Borrower's interest in certain real property described in EXHIBIT A attached hereto.

B. Lender's agreement to make the Loan to Borrower is conditioned on Indemnitors' execution of this Indemnity Agreement. Indemnitors acknowledge that they will derive material financial benefits from Borrower's financing arrangements with Lender and that Lender would not make the Loan to Borrower absent this Agreement.

AGREEMENT

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as a material inducement for Lender's agreement to make the Loan to Borrower, Indemnitors certify, represent, warrant, covenant, and agree as follows:

1. Defined Terms.

1.1 "Building and Access Laws" means the Fair Housing Act of 1968, as amended, the Fair Housing Amendments Act of 1988, the Americans With Disabilities Act of 1990, as amended, all government and private covenants, conditions, and restrictions relating to the Property, building code requirements and laws affecting the improvements on the Property, and all other federal, state and local laws, ordinances, regulations and rules relating to the construction, operation, and maintenance of the improvements on the Property and the marketing and use of such improvements in a non-discriminatory manner.

1.2 "Environmental Laws" means all federal, state and local laws, statutes, codes, ordinances, regulations, judgments, orders, injunctions, decrees, covenants, restrictions and standards presently in effect or that may be promulgated in the future applicable to Borrower or to the Property relating to industrial hygiene or to environmental or unsafe conditions or to human health including, but not limited to, those relating to the generation, manufacture, storage, handling, transportation, disposal, release, emission or discharge of Hazardous Substances, those relating to or connected with the construction (or construction-related activities), fuel supply, power generation and transmission, waste disposal or any other operations or processes relating to the Property, and those relating to the atmosphere, soil, grading, excavation, surface and ground water, storm water, wetlands, stream sediments and vegetation on, under, in or about the Property and Nearby Property (including those relating to the construction of improvements on the Property and the resulting water quality, air quality, soils quality and other environmental quality of the Property and Nearby Property). "Environmental Law" also shall include, but not be limited to, the following laws,

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as they have been or will be amended from time to time: (a) the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986; (b) the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, as amended by the Hazardous and Solid Waste Amendments of 1984; (c) the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977; (d) the Toxic Substances Control Act; (e) the Emergency Planning and Community Right-to-Know Act of 1986; (f) the Clean Air Act, as amended by the Clean Air Act Amendments; (g) the National Environmental Policy Act of 1969; (h) the River and Harbor Act of 1899; (i) the Endangered Species Act of 1973; (j) the Occupational Safety and Health Act of 1970, to the extent such laws relate to hazardous materials or the protection of human health; (k) the Safe Drinking Water Act; (l) the Hazardous Materials Transportation Act; (m) the Federal Resource Conservation and Recovery Act of 1976; (n) the Federal Hazardous Materials Transportation Control Act; and (o) the Federal Insecticide, Fungicide, and Rodenticide Act, Federal Pesticide Act of 1978; and all regulations from time to time adopted in respect to the foregoing laws, and all other federal, state and local laws, statutes, codes, ordinances, regulations, judgments, orders, injunctions, decrees, covenants, restrictions and standards presently in effect or that may be promulgated in the future relating to the use, release, handling, storage, transportation, clean-up, or other disposal of Hazardous Substances, or relating to the water quality, air quality, soils quality, and other environmental quality of real property and improvements located or to be constructed upon real property, or related to the protection of endangered species, as such laws and ordinances may be amended from time to time.

1.3 **"Environmental Proceeding"** means any lawsuit or proceeding, whether civil (including actions by private parties), criminal, or administrative, relating to the environmental condition of the Property or the presence of Hazardous Substances thereon.

1.4 **"Environmental Reports"** means soils, geologic, and engineering reports prepared to assess any environmental risks associated with any portion of the Property that have been provided to Lender by Borrower or otherwise obtained by Lender prior to Lender's making the Loan.

1.5 **"Hazardous Substances"** means any waste, pollutants, contaminants, petroleum or petroleum product, asbestos, tremolite, anthophyllite or actinolite, polychlorinated biphenyls, or other chemical, substance, or material that: (a) after release into the environment and upon exposure, ingestion, inhalation, or assimilation, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavior abnormalities, cancer and/or genetic abnormalities, or (b) is now or at any time in the future becomes regulated under, or is defined, classified or designated as hazardous, toxic, radioactive or dangerous, or other similar term or category under any Environmental Laws; but shall not include: (1) pre-packaged supplies, cleaning materials, petroleum products, household products, paints, solvents, lubricants and other materials customarily used in the construction, operation, maintenance or use of comparable multifamily properties, (2) cleaning materials, household products, personal grooming items and other items sold in pre-packaged containers for consumer use and used by tenants and occupants of residential dwelling units in the Property; and (3) petroleum products used in the operation and maintenance of motor vehicles from time to time located on the Property's parking areas, so long as all of the foregoing are used, stored, handled, transported and disposed of in compliance with Environmental Laws.

1.6 **"Indemnified Parties"** means Lender, any person or entity who is or will have been involved in the origination or servicing of the Loan, any person or entity in whose name the encumbrance created by the Deed of Trust has been recorded, persons and entities who may hold or acquire an interest in the Loan, as well as custodians, trustees and other fiduciaries who hold a full or partial interest in the Loan for the benefit of third parties (each, individually, an **"Indemnified Party"**).

1.7 **"Loan Documents"** means any and all documents evidencing, securing or otherwise governing the Loan, specifically excluding, however, this Indemnity Agreement.

1.8 **"Nearby Property"** means real property that is adjacent to or in the immediate vicinity of the Property that could reasonably cause contamination of the Property or could become contaminated with Hazardous Substances as a result of construction, operations, or other activities involving Hazardous Substances on, over, or under the Property or on, over, or under such adjacent or nearby property.

1.9 **"Property"** means the real property legally described on EXHIBIT A hereto and all other property that now or hereafter secures the Loan, all buildings, improvements, and personal property now or hereafter located thereon, the soil, groundwater, streams crossing or abutting the real property, and the aquifers underlying such real property.

1.10 **"Transition Date"** means the earlier of the following dates: (a) the date on which the lien of the Deed of Trust is fully and finally foreclosed or a conveyance by deed in lieu of such foreclosure is fully and finally effective and possession of the Property has been given to and accepted by Lender or any other purchaser or grantee, or (b) prior to completion of any foreclosure or deed in lieu of foreclosure, if Lender, its agents, employees, affiliates, or any receiver appointed to take possession of the Property on behalf of or at the request of Lender causes any release of Hazardous Substances or other contamination, alteration, or change in physical condition, the date prior to the date when such release, contamination, or change in physical condition by actions of Lender or its agent, employee, affiliate or receiver has occurred. However, as to clause (b), the Transition Date applies only to any release of Hazardous Substances or other contamination, alteration, or change in physical characteristics caused by Lender, its agents, employees, affiliates, or any receiver appointed at Lender's request, but not to Hazardous Substances that existed on the Property prior to such change in custody and possession or receivership, nor to Hazardous Substances that enter onto the Property after the Transition Date from natural forces that cannot be reasonably controlled by Lender (e.g., contaminated groundwater intrusion).

2. **Scope of Indemnitors' Investigation.** Indemnitors' investigation of the environmental condition of the Property has included all of the following undertaken by Borrower and confirmed to the other Indemnitors: physical examination of the Property; the acquisition and review of the applicable Environmental Reports; review of or consultation with consultants about applicable Environmental Laws; and any other actions deemed necessary by Indemnitors to confirm the accuracy of all representations and warranties contained in the Loan Documents regarding such matters.

3. **Lender's Right to Enter.** Lender shall have the right to enter and inspect the Property at any time after reasonable notice to Indemnitors, and, in the event of a default under any of the Loan Documents, and consistent with remedies provided in the Loan Documents, shall also have the right to appoint a receiver to enforce Lender's right to inspect the Property.

4. **Obligation to Cure Non-Compliance.**

4.1 **Notice.** If Indemnitors at any time become aware of: (a) any Hazardous Substances on or other environmental problem or liability with respect to the Property or any Nearby Property that constitute actual violations of any Environmental Laws, (b) any failure of the Property or the improvements thereon to comply with any of the Environmental Laws, (c) any failure of the Property or the improvements thereon or the marketing and other operations undertaken with respect thereto to comply with any of the Building and Access Laws, (d) any lien, action or written notice resulting from violation of any Environmental Laws, or Building and Access Laws or (e) any Environmental Proceeding affecting the Property, and that are material in nature, Indemnitors shall immediately notify Lender thereof in writing, and shall thereafter exercise due diligence to ascertain the scope and nature of such condition. If the condition is such that state or federal law requires the giving of notice to the governmental agencies having appropriate jurisdiction or the implementation of other preventive measures, Indemnitors shall promptly furnish such notice or implement such preventive measures.

4.2 Cure. If, upon giving such notice or for any other reason, one or more governmental agencies having appropriate jurisdiction requires removal or treatment of Hazardous Substances from or on the Property or the making of alterations to the Property to conform to Building and Access Laws or Environmental Laws, or such removal, treatment, or alteration is required by Environmental Laws or Building and Access Laws, Indemnitors will: (a) to the extent required by Environmental Laws, take all actions that are necessary or desirable to clean up any Hazardous Substances affecting the Property, including removal, treatment, containment or any other remedial action required to restore the Property to a safe condition in compliance with applicable laws and regulations, including Environmental Laws, (b) take all actions that are necessary or desirable to modify the Property and all improvements and marketing materials so as to achieve compliance with applicable laws and regulations, including Building and Access Laws and/or Environmental Laws, and/or (c) attempt to contest, appeal, or obtain a stay of enforcement proceedings if Indemnitors believe in good faith that Indemnitors are not required by law to cure such Hazardous Substances condition or to make alterations to comply with Environmental Laws or Building and Access Laws.

4.3 Indemnitors' Expense. Except for the correction of any violations of Building and Access Laws and/or Environmental Laws to the extent caused by Indemnified Parties, their agents, successors and assigns, Indemnitors agree that the amelioration, treatment, containment, or removal of all Hazardous Substances that may be discovered on the Property or Nearby Property (occurring from Hazardous Substances originating on the Property) arising prior to the Transition Date and the modification of any improvements on the Property in order to comply with Environmental Laws or Building and Access Laws for violations occurring prior to the Transition Date shall be at Indemnitors' sole expense, reserving unto Indemnitors any claims for contribution or indemnity that Indemnitors may have against other parties who may be held liable therefor.

5. Indemnification of Indemnified Parties. Indemnitors shall indemnify, defend, and hold harmless Indemnified Parties from and against any and all claims, demands, damages, losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including reasonable attorneys' fees and costs), that (a) accrue to or are made against or incurred by Indemnified Parties relating to any Transferred Property that result in actual cost and expense to an Indemnified Party arising after one or more Indemnified Parties is in title to the Transferred Property; and (b) directly or indirectly arise from or out of, or are in any way connected with:

5.1 the inaccuracy of any Indemnitor's representations regarding (a) the environmental condition of the Property or (b) compliance of the Property or the improvements with Environmental Laws or Building and Access Laws;

5.2 any spills, releases, discharges or disposal of Hazardous Substances at or from the Transferred Property occurring prior to the Transition Date;

5.3 the imposition, recording or filing of any lien with regard to Hazardous Substances prior to the Transition Date or relating to Hazardous Substances that existed on the Property prior to the Transition Date;

5.4 any non-compliance with or violation of any Environmental Laws occurring prior to the Transition Date;

5.5 any activities on the Transferred Property prior to the Transition Date that directly or indirectly result in the Property or any Nearby Property becoming contaminated with Hazardous Substances, provided, such activities have not been conducted by any Indemnified Party, their agents, successors or assigns;

5.6 the discovery and/or cleanup of Hazardous Substances that were deposited on or were existing on the Transferred Property prior to the Transition Date except to the extent that an Indemnified Party, its agents, successors or assigns deposited such Hazardous Substances on the Transferred Property;

5.7 the discovery and/or cleanup of Hazardous Substances that were deposited on any Nearby Property as a result of an Indemnitor's actions or omissions; or

5.8 any alleged or actual failure of any improvements now or hereafter constructed by Borrower on the Transferred Property to continuously substantially comply with all Building and Access Laws now or hereafter enacted for any reason whatsoever, so long as such failure or violation did not first occur after the Transition Date.

Indemnitors acknowledge that, as between Indemnitors and Indemnified Parties, for those obligations of Indemnitors described in this Section 5, Indemnitors will be solely responsible for all costs and expenses relating to the cleanup of Hazardous Substances from the Transferred Property or from any related Nearby Property or to the modification and correction of any of the improvements constructed on the Transferred Property to make them comply substantially with all Building and Access Laws. If Lender becomes the owner of, or acquires an interest in or rights to the Property by foreclosure or by a conveyance in lieu of foreclosure of the Deed of Trust, or any other instruments securing the Loan, or by any other means, the foregoing indemnification and defense obligations of Indemnitor shall survive such transfer of the Transferred Property. Notwithstanding the preceding sentence, Indemnitor shall have no obligation to defend, indemnify or hold Lender harmless from any claim, demand, damage, loss, lien, liability, etc. to the extent arising from the gross negligence or willful misconduct of the applicable Indemnified Party on or after the Transition Date.

6. Defense of Indemnified Parties. If any party asserts a claim against an Indemnified Party for which Indemnitors have agreed to defend and indemnify such Indemnified Party, counsel selected by Indemnitors for an Indemnified Party's defense shall be subject to the Indemnified Party's approval, in its reasonable discretion. In the event of a conflict of interest between the Indemnitors and Indemnitees, or the potential impairment of the lien, the Indemnified Party shall have the right to make all decisions relating to the dispute. In the absence of one of the foregoing conditions, the Indemnified Party must pay the costs of the defense when it seeks to control the litigation. Indemnitors shall not, without the prior written consent of the Indemnified Party to the claim, which shall not be unreasonably withheld, accept the terms of any settlement. The obligations and liabilities of Indemnitors under this Indemnity Agreement shall fully survive indefinitely notwithstanding any termination, satisfaction, assignment, entry of a judgment of foreclosure, exercise of any power of sale, or delivery of a deed in lieu of foreclosure relating to any of the Loan Documents, including, without limitation, any assignment and assumption of Indemnitors' obligations hereunder.

7. Promises of Indemnity Are Unconditional and Separate from the Loan. Indemnitors' obligations under this Indemnity Agreement are unconditional and shall not be limited by any limitations of liability provided for in any of the Loan Documents. Furthermore, the representations, warranties, and covenants of Indemnitors set forth in this Indemnity Agreement: (a) are separate and distinct obligations from Borrower's and Guarantor's obligations under the Loan Documents, (b) are not secured by the Deed of Trust or any other security instruments securing the Loan and shall not be discharged or satisfied by foreclosure of the liens created by the Deed of Trust or other security instruments, and (c) shall continue in effect after the Transition Date, to the extent provided in Section 5 above.

8. Payments to Indemnified Parties. All amounts payable under this Indemnity Agreement shall be paid when due or, for reimbursement of amounts paid by an Indemnified Party, within thirty (30) days after an Indemnified Party's delivery of demand to Indemnitors. Any amount not paid when due shall thereafter bear interest at the default rate of interest under the promissory note evidencing the Loan (whether or not such promissory note itself remains enforceable).

9. Attorney and Professional Fees. Each Indemnitor agrees to reimburse, within thirty (30) days of demand, the applicable Indemnified Parties for all costs, expenses, and reasonable attorneys' fees that such Indemnified Parties incur in connection with the realization or enforcement of any obligation or remedy contained in this Indemnity Agreement, with or without litigation. Payment by an Indemnified Party shall not be a condition precedent to the obligations of any Indemnitor under this Indemnity Agreement.

10. Indemnitors' Waivers. Each Indemnitor agrees that its obligations hereunder shall not be affected by any circumstances, whether or not referred to herein, that might otherwise constitute a legal or equitable discharge of a guarantor or a surety. Without limiting the generality of the foregoing, each Indemnitor waives any rights, claims, defenses, abatement, or rights of setoff or recoupment based on or arising out of: (a) all statutes of limitations that may offer a defense to any action brought against such Indemnitor by Indemnified Parties; (b) any legal disability, discharge, or limitation of the liability of Borrower to Lender, whether consensual or arising by operation of law or any proceeding; (c) any laws in effect from time to time limiting the liability of a surety; (d) the death or disability of Borrower or any Indemnitor; or (e) any right to require Lender to exhaust any security for the performance of obligations under any of the Loan Documents or to proceed against Borrower, Guarantor, or any other person in any particular order, whether such right exists by statute or otherwise.

11. Miscellaneous.

11.1 Notices. Any notice, demand, request or other communication that any party hereto may be required or may desire to give hereunder shall be made in writing to the addresses below and shall be deemed to have been properly given (a) if hand delivered, when delivered; (b) if mailed by United States Certified Mail (postage prepaid, return receipt requested), three (3) business days after mailing; (c) if by Federal Express or other reliable overnight courier service, on the next business day after delivery to such courier service; or (d) if by confirmed e-mail transmission on the day of transmission so long as a copy is sent on the same day by overnight courier to the applicable address set forth below:

If to Indemnitor: PERRIS PARK HOUSING LLC
HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
5555 Arlington Avenue
Riverside, CA 92504
Attention: Michael Walsh

If to Lender: BANNER BANK
5930 Granite Lake Drive, Suite 170
Granite Bay, CA 95746
Attn: Sandy Bowen

Any party may change its address by notifying the other party in writing as set forth above.

11.2 Benefit of Lender's Affiliates, Successors, and Purchasers. Each representation, warranty, covenant, promise of indemnity, and other obligation of Indemnitors herein in favor of Lender shall also inure to the benefit of any successors and assigns of Lender's interest in the Loan or any portion of the Property, as well as any purchasers of all or any portion of the Property at a foreclosure sale and the purchaser under the first conveyance of any portion of Property following the consummation of any foreclosure or deed in lieu of foreclosure, but not any other purchasers of the Property.

11.3 Rights Cumulative. The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies that Lender has under the Loan Documents or that Lender would otherwise have at law or in equity.

11.4 No Waiver. The failure of an Indemnified Party to promptly enforce any right or remedy under this Indemnity Agreement shall not constitute a waiver thereof and shall not affect or impair the liability of Indemnitors.

11.5 Release of Liability. Any one or more parties liable upon or in respect of this Indemnity Agreement may be released without affecting the liability of any party not so released.

11.6 Successors. This Indemnity Agreement shall be binding upon Indemnitors and their heirs, representatives, successors and assigns.

11.7 Severability. If any provision of this Indemnity Agreement is invalid, illegal or unenforceable, such provision shall be considered severed from the rest of this Indemnity Agreement and the remaining provisions shall continue in full force and effect as if the invalid provision had not been included.

11.8 Joint and Several Liability. The liability hereunder of each Indemnitor shall be joint and several.

11.9 Mutual Negotiation. Each Indemnitor and Indemnified Party confirm that they have mutually negotiated this Indemnity Agreement and that none of the terms or provisions of this Indemnity Agreement shall be construed by presumption against either party.

11.10 Governing Law. This Indemnity Agreement shall be governed by the laws of the State of in which the Property is located, without regard to that state's choice of law rules.

11.11 Execution of Counterparts. This Indemnity Agreement may be executed simultaneously in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

12. California Provisions

12.1 Judicial Reference. The parties agree to proceed under this judicial reference provision as follows:

12.1.1 With the exception of the items specified in Section 12.1.2 below, any controversy, dispute or claim (each a "**Claim**") between the parties arising out of or relating to this Agreement will be resolved by a reference proceeding in California in accordance with the provisions of Sections 638 et seq. of the California Code of Civil Procedure, or their successor sections, which shall constitute the exclusive remedy for the resolution of any Claim, including whether the Claim is subject to the reference proceeding. Venue for the reference proceeding will be in the state or federal court located in Riverside County (the "**Court**").

12.1.2 The matters that shall not be subject to a reference are the following: (i) non-judicial foreclosure of any security interests in real or personal property, (ii) exercise of self-help remedies (including, without limitation, set-off), (iii) appointment of a receiver, and (iv) temporary, provisional, or ancillary remedies (including, without limitation, writs of attachment, writs of possession, temporary restraining orders or preliminary injunctions). This reference provision does not limit the right of any party to exercise or oppose any of the rights and remedies described in clauses (i) and (ii) or to seek or oppose from a court of competent jurisdiction any of the items described in clauses (iii) and (iv). The exercise of, or opposition to, any of those items does not waive the right of any party to a reference pursuant to this Section 12.1 as provided herein.

12.1.3 The single referee shall be a retired judge or justice selected by mutual written agreement of the parties. If the parties do not agree within ten (10) days of a written request to do so by any party, then, upon request of any party, the referee shall be selected by the presiding judge of the Court (or his or her representative). A request for appointment of a referee may be heard on an ex parte or expedited basis, and the parties agree that irreparable harm would result if ex parte relief is not granted. Pursuant to Section 170.6 of the California Code of Civil Procedure, each party shall have one peremptory challenge to the referee selected by the presiding judge of the Court (or his or her representative).

12.1.4 The parties agree that time is of the essence in conducting the reference

proceedings. Accordingly, the referee shall be requested, subject to change in the time periods specified herein for good cause shown, to (i) set the matter for a status and trial-setting conference within fifteen (15) days after the date of selection of the referee, (ii) if practicable, try all issues within one hundred twenty (120) days after the date of the conference, and (iii) report a statement of decision within twenty (20) days after the matter has been submitted for decision,

12.1.5 The referee will have power to expand or limit the amount and duration of discovery. The referee may set or extend discovery deadlines or cutoffs for good cause, including a party's failure to provide requested discovery for any reason whatsoever. Unless otherwise ordered based upon good cause shown, no party shall be entitled to "priority" in conducting discovery, depositions may be taken by either party upon seven (7) days written notice, and all other discovery shall be responded to within fifteen (15) days after service. All disputes relating to discovery that cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding.

12.1.6 Except as expressly set forth herein, the referee shall determine the manner in which the reference proceeding is conducted, including the time and place of hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee, and the referee will be provided a courtesy copy of the transcript. The party making such a request shall have the obligation to arrange for and pay the court reporter. Subject to the referee's power to award fees and costs (including, without limitation, attorneys' fees) to the prevailing party, the parties will share equally the cost of the referee and the cost of the court reporter at trial.

12.1.7 The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to enter equitable orders that will be binding on the parties, and to rule on any motion that would be authorized in a court proceeding, including without limitation motions for summary judgment or summary adjudication. The referee shall issue a decision at the close of the reference proceeding that disposes of all claims of the parties that are the subject of the reference. Pursuant to Section 644 of the California Code of Civil Procedure, such decision shall be entered by the Court as a judgment or an order in the same manner as if the action had been tried by the Court, and any such decision will be final, binding, and conclusive. The parties reserve the right to appeal from the final judgment or order or from any appealable decision or order entered by the referee. The parties reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

12.1.8 If the enabling legislation that provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by reference procedure will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge or justice, in accordance with the California Arbitration Act §1280 through §1294.2 of the California Code of Civil Procedure, as amended from time to time. The limitations with respect to discovery set forth in this Section shall apply to any such arbitration proceeding.

12.1.9 THE PARTIES RECOGNIZE AND AGREE THAT ALL CONTROVERSIES, DISPUTES, AND CLAIMS RESOLVED UNDER THIS REFERENCE PROVISION WILL BE DECIDED BY A REFEREE AND NOT BY A JURY. AFTER CONSULTING (OR HAVING HAD THE OPPORTUNITY TO CONSULT) WITH COUNSEL OF ITS, HIS, OR HER OWN CHOICE, EACH PARTY KNOWINGLY AND VOLUNTARILY, AND FOR THE

MUTUAL BENEFIT OF ALL PARTIES, AGREES THAT THIS REFERENCE PROVISION WILL APPLY TO ANY CLAIM BETWEEN OR AMONG THEM ARISING OUT OF OR IN ANY WAY RELATED TO THIS INDEMNITY AGREEMENT.

12.2 Waiver. Each Indemnitor hereby unconditionally and irrevocably waives:

12.2.1 an election of remedies by any Indemnified Party, even though that election of remedies, such as a non-judicial foreclosure with respect to any security for the Loan (whether such security is real property or personal property), has destroyed such Indemnitor's rights of subrogation and reimbursement against Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise.

12.2.2 any and all benefits which might otherwise be available to such Indemnitor under California Civil Code Sections 2787 through 2855, 2899, 2953, or 3433, and California Code of Civil Procedure Sections 580a, 580b, 580d and 726.

12.3 Loan Amount; No Limitation. The amount of Indemnitors' liability under this Indemnity Agreement is unrelated to, and independent of, the amount of any loss that Lender may suffer by reason of the failure of the Loan to be repaid in full, and shall not be determined by reference to the amount of any Loan loss. No amount paid to any Indemnified Party pursuant to this Indemnity Agreement shall be considered to be paid on account of the Loan or any deficiency or loss suffered by Lender by reason of the failure of the Loan to be repaid in full. The enforcement of this Indemnity Agreement by any Indemnified Party shall not be construed as an indirect attempt to recover any such loan loss, Indemnitors acknowledge that Indemnitors may have liability under this Indemnity Agreement even if the Loan is repaid in full by reason of a full credit bid at any foreclosure sale, and that the amount of Indemnitors' liability hereunder could exceed the entire amount paid by an Indemnified Party for the Property.

12.4 Legal Effect of this Agreement. Indemnitors and Indemnified Parties agree that: (a) this Indemnity Agreement is intended as Lender's written request for information (and Indemnitors' response) concerning the environmental condition of the real property security as required by California Code of Civil Procedure Section 726.5; and (b) each provision in this Indemnity Agreement (together with any indemnity applicable to a breach of any such provision) with respect to the environmental condition of the real property security is intended by Lender and Indemnitors to be an "environmental provision" for purposes of California Code of Civil Procedure Section 736, and as such it is expressly understood that Indemnitors' duty to indemnify Indemnified Parties hereunder shall survive: (i) any judicial or non-judicial foreclosure under any security instrument, or transfer of the Property in lieu thereof; (ii) the release and reconveyance or cancellation of any security instrument; and (iii) the satisfaction of all of Indemnitors' obligations under the Loan Documents.

12.5 Inspection Rights. Lender shall have the right to enter and inspect the Property for Hazardous Substances pursuant to California Civil Code Section 2929.5, to obtain a court order to enforce that right, and to have a receiver appointed pursuant to California Code of Civil Procedure Section 564 to enforce Lender's right to enter and inspect the Property.

12.6 Remedies.

12.6.1 Upon any breach of this Indemnity Agreement, each Indemnified Party shall have the right to commence and maintain an action or actions in any court of competent jurisdiction for breach of contract pursuant to California Code of Civil Procedure Section 736, whether commenced prior to foreclosure of the Property or after foreclosure of the Property, and to seek the recovery of any and all costs, damages, expenses, fees, penalties, fines, judgments, indemnification payments to third parties, and other out-of-pocket costs or expenses actually incurred or advanced by Lender (collectively, the "**Environmental Costs**") relating to the cleanup, remediation or other response action required by Environmental Laws or which Lender believes necessary to protect the Property. Each Indemnitor acknowledges and agrees that notwithstanding any term of provision contained herein or in the Loan Documents, the Environmental Costs shall be exceptions to any non-recourse or exculpatory provision, and each

Indemnitor shall be fully and personally liable for the Environmental Costs hereunder and such liability shall not be limited to the original principal amount of the obligations secured by the Deed of Trust or any other security instrument.

12.6.2 Upon any Event of Default under the Loan Documents, in addition to any other remedies provided therein and applicable law, Lender shall have the right to waive the lien of the Deed of Trust against the Property or any portion thereof, whether fixtures or personal property, to the extent such property is found to be environmentally impaired in accordance with California Code of Civil Procedure Section 726.5 and to exercise any and all rights and remedies of an unsecured creditor against Indemnitors and all of Indemnitors' assets and property for the recovery of any deficiency, including, without limitation, seeking an attachment order pursuant to California Code of Civil Procedure Section 483.010. As between Indemnified Parties and Indemnitors, for purposes of California Code of Civil Procedure Section 726.5, Indemnitors shall have the burden of proving that they or any related party (or any affiliate or agent of any Indemnitor or any related party) were not in any way negligent in permitting the release or threatened release of the Hazardous Substances. Each Indemnitor acknowledges and agrees that, notwithstanding any term or provision contained herein or in the Loan Documents, all judgments and awards entered against an Indemnitor under this Section and California Code of Civil Procedure Section 726.5 shall be exceptions to any non-recourse or exculpatory provisions of the Loan Documents.

12.7 California Code Sections. This Indemnity Agreement is intended to be cumulative of any rights of Lender under California Code of Civil Procedure Sections 564, 726.5 and 736 and under California Civil Code Section 2929.5. Each Indemnitor hereby agrees that its liability hereunder shall not be affected by any restrictions or limitations such statutes may contain.

13. TRANSACTION-SPECIFIC PROVISIONS.

13.1 Limitation of Funds Available for Indemnity Agreement. Notwithstanding anything to the contrary contained herein, Lender acknowledges and agrees that Guarantor has no authority to pledge Restricted Assets of Guarantor to support this Indemnity Agreement, and Lender's recourse against Guarantor under this Indemnity Agreement shall not extend to such Restricted Assets. For purposes of this Indemnity Agreement, "**Restricted Assets**" means any funds, subsidy, real or personal property, securities, accounts receivable, inventory, or other assets that Guarantor is prohibited from pledging as collateral or support for its financial obligations pursuant to (i) federal, state, or local laws or regulations, including, without limitation, laws and regulations governing programs administered by U.S. Department of Housing and Urban Development (HUD) in which Guarantor participates, including, without limitation, the Section 8 program, Community Development Block Grant (CDBG) program, the HOME Investment Partnership Act program, Neighborhood Stabilization Program, or Rental Assistance Demonstration or (ii) agreements entered into by Guarantor in connection with the Section 8 program, Community Development Block Grant (CDBG) program, the HOME Investment Partnership Act program, Neighborhood Stabilization Program, Rental Assistance Demonstration, or other housing programs in which it participates.

13.2 Nonliability of County of Riverside. LENDER HEREBY ACKNOWLEDGES AND AGREES THAT THE OBLIGATIONS OF BORROWER AND GUARANTOR SET FORTH HEREIN SHALL NOT BE A DEBT, LIABILITY OR OBLIGATION OF THE COUNTY OF RIVERSIDE ("**COUNTY**") OR ANY OF THE COUNTY'S AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES AND NEITHER THE COUNTY NOR ANY OF ITS AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS, OR REPRESENTATIVES SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL SUCH OBLIGATIONS BE PAYABLE OUT OF THE COUNTY'S GENERAL FUND OR OTHER FUNDS, ASSETS OR PROPERTIES OF THE COUNTY OR ANY FUNDS, PROPERTIES OR ASSETS OF THE COUNTY'S AGENCIES, DISTRICTS, SPECIAL DISTRICTS, AND DEPARTMENTS, THEIR RESPECTIVE DIRECTORS, OFFICERS, BOARD OF SUPERVISORS, EMPLOYEES, ELECTED OR APPOINTED OFFICIALS, AGENTS OR REPRESENTATIVES.

A CONTRACT, PROMISE, UNDERTAKING OR COMMITMENT TO LOAN MONEY OR GRANT OR EXTEND CREDIT, IN AN AMOUNT GREATER THAN \$100,000, NOT PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, MADE BY A PERSON ENGAGED IN THE BUSINESS OF LENDING MONEY OR EXTENDING CREDIT MUST BE IN WRITING AND SUBSCRIBED BY LENDER OR ITS AGENT TO BE VALID UNDER CALIFORNIA LAW.

Dated as of the date first set forth above.

Indemnitors:

Borrower:

PERRIS PARK HOUSING LLC,
a California limited liability company

By: Riverside Community Housing Corp.,
a California nonprofit public benefit corporation,
its Sole Manager/Member

By: _____
Carrie Harmon
Chief Operating Officer

APPROVED AS TO FORM:
General Counsel

By: _____
Lisa Sanchez
Deputy General Counsel

Guarantor:

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE,
a California public entity, corporate and politic

By: _____
Heidi Marshall
Executive Director

APPROVED AS TO FORM:
General Counsel

By: _____
Amrit P. Dhillon, Deputy General Counsel

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

LOT 1 OF THAT CERTAIN CERTIFICATE OF COMPLIANCE, LOT LINE ADJUSTMENT NO. 99-0022, IN THE CITY OF PERRIS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED APRIL 9, 1999 AS INSTRUMENT NO. 1999-182554 OF OFFICIAL RECORDS, DESCRIBED AS FOLLOWS:

THAT PORTION OF LOT 5 OF PEROU'S SUBDIVISION OF THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 31, IN TOWNSHIP 4 SOUTH, RANGE 3 WEST, AS SHOWN BY MAP ON FILE IN BOOK 15, PAGE 698 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT SOUTHEAST CORNER OF SAID SECTION 31, SAID POINT ALSO BEING THE CENTERLINE INTERSECTIONS OF PERRIS BOULEVARD AND ELLIS AVENUE AS SHOWN ON MAP FILED IN MAP BOOK 86 PAGE 48 OF RECORD OF SURVEYS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA;

THENCE NORTH 00° 14' 13" WEST 680.04 FEET ALONG THE CENTERLINE OF PERRIS AVENUE, SAID CENTERLINE ALSO BEING THE EAST LINE OF SAID LOT 5;

THENCE SOUTH 89° 45' 47" WEST 30.00 FEET PERPENDICULAR TO SAID CENTERLINE TO THE WEST RIGHT-OF-WAY LINE OF PERRIS BOULEVARD 30.00 FEET WIDE HALF WIDTH, SAID POINT ALSO BEING THE NORTHEAST CORNER OF PARCEL 1 AS SHOWN ON SAID RECORD OF SURVEY, TO THE TRUE POINT OF BEGINNING;

THENCE SOUTH 89° 45' 44" WEST 475.35 FEET ALONG THE NORTH LINE OF SAID PARCEL 1;

THENCE SOUTH 00° 14' 16" EAST 629.40 FEET PERPENDICULAR TO SAID NORTH LINE TO A POINT ON THE NORTH RIGHT-OF-WAY OF ELLIS AVENUE, 30.00 FEET WIDE HALF WIDTH;

THENCE NORTH 89° 50' 04" EAST 475.34 FEET ALONG SAID NORTH RIGHT-OF-WAY TO A POINT ON THE WEST RIGHT-OF-WAY OF PERRIS BOULEVARD, 30.00 FEET WIDE HALF WIDTH;

THENCE NORTH 00° 14' 13" WEST 630.00 FEET ALONG SAID WEST RIGHT-OF-WAY LINE TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL MATERIALS AS RESERVED TO THE UNITED STATES AS SET FORTH IN AN INSTRUMENT RECORDED MARCH 22, 1895 IN BOOK 26, PAGE 59 OF DEEDS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

APN: 313-290-020-2