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

ITEM: 3.15
(ID # 21350)
MEETING DATE:
Tuesday, March 28, 2023

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of the Loan Agreement for the Use of PLHA Program Funds for Courtyards at Cottonwood II Apartments and All Attachments Thereto, in the City of Moreno Valley and Authorize the Director of HWS to Execute a Form of the PLHA Loan Agreement, a Form of the Covenant Agreement and a Form of the Subsequent Subordination Agreement; District 5. [$4,200,000 - 100% Permanent Local Housing Allocation (PLHA) Funds] (Clerk of the Board to File the Notice of Determination) [Making Findings as the Responsible Agency Pursuant to CEQA]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find, in its independent judgment and analysis as a Responsible Agency under CEQA in issuing certain limited approvals, after it reviewed and considered the information in the previously adopted Mitigated Negative Declaration (MND) for Project Titles PEN21-0112, PEN21-0113 and PEN21-0114 by the City of Moreno Valley, as Lead Agency, approved on January 18, 2022 for the Courtyards at Cottonwood II Affordable Housing Project (Project), that as to those potential environmental impacts within the County's powers and authorities as responsible agency concerning the Loan Agreement for the Use of Permanent Local Housing Allocation (PLHA) Program Funds and approvals associated therewith, any potentially significant environmental effects have been adequately analyzed and nothing further is required under CEQA;

Continued on Page 2

ACTION:Policy

Heidi Marshall, Director 3/7/2023

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes:	Jeffries, Spiegel, Washington, Perez, and Gutierrez
Nays:	None
Absent:	None
Date:	March 28, 2023
xc:	HWS, Recorder

Kimberly A. Rector
Clerk of the Board
By: _____
Deputy

RECOMMENDED MOTION: That the Board of Supervisors:

2. Approve the attached form of Loan Agreement for the Use of PLHA Program Funds, including all attachments thereto, (PLHA Loan Agreement), between the County and Courtyards at Cottonwood II, L.P., a California limited partnership (Partnership), providing a loan derived from the PLHA Program in the amount of $4,000,000 (PLHA Loan), to be used to pay a portion of the development and construction costs for a multi-family affordable rental housing project in the City of Moreno Valley;

3. Approve the attached forms of PLHA Loan Deed of Trust, Security Instrument and Fixture Filing with Assignment of Rents (PLHA Loan Deed of Trust), PLHA Loan Promissory Note, Environmental Indemnity and PLHA Covenant Agreement;

4. Approve the allocation of $200,000 for direct staff costs associated with management of the Project by Housing and Workforce Solutions (HWS) staff;

5. Authorize the Director of the 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 to a Deed of Trust for the benefit of Citibank, N.A., a national bank association, senior lender securing a loan for the Project for a not to exceed amount of $11,000,000, 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 Agreement, including but not limited to, signing amendments and 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 Determination Mitigated Negative Declaration with the County Clerk within 5 business days.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	$2,000,000	$ 2,200,000	$4,200,000	$ 0
NET COUNTY COST	$ 0	$ 0	$ 0	$ 0

SOURCE OF FUNDS: Permanent Local Housing Allocation Funds (100%)	**Budget Adjustment:** No
	For Fiscal Year: 22/23, 23/24

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On January 25, 2022 (Minute Order 3.31), in connection with Courtyards at Cottonwood II Apartments Affordable Housing Project, a proposed 32-unit multi-family affordable rental housing complex for low-income families located in the City of Moreno Valley (Project), the County of Riverside Board of Supervisors approved Resolution No. 2022-027, which allocated $3,000,000 in Permanent Local Housing Allocation (PLHA) funds allocated from the California Department of Housing and Community Development PLHA Program (HCD PLHA Program) to Rancho Belago Developers, Inc., an affordable housing developer (Developer), subject to the satisfaction of certain conditions contained therein, and supported the submission of a Low-Income Housing Tax Credits (LIHTC) application by Courtyards at Cottonwood II L.P., a California limited partnership (Partnership), to the California Tax Credit Allocation Committee (CTCAC) for the Project.

The Project received a Preliminary Reservation of LIHTC from CTCAC on September 28, 2022. In order to offset rising interest rates brought on by the current economic and COVID-19 impact on the construction and financial sectors, Developer requested an additional $1,000,000 in PLHA funds for a total of $4,000,000. Since all of the conditions to funding set forth in Resolution No. 2022-027 have been satisfied, staff recommends that the Board approve the Loan Agreement for the Use of PLHA Program Funds, including exhibits (PLHA Loan Agreement) between the County and Partnership. The loan of $4,000,000 derived from HCD PLHA Program funds will be used to pay a portion of the development and construction costs for the Project. The PLHA Loan will be evidenced by a promissory note which will be secured by a deed of trust encumbering the Project, each attached. If there are any realized cost savings to the project, then any remaining PLHA funds will not be disbursed.

The Project will be located at the corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley (City), on 1.6 acres of vacant land identified as Assessor's Parcel Number 482-161-026 (Project Site). The Project will provide 32 new affordable housing units comprised within 2 two-story buildings including 16 two-bedroom units, 12 three-bedroom units and 4 four-bedroom units. The community room, laundry facilities and pool area from the first phase will be shared. Under the County's PLHA program, 15 units will be restricted to households whose incomes do not exceed 80% of the area median income and 3 units will be restricted to individual households whose incomes do not exceed 50% of the area median income for the County of Riverside (PLHA Affordable Units). The PLHA Affordable Units will be restricted for a period of at least 55 years from the recordation of the Notice of Completion.

Staff recommends approval of PLHA funds for the Project to pay a portion of the development and construction costs for the Project and direct project staffing costs in an amount not to exceed 5% of PLHA funds approved for the Project as follows:

Courtyards at Cottonwood II Apartments	$4,000,000	PLHA Project Funding

Courtyards at Cottonwood II Apartments	$200,000	PLHA Direct Staffing (5%)
Total	$4,200,000	

Construction Sources	
Tax Credit Proceeds	$ 923,899
City of Moreno Valley Waived Fees	$ 421,431
City of Moreno Valley Land	$ 380,000
County of Riverside PLHA Loan	$ 3,600,000
Construction Loan	$ 10,442,111
Deferred Costs	$ 1,344,821
Total	**$ 17,112,262**

Permanent Sources	
Permanent Bank Loan	$ 2,832,871
Tax Credit Proceeds	$ 9,238,985
City of Moreno Valley Waived Fees	$ 421,431
City of Moreno Valley Land	$ 380,000
County of Riverside PLHA Loan	$ 4,000,000
Deferred Developer Fee	$ 238,975
Total	**$ 17,112,262**

The County PLHA Covenant Agreement will be in a lien position junior to a grant deed, City Housing Authority Regulatory Agreement, City Covenant and senior to all other security instruments. Citibank, N.A., a national association bank, as construction lender and permanent lender and City Housing Authority as land lender (collectively, Senior Lender) is senior to the County's PLHA Loan. Senior Lender requires as a condition precedent to the funding of their respective loan that the County's PLHA Loan is subordinate to the bank's liens. 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 the subordination requirement, deed of trust lien priority during the construction phase shall be as follows: 1st priority Citibank Construction Loan, 2nd priority City Housing Authority Land Loan, and 3rd priority County PLHA Loan. Upon Project completion and permanent financing, lien priority will be as follows: 1st priority Citibank Permanent Loan, 2nd priority City Housing Authority Land Loan, and 3rd priority County PLHA Loan.

Any potential significant effects of the Project have been addressed by the City of Moreno Valley, as Lead Agency in its Mitigated Negative Declaration (MND) for Courtyards at Cottonwood II Apartments (Project Titles PEN21-0112, PEN21-0113 and PEN21-0114), approved by the City of Moreno Valley on January 18, 2022 and filed with the Riverside County

Clerk's Office on January 19, 2022. Upon review and approval of the MND on March 28, 2023, the County of Riverside Board of Supervisors, acting as the Responsible Agency, will adopt the Notice of Determination (NOD) of Mitigated Negative Declaration. Entering into the PLHA Loan Agreement will not result in any new significant environmental effects; the actions will not substantially increase the severity of the environmental effects; no considerably different mitigation measures have been identified; and no mitigation measures found infeasible have become feasible. As a result, no further environmental documentation is required for California Environmental Quality Act purposes.

Staff recommends that the Board of Supervisors approve the attached form of PLHA Loan Agreement, including all exhibits, including, but not limited to the forms of the PLHA Loan Deed of Trust, Security Instrument and Fixture Filing with Assignment of Rents (PLHA Loan Deed of Trust), PLHA Loan Promissory Note, Environmental Indemnity and PLHA Covenant Agreement. Staff further recommends that the Board of Supervisors authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to negotiate and execute a subordination agreement, as required conditions to the senior lender financing, subordinating the PLHA Loan Deed of Trust to the deed of trust securing the senior lender loan as discussed herein, subject to approval as to form by County Counsel.

Impact on Residents and Businesses

The development of Courtyards at Cottonwood II Apartments in the City of Moreno Valley will have a positive impact on the citizen and businesses within the County of Riverside. The Project is expected to generate construction, permanent maintenance and property management jobs, as well as provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:
Additional Fiscal Information

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 PLHA Program.

ATTACHMENTS:

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

Brianna Lontajo, Principal Management Analyst 3/21/2023

Ronak Patel, Deputy County Counsel 3/15/2023

FILED / POSTED
County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder
E-202300345
03/29/2023 01:45 PM Fee: $ 50.00
Page 1 of 1
Removed: By: Deputy

Notice of Determination

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

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

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

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 PLHA Program Funds

Project Location (include county): 24550 & 24570 Cottonwood Avenue, Northeast Corner of Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553, Assessor's Parcel Number 482-161-026

Project Description:
The Loan Agreement for the Use of PLHA Program Funds for $4,000,000 will be used to pay a portion of the development and construction costs for Courtyards at Cottonwood II Apartments located at the corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley on 1.6 acres of vacant land identified as Assessor's Parcel Number 482-161-026. The Project will provide 32 new affordable housing units comprised within 2 two-story buildings including 16 two-bedroom units, 12 three-bedroom units and 4 four-bedroom units. The community room and pool area from the first phase will be shared. Under the County's PLHA program, 15 units will be restricted to low and very low income households. Those will be restricted for a period of at least 55 years from the recordation of the Notice of Completion.

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

March 28, 2023 (tentative date) and has made the following determinations regarding the above described project:

In its independent judgment and analysis as a Responsible Agency under CEQA in issuing limited approvals, the County of Riverside, after it reviewed and considered the information in the previously adopted **MITIGATED NEGATIVE DECLARATION (MND)** approved by the City of Moreno Valley, as lead agency, on January 18, 2022 under Project Titles PEN21-0112, PEN21-0113 and PEN21-0114 for the Courtyards at Cottonwood II Affordable Housing Project, that as to those potential environmental impacts within the County's powers and authorities as Responsible Agency concerning the Loan Agreement for the Use of PLHA Program Funds and approvals associated therewith, any potentially significant environmental effects have been adequately analyzed and nothing further is required under CEQA. The City of Moreno Valley, as the Lead Agency, filed its Notice of Determination Mitigated Negative Declaration on January 19, 2022.

Signature: (Public Agency) Juan Garcia Title: Development Manager

Date: 3/6/23 Date received for filing at OPR:

MAR 28 2023 3.15

Form of Loan Agreement for the Use of PLHA Program Funds, including all exhibits

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383
Title and Escrow Order No.
NCS-1058822-ONT1

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

LOAN AGREEMENT FOR THE USE OF PLHA PROGRAM FUNDS
(24550 & 24570 Cottonwood Avenue, Northeast Corner of
Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553)

This LOAN AGREEMENT FOR THE USE OF PLHA PROGRAM FUNDS ("Agreement") is made and entered into this _____ day of March, 2023 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY" or "County"), and COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership ("BORROWER"). The COUNTY and BORROWER may be individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, COUNTY is the recipient of funds derived from the Permanent Local Housing Allocation ("PLHA") Program which was enacted under the Building Homes and Jobs Act, included as part of California Senate Bill (SB) 2 (Chapter 364, Statutes of 2017);

WHEREAS, the PLHA Program was designed to provide a permanent source of funding to local governments in California to help cities and counties implement plans to increase the affordable housing stock;

WHEREAS, the State of California (the "State"), Department of Housing and 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

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assistance to local governments pursuant to HSC section 50470 et seq. and SB 2 (Chapter 364, Statutes of 2017) (the "PLHA Statutes");

WHEREAS, to implement the PLHA Program, HCD adopted and issued the HCD 2019 PLHA Final Guidelines ("Guidelines" or "PLHA Guidelines");

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

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

WHEREAS, pursuant to the PLHA Program, the County and the California Department of Housing and Community Development ("HCD") entered into that certain Standard Agreement dated June 17th, 2021, including Exhibits A, B, D, C and E (collectively, the "PLHA Standard Agreement for County's Allocation"), which allocates PLHA funding to the County for use in the County in the estimated funding amount of $23,977,026 for Allocation Years 2019-2023;

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

WHEREAS, consistent with HCD Guidelines, the City of Moreno Valley, a California municipal corporation ("City"), delegated to County the responsibility for submitting an application for administering its formula component for Allocation Years 2019-2023 ("City's Allocations") in the estimated funding amount of $6,178,854;

WHEREAS, pursuant to the PLHA Program, the County and HCD entered into that certain Standard Agreement dated April 20th, 2021, including Exhibits A, B, C, D and E (collectively, the "PLHA Standard Agreement for City's Allocation"), which allocates PLHA

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funding to the County for use in the City;

WHEREAS, in connection therewith, City and County entered in that certain Agreement for the PLHA Program under HCD for Allocation Years 2019-2023 dated June 17, 2020 (the "County and City PLHA Agreement"), which provides for the use of PLHA funds by the County within the City to increase the affordable housing stock within the City;

WHEREAS, the PLHA Statutes, HCD Guidelines, the NOFA, PLHA Standard Agreement for County's Allocation, PLHA Standard Agreement for City's Allocation, County and City PLHA Agreement and all applicable rules and regulations imposed by HCD on PLHA funding recipients shall collectively be referred to herein as the "PLHA Program";

WHEREAS, BORROWER, a California limited partnership registered to do business in the State of California and an affordable housing developer, is an experienced developer of affordable housing that has among its purposes the provision of decent housing that is affordable to low income persons;

WHEREAS, BORROWER desires to perform the following in the City, collectively referred to herein as the "Project": (i) acquire that certain real property of approximately 1.61 acres of vacant land located at 24550 & 24570 Cottonwood Avenue, Moreno Valley, CA 92553, the northeast corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Number 482-161-026, as more specifically described in the legal description and depicted on the site map attached hereto as **Exhibit A** and incorporated herein by this reference ("Property") and (ii) construct and operate thereon a multi-family affordable rental housing project, Courtyards at Cottonwood II Apartments, for low-income family households consisting of thirty-two (32) affordable rental units (each, a "Unit," collectively, the "Units");

WHEREAS, the purpose of this Agreement is, among other things, for COUNTY to provide a loan of PLHA funds (consisting of PLHA funds allocated for use in the City pursuant to the PLHA Standard Agreement, as well as other PLHA funds available to the COUNTY for the purposes set forth herein) to BORROWER in the maximum amount of $4,000,000 to pay a portion of the construction and operation costs related to the Project, as more fully described

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herein;

WHEREAS, in consideration of the loan of PLHA funds, BORROWER has agreed to restrict the "PLHA Units" (as defined in **Section 1** below) to rental to and occupancy by qualified Low and Very Low Income Households consistent with the PLHA Program requirements and as defined more specifically herein; and

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

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

1. PURPOSE. The aforementioned Recitals are incorporated herein by this reference. COUNTY has agreed to lend up to **Four Million Dollars ($4,000,000)** in PLHA funds ("PLHA Loan") to BORROWER upon the satisfaction of the conditions precedent to distribution of PLHA Loan funds set forth in **Section 12** below. Subject to **Sections 49** and **50** below, BORROWER shall undertake and complete the Project in accordance with all entitlements and the Scope of Work and Project Description set forth in **Exhibit B**, and shall utilize the PLHA Loan funds as required herein and in strict compliance with the PLHA Program. Once the Project is completed, during the Affordability Period (as defined in **Section 15** below), at least approximately forty nine percent (49%) of the Units not occupied by a manager or fifteen (15) of the Units constructed on the Property shall be restricted to rental to and occupancy by qualified Low and Very Low Income Households (collectively, "PLHA Units" or "Restricted Units") at an Affordable Rent (as hereinafter defined). At least twenty percent (20%) of the PLHA Units or three (3) PLHA Units shall be restricted to occupancy by Very Low Income Households: 1 two-bedroom unit, 1 three-bedroom unit, and 1 four-bedroom unit. Twelve (12) PLHA Units shall be rented to and occupied by Low Income Households: 5 two-bedroom units, 4 three-bedroom units, and 3 four-bedroom units. Two-bedroom units shall be approximately 800 square feet each, three-bedroom units shall be approximately 1,000 square feet each, and

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four-bedroom units shall be 1,146 square feet each.

For purposes hereof:

a. a "Household" is one or more persons occupying an Affordable Unit.

b. "Low Income" has the meaning set forth in HSC Section 50079.5, which is a Household whose income does not exceed 80% of the area median income, adjusted for actual family size.

c. "Very Low Income" has the meaning set forth in HSC Section 50105, which is a Household whose income does not exceed 50% of the area median income, adjusted for actual family size.

d. "area median income" shall refer to the most recent area median family income published by HCD for Riverside County, available at the following link: https://www.hcd.ca.gov/grants-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits.

e. "Qualified Household" means a Low Income Household or a Very Low Income Household.

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

Income and Affordable Rent limitations for Very Low Income Households and Low Income Households must be calculated in accordance with the Multifamily Housing

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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-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits.

Notwithstanding anything contained herein to the contrary, if the Project has received low income housing tax credits, then California Tax Credit Allocation Committee ("CTCAC") rent and income-setting requirements shall control for the term of the CTCAC extended use agreement.

This PLHA Loan Agreement, a Promissory Note for the benefit of COUNTY and given by BORROWER upon Closing, substantially in the form attached as **Exhibit F** hereto (the "PLHA Note"), a Deed of Trust for the benefit of COUNTY and given by BORROWER upon Closing, substantially in the form attached as **Exhibit E** hereto (the "PLHA Deed of Trust"), a Covenant Agreement for the benefit of COUNTY and given by BORROWER upon Closing, substantially in the form attached as **Exhibit H** hereto (the "PLHA Covenant Agreement"), an Environmental Indemnity for the benefit of COUNTY and given by BORROWER upon Closing, substantially in the form attached as **Exhibit J** hereto (the "Environmental Indemnity") and any other agreement entered into by COUNTY and BORROWER in connection with the PLHA Loan for 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 entered into in connection with the development and/or financing for the Project, and any instrument secured against the Property. BORROWER shall strictly comply with all requirements of the PLHA Program.

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

a. Satisfy the conditions precedent to distribution of PLHA Loan funds set forth in **Section 12** below.

b. Acquire fee title to the Property and assemble any necessary permanent

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and construction financing no later than the date set forth in **Exhibit D**, including any County approved extensions thereto.

c. Develop the Project in accordance with the timeline set forth in **Exhibit D**.

d. Operate the Project in such a manner so that it will remain affordable to Qualified Households for the Affordability Period as defined in **Section 15** herein without regard to (i) the term of the PLHA Note, or (ii) transfer of ownership.

e. Maintain the Project in compliance with applicable local, state, federal laws, codes and regulations as further described in **Section 17** below until the expiration of the Term of this Agreement set forth in **Section 7** below, and the Affordability Period set forth in **Section 15** below.

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

a. Provide the PLHA Loan to BORROWER in the amount identified in **Section 1**, to be used to pay a portion of eligible construction costs for the Project in accordance with the PLHA Program; and

b. Comply with all of its obligations under the PLHA Standard Agreement, City Standard Agreement and all other applicable requirements of the PLHA Program.

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

a. Term of PLHA Loan. . The maturity date of the PLHA Loan shall be the later to occur of (i) July 1, 2079 or (ii) fifty-five (55) years from the

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recordation of the Notice of Completion in the Official Records for the building for which construction is completed for the Project (the "PLHA Loan Term"). The term, "Official Records" used herein shall mean the Official Records of the Recorder's Office of the County of Riverside.

b. Principal. The total amount of the PLHA Loan shall not exceed **$4,000,000**, and shall be evidenced by the PLHA Note, which note shall be secured by the PLHA Deed of Trust.

c. Interest. The interest rate shall be one percent (1%) simple interest per annum.

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

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

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

i) Fifty percent (50%) of the Project's Residual Receipts shall be paid to COUNTY and the City (the City has designated the Moreno Valley Housing Authority a public body corporate and politic ("MoVal Authority") to receive such share of the Residual Receipts funds) pro rata as described below) annually in accordance with the terms set

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forth herein. Of that amount, the pro rata share split shall be twenty percent (20%) to the MoVal Authority and eighty percent (80%) to the COUNTY ("Pro Rata Share"). Such payment of the Pro Rata Share of fifty percent (50%) of the Project's Residual Receipts to MoVal Authority and COUNTY shall continue annually until and respectively (i) the COUNTY's PLHA Note is repaid in full and (ii) "MoVal Authority Loan Note", a promissory note evidencing a "MoVal Authority Loan" to BORROWER (as "Developer") pursuant to that certain *Disposition, Development and Affordable Housing Agreement* ("DDAHA") entered into between the City, MoVal Authority and Developer (Borrower) concurrent with this County PLHA loan transaction; and

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

(3) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER to COUNTY within one hundred twenty (120) days following the close of the Project fiscal year commencing on April 1st of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon the maturity date of the PLHA Note and the expiration of the PLHA Loan Term as set forth in **Section 4.a**. The first payment from BORROWER to COUNTY

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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 not to exceed the greater of (i) three and a half percent (3.5%) or (ii) the increase in the Consumer Price Index for Riverside-San Bernardino-Ontario, CA area ("CPI");

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 costs, utilities, on-site staff payroll, payroll taxes, and maintenance);

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iv) required deposits into replacement reserves, 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 not to exceed the greater of (i) three percent (3%) or (ii) the increase in CPI;

v) required operating reserve replenishments in an amount up to $175,000 per year;

vi) required payments of principal and interest on amortized loans and indebtedness senior to the PLHA Loan, which have been approved by COUNTY including, without limitation, the senior construction-to-permanent loan in the amount of [$10,000,000] made by Citibank, N.A., a national association bank (the "Citi Loan") (collectively, the "Senior Debt");

vii) COUNTY's Monitoring Fee in the total annual amount of $1,600, increased annually by an amount equal to the increase in CPI for the San Bernardino-Riverside-Ontario, CA area, but in no event to exceed 5% annually. In the event of a decrease in CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease, as more specifically discussed in **Section 30**;

viii) repayment of any operating deficit loans made by a partner to the BORROWER and payment of unpaid tax credit adjustment payments owed to a limited partner of BORROWER;

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ix) Limited Partner partnership management fees up to $6,000, Managing General Partner Fees up to $10,000, Administrative General Partner Fees up to $10,000 annually payable to a partner of BORROWER, and asset management fees up to $6,000 annually (increasingly annually by three (3%)) payable to a partner of BORROWER, and any accrued and unpaid fees from prior years; and

x) payment of deferred developer fees pursuant to BORROWER'S limited partnership agreement.

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

e. Security. The PLHA Note shall be secured by the PLHA Deed of Trust. The PLHA Deed of Trust and this Agreement shall be recorded in a lien position junior to the PLHA Covenant Agreement and any deed of trust securing a third party, commercial bank construction or permanent loan including, without limitation, the Citi Loan or another mutually acceptable senior lender as agreed to by the Parties in writing (the "Senior Loan").

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

5. PRIOR COUNTY APPROVAL. Except as otherwise expressly provided in this Agreement, approvals required of the COUNTY shall be deemed granted by the written approval of the Director. Notwithstanding the foregoing, the Director may, in his or her sole

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discretion, refer to the governing body of the COUNTY any item requiring COUNTY approval; otherwise, "COUNTY approval" means and refers to approval by the Director or designee.

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

7. TERM OF AGREEMENT. This Agreement shall become effective upon the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to the terms hereof, shall continue in full force and effect until the later to occur of (i) July 1, 2079 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records for the last building for which rehabilitation is completed for the Project ("Term of Agreement").

8. BORROWER'S REPRESENTATIONS. BORROWER represents and warrants to COUNTY as follows:

a. Authority. BORROWER is a duly organized limited partnership, validly existing and in good standing under the laws of the State of California. The copies of the documents evidencing the organization of BORROWER, which have been delivered to COUNTY, are true and complete copies of the originals, as amended to the date of this Agreement. BORROWER, and the persons executing and delivering the PLHA Loan Documents on its behalf, have full right, power and lawful authority to enter into this Agreement and accept the PLHA Loan funds and undertake development of the Project and all obligations as provided in the PLHA Loan Documents. The execution, performance and delivery of this Agreement by BORROWER has been fully authorized by all requisite actions on the part of BORROWER.

b. No Conflict. To the best of BORROWER's knowledge, BORROWER's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a

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breach under contract, agreement or order to which BORROWER is a party or by which it is bound.

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

d. General. BORROWER has access to professional advice and support to the extent necessary to enable BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out the Project. Neither BORROWER nor any of its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in connection with the transaction contemplated by this Agreement.

e. Use of PLHA Funds. Borrower represents and warrants that it will use all PLHA funds in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including without limitation, all rules and laws regarding the PLHA Program, as well as any contracts for the PLHA funds entered into between City and County and any contracts County may have with HCD.

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

g. Applicable Requirements. BORROWER represents and warrants

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that after Closing, the Property and all improvements located thereon, including any portion thereof, shall comply with all applicable Governmental Requirements (as defined in **Section 18.b)** and all covenants or restrictions of record (together, the "**Applicable Requirements**"). If the Property and all improvements located thereon do not comply with said Applicable Requirements, BORROWER shall promptly rectify the same at BORROWER's expense.

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

i. Labor Laws. BORROWER represent and warrants that it shall comply with any applicable labor regulations and all other applicable State laws, including, without limitation, California prevailing wage law, as set forth in Labor Code Section 1720 et seq. ("State Prevailing Wage Law") and, to the extent applicable, shall pay prevailing wages in accordance with the State Prevailing Wage Law in connection with the construction of the improvements which compromise the Project.

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

10. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond the reasonable control of BORROWER, and which could not have been reasonably anticipated, which prevent(s) BORROWER from complying with any of its non-payment obligations under

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this Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism, civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake or other similar acts.

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

11. EXTENSION OF TIME. COUNTY may grant an extension to the Schedule of Performance set forth in **Exhibit D** for the purpose of completing BORROWER's activities which cannot be completed as outlined in **Exhibit D** despite commercially reasonable efforts to do so. BORROWER shall request said extension in writing, stating the reasons therefore, which extension must be first approved in writing by the COUNTY in its reasonable discretion. The Director or designee, on behalf of the COUNTY and without referring such matter to the County's Board of Supervisors may extend all pending deadlines in the Schedule of Performance on two (2) or fewer occasions, so long as the aggregate duration of such

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administrative time extensions is no greater than one hundred twenty (120) days. Every term, condition, covenant, and requirement of this Agreement shall continue in full force and effect during the period of any such extension.

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

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

b. Borrower submits written evidence to COUNTY that Borrower has obtained sufficient financing commitments necessary to undertake the construction and operation 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 PLHA 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 I** attached hereto;

h. BORROWER executes the Environmental Indemnity, and delivers it

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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;

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, MoVal Authority 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

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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 development of the Property and all such permits are available for issuance, other than payment of fees; and

q. BORROWER provides satisfactory evidence to COUNTY, if applicable, that it has hired a qualified professional firm to review and monitor prevailing wage compliance for all submission of contractors' certified payrolls to COUNTY.

13. OUTSIDE CLOSING DATE. If the Closing fails to occur by **June 30, 2023** (the "Outside Closing Date"), then this Agreement shall automatically terminate and be of no further force and effect and Borrower shall be released and discharged from any obligations under this Agreement, except as to those obligations which by their terms survive termination of this Agreement. The PLHA Loan funds allocated, reserved, or placed in a PLHA account pursuant to this Agreement may be reallocated by COUNTY.

Notwithstanding the foregoing, the Parties hereto acknowledge that many of the potential sources of financing for the Project are subject to competitive awards, and that it is difficult to identify with certainty the period of time needed to obtain financing and entitlements necessary for construction of a Phase. In light of the foregoing, the Outside Closing Date (i) if applicable, may be automatically extended to such closing date as required by the Tax Credit Allocation Committee pursuant to an award of Low Income Housing Tax Credits for the Project made prior to the Outside Closing Date, or (ii) shall be subject to written extension with the

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consent of the Director or his or her designee through **June 30, 2023**. The Director shall reasonably consider any request for extensions to the Outside Closing Date based on BORROWER's updates on progress toward obtaining financing and entitlements.

14. DISBURSEMENT OF FUNDS; RETENTION. Upon and after the Closing, COUNTY shall disburse the PLHA Loan Funds in accordance herewith. Disbursement of PLHA Loan funds shall occur upon the receipt of copies of invoices and conditional (upon receipt of payment) lien releases for construction costs to be paid with the proceeds of the PLHA Loan. Any disbursement of funds is expressly conditioned upon the satisfaction of conditions set forth above. COUNTY shall disburse to BORROWER the PLHA Loan funds above on a "cost-as-incurred" basis for all eligible approved costs under itemized schedule shown in **Exhibit C** as follows:

a. Up to fifty percent (50%) of the PLHA Loan may be disbursed at Closing.

b. Up to ninety percent (90%) of the PLHA Loan upon fifty-one percent (51%) completion of Project, as certified and documented by the project architect/engineer.

c. COUNTY shall release final draw down of ten percent (10%) of the PLHA Loan following receipt of all of the items listed below, in such form as is satisfactory to COUNTY:

1) Conditional lien release from general contractor;

2) recorded Notice of Completion;

3) Permanent Certificate of Occupancy;

4) architect certification identifying units that are accessible to individuals with mobility impairments and units that are accessible to individuals with sensory impairments in compliance with Applicable California law;

5) if applicable, submission of documentation that shows compliance with the Uniform Relocation Assistance and Real

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Property Acquisition Policies Act of 1970 and 24 CFR Part 42;

6) submission of a Project completion report including Tenant Checklist which is attached hereto and by this reference incorporated herein;

7) Tenant Selection Policy;

8) Management Plan;

9) Certified statement of final development costs; and

10) Certified statement of final sources and uses of funds for the Project.

15. TERMS OF AFFORDABILITY. The PLHA Units in the Project shall remain occupied and rented by Qualified Households for an Affordable Rent as set forth herein and in the PLHA Covenant Agreement until the later of (i) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records for the last building for which construction is completed for the Project, or (ii) July 1, 2079 (the "Affordability Period").

16. INSURANCE. Without limiting or diminishing the BORROWER'S obligation to indemnify or hold the COUNTY harmless, BORROWER shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

a. Builder's All Risk (Course of Construction) Insurance. BORROWER shall provide a policy of Builder's All Risk (Course of Construction) insurance coverage including (if the work is located in an earthquake or flood zone or if required on financed or bond financing arrangements) coverage for earthquake and flood, covering the COUNTY, BORROWER and every subcontractor, of

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

b. Worker's Compensation.

If the BORROWER has employees as defined by the State of California, the BORROWER shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws

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

c. Commercial General Liability Insurance.

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

d. Vehicle Liability Insurance.

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

e. General Insurance Provisions – All Lines.

1) Any insurance carrier providing insurance coverage

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hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. 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.

2) The BORROWER must declare its insurance self-insured retention for each coverage required herein. If any 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 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 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

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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 insurance carrier(s) policies does not meet the minimum notice requirement found herein, BORROWER shall cause BORROWER'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. BORROWER shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

6) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of

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

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

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

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

17. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain financial, programmatic, statistical, and other supporting records of its operations and financial activities in accordance with the requirements of any financing secured by the Project and any applicable Governmental Requirements, which records shall be open to inspection and audit by authorized representatives of COUNTY and HCD during regular working hours. COUNTY and HCD, or any of their representatives, have the right of access with at least forty-eight (48) hours prior notice, to any pertinent books, documents, papers, or other records of BORROWER, in order to make audits, examinations, excerpts, and transcripts. Said records shall be retained for such time as may be required by the regulations of the PLHA Program, but in no event no less than five (5) years after the Project completion date as evidenced by recordation of the Notice of Completion; except records of individual tenant income verifications, project rents, and project

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inspections must be retained for the most recent five (5) year period, until five (5) years after the Affordability Period terminates. If any litigation, claim, negotiation, audit, or other action has been started before the expiration of the regular period specified, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular period, whichever is later.

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

a. PLHA Program. BORROWER shall comply with all requirements set forth in a Notice of Funding Availability ("NOFA"), dated February 26, 2020, issued by HCD to provide approximately $195,000,000 under the Permanent Local Housing Allocation ("PLHA") Program through its Entitlement and Non-entitlement Local Government Formula Component from the Building Homes and Jobs Trust Fund for assistance to Local Governments pursuant to Health and Safety Code section 50470 et seq. and Senate Bill (SB) 2 (Chapter 364, Statutes of 2017), the HCD 2019 PLHA Final Guidelines ("Guidelines" or "PLHA Guidelines") adopted and issued to implement the PLHA Program, any Standard Agreement for the PLHA funds applicable to COUNTY or City, and all

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applicable rules and regulations imposed by HCD on PLHA funding recipients.

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

c. CEQA. Prior to Closing, BORROWER shall have performed all necessary final actions and obtained the final approvals required by CEQA for the development and construction of the Project within the time frames set forth herein. Such final actions and approvals may include, but are not limited to the following: (i) completing requisite activities to comply with CEQA, (ii) all final action and approvals for environmental and land use permits by any governmental authorities having jurisdiction over the Property, and (iii) resolution or final adjudication of any legal challenges, including such challenges based on CEQA. This Agreement does not restrict the lead agency from considering any feasible mitigation measures and alternatives, including the "no project" alternative and does not bind the lead agency to any definite course

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of action prior to CEQA compliance.

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

d. Displacement, relocation, and acquisition. The relocation requirements of the California Relocation Assistance Act, California Government Code § 7260 et seq. and the implementing regulations thereto in 25 California Code of Regulations § 6000 et seq., the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4201-4655) and implementing regulations at 49 CFR Part 24, and any other local, state, or federal laws or regulations governing the Project and the

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provision and administration of Relocation Payments and advisory assistance. BORROWER must ensure that it has taken all reasonable steps to comply with the foregoing and minimize the displacement of persons as a result of this project assisted with PLHA Funds.

BORROWER shall comply and stay current with all applicable local, state and federal building codes and laws as from time to time amended, including, but not limited to, the Americans with Disabilities Act requirements. BORROWER shall cause all improvements to be completed at BORROWER's cost in a workmanlike manner and in compliance with all applicable law.

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

f. Hazardous Materials. BORROWER shall develop, construct and use the Project and the Property (i) in compliance with all applicable environmental laws; and (ii) will not permit the presence

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of any Hazardous Substance on the Property.

"Hazardous Materials" or "Hazardous Substances" shall include, but not be limited to, oil, flammable explosives, asbestos, urea formaldehyde insulation, radioactive materials, hazardous wastes, toxic or contaminated substances or similar materials, including, without limitation, any substances defined as "extremely hazardous substances," "hazardous substances," "hazardous materials," "hazardous waste" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, including the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq. ("CERCLA"); the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq.; the Resource Conservation and Recovery Act of 1976, as amended, 42 U.S.C. §§ 6901, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. §§ 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251 et seq.; the Occupational Safety and Health Act, as amended, 29 U.S.C. §§ 651; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Mine Safety and Health Act of 1977, as amended, 30 U.S.C. §§ 801 et seq.; the Safe Drinking Water Act, as amended, 42 U.S.C. §§ 300f et seq.; and those substances defined as "hazardous waste" in § 25117 of the California Health and Safety Code, as "infectious waste" in § 25117.5 of the California Health and Safety Code, or as "hazardous substances" in § 25316 of the California Health and Safety Code, or "hazardous materials" as defined in § 353 of the California Vehicle Code; waste that exhibits the characteristics set forth in §

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25141 (b) of the California Health and Safety Code; and in the regulations adopted and orders and publications promulgated pursuant to said laws. Hazardous Materials 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.

19. INCOME TARGETING REQUIREMENTS. Pursuant to **Section 1** above, BORROWER hereby agrees to restrict the PLHA Units, which shall be at least approximately forty nine percent (49%) of the Units not occupied by a manager or fifteen (15) of the Units constructed on the Property shall be restricted to rental to and occupancy by qualified Low and Very Low Income Households (collectively, "PLHA Units" or "Restricted Units") at an Affordable Rent. At least twenty percent (20%) of the PLHA Units or three (3) PLHA Units shall be restricted to occupancy by Very Low Income Households at or below 50% of the area median income: 1 one-bedroom unit, 1 two-bedroom unit and 1 three-bedroom unit. Twelve (12) PLHA Units shall be rented to and occupied by Low Income Households at or below 80% of the area median income: 5 one-bedroom units, 4 two-bedroom units and 3 three-bedroom units.

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

a. Initial Occupancy of Vacant Units: All PLHA Units shall be occupied by and rented to Qualified Households for an Affordable Rent within the time period

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set forth in the Schedule of Performance attached to this Agreement ("Lease Deadline") for the newly constructed buildings of the Project. If an Affordable Unit remains unoccupied or not leased to an eligible tenant for longer than ninety (90) consecutive days, BORROWER must provide to COUNTY information about current marketing efforts and an enhanced plan for marketing the unit so that it is leased promptly.

BORROWER may request from COUNTY an extension of the Lease Deadline if BORROWER can provide to COUNTY written evidence showing efforts of commercially reasonable marketing efforts and proof that the circumstances that led to the failure to lease the Affordable Unit(s) by the Lease Deadline were beyond the BORROWER's control. The extension and duration of such extension is subject to COUNTY's approval in its reasonable discretion and not guaranteed. The Director, or designee, has the authority, at their discretion, to consent to an extension of the Lease Deadline.

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

c. Utility Allowances: For Projects not receiving financing from tax credits, BORROWER shall use the Utility Allowances published by the Housing Authority of the County of Riverside to establish maximum monthly allowances for utilities and services to be used by the BORROWER in calculating Affordable Rents. Projects assisted with tax credits may use the Utility Allowances published by the Housing Authority of the County of Riverside or 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. Approval: The BORROWER shall submit to the COUNTY for review and written approval, proposed rents for all of the PLHA Units prior to lease-up.

21. TENANT PROTECTIONS. During the Affordability Period, BORROWER shall adhere to all applicable tenant protections and selection standards set forth in applicable Governmental Requirements, as may be amended from time to time, and the

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following requirements:

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

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

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

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

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

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

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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-tenant confidentiality. VAWA 2013 prohibits a tenant who

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is a survivor of domestic violence, dating violence, sexual assault, and stalking from being denied assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of violence committed against them. It extends housing protections to survivors of sexual assault, and adds "intimate partner" to the list of eligible relationships in the domestic violence definition. Protections also now cover an "affiliated individual," which includes any lawful occupant living in the survivor's household, or related to the survivor by blood or marriage including the survivor's spouse, parent, brother, sister, child, or any person to whom the survivor stands in loco parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant who engages in criminal activity directly relating to domestic violence, dating violence, sexual assault, or stalking against an affiliated individual or other individual, or others may be evicted or removed without evicting or removing or otherwise penalizing a victim who is a tenant or lawful occupant. If victim cannot establish eligibility, BORROWER must give a reasonable amount of time to find new housing or establish eligibility under another covered housing program. A Notice of Rights under VAWA 2013 for tenants must be provided at the time a person applies for housing, when a person is admitted as a tenant of a housing unit, and when a tenant is threatened with eviction or termination of housing benefits. Tenants must request an emergency transfer and reasonably believe that they are threatened with imminent harm from further violence if the tenant remains in the same unit. The provisions of VAWA 2013 that are applicable to HCD programs are found in title VI of VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking." Section 601 of

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VAWA 2013 amends subtitle N of VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

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

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

24. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT. BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of the Project or any portion thereof, without obtaining the prior written consent of the COUNTY, which consent shall be conditioned upon (a) a County determination that transferee is a qualified and experienced operator of low income housing and (b) solely upon receipt by the COUNTY of reasonable evidence satisfactory to the COUNTY in its sole discretion, that transferee has assumed in writing all of BORROWER'S duties and obligations under this Agreement, and is reasonably capable of performing and complying with the BORROWER's duties and obligations under this Agreement. Notwithstanding anything to the contrary contained herein, upon written notice to COUNTY, BORROWER may (i) lease for occupancy of all or any of the PLHA Units in accordance with this Agreement; (ii) grant easements or permits to facilitate the development of the Property in accordance with this Agreement; (iii) transfer the BORROWER'S limited partnership interest; (iv) remove and replace the BORROWER'S general partner(s) for cause in accordance with BORROWER'S amended and restated agreement of limited partnership; and (v) make transfers pursuant to that certain Purchase Option and Right of First Refusal Agreement (collectively a "Permitted Transfer").

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

26. NONDISCRIMINATION. BORROWER shall not discriminate on the

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basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in subcontracting/subconsulting opportunities. BORROWER understands and agrees that violation of this clause shall be considered a material breach of this Agreement and may result in termination, debarment or other sanctions. This language shall be incorporated into all contracts between BORROWER and any contractor, consultant, subcontractor, subconsultants, vendors and suppliers. BORROWER shall comply with the provisions of the California Fair Employment and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended, and all applicable local, state and federal laws with respect to its use of the Property.

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

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

a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,

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

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

c) In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or

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enjoyment of the land, nor shall the transferee itself or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the land."

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

27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

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

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

28. INTENTIONALLY OMITTED.

29. PROJECT MONITORING AND EVALUATION.

a. Tenant Checklist. BORROWER shall submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit G** which is attached hereto and by this reference is incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic composition, number and percentage of Very Low Income and Low Income Households who are tenants of the COUNTY PLHA Units. The Tenant Checklist Form shall be submitted upon completion of the construction and thereafter, on an annual basis on or before March 31st and September 30th. BORROWER shall maintain financial, programmatic, statistical and other

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supporting records of its operations and financial activities in accordance with the requirements of the PLHA Program, including the submission of Tenant Checklist Form. Except as otherwise provided for in this Agreement, BORROWER shall maintain and submit records to COUNTY within ten business days of COUNTY's request which clearly documents BORROWER's performance under each requirement of the PLHA Program. A list of document submissions and timeline are shown in **Exhibit D** and such list may be amended from time to time subject to HCD and COUNTY reporting requirements.

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

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

30. MONITORING FEE. BORROWER shall pay an annual compliance

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monitoring fee to the COUNTY in the total annual amount of $1,600 (increased annually by an amount equal to the increase of the Consumer Price Index (CPI) for the San Bernardino-Riverside-Ontario, CA area, but in no event to exceed 5% annually) ("Monitoring Fee"). The first Monitoring Fee payment is due on July 1st of each year for the monitoring period of July 1st to June 30th commencing on the July 1st following the issuance of a Certificate of Occupancy for the Project and may be pro-rated for a partial first year. The Monitoring Fee will be due on each July 1st thereafter and will continue until the expiration of the Affordability Period. The Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the increase in CPI for the San Bernardino-Riverside-Ontario, CA area. In the event of a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease.

31. ACCESS TO PROJECT SITE. Representatives of the COUNTY and HCD 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 or HCD 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 Agreement and the PLHA Covenant Agreement, subject to the rights of tenants.

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

a. Monetary Default. (1) BORROWER's failure to pay when due any sums payable under this Agreement, the PLHA Covenant Agreement, the PLHA Note or any advances made by COUNTY under this Agreement; (2) BORROWER's or any agent of BORROWER's use of PLHA funds for costs other than those costs permitted under this Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement; (3) BORROWER's or any agent of BORROWER's failure to make any other payment of any assessment or tax due under this Agreement, and /or (4) default

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under the terms of any Senior Loan documents or any other instrument or document secured against the Property following expiration of any applicable notice and cure periods;

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

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

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

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applicable notice and cure periods with respect to any such obligation;

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

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

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

33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal notices, demands and communications between the COUNTY and the BORROWER shall be

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sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt requested, or as set forth below, to the principal offices of the COUNTY and the BORROWER, as designated below. 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 as provided in this **Section 33**. 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 by the recipient; and any notice that is sent by registered or certified mail, postage prepaid, return receipt required shall be deemed received on the date of delivery thereof.

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

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

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

d. If a non-monetary event of default occurs, prior to exercising any remedies

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hereunder, COUNTY shall give BORROWER written notice of such default. If the default is reasonably capable of being cured within thirty (30) days, BORROWER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not reasonably capable of being cured within thirty (30) days, and BORROWER (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as possible, then BORROWER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party, but in no event no more than one hundred twenty (120) days from the date of the notice of default. In no event shall COUNTY be precluded from exercising remedies following the initial thirty (30) day cure period if its security becomes or is about to become materially jeopardized by any failure to cure a default or the default is not cured within one hundred twenty (120) days after the first notice of default is given.

e. Notwithstanding anything to the contrary contained in the PLHA Loan Documents, COUNTY hereby agrees that BORROWER'S limited partner shall have the right, but not obligation, to cure any defaults of the BORROWER hereunder and under any of the PLHA Loan Documents, and the COUNTY agrees to accept cures tendered by the BORROWER'S limited partner on behalf of the BORROWER within the applicable cure periods set forth therein. Copies of all notices which are sent to BORROWER under the terms of the PLHA Loan Documents shall also be sent to the BORROWER'S limited partner at the addresses set forth in **Section 53**.

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

a. Terminate this Agreement, in which event the entire PLHA Loan amount as well as any other monies advanced to BORROWER by COUNTY under this Agreement including administrative costs,

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shall immediately become due and payable to COUNTY at the option of COUNTY.

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

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

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

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

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

35. LIMITATION ON LIABILITY. Notwithstanding anything to the contrary contained herein, neither BORROWER nor COUNTY shall in any event be entitled to, and each hereby waives, any right to seek loss of profits, or any special, incidental or consequential damages of any kind or nature, however caused, from the other Party arising out of or in connection with the PLHA Loan Documents, even if the other Party has been advised of the

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possibility of the damages, and in connection with such waiver each Party is familiar with and hereby waives the provision of § 1542 of the California Civil Code which provides as follows:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

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

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

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

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

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

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

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

37. TERMINATION.

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

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

(1) In the event BORROWER fails to perform the covenants herein contained at such times and in such manner as provided in this Agreement after the expiration of any extensions granted and the applicable notice and cure provision hereof; or

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

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

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

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

39. RESERVED.

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

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

42. AUTHORITY TO EXECUTE. The persons executing this Agreement or exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent that they have the authority to execute this Agreement and warrant and represent that they have

FORM

the authority to bind the respective parties to this Agreement to the performance of its obligations hereunder.

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

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

45. JURISDICTION AND VENUE. Any action at law or in equity arising under this Agreement 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.

46. SEVERABILITY. Each paragraph and provision of this Agreement 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.

47. MINISTERIAL ACTS. COUNTY's Director of HWS, or designee(s), are authorized to take such ministerial actions as may be necessary or appropriate to implement the terms, provisions, and conditions of this Agreement as it may be amended from time to time by both parties.

48. MODIFICATION OF AGREEMENT. COUNTY or BORROWER may consider it in its best interest to change, modify or extend a term or condition of this Agreement,

FORM

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

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

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

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

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

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

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

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

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

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

FORM

COUNTY
County of Riverside
Department of Housing and Workforce Solutions
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn: Director

BORROWER
Courtyards at Cottonwood II, L.P.
c/o Rancho Belago Developers, Inc.
27700 Kalmia Avenue
Moreno Valley, CA 92555-5200
Attention: James M. Jernigan, President

with copies to:

CREA at Courtyards II, L.P.
30 S. Meridian Street, Suite 400
Indianapolis, IN 46204

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

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

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

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

58. CONSTRUCTION AND INTERPRETATION OF AGREEMENT. The

FORM

language in all parts of this Agreement shall in all cases be construed simply, as a whole and in 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 counsel, and that each party has the requisite experience and sophistication to understand, interpret, and agree to the particular language of the provisions hereof. Accordingly, in the event of an ambiguity in or dispute regarding the interpretation of this Agreement, this Agreement shall not be interpreted or construed against the party preparing it, and instead other rules of interpretation and construction shall be utilized.

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

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

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

FORM

incorporated by reference in this instrument.

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

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

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

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

62. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

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

///

(SIGNATURES ON THE NEXT PAGE)

FORM

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

COUNTY:

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

By: _____
Heidi Marshall, Director
Housing and Workforce Solutions

Date: _____

(COUNTY Signature needs to be notarized)

APPROVED AS TO FORM:
MINH C. TRAN, County Counsel

By: _____
Amrit P. Dhillon, Deputy County Counsel

FORM

BORROWER:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

(BORROWER signatures need to be notarized)

FORM

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

FORM

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A OF THAT CERTAIN LOT LINE ADJUSTMENT NO. 1058, AS EVIDENCED BY A DOCUMENT RECORDED FEBRUARY 21, 2020 AS INSTRUMENT NO. 2020-0080445 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND LOT "C" OF PARCEL MAP NO. 8073, IN THE CITY OF MORENO VALLEY, AS RECORDED IN PARCEL MAP BOOK 30, PAGE 20, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, LYING WITHIN SECTION 7, TOWNSHIP 3 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING:

THENCE SOUTH 00°00'00" EAST ALONG THE EAST LINE OF SAID PARCEL MAP, A DISTANCE OF 117.50 FEET TO A POINT BEING 25.00 FEET, MEASURED ALONG SAID EAST LINE, FROM THE CENTERLINE OF SAID LOT C, SAID POINT IS THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 100.00 FEET, WITH A RADIAL BEARING OF NORTH 00°00'00" WEST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°23'22", A DISTANCE OF 28.60 FEET;

THENCE NORTH 73°36'38" WEST, A DISTANCE OF 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 45.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 83°27'37", A DISTANCE OF 65.55 FEET;

THENCE NORTH 89°59'10" WEST, A DISTANCE OF 449.76 FEET, TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE OF PARCEL 1 OF SAID PARCEL MAP, WHOSE COURSE BEARS NORTH 00°00'30" WEST, WITH A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID PROLONGATION NORTH 00°00'30" WEST, A DISTANCE OF 125.00 FEET, TO A NORTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP;

THENCE SOUTH 89°59'10" EAST ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 580.10 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF VACATED MYRNA STREET, PURSUANT TO THAT CERTAIN DOCUMENT RESOLUTION NO. 2020-73 RECORDED DECEMBER 02, 2020 AS INSTRUMENT NO. 2020-607957 OF OFFICIAL RECORDS.

APN: 482-161-026

FORM

EXHIBIT "B"

Scope of Work and Project Description

Borrower: Courtyards at Cottonwood II, L.P., a California Limited Partnership
Address: 27700 Kalmia Avenue, Moreno Valley, CA 92555-5200
Project Title: Courtyards at Cottonwood II Apartments
Location: Approximately 1.61 acres of vacant land located at 24550 & 24570 Cottonwood Avenue, Northeast Corner of Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553, County of Riverside, State of California, identified as Assessor's Parcel Number 482-161-026

Project Description:

Courtyards at Cottonwood II, L.P., a California limited partnership, will utilize $4,000,000 in PLHA funds for the development and construction of a new multifamily affordable housing project and related amenities located at the northeast corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, County of Riverside, State of California, identified as Assessor's Parcel Number 482-161-026. When complete, the Project will consist of a total of 32 apartment units: 16 two-bedroom units (approximately 800 square feet), 12 three-bedroom units (approximately 1,000 square feet) and 4 four-bedroom units (approximately 1,146 square feet).

At least approximately forty nine percent (49%) of the Units not occupied by a manager or fifteen (15) of the Units constructed on the Property shall be restricted to rental to and occupancy by qualified Low and Very Low Income Households (collectively, "PLHA Units" or "Restricted Units") at an Affordable Rent (as hereinafter defined). At least twenty percent (20%) of the PLHA Units or three (3) PLHA Units shall be restricted to occupancy by Very Low Income Households: 1 two-bedroom units, 1 three-bedroom units, and 1 four-bedroom units. Twelve (12) PLHA Units shall be rented to and occupied by Low Income Households: 5 two-bedroom units, 4 three-bedroom units, and 3 four-bedroom units. Two-bedroom units shall be approximately 800 square feet each, three-bedroom units shall be approximately 1,000 square feet each, and four-bedroom units shall be 1,146 square feet each.

The **Scope of Work** shall comply with all entitlements for the Project and include construction of a multi-family apartment complex and related amenities consisting of 16 two-bedroom units, 12 three-bedroom units and 4 four-bedroom units for a total of 32 apartment units. The project will share community and common space with the first phase of the project through a joint use agreement, so no additional community use buildings will be built. The project will include a laundry room with 4 washers and 4 dryers.

FORM

Exhibit C

Courtyards at Cottonwood II Apartments
Financial Pro Forma

Sources and Uses of Funds; Development Budget; Operating & Loan Details

FORM

PROJECT SUMMARY	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Permanent Sources

Source	Amount	Rate	Amm.	/ Unit
Perm Loan	2,832,871	7.41%	35	$88,527
Tax Credit Proceeds	9,238,985	NA	NA	288,718
City of MV Waived Fees	421,431	0.00%	0	13,170
City of MV Land	380,000	1.00%	RR	11,875
County PLHA	4,000,000	1.00%	RR	125,000
Interest Income	-	NA	NA	0
Operating Income	-	NA	NA	0
Deferred Developer Fee	238,974	2.00%	NA	7,468
	$17,112,261			$534,758

Permanent Uses

Uses	Amount	Per Unit
Land Costs	$390,000	$12,188
Permits, Fees, & Studies	2,221,112	69,410
Direct Construction Costs	9,337,751	291,805
Contingency	766,888	23,965
Developer Fee	1,953,167	61,036
Indirect Construction Costs	787,453	24,608
Rent-Up Costs	50,000	1,563
Reserves	109,116	3,410
Financing Costs	1,496,774	46,774
		Get
	$17,112,261	$534,758

Source Pay in Schedule

Source	Amount	Date	Notes
Perm Loan	$2,832,871	Dec-24	Convert
Tax Credit Proceeds	923,899	Mar-23	Close
Tax Credit Proceeds	6,117,290	Dec-24	Convert
Tax Credit Proceeds	1,847,797	Dec-24	Convert
Tax Credit Proceeds	350,000	Mar-25	8609s
City of MV Waived Fees	421,431	Mar-23	Close
City of MV Land	380,000	Mar-23	Close
County PLHA	3,600,000	Sep-23	
County PLHA	400,000	Oct-24	

Construction Sources

Source	Amount	Per Unit
Tax Credit Proceeds	$923,899	$28,871.83
City of MV Waived Fees	$421,431	13,169.72
City of MV Land	$380,000	11,875.00
County PLHA	$3,600,000	112,500.00
Construction Loan	$10,442,111	326,315.97
Deferred Costs	1,344,821	42,025.66
Totals	17,112,261	$534,758.17

Bedroom Mix/Average Rent

Bedrooms	Quantity	% of Units	Avg. Rent
0			
1			
2	16	50%	910.63
3	12	38%	1,069.50
4+	4	13%	$951.50

Rent Schedule

Calculation	Quantity	Bedrooms	AMI	Rent	Util.
PBV (1,659)	2	2	30%	$527	$67
PBV (1,659)	1	2	40%	725	67
TCAC	1	2	40%	725	67
TCAC	2	2	45%	824	67
TCAC	4	2	50%	923	67
TCAC	6	2	60%	1,121	67
PBV (2,225)	2	3	30%	602	84
PBV (2,225)	1	3	40%	831	84
PBV (2,225)	1	3	45%	945	84
PBV (2,225)	1	3	50%	1,060	84
TCAC	1	3	50%	1,060	84
TCAC	6	3	60%	1,289	84
TCAC	1	4	30%	664	101
TCAC	1	4	40%	920	101
TCAC	1	4	45%	1,047	101
TCAC	1	4	50%	1,175	101

Operating Expenses

Expenses	Amount	Per Unit
Management	18,816	$588
Administration	21,250	664
Salaries & Benefits	54,080	1,690
Maintenance	33,600	1,050
Utilities	40,000	1,250
Insurance	9,600	300
Taxes	9,417	294
Services	10,000	313
Reserves	9,600	300
Monitoring Fees	3,200	100
Totals	$209,563	$6,549

Assumptions		Assumptions	
TCAC Tiebreaker	57.13%	Con. Length	16
Site (acres)	0.00	CL Closing:	3/15/23
Debt Cov. Ratio	1.15	Est. Completion	7/1/24
Vacancy Factor	5.0%	Con. Loan	10,442,111
		Con. Int. Rate	8.55%

USES, EXPENSES AND CREDIT	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Development Uses

Description	Amount	NC. Basis	Acq. Basis	Per Unit
Acquisition Cost	$ 380,000	$0	$0	$11,875
Appraisals	$ 10,000	0	0	313
Building Fees & Permits	$ 191,164	191,164	0	5,974
Impact Fees	$ 1,204,948	783,517	0	37,655
Architectural & Engineering	$ 825,000	825,000	0	25,781
Onsite Improvements	$ 1,200,000	1,200,000	0	37,500
Residential Construction	$ 6,909,911	6,909,911	0	215,935
General Conditions	$ 486,595	486,595	0	15,206
Contractor's Overhead & Profit	$ 648,793	648,793	0	20,275
Performance Bond	$ 92,453	92,453	0	2,889
Construction Contingency	$ 466,888	466,888	0	14,590
Developer Fee	$ 1,953,167	1,953,167	0	61,036
Consulting	$ 250,000	250,000	0	7,813
Construction Manager	$ 250,000	250,000	0	7,813
Builders Risk Insurance	$ 92,453	92,453	0	2,889
Accounting	$ 80,000	60,000	0	2,500
Legal Fees	$ 100,000	55,000	0	3,125
Market Study	$ 15,000	15,000	0	469
Project Contingency	$ 300,000	150,000	0	9,375
Marketing & Advertising	$ 50,000	0	0	1,563
Capitalized Operating Reserve	$ 109,116	0	0	3,410
Construction Period Interest	$ 1,065,905	638,108	0	33,310
Construction Loan Fees	$ 154,421	92,445	0	4,826
Predev Loan Int & Fees	$ 45,000	0	0	1,406
Syndicator Fees	$ 50,000	0	0	1,563
Permanent Loan Fees	$ 29,329	0	0	917
TCAC Fees	$ 99,119	0	0	3,097
TCAC Refund	$ (42,000)	0	0	-1,312
Bond Issuance Costs	$ 20,000	20,000	0	625
Title and Recording	$ 75,000	25,000	0	2,344
Totals	$17,112,261	$15,205,492	$0	$534,758

Operating Expenses

Description	Amount	Per Unit
Property Management	$18,816	$588
Marketing	3,000	94
Audit	10,250	320
Legal	2,000	63
Office Expenses	6,000	188
On-site Manager	27,040	845
Maintenance Personnel	27,040	845
Supplies	6,000	188
Repairs Contract	9,000	281
Pest Control	4,800	150
Grounds Contract	9,000	281
Interior Painting	4,800	150
Trash Removal	8,800	275
Electricity	7,200	225
Water & Sewer	24,000	750
Property & Liability Ins.	9,600	300
Real Estate Taxes	8,217	257
Business Taxes & License	1,200	38
Social Services	10,000	313
Replacement Reserves	9,600	300
City/County Monitoring	3,200	100
Total	$209,563	$6,549

Tax Credit Calculation

	9% Federal	Acq. Fed.	State
Eligible Basis	15,205,492	0	
Excluded	6,000,000	0	
Unadjusted	9,205,492	0	0
Basis Limit	14,169,253		
Boost	130%	100%	
Adjusted	11,967,139.84	0	
Applicable	100.0%	100.0%	100.0%
Qualified	11,967,139.84	0	0
Reduction	0	0	0
Adj. Qualified	11,967,140	0	
Rate Factor	9.00%	4.00%	30.00%
Annual Credits	1,049,990	0	
Federal Credits	10,499,900	State Credits	0
Credit Price	0.88000		0.80
Proceeds	9,238,985		0
Total	$9,238,985		

CASH FLOW YR 1-10	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Cash Flow										
Year	1	2	3	4	5	6	7	8	9	10
Rental Income	374,520	383,883	393,480	403,317	413,400	423,735	434,328	445,187	456,316	467,724
Other Income	4,800	4,920	5,043	5,169	5,298	5,431	5,567	5,706	5,848	5,995
Subsidy Income	115,944	118,263	120,628	123,041	125,502	128,012	130,572	133,183	135,847	138,564
Vacancy Loss	24,763	25,353	25,958	26,576	27,210	27,859	28,523	29,204	29,901	30,614
Adjusted Gross Income	470,501	481,713	493,194	504,951	516,990	529,318	541,943	554,872	568,111	581,668
Standard Expenses	190,546	197,215	204,118	211,262	218,656	226,309	234,230	242,428	250,913	259,695
Property Taxes	9,417	9,605	9,797	9,993	10,193	10,397	10,605	10,817	11,034	11,254
Replacement Reserves	9,600	9,696	9,793	9,891	9,990	10,090	10,191	10,292	10,395	10,499
Total Expenses	209,563	216,516	223,708	231,146	238,839	246,796	255,025	263,537	272,342	281,448
Perm Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Total Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Operating Reserve Balance	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116
Draws on Reserves	0	0	0	0	0	0	0	0	0	0
Net Operating Income	260,938	265,196	269,486	273,804	278,151	282,523	286,918	291,334	295,769	300,220
Debt Service Coverage	1.15	1.17	1.19	1.21	1.23	1.25	1.26	1.28	1.30	1.32
Cash after Exp & DS	34,035	38,294	42,583	46,902	51,248	55,620	60,016	64,432	68,867	73,318
LP & MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
LP & MGP Fee Due	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572
LP & MGP Fee Paid	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572
Cash Flow	19,035	22,844	26,670	30,511	34,366	38,231	42,105	45,984	49,865	53,746
Deferred Developer Fee	238,974	219,939	197,095	170,426	139,915	105,549	67,318	25,213	0	0
Dev. Fee Payments	19,035	22,844	26,670	30,511	34,366	38,231	42,105	25,213	0	0
Cash Flow	0	0	0	0	0	0	0	20,771	49,865	53,746
MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
MGP Fee Due	0	0	0	0	0	0	0	0	0	0
MGP Fee Paid	0	0	0	0	0	0	0	0	0	0
Cash Flow	0	0	0	0	0	0	0	20,771	49,865	53,746
AGP Fee Balance	0	10,000	20,300	30,909	41,836	53,091	64,684	76,625	68,152	30,955
AGP Fee Due	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	13,048
AGP Fee Paid	0	0	0	0	0	0	0	20,771	49,865	44,003
Cash Flow	0	0	0	0	0	0	0	0	0	9,744
Loan Balance	4,380,000	4,380,000	4,423,800	4,467,600	4,511,400	4,555,200	4,599,000	4,642,800	4,686,600	4,730,400
Interest Charge	0	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800
Payments	0	0	0	0	0	0	0	0	0	4,872
Ending Balance	4,380,000	4,423,800	4,467,600	4,511,400	4,555,200	4,599,000	4,642,800	4,686,600	4,730,400	4,769,328
Cash Flow	0	0	0	0	0	0	0	0	0	4,872
GP Cash Flow	0	0	0	0	0	0	0	0	0	4,385
LP Cash Flow	0	0	0	0	0	0	0	0	0	487

CASH FLOW YR 11-20	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Cash Flow										
Year	11	12	13	14	15	16	17	18	19	20
Rental Income	479,417	491,403	503,688	516,280	529,187	542,417	555,977	569,876	584,123	598,726
Other Income	6,144	6,298	6,455	6,617	6,782	6,952	7,126	7,304	7,486	7,674
Subsidy Income	141,335	144,162	147,045	149,986	152,986	156,045	159,166	162,350	165,597	168,909
Vacancy Loss	31,345	32,093	32,859	33,644	34,448	35,271	36,113	36,976	37,860	38,765
Adjusted Gross Income	595,552	609,769	624,329	639,239	654,507	670,143	686,155	702,553	719,346	736,543
Standard Expenses	268,784	278,191	287,928	298,006	308,436	319,231	330,404	341,968	353,937	366,325
Property Taxes	11,479	11,709	11,943	12,182	12,426	12,674	12,928	13,186	13,450	13,719
Replacement Reserves	10,604	10,710	10,818	10,926	11,035	11,145	11,257	11,369	11,483	11,598
Total Expenses	290,868	300,611	310,689	321,113	331,896	343,050	354,588	366,524	378,870	391,642
Perm Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Total Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Operating Reserve Balance	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116
Draws on Reserves	0	0	0	0	0	0	0	0	0	0
Net Operating Income	304,684	309,159	313,640	318,125	322,611	327,093	331,567	336,030	340,476	344,902
Debt Service Coverage	1.34	1.36	1.38	1.40	1.42	1.44	1.46	1.48	1.50	1.52
Cash after Exp & DS	77,782	82,256	86,738	91,223	95,708	100,190	104,665	109,127	113,574	117,999
LP & MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
LP & MGP Fee Due	20,159	20,764	21,386	22,028	22,689	23,370	24,071	24,793	25,536	26,303
LP & MGP Fee Paid	20,159	20,764	21,386	22,028	22,689	23,370	24,071	24,793	25,536	26,303
Cash Flow	57,623	61,493	65,351	69,195	73,020	76,821	80,594	84,335	88,037	91,696
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0
Dev. Fee Payments	0	0	0	0	0	0	0	0	0	0
Cash Flow	57,623	61,493	65,351	69,195	73,020	76,821	80,594	84,335	88,037	91,696
MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
MGP Fee Due	0	0	0	0	0	0	0	0	0	0
MGP Fee Paid	0	0	0	0	0	0	0	0	0	0
Cash Flow	57,623	61,493	65,351	69,195	73,020	76,821	80,594	84,335	88,037	91,696
AGP Fee Balance	0	0	0	0	0	15,580	16,047	16,528	17,024	0
AGP Fee Due	13,439	13,842	14,258	14,685	15,126	15,580	16,047	16,528	17,024	17,535
AGP Fee Paid	13,439	13,842	14,258	14,685	15,126	61,241	64,547	67,806	71,013	17,535
Cash Flow	44,184	47,650	51,094	54,510	57,894					74,161
						0	0	0	0	
Loan Balance	4,769,328	4,791,036	4,811,011	4,829,264	4,845,809	4,860,662	4,873,842	4,885,368	4,895,265	4,903,559
Interest Charge	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800
Payments	22,092	23,825	25,547	27,255	28,947	30,621	32,274	33,903	35,506	37,081
Ending Balance	4,791,036	4,811,011	4,829,264	4,845,809	4,860,662	4,873,842	4,885,368	4,895,265	4,903,559	4,910,278
Cash Flow	22,092	23,825	25,547	27,255	28,947	30,621	32,274	33,903	35,506	37,081
GP Cash Flow	19,883	21,443	22,992	24,529	26,052	27,559	29,046	30,513	31,956	33,373
LP Cash Flow	2,209	2,383	2,555	2,725	2,895	3,062	3,227	3,390	3,551	3,708

Year	11	12	13	14	15	16	17	18	19	20

CASH FLOW YR 21-30	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Cash Flow										
Year	21	22	23	24	25	26	27	28	29	30
Rental Income	613,695	629,037	644,763	660,882	677,404	694,339	711,698	729,490	747,727	766,420
Other Income	7,865	8,062	8,264	8,470	8,682	8,899	9,121	9,349	9,583	9,823
Subsidy Income	172,287	175,732	179,247	182,832	186,489	190,218	194,023	197,903	201,861	205,899
Vacancy Loss	39,692	40,642	41,614	42,609	43,629	44,673	45,742	46,837	47,959	49,107
Adjusted Gross Income	754,154	772,190	790,660	809,575	828,946	848,784	869,100	889,906	911,213	933,035
Standard Expenses	379,146	392,416	406,151	420,366	435,079	450,307	466,068	482,380	499,263	516,738
Property Taxes	13,993	14,273	14,558	14,850	15,147	15,450	15,759	16,074	16,395	16,723
Replacement Reserves	11,714	11,831	11,949	12,069	12,189	12,311	12,434	12,559	12,684	12,811
Total Expenses	404,853	418,520	432,659	447,285	462,415	478,068	494,261	511,013	528,343	546,272
Perm Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Total Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Operating Reserve Balance	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116
Draws on Reserves	0	0	0	0	0	0	0	0	0	0
Net Operating Income	349,301	353,669	358,001	362,290	366,531	370,716	374,839	378,893	382,870	386,763
Debt Service Coverage	1.54	1.56	1.58	1.60	1.62	1.63	1.65	1.67	1.69	1.70
Cash after Exp & DS	122,399	126,767	131,099	135,388	139,628	143,813	147,937	151,991	155,968	159,860
LP & MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
LP & MGP Fee Due	27,092	27,904	28,742	29,604	30,492	31,407	32,349	33,319	34,319	35,348
LP & MGP Fee Paid	27,092	27,904	28,742	29,604	30,492	31,407	32,349	33,319	34,319	35,348
Cash Flow	95,307	98,863	102,357	105,784	109,136	112,407	115,588	118,671	121,649	124,512
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0
Dev. Fee Payments	0	0	0	0	0	0	0	0	0	0
Cash Flow	95,307	98,863	102,357	105,784	109,136	112,407	115,588	118,671	121,649	124,512
MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
MGP Fee Due	0	0	0	0	0	0	0	0	0	0
MGP Fee Paid	0	0	0	0	0	0	0	0	0	0
Cash Flow	95,307	98,863	102,357	105,784	109,136	112,407	115,588	118,671	121,649	124,512
AGP Fee Balance	0	0	0	0	0	0	0	0	0	0
AGP Fee Due	18,061	18,603	19,161	19,736	20,328	20,938	21,566	22,213	22,879	23,566
AGP Fee Paid	18,061	18,603	19,161	19,736	20,328	20,938	21,566	22,213	22,879	23,566
Cash Flow	77,246	80,260	83,196	86,048	88,808	91,469	94,022	96,458	98,770	100,946
Loan Balance	4,910,278	4,915,455	4,919,125	4,921,327	4,922,103	4,921,499	4,919,565	4,916,354	4,911,925	4,906,340
Interest Charge	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800
Payments	38,623	40,130	41,598	43,024	44,404	45,734	47,011	48,229	49,385	50,473
Ending Balance	4,915,455	4,919,125	4,921,327	4,922,103	4,921,499	4,919,565	4,916,354	4,911,925	4,906,340	4,899,667
Cash Flow	38,623	40,130	41,598	43,024	44,404	45,734	47,011	48,229	49,385	50,473
GP Cash Flow	34,761	36,117	37,438	38,722	39,964	41,161	42,310	43,406	44,446	45,426
LP Cash Flow	3,862	4,013	4,160	4,302	4,440	4,573	4,701	4,823	4,938	5,047

CASH FLOW YR 31-40	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Cash Flow										
Year	31	32	33	34	35	36	37	38	39	40
Rental Income	785,581	805,221	825,351	845,985	867,134	888,813	911,033	933,809	957,154	981,083
Other Income	10,068	10,320	10,578	10,842	11,114	11,391	11,676	11,968	12,267	12,574
Subsidy Income	210,017	214,217	218,501	222,871	227,329	231,875	236,513	241,243	246,068	250,989
Vacancy Loss	50,283	51,488	52,722	53,985	55,279	56,604	57,961	59,351	60,774	62,232
Adjusted Gross Income	955,383	978,270	1,001,709	1,025,714	1,050,298	1,075,475	1,101,261	1,127,669	1,154,715	1,182,414
Standard Expenses	534,823	553,542	572,916	592,968	613,722	635,202	657,434	680,445	704,260	728,909
Property Taxes	17,058	17,399	17,747	18,102	18,464	18,833	19,210	19,594	19,986	20,385
Replacement Reserves	12,939	13,069	13,199	13,331	13,465	13,599	13,735	13,873	14,011	14,152
Total Expenses	564,820	584,010	603,862	624,401	645,650	667,635	690,379	713,911	738,257	763,446
Perm Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Total Debt Service	226,902	226,902	226,902	226,902	226,902	0	0	0	0	0
Operating Reserve Balance	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116
Draws on Reserves	0	0	0	0	0	0	0	0	0	0
Net Operating Income	390,562	394,260	397,846	401,312	404,647	407,841	410,881	413,758	416,457	418,968
Debt Service Coverage	1.72	1.74	1.75	1.77	1.78					
Cash after Exp & DS	163,660	167,357	170,944	174,410	177,745	407,841	410,881	413,758	416,457	418,968
LP & MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
LP & MGP Fee Due	36,409	37,501	38,626	39,785	40,979	42,208	43,474	44,778	46,122	47,505
LP & MGP Fee Paid	36,409	37,501	38,626	39,785	40,979	42,208	43,474	44,778	46,122	47,505
Cash Flow	127,251	129,856	132,318	134,625	136,766	365,633	367,407	368,979	370,336	371,462
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0
Dev. Fee Payments	0	0	0	0	0	0	0	0	0	0
Cash Flow	127,251	129,856	132,318	134,625	136,766	365,633	367,407	368,979	370,336	371,462
MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
MGP Fee Due	0	0	0	0	0	0	0	0	0	0
MGP Fee Paid	0	0	0	0	0	0	0	0	0	0
Cash Flow	127,251	129,856	132,318	134,625	136,766	365,633	367,407	368,979	370,336	371,462
AGP Fee Balance	0	0	0	0	0	0	0	0	0	0
AGP Fee Due	24,273	25,001	25,751	26,523	27,319	28,139	28,983	29,852	30,748	31,670
AGP Fee Paid	24,273	25,001	25,751	26,523	27,319	28,139	28,983	29,852	30,748	31,670
Cash Flow	102,978	104,855	106,567	108,102	109,447	337,494	338,425	339,127	339,588	339,792
Loan Balance	4,899,667	4,891,977	4,883,350	4,873,866	4,863,616	4,852,692	4,727,745	4,602,333	4,476,569	4,350,575
Interest Charge	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,800	43,506
Payments	51,489	52,428	53,283	54,051	54,724	168,747	169,212	169,564	169,794	169,896
Ending Balance	4,891,977	4,883,350	4,873,866	4,863,616	4,852,692	4,727,745	4,602,333	4,476,569	4,350,575	4,224,185
Cash Flow	51,489	52,428	53,283	54,051	54,724	168,747	169,212	169,564	169,794	169,896
GP Cash Flow	46,340	47,185	47,955	48,646	49,251	151,872	152,291	152,607	152,815	152,906
LP Cash Flow	5,149	5,243	5,328	5,405	5,472	16,875	16,921	16,956	16,979	16,990

Year	31	32	33	34	35	36	37	38	39	40

CASH FLOW YR 41-50	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Cash Flow										
Year	41	42	43	44	45	46	47	48	49	50
Rental Income	1,005,610	1,030,750	1,056,519	1,082,932	1,110,005	1,137,756	1,166,199	1,195,354	1,225,238	1,255,869
Other Income	12,888	13,211	13,541	13,879	14,226	14,582	14,946	15,320	15,703	16,096
Subsidy Income	256,009	261,129	266,352	271,679	277,112	282,655	288,308	294,074	299,955	305,954
Vacancy Loss	63,725	65,255	66,821	68,425	70,067	71,750	73,473	75,237	77,045	78,896
Adjusted Gross Income	1,210,782	1,239,836	1,269,591	1,300,066	1,331,277	1,363,242	1,395,981	1,429,511	1,463,852	1,499,023
Standard Expenses	754,421	780,826	808,155	836,440	865,716	896,016	927,376	959,834	993,429	1,028,199
Property Taxes	20,793	21,209	21,633	22,066	22,507	22,957	23,416	23,885	24,362	24,850
Replacement Reserves	14,293	14,436	14,580	14,726	14,873	15,022	15,172	15,324	15,477	15,632
Total Expenses	789,507	816,471	844,368	873,232	903,096	933,995	965,965	999,043	1,033,268	1,068,680
Perm Debt Service	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902	226,902
Total Debt Service	0	0	0	0	0	0	0	0	0	0
Operating Reserve Balance	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116	109,116
Draws on Reserves	0	0	0	0	0	0	0	0	0	0
Net Operating Income	421,275	423,365	425,223	426,833	428,181	429,247	430,016	430,468	430,584	430,343
Debt Service Coverage										
Cash after Exp & DS	421,275	423,365	425,223	426,833	428,181	429,247	430,016	430,468	430,584	430,343
LP & MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
LP & MGP Fee Due	48,931	50,398	51,910	53,468	55,072	56,724	58,426	60,178	61,984	63,843
LP & MGP Fee Paid	48,931	50,398	51,910	53,468	55,072	56,724	58,426	60,178	61,984	63,843
Cash Flow	372,344	372,966	373,312	373,366	373,109	372,523	371,590	370,289	368,600	366,500
Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0
Dev. Fee Payments	0	0	0	0	0	0	0	0	0	0
Cash Flow	372,344	372,966	373,312	373,366	373,109	372,523	371,590	370,289	368,600	366,500
MGP Fee Balance	0	0	0	0	0	0	0	0	0	0
MGP Fee Due	0	0	0	0	0	0	0	0	0	0
MGP Fee Paid	0	0	0	0	0	0	0	0	0	0
Cash Flow	372,344	372,966	373,312	373,366	373,109	372,523	371,590	370,289	368,600	366,500
AGP Fee Balance	0	0	0	0	0	0	0	0	0	0
AGP Fee Due	32,620	33,599	34,607	35,645	36,715	37,816	38,950	40,119	41,323	42,562
AGP Fee Paid	32,620	33,599	34,607	35,645	36,715	37,816	38,950	40,119	41,323	42,562
Cash Flow	339,724	339,367	338,705	337,721	336,394	334,707	332,640	330,170	327,277	323,938
Loan Balance	4,224,185	4,096,565	3,967,847	3,838,173	3,707,694	3,576,574	3,444,986	3,313,116	3,181,162	3,049,335
Interest Charge	42,242	40,966	39,678	38,382	37,077	35,766	34,450	33,131	31,812	30,493
Payments	169,862	169,684	169,353	168,860	168,197	167,354	166,320	165,085	163,639	161,969
Ending Balance	4,096,565	3,967,847	3,838,173	3,707,694	3,576,574	3,444,986	3,313,116	3,181,162	3,049,335	2,917,859
Cash Flow	169,862	169,684	169,353	168,860	168,197	167,354	166,320	165,085	163,639	161,969
GP Cash Flow	152,876	152,715	152,417	151,974	151,377	150,618	149,688	148,577	147,275	145,772
LP Cash Flow	16,986	16,968	16,935	16,886	16,820	16,735	16,632	16,509	16,364	16,197

Year	41	42	43	44	45	46	47	48	49	50

CASH FLOW YR 51-60	Kingdom Development Inc.	CAC II - MV
32 units plus 0 mgr. unit		9% Credits
Two Story		Non-Rural
Non-PW Family project		QCT-Yes DDA-No

Cash Flow										
Year	51	52	53	54	55	56	57	58	59	60
Rental Income	1,287,266	1,319,448	1,352,434	1,386,245	1,420,901					
Other Income	16,498	16,911	17,333	17,767	18,211					
Subsidy Income	312,073	318,315	324,681	331,175	337,798					
Vacancy Loss	80,792	82,734	84,722	86,759	88,845					
Adjusted Gross Income	1,535,046	1,571,939	1,609,726	1,648,427	1,688,064					
Standard Expenses	1,064,185	1,101,432	1,139,982	1,179,881	1,221,177					
Property Taxes	25,347	25,854	26,371	26,898	27,436					
Replacement Reserves	15,788	15,946	16,106	16,267	16,430					
Total Expenses	1,105,321	1,143,232	1,182,459	1,223,046	1,265,043					
Perm Debt Service	226,902	226,902	226,902	226,902	226,902					
Total Debt Service	0	0	0	0	0					
Operating Reserve Balance	109,116	109,116	109,116	109,116	109,116					
Draws on Reserves	0	0	0	0	0					
Net Operating Income	429,725	428,708	427,267	425,380	423,022					
Debt Service Coverage										
Cash after Exp & DS	429,725	428,708	427,267	425,380	423,022					
LP & MGP Fee Balance	0	0	0	0	0					
LP & MGP Fee Due	65,759	67,731	69,763	71,856	74,012					
LP & MGP Fee Paid	65,759	67,731	69,763	71,856	74,012					
Cash Flow	363,966	360,976	357,504	353,524	349,010					
Deferred Developer Fee	0	0	0	0	0					
Dev. Fee Payments	0	0	0	0	0					
Cash Flow	363,966	360,976	357,504	353,524	349,010					
MGP Fee Balance	0	0	0	0	0					
MGP Fee Due	0	0	0	0	0					
MGP Fee Paid	0	0	0	0	0					
Cash Flow	363,966	360,976	357,504	353,524	349,010					
AGP Fee Balance	0	0	0	0	0					
AGP Fee Due	43,839	45,154	46,509	47,904	49,341					
AGP Fee Paid	43,839	45,154	46,509	47,904	49,341					
Cash Flow	320,127	315,822	310,995	305,620	299,668					
Loan Balance	2,917,859	2,786,974	2,656,933	2,528,005	2,400,475					
Interest Charge	29,179	27,870	26,569	25,280	24,005					
Payments	160,064	157,911	155,498	152,810	149,834					
Ending Balance	2,786,974	2,656,933	2,528,005	2,400,475	2,274,645					
Cash Flow	160,064	157,911	155,498	152,810	149,834					
GP Cash Flow	144,057	142,120	139,948	137,529	134,851					
LP Cash Flow	16,006	15,791	15,550	15,281	14,983					

EXHIBIT D

SCHEDULE OF PERFORMANCE

1.	Financing. Borrower shall timely submit applications for financing for the Project.	Completed.
2.	Additional Financing. 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 June 30, 2023.
3.	Project Budget and Plans. 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.	Financing Commitments and Documents. 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 Outside Closing Date.
5.	Escrow – Purchase of the Property. 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.	Conditions Precedent to the Closing. BORROWER shall satisfy all conditions precedent to Closing.	Not later than the later to occur of (i) the Outside Closing Date, or (ii) such date as required by TCAC pursuant to an award of LIHTCs made prior to the Outside Closing Date.
7.	Closing Date. 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 later to occur of (i) the Outside Closing Date, or (ii) such date as required by TCAC pursuant to an award of LIHTCs for the Project made prior to the Outside Closing Date.
8.	Construction Commencement. Borrower shall commence construction of the Project.	Within 90 days of the Closing Date.
9.	Construction Completion. Borrower shall complete construction of the Improvements for the Project (as shown on the Final Construction	Within 30 months of the Closing Date.

FORM

	Drawings upon which Borrower's building permit is based).	
10.	Leasing. Borrower shall have entered into leases with Qualified Tenants for the PLHA Units.	Within four (4) months of Notice of Completion.
11.	Submission of Final actual project costs and Sources and Uses of Funds	Within eleven (11) months from Notice of Completion.
12.	Submission of Initial Tenant Checklist report (Exhibit G)	Within 3 months from Notice of Completion.

DOCUMENT SUBMISSION SCHEDULE

Documents	**Due Date**
1. Construction Activities Reporting	Monthly, due by the **5th** 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 **5th** 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	Completion of Project; and Semi-Annually–**Sept 30th & March 31st**
7. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Completion of Project
8. Project Completion Report	Completion of Project
9. Final Development Cost - Sources and Uses	Completion of Project
10. Final Cost Certification by CPA	Completion of Project and Audits
11. Final 15/30 Year Cash Flow Projection	Completion 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

FORM

Exhibit E

PLHA DEED OF TRUST

[attached]

FORM

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 _____ day of March, 2023 by COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 27700 Kalmia Avenue, Moreno Valley, CA 92555-5200. The trustee is FIRST AMERICAN TITLE COMPANY, a California corporation ("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 24550 & 24570 Cottonwood Avenue, northeast corner of Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553, County of Riverside, State of California, also identified as Assessor's Parcel Number 482-161-026, and 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 **$4,000,000**;

(b) that certain Loan Agreement for the Use of PLHA Program Funds dated _____, 2023 and recorded in the Official Records of the County of Riverside ("Official Records") on or about the date hereof, 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) ("PLHA Covenant Agreement").

(ii) payment of indebtedness of the Trustor to the Beneficiary in the original principal amount of **Four Million Dollars ($4,000,000)** (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 PLHA 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 Secured Obligations as used herein shall mean, refer to and include the Note, PLHA Loan Agreement and PHLA 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.

FORM

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 PLHA 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.

FORM

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 PLHA Covenant Agreement and Deed of Trust executed by Borrower for the benefit of Citibank, N.A., a national association bank, securing a construction-to-permanent loan in a principal amount up to $10,000,000 and Deed of Trust executed by Borrower for the benefit of Moreno Housing Authority, a public body corporate and politic ("MoVal Authority"), for a loan in a principal amount of $380,000 (collectively, "Senior Loan"). Citibank N.A. and MoVal Housing Authority each is hereafter referred to as a "Senior Lender" or "Senior Lien Holder".

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 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.

FORM

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]

FORM

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

TRUSTOR:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

FORM

(TRUSTOR signatures 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)

FORM

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A OF THAT CERTAIN LOT LINE ADJUSTMENT NO. 1058, AS EVIDENCED BY A DOCUMENT RECORDED FEBRUARY 21, 2020 AS INSTRUMENT NO. 2020-0080445 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND LOT "C" OF PARCEL MAP NO. 8073, IN THE CITY OF MORENO VALLEY, AS RECORDED IN PARCEL MAP BOOK 30, PAGE 20, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, LYING WITHIN SECTION 7, TOWNSHIP 3 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING:

THENCE SOUTH 00°00'00" EAST ALONG THE EAST LINE OF SAID PARCEL MAP, A DISTANCE OF 117.50 FEET TO A POINT BEING 25.00 FEET, MEASURED ALONG SAID EAST LINE, FROM THE CENTERLINE OF SAID LOT C, SAID POINT IS THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 100.00 FEET, WITH A RADIAL BEARING OF NORTH 00°00'00" WEST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°23'22", A DISTANCE OF 28.60 FEET;

THENCE NORTH 73°36'38" WEST, A DISTANCE OF 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 45.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 83°27'37", A DISTANCE OF 65.55 FEET;

THENCE NORTH 89°59'10" WEST, A DISTANCE OF 449.76 FEET, TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE OF PARCEL 1 OF SAID PARCEL MAP, WHOSE COURSE BEARS NORTH 00°00'30" WEST, WITH A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID PROLONGATION NORTH 00°00'30" WEST, A DISTANCE OF 125.00 FEET, TO A NORTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP;

THENCE SOUTH 89°59'10" EAST ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 580.10 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF VACATED MYRNA STREET, PURSUANT TO THAT CERTAIN DOCUMENT RESOLUTION NO. 2020-73 RECORDED DECEMBER 02, 2020 AS INSTRUMENT NO. 2020-607957 OF OFFICIAL RECORDS.

APN: 482-161-026

FORM

Exhibit F

PLHA NOTE

[attached]

FORM

PROMISSORY NOTE SECURED BY DEED OF TRUST

PLHA LOAN FUNDS

$4,000,000 ("**Loan Amount**") _____, 2023 ("**Note Date**")

FOR VALUE RECEIVED, COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership ("BORROWER"), 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 **Four Million Dollars ($4,000,000 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 _____, 2023 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 _____, 2023 and recorded on or about the date hereof in the Official Records (the "PLHA Deed of Trust" or "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 one percent (1%) per annum, except in the case of default, as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.

3. This Note shall be repaid according to the following: i) fifty percent (50%) of the Project's Residual Receipts shall be paid to COUNTY and the City of Moreno Valley (and the City has delegated its share to the Moreno Valley Housing Authority ("MoVal Authority")), pro rata with respect to the amounts of their respective loans for the Project, annually in accordance with the terms set forth herein. The pro rata share split shall be twenty percent (20%) to the MoVal Authority and eighty percent (80%) to COUNTY ("Pro Rata Share"). Such payment of the Pro Rata Share of fifty percent (50%) of the Project's Residual Receipts to City and COUNTY shall continue annually until the City's promissory note and COUNTY's PLHA Note are repaid in full, respectively; and ii) the remaining fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.

4. The Project's Residual Receipts shall be determined based on an annual review of 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 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 not to exceed the greater of (i) three and a half percent (3.5%) or (ii) the increase in the Consumer Price Index for Riverside-San Bernardino-Ontario, CA area ("CPI");
   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 costs, utilities, on-site staff payroll, payroll taxes, and maintenance);
   iv) required deposits into replacement reserves, 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 not to exceed the greater of (i) three percent (3%) or (ii) the increase in CPI;
   v) required operating reserve replenishments in an amount up to $175,000 per year;
   vi) required 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");
   vii) COUNTY's Monitoring Fee in the total annual amount of $1,600, increased

annually by an amount equal to the increase in CPI for the San Bernardino-Riverside-Ontario, CA area, but in no event to exceed 5% annually. In the event of a decrease in CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease, as more specifically discussed in **Section 30** of the PLHA Loan Agreement;

viii) repayment of any operating deficit loans made by a partner to the BORROWER and payment of unpaid tax credit adjustment payments owed to a limited partner of BORROWER;

ix) Limited Partner partnership management fees up to $6,000, Managing General Partner Fees up to $10,000, Administrative General Partner Fees up to $10,000 annually payable to a partner of BORROWER, and asset management fees up to $6,000 annually (increasingly annually by three (3%)) payable to a partner of BORROWER, and any accrued and unpaid fees from prior years; and

x) payment of deferred developer fees pursuant to BORROWER'S limited partnership agreement.

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 **Section 8**, the obligation to repay the Note Amount is a nonrecourse obligation of BORROWER and its partners. Neither BORROWER nor its shareholders, members or partners shall have any personal liability for repayment of the Note Amount, except as provided in this **Section 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 actual 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 Citibank, N.A., a national association bank, securing a construction-to-permanent loan in a principal amount up to [$10,000,000] (the "Senior Citi Loan") and any other 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 the Senior Citi Loan and any other 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. Notwithstanding anything to the contrary contained in the PLHA Loan Documents, COUNTY hereby agrees that BORROWER'S limited partner shall have the right, but not the obligation, to cure any defaults of the BORROWER hereunder and under any of the PHLA Loan Documents, and the COUNTY agrees to accept cures tendered by BORROWER'S limited partner on behalf of the BORROWER within the applicable cure periods set forth therein. Copies of all notices which are sent to the BORROWER under the terms of the PHLA Loan Documents shall also be sent to the BORROWER'S limited partner at: c/o Red Stone Equity Partners, LLC, 1100 Superior Avenue, Suite 1640, Cleveland, OH 44114, Attention: General Counsel.

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.

FORM

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. Except as otherwise permitted in the PLHA Loan Documents, 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, provided, however, that the permitted deeds of trust may be refinanced provided that neither the position of the COUNTY's loan nor the BORROWER's ability to make payments as required by this Note shall be impaired; the terms of any refinancing shall be commercially reasonable, and no cash proceeds from any such refinancing shall be used for purposes other than repaying the senior debt.

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.

FORM

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) COUNTY address for purposes of receiving notices pursuant to this Note is:

County of Riverside
Department of Housing and Workforce Solutions
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attention: Director

(c) BORROWER address for purposes of receiving notices pursuant to this Note is:

Courtyards at Cottonwood II, L.P.
c/o Rancho Belago Developers, Inc.
27700 Kalmia Avenue
Moreno Valley, CA 92555-5200
Attention: James M. Jernigan, President

with copies to:

CREA at Courtyards II, L.P.
30 S. Meridian Street, Suite 400
Indianapolis, IN 46204

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]

FORM

[SIGNATURES ON FOLLOWING PAGE]

FORM

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

BORROWER:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

FORM

[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	Recert. Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N.Haw Pc Islan	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races

Prepared by:

Title:

Phone Number:

Problems or questions please call Mervyn Manalo at (951) 955-0774

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

FORM

Exhibit H

COVENANT AGREEMENT

[attached]

FORM

Form of PLHA Loan Deed of Trust

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 _____ day of March, 2023 by COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 27700 Kalmia Avenue, Moreno Valley, CA 92555-5200. The trustee is FIRST AMERICAN TITLE COMPANY, a California corporation ("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 24550 & 24570 Cottonwood Avenue, northeast corner of Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553, County of Riverside, State of California, also identified as Assessor's Parcel Number 482-161-026, and 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 **$4,000,000**;

(b) that certain Loan Agreement for the Use of PLHA Program Funds dated _____, 2023 and recorded in the Official Records of the County of Riverside ("Official Records") on or about the date hereof, 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) ("PLHA Covenant Agreement").

(ii) payment of indebtedness of the Trustor to the Beneficiary in the original principal amount of **Four Million Dollars ($4,000,000)** (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 PLHA 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 Secured Obligations as used herein shall mean, refer to and include the Note, PLHA Loan Agreement and PHLA 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.

FORM

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 PLHA 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.

FORM

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 PLHA Covenant Agreement and Deed of Trust executed by Borrower for the benefit of Citibank, N.A., a national association bank, securing a construction-to-permanent loan in a principal amount up to $10,000,000 and Deed of Trust executed by Borrower for the benefit of Moreno Housing Authority, a public body corporate and politic ("MoVal Authority"), for a loan in a principal amount of $380,000 (collectively, "Senior Loan"). Citibank N.A. and MoVal Housing Authority each is hereafter referred to as a "Senior Lender" or "Senior Lien Holder".

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 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

FORM

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]

FORM

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

TRUSTOR:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

FORM

(TRUSTOR signatures 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)

FORM

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A OF THAT CERTAIN LOT LINE ADJUSTMENT NO. 1058, AS EVIDENCED BY A DOCUMENT RECORDED FEBRUARY 21, 2020 AS INSTRUMENT NO. 2020-0080445 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND LOT "C" OF PARCEL MAP NO. 8073, IN THE CITY OF MORENO VALLEY, AS RECORDED IN PARCEL MAP BOOK 30, PAGE 20, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, LYING WITHIN SECTION 7, TOWNSHIP 3 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING:

THENCE SOUTH 00°00'00" EAST ALONG THE EAST LINE OF SAID PARCEL MAP, A DISTANCE OF 117.50 FEET TO A POINT BEING 25.00 FEET, MEASURED ALONG SAID EAST LINE, FROM THE CENTERLINE OF SAID LOT C, SAID POINT IS THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 100.00 FEET, WITH A RADIAL BEARING OF NORTH 00°00'00" WEST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°23'22", A DISTANCE OF 28.60 FEET;

THENCE NORTH 73°36'38" WEST, A DISTANCE OF 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 45.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 83°27'37", A DISTANCE OF 65.55 FEET;

THENCE NORTH 89°59'10" WEST, A DISTANCE OF 449.76 FEET, TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE OF PARCEL 1 OF SAID PARCEL MAP, WHOSE COURSE BEARS NORTH 00°00'30" WEST, WITH A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID PROLONGATION NORTH 00°00'30" WEST, A DISTANCE OF 125.00 FEET, TO A NORTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP;

THENCE SOUTH 89°59'10" EAST ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 580.10 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF VACATED MYRNA STREET, PURSUANT TO THAT CERTAIN DOCUMENT RESOLUTION NO. 2020-73 RECORDED DECEMBER 02, 2020 AS INSTRUMENT NO. 2020-607957 OF OFFICIAL RECORDS.

APN: 482-161-026

FORM

Form of PLHA Loan Promissory Note

PROMISSORY NOTE SECURED BY DEED OF TRUST

PLHA LOAN FUNDS

$4,000,000 ("**Loan Amount**") _____, 2023 ("**Note Date**")

FOR VALUE RECEIVED, COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership ("BORROWER"), 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 **Four Million Dollars ($4,000,000 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 _____, 2023 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 _____, 2023 and recorded on or about the date hereof in the Official Records (the "PLHA Deed of Trust" or "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 one percent (1%) per annum, except in the case of default, as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.

3. This Note shall be repaid according to the following: i) fifty percent (50%) of the Project's Residual Receipts shall be paid to COUNTY and the City of Moreno Valley (and the City has delegated its share to the Moreno Valley Housing Authority ("MoVal Authority")), pro rata with respect to the amounts of their respective loans for the Project, annually in accordance with the terms set forth herein. The pro rata share split shall be twenty percent (20%) to the MoVal Authority and eighty percent (80%) to COUNTY ("Pro Rata Share"). Such payment of the Pro Rata Share of fifty percent (50%) of the Project's Residual Receipts to City and COUNTY shall continue annually until the City's promissory note and COUNTY's PLHA Note are repaid in full, respectively; and ii) the remaining fifty percent (50%) of the Project's Residual Receipts will be paid to BORROWER.

4. The Project's Residual Receipts shall be determined based on an annual review of 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 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 not to exceed the greater of (i) three and a half percent (3.5%) or (ii) the increase in the Consumer Price Index for Riverside-San Bernardino-Ontario, CA area ("CPI");
   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 costs, utilities, on-site staff payroll, payroll taxes, and maintenance);
   iv) required deposits into replacement reserves, 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 not to exceed the greater of (i) three percent (3%) or (ii) the increase in CPI;
   v) required operating reserve replenishments in an amount up to $175,000 per year;
   vi) required 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");
   vii) COUNTY's Monitoring Fee in the total annual amount of $1,600, increased

annually by an amount equal to the increase in CPI for the San Bernardino-Riverside-Ontario, CA area, but in no event to exceed 5% annually. In the event of a decrease in CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease, as more specifically discussed in **Section 30** of the PLHA Loan Agreement;

viii) repayment of any operating deficit loans made by a partner to the BORROWER and payment of unpaid tax credit adjustment payments owed to a limited partner of BORROWER;

ix) Limited Partner partnership management fees up to $6,000, Managing General Partner Fees up to $10,000, Administrative General Partner Fees up to $10,000 annually payable to a partner of BORROWER, and asset management fees up to $6,000 annually (increasingly annually by three (3%)) payable to a partner of BORROWER, and any accrued and unpaid fees from prior years; and

x) payment of deferred developer fees pursuant to BORROWER'S limited partnership agreement.

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 **Section 8**, the obligation to repay the Note Amount is a nonrecourse obligation of BORROWER and its partners. Neither BORROWER nor its shareholders, members or partners shall have any personal liability for repayment of the Note Amount, except as provided in this **Section 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 actual 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 Citibank, N.A., a national association bank, securing a construction-to-permanent loan in a principal amount up to [$10,000,000] (the "Senior Citi Loan") and any other 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 the Senior Citi Loan and any other 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. Notwithstanding anything to the contrary contained in the PLHA Loan Documents, COUNTY hereby agrees that BORROWER'S limited partner shall have the right, but not the obligation, to cure any defaults of the BORROWER hereunder and under any of the PHLA Loan Documents, and the COUNTY agrees to accept cures tendered by BORROWER'S limited partner on behalf of the BORROWER within the applicable cure periods set forth therein. Copies of all notices which are sent to the BORROWER under the terms of the PHLA Loan Documents shall also be sent to the BORROWER'S limited partner at: c/o Red Stone Equity Partners, LLC, 1100 Superior Avenue, Suite 1640, Cleveland, OH 44114, Attention: General Counsel.

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. Except as otherwise permitted in the PLHA Loan Documents, 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, provided, however, that the permitted deeds of trust may be refinanced provided that neither the position of the COUNTY's loan nor the BORROWER's ability to make payments as required by this Note shall be impaired; the terms of any refinancing shall be commercially reasonable, and no cash proceeds from any such refinancing shall be used for purposes other than repaying the senior debt.

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.

FORM

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) COUNTY address for purposes of receiving notices pursuant to this Note is:

County of Riverside
Department of Housing and Workforce Solutions
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attention: Director

(c) BORROWER address for purposes of receiving notices pursuant to this Note is:

Courtyards at Cottonwood II, L.P.
c/o Rancho Belago Developers, Inc.
27700 Kalmia Avenue
Moreno Valley, CA 92555-5200
Attention: James M. Jernigan, President

with copies to:

CREA at Courtyards II, L.P.
30 S. Meridian Street, Suite 400
Indianapolis, IN 46204

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]

FORM

[SIGNATURES ON FOLLOWING PAGE]

FORM

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

BORROWER:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

FORM

Form of Environmental Indemnity

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated as of _____, 2023, is made by COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership (referred to as "Indemnitor"), whose address for purposes of giving notices is 27700 Kalmia Avenue, Moreno Valley, CA 92555-5200, 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 in the City of 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 (24550 & 24570 Cottonwood Avenue, northeast corner of Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553), dated as of _____, 2023 (the "Loan Agreement"), pursuant to which COUNTY agreed to loan to Indemnitor, or its assignee, Four Million Dollars ($4,000,000) in PLHA Program funds (the "PLHA Loan") for the purpose of developing an approximately sixty (60) 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, except for de minimis quantities released or disposed of at the Property in compliance with all applicable environmental laws, 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, upon reasonable notice and subject to rights of tenants, 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 reasonably 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, provided, however, that COUNTY may exercise this right only if Indemnitor has failed to commence action to mitigate the effects of the Hazardous Materials within thirty (30) days of receipt of notice from COUNTY.

(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 that could reasonably have material adverse effect on the Property.

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 (i) 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, or (ii) any Obligations arising from the gross negligence or intentional misconduct of COUNTY or any of its Indemnified Parties.

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

FORM

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
Department of Housing and Workforce Solutions
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn: Director

In the case of Indemnitor:

Courtyards at Cottonwood II, L.P.,
c/o Rancho Belago Developers, Inc.
27700 Kalmia Avenue
Moreno Valley, CA 92555-5200
Attention: James M. Jernigan, President

with copies to:

CREA at Courtyards II, L.P.
30 S. Meridian Street, Suite 400
Indianapolis, IN 46204

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]

FORM

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

INDEMNITOR:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

FORM

Exhibit A
LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A OF THAT CERTAIN LOT LINE ADJUSTMENT NO. 1058, AS EVIDENCED BY A DOCUMENT RECORDED FEBRUARY 21, 2020 AS INSTRUMENT NO. 2020-0080445 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND LOT "C" OF PARCEL MAP NO. 8073, IN THE CITY OF MORENO VALLEY, AS RECORDED IN PARCEL MAP BOOK 30, PAGE 20, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, LYING WITHIN SECTION 7, TOWNSHIP 3 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING:

THENCE SOUTH 00°00'00" EAST ALONG THE EAST LINE OF SAID PARCEL MAP, A DISTANCE OF 117.50 FEET TO A POINT BEING 25.00 FEET, MEASURED ALONG SAID EAST LINE, FROM THE CENTERLINE OF SAID LOT C, SAID POINT IS THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 100.00 FEET, WITH A RADIAL BEARING OF NORTH 00°00'00" WEST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°23'22", A DISTANCE OF 28.60 FEET;

THENCE NORTH 73°36'38" WEST, A DISTANCE OF 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 45.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 83°27'37", A DISTANCE OF 65.55 FEET;

THENCE NORTH 89°59'10" WEST, A DISTANCE OF 449.76 FEET, TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE OF PARCEL 1 OF SAID PARCEL MAP, WHOSE COURSE BEARS NORTH 00°00'30" WEST, WITH A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID PROLONGATION NORTH 00°00'30" WEST, A DISTANCE OF 125.00 FEET, TO A NORTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP;

THENCE SOUTH 89°59'10" EAST ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 580.10 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF VACATED MYRNA STREET, PURSUANT TO THAT CERTAIN DOCUMENT RESOLUTION NO. 2020-73 RECORDED DECEMBER 02, 2020 AS INSTRUMENT NO. 2020-607957 OF OFFICIAL RECORDS.

APN: 482-161-026

FORM

Form of PLHA Covenant Agreement

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103
Title and Escrow Order No.
NCS-1058822-ONT1

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

FORM

Permanent Local Housing Allocation (PLHA) PROGRAM

COVENANT AGREEMENT

(Courtyards at Cottonwood II Apartments)

This PLHA Program Covenant Agreement (Courtyards at Cottonwood II Apartments) (this "Covenant" or "Agreement") is made and entered into as of the ____ day of _____, 2023 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), and COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership ("BORROWER").

RECITALS

WHEREAS, BORROWER owns that certain real property including any improvements located thereon, located at 24550 & 24570 Cottonwood Avenue, northeast corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley, CA, identified as Assessor's Parcel Number 482-161-026, described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference (the "Property");

WHEREAS, COUNTY and BORROWER entered into that certain Loan Agreement for the Use of PLHA Program Funds (Courtyards at Cottonwood II Apartments) dated _____, 2023 and recorded in the Official Records of the County of Riverside ("Official Records") concurrently herewith (the "PLHA Loan Agreement" or "Agreement") which

provides for, among other things, new construction on the Property of an approximately 1.61 acre multi-family apartment complex and related amenities consisting of 16 two-bedroom units, 12 three-bedroom units, 4 four-bedroom units, for a total of 32 apartment units (each, a "Unit," collectively, the "Units"). The construction on the Property of the Units and such other improvements as specified in the PLHA Loan Agreement shall be referred to herein as the "Project." Capitalized terms not defined herein shall have the meaning ascribed to them in the PLHA Loan Agreement;

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

WHEREAS, to implement the PLHA Program, HCD adopted and issued the HCD 2019 PLHA Final Guidelines ("Guidelines" or "PLHA Guidelines");

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

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

WHEREAS, pursuant to the PLHA Program, the County and the California Department of Housing and Community Development ("HCD") entered into that certain Standard Agreement dated June 17th, 2021, including Exhibits A, B, D, C and E (collectively, the "PLHA Standard Agreement for County's Allocation"), which allocates PLHA funding to the County for use in the County in the estimated funding amount of $23,977,026 for Allocation Years 2019-2023;

WHEREAS, pursuant to Section 300(c) of the PLHA Final Guidelines ("HCD

Guidelines"), a local government may delegate to another local government to submit an application and administer the formula component of PLHA funds on its behalf, provided the local governments enter into an agreement and the funds are expended for eligible activities consistent with program requirements;

WHEREAS, consistent with HCD Guidelines, the City of Moreno Valley, a California municipal corporation ("City"), delegated to County the responsibility for submitting an application for administering its formula component for Allocation Years 2019-2023 ("City's Allocations") in the estimated funding amount of $6,178,854;

WHEREAS, pursuant to the PLHA Program, the County and HCD entered into that certain Standard Agreement dated April 20th, 2021, including Exhibits A, B, C, D and E (collectively, the "PLHA Standard Agreement for City's Allocation"), which allocates PLHA funding to the County for use in the City;

WHEREAS, in connection therewith, City and County entered in that certain Agreement for the PLHA Program under HCD for Allocation Years 2019-2023 dated June 17, 2020 (the "County and City PLHA Agreement"), which provides for the use of PLHA funds by the County within the City to increase the affordable housing stock within the City;

WHEREAS, the PLHA Statutes, HCD Guidelines, the NOFA, PLHA Standard Agreement for County's Allocation, PLHA Standard Agreement for City's Allocation, County and City PLHA Agreement and all applicable rules and regulations imposed by HCD on PLHA funding recipients shall collectively be referred to herein as the "PLHA Program";

WHEREAS, BORROWER, a California limited partnership registered to do business in the State of California and an affordable housing developer, is an experienced developer of affordable housing that has among its purposes the provision of decent housing that is affordable to low income persons; and

WHEREAS, in consideration of a loan of PLHA funds, BORROWER has agreed to restrict at least forty nine percent (49%) of the Units in the Project not occupied by a manager or fifteen (15) PLHA Units to rental to and occupancy by qualified low- and very low-income households consistent with the PLHA Program requirements and as set forth more specifically below.

FORM

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

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

a) BORROWER hereby covenants and agrees to restrict at least approximately forty nine percent (49%) of the Units not occupied by a manager or fifteen (15) of the Units constructed on the Property shall be restricted to rental to and occupancy by qualified Low and Very Low Income Households (collectively, "PLHA Units") at an Affordable Rent (as hereinafter defined). At least twenty percent (20%) of the PLHA Units or three (3) PLHA Units shall be restricted to occupancy by Very Low Income Households: 1 two-bedroom units, 1 three-bedroom units, and 1 four-bedroom units. Twelve (12) PLHA Units shall be rented to and occupied by Low Income Households: 5 two-bedroom units, 4 three-bedroom units, and 3 four-bedroom units. Two-bedroom units shall be approximately 800 square feet each, three-bedroom units shall be approximately 1,000 square feet each, and four-bedroom units shall be 1,146 square feet each. For purposes hereof:

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

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

(iii) "Very Low Income" has the meaning set forth in HSC Section 50105,

which is a household whose incomes does not exceed 50% of the area median income, adjusted for actual family size.

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

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

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

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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-and-funding/income-limits/state-and-federal-income-rent-and-loan-value-limits.

e) PLHA Loan Documents. The PLHA Loan Agreement, PLHA Note, PLHA Deed of Trust, the Environmental Indemnity and any other agreement entered into by COUNTY 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.

f) CTCAC. Notwithstanding anything contained herein to the contrary, if the Project has received low income housing tax credits, then California Tax Credit Allocation Committee ("CTCAC") rent- and income-setting requirements shall control for the term of the CTCAC extended use agreement.

2) SENIOR PRIORITY. This Covenant may be recorded in fourth priority lien position junior to (i) the "Grant Deed" by Moreno Valley Housing Authority, as grantor ("MoVal Authority") to BORROWER, as grantee, in connection with the sale and conveyance of the subject Property, (ii) City Covenants Agreement entered into among City, MoVal Authority, and Developer (BORROWER herein) ("City Covenant"), and (iii) MoVal Authority Agreement entered into among City, MoVal Authority and Developer (BORROWER) ("Authority Regulatory Agreement"). This Covenant, City Covenant, and MoVal Authority Regulatory Agreement are non-subordinate agreements and shall remain in senior encumbrances to any and all monetary deeds of trust and any other lien instrument for the Affordability Period.

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

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

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

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

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

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

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

(3) *Excusing BORROWER from responsibility.* Agreement by the tenant

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not to hold BORROWER or BORROWER's agents legally responsible for any action or failure to act, whether intentional or negligent.

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

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

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

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

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

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

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

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

5) USE OF PROPERTY; CONSTRUCTION OF IMPROVEMENTS. During the Affordability Period, BORROWER covenants and agrees to use the Property solely for the construction and operation of the Project in accordance with the PLHA Loan Documents, and

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to construct the Project in a timely manner and in accordance with the Schedule of Performance attached to the PLHA Loan Agreement. The proceeds of the PLHA Loan shall be used solely for construction of the Units, and not in connection with any non-residential facilities, services or activities.

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

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

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

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

BORROWER, its successors and assigns, shall refrain from restricting the rental, sale, or

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

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

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

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

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

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

9) INSURANCE. Without limiting or diminishing the BORROWER'S obligation to indemnify or hold the COUNTY harmless, BORROWER shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages during the term of this Agreement. As respects to the insurance section only, the COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

a) Builder's All Risk (Course of Construction) Insurance. BORROWER shall provide a policy of Builder's All Risk (Course of Construction) insurance coverage including (if the work is located in an earthquake or flood zone or if required on financed or bond financing arrangements) coverage for earthquake and flood, covering the COUNTY, BORROWER and every subcontractor, of every tier, for the entire Project,

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including property to be used in the construction of the work while such property is at off-site storage locations or while in transit or temporary off-site storage. Such policy shall include, but not be limited to, coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire department service charges, valuable papers and records, trees, grass, shrubbery and plants. If scaffolding, false work and temporary buildings are insured separately by the BORROWER or others, evidence of such separate coverage shall be provided to County prior to the start of the work. Such policy shall be written on an all risk basis and a completed value form. Such policy shall cover the full insurable value. Such policy shall also provide coverage for temporary structures (on-site offices, etc.), fixtures, machinery and equipment being installed as part of the work. BORROWER shall be responsible for any and all deductibles under such policy. Upon request by COUNTY, BORROWER shall declare all terms, conditions, coverages and limits of such policy. Such policy shall name the COUNTY as a loss payee as their interest may appear. If the County so provides, in its sole discretion, the All Risk (Course of Construction) insurance for the Project, then BORROWER shall assume the cost of any and all applicable policy deductibles (currently, $50,000 per occurrence) and shall insure its own machinery, equipment, tools, etc. from any loss of any nature whatsoever.

b) Worker's Compensation Insurance. If the BORROWER has employees as defined by the State of California, the BORROWER shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than $1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside. Policy shall name the COUNTY as Additional Insureds.

c) Comprehensive General Liability Insurance. Comprehensive General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of

BORROWER'S performance of its obligations hereunder. Policy shall name the COUNTY as Additional Insured. Policy's limit of liability shall not be less than $2,000,000 per occurrence and $4,000,000 in the aggregate. Policy shall name the COUNTY as Additional Insureds.

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

e) General Insurance Provisions – All Lines.

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

2) The BORROWER must declare its insurance self-insured retention for each coverage required herein. If any 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 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 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

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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 insurance carrier(s) policies do/does not meet the minimum notice requirement found herein, BORROWER shall cause BORROWER'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 coverages set forth herein and the insurance required herein is in full force and effect. BORROWER shall not commence operations until the COUNTY has been furnished original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

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

6) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the COUNTY reserves the right

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to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Management's reasonable judgment, the amount or type of insurance carried by the BORROWER has become inadequate.

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

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

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

10) HOLD HARMLESS/INDEMNIFICATION. BORROWER shall indemnify and hold harmless the County of Riverside, its Agencies, Districts, Boards, Special Districts and Departments, their respective directors, officers, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as "Indemnitees") from any claim, liability, costs or fees (including, but not limited to, attorneys' fees and costs, costs of investigation, defense and settlements or awards), resulting from any act or failure to act of BORROWER, its officers, employees, subcontractors, agents or representatives, in connection with, arising out of or in any way relating to this Agreement, the PLHA Loan Documents or the Project, including, but not limited to, property damage, bodily injury, death or any other claim or liability of any kind or nature whatsoever. BORROWER shall defend the Indemnitees, at BORROWER's sole expense, in any claim or action based upon such alleged acts or omissions. With respect to any action or claim subject to indemnification herein, BORROWER shall, at its sole cost, have the right to use counsel of its own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes BORROWER's indemnification obligation to Indemnitees as set forth herein. BORROWER's obligation hereunder shall be satisfied when BORROWER has provided to COUNTY the appropriate

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form of dismissal relieving the Indemnitees from any liability for the action or claim involved. The specified insurance limits required in this Agreement shall in no way limit or circumscribe BORROWER's obligations to indemnify and hold harmless the Indemnitees herein from third party claims. In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve BORROWER from indemnifying the Indemnitees to the fullest extent allowed by law. The indemnification set forth in this paragraph shall survive the expiration or earlier termination of this Covenant.

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

COUNTY
County of Riverside
Department of Housing and Workforce Solutions
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attention: Director

BORROWER
Courtyards at Cottonwood II, L.P.,
c/o Rancho Belago Developers, Inc.
27700 Kalmia Avenue
Rancho Belago, CA 92555-5200
Attention: James M. Jernigan, President

with copies to:

CREA at Courtyards II, L.P.
30 S. Meridian Street, Suite 400
Indianapolis, IN 46204

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

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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 one hundred twenty (120) 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 interest in the Property and Project. From and after such notice has been delivered to a Permitted Lender and BORROWER's limited partner, if any, such Permitted Lender or limited partner shall have the same period for remedying the default complained of as the cure period provided to BORROWER pursuant to this Section 14. COUNTY shall accept performance by a Permitted Lender or limited partner as if the same had been done by BORROWER.

If a violation of any of the covenants or provisions of this Covenant remains uncured after the respective time period set forth in this Section 14, COUNTY and its successors and

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

15) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY. BORROWER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the Project, the Property or any portion thereof, without obtaining the prior written consent of COUNTY, except as otherwise permitted pursuant to the PLHA Loan Documents, which such consent may be granted or withheld in its discretion. Upon application for and such, sale transfer or assignment, BORROWER shall demonstrate that the proposed transferee is reasonably capable of performing and complying with BORROWER's duties and obligations under the PLHA Loan Documents, including this Covenant. Any sale, assignment, or transfer of the Project or Property shall be memorialized in an assignment and assumption agreement, the form and substance of which shall have been first approved in writing by the COUNTY, in its discretion. Such assignment and assumption agreement shall, among other things, provide that the transferee has assumed in writing and in full, BORROWER's duties and obligations under the PLHA Loan Documents, including this Covenant.

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

17) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Covenant shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this

FORM

Covenant is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way

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

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

20) COVENANT RUNS WITH PROPERTY. In accordance with California Civil Code Section 1461 et seq., all conditions, covenants and restrictions contained in this Covenant shall be covenants running with the land. The COUNTY shall be deemed the beneficiary of the covenants, conditions and restrictions of this Covenant both for and in its own right and for the purposes of protecting the interests of the community. The covenants, conditions, and restrictions shall run in favor of the COUNTY, without regard to whether COUNTY has been, remains, or is an owner of any land or interest therein in the Property.

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

22) MANAGEMENT. BORROWER shall be responsible for the operation of the Project either by direct management or by contracting its managerial functions to a third party property manager reasonably acceptable to COUNTY ("Property Manager"). The Property Manager will be charged with managing the Project on behalf of the BORROWER. COUNTY

FORM

shall have the right to review and approve, which approval shall not be unreasonably withheld, conditioned or delayed, any such entity and agreement therefor prior to its selection by the BORROWER. BORROWER shall include in any such property management agreement a provision providing for the termination of the agreement in the event that the Property Manager violates any federal, state or local health and safety laws and regulations which are not cured within thirty (30) days following the giving of notice of such violations by COUNTY or any other governmental entity; provided, however, that in the case of a violation that cannot be cured within such thirty (30) day period, that such cure shall be commenced within thirty (30) days of notification and shall be diligently prosecuted to completion not later than sixty (60) days after notification. BORROWER, its successors and assigns, upon notice from COUNTY, shall indemnify, hold harmless and pay any costs and fees (including administrative and attorneys' fees) incurred by COUNTY or the Indemnitees in connection with responding to or defending any discrimination claim brought by any third party and/or local, state or federal government entity, arising out of or in connection with the Project and/or this Agreement.

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

FORM

24) PROJECT MONITORING AND EVALUATION.

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

b) Inspections. During the period of affordability, COUNTY may perform annual 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:

FORM

(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 PLHA Units and as vacancies occur.

d) Income Requirements and Certification. Prior to leasing an Affordable Unit and annually thereafter, BORROWER, at its sole expense, shall or shall cause the Property Manager, if any, engaged to manage the Project to certify the eligibility of each tenant applicant as a Very Low Income Household or Low Income Household in accordance with the PLHA Program. The BORROWER shall complete such certification on forms as may be reasonably required by COUNTY (which may include provision to COUNTY of any reporting forms required by California Tax Credit Allocation Committee (CTCAC)). Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with CTCAC requirements and applicable California law. BORROWER shall cause the Property Manager to submit such income certification, verification and such additional information as may reasonably be required by COUNTY, HCD or, if applicable, CTCAC. Such supporting documentation shall include, for each member of the household eighteen (18) years old or older, copies of documentation and verification procedures as required by California law or Section IV of CTCAC's Compliance Online Reference Manual, as may be amended from time to time by CTCAC and currently located at -

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https://www.treasurer.ca.gov/ctcac/compliance/manual/manual.pdf. BORROWER and COUNTY agree and acknowledge that COUNTY may require such additional information, if any, required to comply with the PLHA Program and/or applicable California law regarding affordable housing.

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

f) Monitoring Fee. BORROWER shall pay an annual compliance monitoring fee to the COUNTY in the total annual amount of $1,600 (increased annually by an amount equal to the increase of the Consumer Price Index (CPI) for the San Bernardino-Riverside-Ontario, CA area, but in no event to exceed 5% annually) ("Monitoring Fee"). The first Monitoring Fee payment is due on July 1st of each year for the monitoring period of July 1st to June 30th commencing on the July 1st following the issuance of a Certificate of Occupancy for the Project and may be pro-rated for a partial first year. The Monitoring Fee will be due on each July 1st thereafter and will continue until the expiration of the Affordability Period. The Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the increase in CPI for the San Bernardino-Riverside-Ontario, CA area. In the event of a decrease in the applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not decrease.

25) ACCESS TO PROJECT SITE. Representatives of the COUNTY and HCD 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 or HCD shall provide such notice as may be practical under the circumstances), without charges or fees, during normal business

FORM

hours to review the operation of the Project in accordance with this Covenant and the PLHA Loan Agreement, subject to the rights of tenants.

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.

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[remainder of page intentionally blank]

(SIGNATURES ON THE NEXT PAGE)

FORM

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

By: _____
Heidi Marshall, Director
Housing & Workforce Solutions

Date: _____

(COUNTY Signature needs to be notarized)

APPROVED AS TO FORM:
MINH C. TRAN, County Counsel

By: _____
Amrit P. Dhillon, Deputy County Counsel

FORM

BORROWER:

COURTYARDS AT COTTONWOOD II, L.P.,
a California limited partnership

By: RBD Cottonwood, LLC,
a California limited liability company
Its: Administrative General Partner

By: Rancho Belago Developers, Inc.,
a California corporation
Its: Sole Member

By: _____
Name: James M. Jernigan
Its: President
Date: _____, 2023

By: KDI Courtyards LLC,
a California limited liability company
Its: Managing General Partner

By: KINGDOM DEVELOPMENT, INC.
a California nonprofit public benefit corporation
Its: Member and Manager

By: _____
Name: William Leach
Its: President
Date: _____, 2023

(BORROWER Signatures needs to be notarized)

FORM

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

FORM

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)

FORM

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

PARCEL A OF THAT CERTAIN LOT LINE ADJUSTMENT NO. 1058, AS EVIDENCED BY A DOCUMENT RECORDED FEBRUARY 21, 2020 AS INSTRUMENT NO. 2020-0080445 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND LOT "C" OF PARCEL MAP NO. 8073, IN THE CITY OF MORENO VALLEY, AS RECORDED IN PARCEL MAP BOOK 30, PAGE 20, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, LYING WITHIN SECTION 7, TOWNSHIP 3 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING:

THENCE SOUTH 00°00'00" EAST ALONG THE EAST LINE OF SAID PARCEL MAP, A DISTANCE OF 117.50 FEET TO A POINT BEING 25.00 FEET, MEASURED ALONG SAID EAST LINE, FROM THE CENTERLINE OF SAID LOT C, SAID POINT IS THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 100.00 FEET, WITH A RADIAL BEARING OF NORTH 00°00'00" WEST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°23'22", A DISTANCE OF 28.60 FEET;

THENCE NORTH 73°36'38" WEST, A DISTANCE OF 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 45.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 83°27'37", A DISTANCE OF 65.55 FEET;

THENCE NORTH 89°59'10" WEST, A DISTANCE OF 449.76 FEET, TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE OF PARCEL 1 OF SAID PARCEL MAP, WHOSE COURSE BEARS NORTH 00°00'30" WEST, WITH A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID PROLONGATION NORTH 00°00'30" WEST, A DISTANCE OF 125.00 FEET, TO A NORTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP;

THENCE SOUTH 89°59'10" EAST ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 580.10 FEET TO THE TRUE POINT OF BEGINNING.

TOGETHER WITH THAT PORTION OF VACATED MYRNA STREET, PURSUANT TO THAT CERTAIN DOCUMENT RESOLUTION NO. 2020-73 RECORDED DECEMBER 02, 2020 AS INSTRUMENT NO. 2020-607957 OF OFFICIAL RECORDS.

APN: 482-161-026

FORM

Form of the Subordination Agreement

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction and Asset Management Group/Post Closing
Citi Community Capital
3800 Citibank Center
Tampa, Florida 33610
Re: Courtyards at Cottonwood II Deal ID No. 50007999

SUBORDINATION AND INTERCREDITOR AGREEMENT
(Riverside County)

FORM

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this "**Agreement**") dated as of March ___, 2023, is made by and between **COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("**Junior Lender**" or "**County**") and **CITIBANK, N.A.**, a national banking association ("**Senior Lender**") and acknowledged by **COURTYARDS AT COTTONWOOD II, L.P.**, a California limited partnership ("**Borrower**"). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined in the Loan Agreement).

RECITALS:

A. Borrower has applied to Senior Lender for a loan in the maximum principal amount of $[10,000,000] (the "**Senior Loan**") for the acquisition, construction, rehabilitation, development, equipping and/or operation of a 32-unit multifamily residential project located in the City of Moreno Valley, Riverside County, California, known or to be known as Courtyards at Cottonwood II (the "**Property**").

B. The Senior Loan is evidenced by the Senior Note (as defined below), and will be advanced to Borrower pursuant to the Loan Agreement (as defined herein)

C. The Senior Loan is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Lender (as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, "**Senior Security Instrument**"), which Senior Security Instrument encumbers the Property.

D. Junior Lender is making a loan (the "**Junior Loan**") to Borrower in the maximum principal amount of $4,000,000, which Junior Loan is evidenced by that certain Promissory Note (PLHA Loan), dated [as of the date hereof] made by Borrower to Junior Lender (the "**Junior Note**") and secured by, the Junior Security Instrument (as hereinafter defined), which Junior Security Instrument shall be recorded concurrently herewith in the Official Records and shall encumber the Property. The Junior Loan will be advanced to Borrower pursuant to that certain Loan Agreement for the Use of PLHA Program Funds, dated as of the date hereof], by and between Borrower and Junior Lender (the "**Junior Loan Agreement**"). In connection with the Junior Loan, Junior Lender and Borrower entered into that certain County PLHA Covenant Agreement (as hereinafter defined). The County PLHA Covenant Agreement and its priority are not affected by this Agreement.

E. The Senior Lender and Junior Lender have agreed and required as a condition of making their respective loans that the order of priority of their respective liens against the Property be as follows: (i) County PLHA Covenant Agreement, (ii) Senior Loan Documents, and (iii) Junior Loan Documents.

FORM

F. The Senior Security Instrument and the Junior Security Instrument are intended to be recorded concurrently herewith in Riverside County, California ("**Official Records**")

G. Citibank, N.A. (together with its successors and assigns, "**Servicer**"), will act as the initial servicer of the Senior Loan.

H. As a condition to the making of the Senior Loan, Senior Lender requires that Junior Lender execute and deliver this Agreement prior to the making of the Junior Loan and the granting of the Junior Security Instrument by Borrower.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

1. **Definitions**. Capitalized terms used but not defined in this Agreement shall have the meanings ascribed thereto in the Senior Security Instrument. As used in this Agreement, the terms set forth below shall have the respective meanings indicated:

"*Bankruptcy Proceeding*" means any bankruptcy, reorganization, insolvency, composition, restructuring, dissolution, liquidation, receivership, assignment for the benefit of creditors, or custodianship action or proceeding under any federal or state law with respect to Borrower, any guarantor of any of the Senior Indebtedness, any of their respective properties, or any of their respective partners, members, officers, directors, or shareholders.

"*Casualty*" means the occurrence of damage to or loss of any of the Property by fire or other casualty.

"*Condemnation*" means any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Property, whether direct or indirect.

"*County PLHA Covenant Agreement*" means that certain Covenant Agreement, dated [as of the date hereof], by Borrower and Junior Lender, to be recorded substantially concurrently herewith in the Official Records, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented in accordance with the terms of this Agreement. The County PLHA Covenant Agreement is not a Junior Loan Document and its priority is not affected by this Agreement.

"*Enforcement Action*" means any exercise of any of Junior Lender's remedies under the Junior Security Instrument or any of the other Junior Loan Documents, including, without limitation, any of the following: (i) the acceleration of all or any part of the Junior Indebtedness, (ii) the commencement of any judicial or non-judicial action or proceeding to enforce any obligation of Borrower under any of the Junior Loan Documents, collect any monies payable to Borrower or have a receiver appointed to collect any monies payable to Borrower, or foreclose the lien(s) created by the Junior Security Instrument, (iii) the filing or joining in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower, (iv) the advertising of or commencement of any foreclosure or trustee's sale proceedings, (v) the exercise of any power of sale, (vi) the

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acceptance of a deed or assignment in lieu of foreclosure or sale, (vii) the collecting of Rents, (viii) the obtaining of or seeking of the appointment of a receiver, (ix) the seeking of default interest, (x) the taking of possession or control of any of the Property, (xi) the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, (xii) the exercising of any banker's lien or rights of set-off or recoupment, or (xiii) the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

"*Enforcement Action Notice*" means a written notice from Junior Lender to Senior Lender, given following a Junior Loan Default and the expiration of any notice or cure periods provided for such Junior Loan Default in the Junior Loan Documents, setting forth in reasonable detail the Enforcement Action proposed to be taken by Junior Lender.

"*Junior Indebtedness*" means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Junior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"*Junior Loan Default*" means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Junior Security Instrument.

"*Junior Loan Documents*" means, collectively, the Junior Note, the Junior Security Instrument, the Junior Loan Agreement and all other documents evidencing, securing or delivered in connection with the Junior Loan, all of which are listed on Exhibit B attached hereto, together with such modifications, amendments and supplements thereto made in accordance with the terms of this Agreement; provided, however, the definition of Junior Loan Documents specifically excludes the County PLHA Covenant Agreement.

"*Junior Security Instrument*" means that certain Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) dated [as of the date hereof], made by Borrower for the benefit of Junior Lender to secure the Junior Loan, to be recorded substantially concurrently herewith in the Official Records, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented in accordance with the terms of this Agreement.

"*Loan Agreement*" means that certain Construction Loan Agreement, dated as of the date hereof, by and between Borrower and Senior Lender relating to the Senior Loan.

"*Loss Proceeds*" means all monies received or to be received under any insurance policy, from any condemning authority, or from any other source, as a result of any Condemnation or Casualty.

"*Property*" means (i) the land and improvements known or to be known as Courtyards at Cottonwood II, located in the City of Moreno Valley, Riverside County, State of California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower encumbered by the Senior Security Instrument and/or the other

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Senior Loan Documents and the Junior Security Instrument and/or the other Junior Loan Documents.

"*Senior Indebtedness*" means all indebtedness of any kind at any time evidenced or secured by, or arising under, the Senior Loan Documents, whether incurred, arising or accruing before or after the filing of any Bankruptcy Proceeding.

"*Senior Loan Default*" means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, an "Event of Default" as defined in the Senior Security Instrument.

"*Senior Loan Documents*" means, collectively, the Senior Security Instrument, the Senior Note, the Loan Agreement and all of the other documents, instruments and agreements now or hereafter evidencing, securing or otherwise executed in connection with the Senior Loan, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented in accordance with the provisions of this Agreement.

"*Senior Note*" means the Note, as defined by the Senior Security Instrument, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

2. **Junior Loan and Junior Loan Documents are Subordinate; Acts by Senior Lender do not Affect Subordination**.

(a) Junior Lender hereby covenants and agrees on behalf of itself and its successors and permitted assigns that the Junior Indebtedness is and shall at all times continue to be, subordinate, subject and inferior (in payment and priority) to the prior payment in full of the Senior Indebtedness, and that the liens, rights, payment interests, priority interests and security interests granted to Junior Lender in connection with the Junior Loan and under the Junior Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject, subordinate and inferior in all respects to the liens, rights, payment, priority and security interests granted to Senior Lender under the Senior Loan and the Senior Loan Documents and the terms, covenants, conditions, operations and effects thereof in accordance with the terms of this Agreement.

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Senior Loan Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender) or otherwise has actual knowledge of such a Senior Loan Default, Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of

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the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual knowledge or has been given written notice of, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

(c) Without limiting the complete subordination of the Junior Indebtedness to the payment in full of the Senior Indebtedness, in any Bankruptcy Proceeding, upon any payment or distribution (whether in cash, property, securities, or otherwise) to creditors (i) the Senior Indebtedness shall first be paid in full in cash before Junior Lender shall be entitled to receive any payment or other distribution on account of or in respect of the Junior Indebtedness, and (ii) until all of the Senior Indebtedness is paid in full in cash, any payment or distribution to which Junior Lender would be entitled but for this Agreement (whether in cash, property, or other assets) shall be made to Senior Lender.

(d) The subordination of the Junior Indebtedness shall continue in the event that any payment under the Senior Loan Documents (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of set-off or otherwise) is for any reason repaid or returned to Borrower or its insolvent estate, or avoided, set aside or required to be paid to Borrower, a trustee, receiver or other similar party under any bankruptcy, insolvency, receivership or similar law. In such event, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding to the extent of any repayment, return, or other action, as if such payment on account of the Senior Indebtedness had not been made.

(e) The subordination of the Junior Loan Documents and of the Junior Indebtedness shall apply and continue notwithstanding (i) the actual date and time of execution, delivery, recording, filing or perfection of the Senior Security Instrument and other Senior Loan Documents and of the Junior Security Instrument and other Junior Loan Documents, and (ii) the availability of any collateral to Senior Lender, including the availability of any collateral other than the Property.

(f) By reason of, and without in any way limiting, the full subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, all rights and claims of Junior Lender under the Junior Security Instrument or under the Junior Loan Documents in or to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto, are expressly subject and subordinate in all respects to the rights and claims of Senior Lender under the Senior Loan Documents in and to the Property or any portion thereof, the proceeds thereof, the Leases thereof, the Rents, issues and profits therefrom, and the Loss Proceeds payable with respect thereto.

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(g) If Junior Lender, by indemnification, subrogation or otherwise, shall acquire any lien, estate, right or other interest in any of the Property, that lien, estate, right or other interest shall be fully subject and subordinate to the receipt by Senior Lender of payment in full of the Senior Indebtedness, and to the Senior Loan Documents, to the same extent as the Junior Indebtedness and the Junior Loan Documents are subordinate pursuant to this Agreement.

(h) In confirmation, and not as a condition, of the subordination of the Junior Indebtedness and the Junior Loan Documents provided for in this Agreement, Junior Lender shall place on or attach to the Junior Note a notice to the following effect, and shall provide Senior Lender with a copy of the Junior Note showing such notice:

> "The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by the Note (as defined by that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by the Borrower in favor of CITIBANK, N.A.), in the original maximum principal amount of $[10,000,000], executed by Borrower and payable to Citibank, N.A. ("Senior Lender"), to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated as of March 1, 2023, between Senior Lender and the holder of this Note (the "Subordination Agreement"). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of this Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the "Junior Lender" under the Subordination Agreement."

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder. Notwithstanding the foregoing, Senior Lender shall not, without the prior written consent of Junior Lender, amend or modify the Senior Loan Documents to (i) increase the amount of the Senior Loan (other than in connection with protective advance), (ii) increase the interest rate (or stated Default Rate) under the Senior Note above the rate(s) described in the Senior Note, (iii) modify the maturity date to be sooner than the maturity date of the Senior Note, (iv) accelerate, other than upon a Senior Loan default, the term of the Senior

Loan, or (v) materially increase the obligations of Borrower under the Senior Loan Documents.

3. **Junior Lender Agreements.**

(a) Without the prior written consent of Senior Lender in each instance which shall not be unreasonably withheld, conditioned or delayed, Junior Lender shall not (i) amend, modify, waive, extend, renew or replace any provision of any of the Junior Loan Documents (except in connection with protective advances under the Junior Loan Documents), or (ii) pledge, assign, transfer, convey, or sell any interest in the Junior Indebtedness or any of the Junior Loan Documents; or (iii) accept any payment on account of the Junior Indebtedness other than a regularly scheduled payment of interest or principal and interest made not earlier than ten (10) days prior to the due date thereof; or (iv) take any action which has the effect of increasing the Junior Indebtedness, except in connection with protective advances made under the Junior Loan Documents; or (v) appear in, defend or bring any action in connection with the Property, except as provided in Section 2(i) above; or (vi) take any action concerning environmental matters affecting the Property. Regardless of any contrary provision in the Junior Loan Documents, Junior Lender shall not collect payments for the purpose of escrowing for any cost or expense related to the Property or for any portion of the Junior Indebtedness.

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its actual knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. . Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default, Enforcement Action Notice or other material notice given by Junior Lender under the Junior Loan Documents. Notwithstanding any contrary provision in the Junior Loan Documents, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Senior Security Instrument.

(c) In the event and to the extent that each of Senior Lender and Junior Lender have under their respective loan documents certain approval or consent rights over the same subject matters (regardless of whether the obligations or rights are identical or substantially identical), Junior Lender agrees that Senior Lender shall exercise such approval rights on behalf of both Senior Lender and Junior Lender, and Junior Lender

shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby. Without limiting the generality of the foregoing, Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender agrees that in any action commenced after timely completion of construction of the improvements to the Property to enforce the obligation of Borrower to pay any portion of the Junior Indebtedness, the judgment shall not be enforceable personally against Borrower or Borrower's assets, and the recourse of Junior Lender for the collection of the Junior Indebtedness shall be limited to actions against the Property and the rents, profits, issues, products, and income from the Property, except with respect to customary non-recourse exceptions set forth in the Junior Loan Documents.

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees that to ensure that Senior Lender shall first be paid in full before Junior Lender (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property), and (ii) the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior Lender has also voted affirmatively in favor of such plan, and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

(f) Junior Lender covenants and agrees that the effectiveness of this Agreement and the rights of Senior Lender hereunder shall be in no way impaired, affected, diminished or released by any renewal or extension of the time of payment of the Senior Loan, by any delay, forbearance, failure, neglect or refusal of Senior Lender in enforcing payment thereof or in enforcing the lien of or attempting to realize upon the Senior Loan Documents or any other security which may have been given or may hereafter be given for the Senior Loan, by any waiver or failure to exercise any right or remedy under the Senior Loan Documents, or by any other act or failure to act by Senior Lender. Junior Lender acknowledges that Senior Lender, at its sole option, may release all or any portion of the Property from the lien of the Senior Security Instrument, and may release or waive any guaranty, surety or indemnity providing additional collateral to Senior Lender, and Junior Lender hereby waives any legal or equitable right in respect of marshaling it might have, in connection with any release of all or any portion of the Property by Senior Lender, to require the separate sales of any portion of the Property or to require Senior Lender to exhaust its remedies against any portion of the Property or any other collateral before proceeding against any other portion of the Property or other collateral (including guarantees) for the Senior Loan. Senior Lender may pursue all rights and remedies available to it under the Senior Loan Documents, at law, or in equity, regardless of any Enforcement Action Notice or Enforcement Action by Junior Lender. Subject to the provisions of Section 2(i) hereof, at any time or from time to time and any number of times, without notice to Junior Lender and without affecting the liability of Junior Lender, (a) the time for payment of the Senior Indebtedness may be extended or the Senior Indebtedness may be renewed in whole or in part; (b) the time for Borrower's performance of or compliance with any covenant or agreement contained in the Senior Loan Documents, whether presently existing or hereinafter entered into, may be extended or such performance or compliance may be waived; (c) the maturity of the Senior Indebtedness may be accelerated as provided in the Senior Loan Documents, except as otherwise provided herein; (d) subject to Section 2(i) hereof, any Senior Loan Document may be extended, consolidated, modified or amended by Senior Lender and Borrower in any respect, including, but not limited to, an increase in the principal amount; and (e) any security for the Senior Indebtedness may be modified, exchanged, surrendered or otherwise dealt with or additional security may be pledged or mortgaged for the Senior Indebtedness, subject to the terms of this Agreement. If, after the occurrence of a Senior Loan Default and Junior Lender's opportunity to cure as provided for herein, Senior Lender acquires title to any of the Property pursuant to a mortgage foreclosure conducted in accordance with applicable law, the lien, operation, and effect of the Junior Security Instrument and other Junior Loan Documents (except as to the County PLHA Covenant Agreement which shall not be extinguished, terminated or cancelled as a result of such foreclosure or any transfer of title and shall remain in a first priority position upon such occurrence) automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

(g) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment,

to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(h) Junior Lender hereby represents and warrants that, as of the date hereof, the proceeds of the Junior Loan will be disbursed to Borrower as costs are incurred, as set forth in the Junior Loan Agreement. Junior Lender hereby further represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current maximum principal balance of the Junior Indebtedness is $4,000,000; (vi) no scheduled monthly payments under the Junior Loan Documents have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; and (viii) to the best of Junior Lender's knowledge there are no other Junior Loan Documents other than those listed on Exhibit B hereto. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

(i) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, (i) the maturity date of the Junior Note shall occur no earlier than one (1) month after the maturity date of the Senior Note, and (ii) Borrower shall not be obligated to pay more than seventy-five percent (75%) of Excess Cash Flow (as defined herein) in payments under the Junior Note and under other debt subordinate to the Senior Loan. For the purposes hereof, the following definitions shall apply:

"Excess Cash Flow" shall mean, for any period, Gross Revenues for such period less the sum of (i) Expenses of the Property for such period, and (ii) without duplication, all amounts due on the Senior Loan Obligations for such period.

"Expenses of the Property" shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Loan Documents), a management fee (however characterized) not to exceed [___%] of Gross Revenues, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Property shall not include any payments, however characterized, on account of the Junior Loan or any other subordinate financing in respect of the Property or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

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"Gross Revenues" shall mean all receipts, revenues, income and other moneys received by or on behalf of Borrower and derived from the ownership or operation of the Property, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Property. Gross Revenues shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with the applicable law.

"Senior Loan Obligations" shall mean and includes, collectively, and without limitation, each of the following: (A) all debt service payments due on the Senior Indebtedness, (B) all obligations of Borrower under the Senior Loan Documents, (C) all capital expenditures required for the proper maintenance of the Property in accordance with the Senior Loan Documents, as calculated by Borrower in accordance with customarily accepted cash basis accounting principles, consistently applied, and in accordance with the terms of the Senior Loan Documents; (D) all amounts required to be deposited into any replacement reserve, completion/repair reserve, operating deficit reserve, principal repayment reserve, replacement hedge reserve or other reserve or escrow established or required by Senior Lender or Servicer in connection with the Senior Loan and the Senior Loan Documents, including the Senior Security Instrument, and (E) all fees, costs and expenses of Senior Lender and Servicer in connection with the Senior Loan.

4. **Standstill Agreement; Right to Cure Senior Loan Default**.

(a) Until such time as any of the Senior Indebtedness has been repaid in full and the Senior Security Instrument has been released and discharged, Junior Lender shall not without either (1) the prior written consent of Senior Lender, which may be withheld in Senior Lender's sole and absolute discretion, or (2) giving at least sixty (60) days' notice of a default under the Junior Loan and Junior Lender's intent to exercise its remedies, take any Enforcement Action, including, without limitation, (i) accelerate the Junior Loan, (ii) exercise any of Junior Lender's remedies under the Junior Security Instrument or any of the other Junior Loan Documents (including, without limitation, the commencement of any judicial or non-judicial action or proceeding (a) to enforce any obligation of Borrower under any of the Junior Loan Documents, (b) to collect any monies payable to Borrower, (c) to have a receiver appointed to collect any monies payable to Borrower; or (d) to foreclose the lien(s) created by the Junior Security Instrument) or (iii) file or join in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower; provided, however, that such limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan, and (d) seek specific

performance to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions contained in the County PLHA Covenant Agreement.

(b) Senior Lender shall, simultaneously with the sending of any notice of a Senior Loan Default to Borrower, send to Junior Lender a copy of said notice under the Senior Loan Documents; provided, however, failure to do so shall not affect the validity of such notice or any obligation of Borrower to Senior Lender and shall not affect the relative priorities between the Senior Loan and the Junior Loan as set forth herein. Borrower covenants and agrees to forward to Junior Lender, within three (3) business days of Borrower's receipt thereof, a copy of any notice of a Senior Loan Default Borrower receives from Senior Lender.

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within any applicable notice or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Loan Default. Senior Lender shall accept all payments and all acts done by the Junior Lender on behalf of Borrower as though the same had been timely done and performed by Borrower, and if such acts and payments shall totally cure and correct all such defaults, breaches, failures or refusals, such cure shall have the effect of de-accelerating the Senior Loan. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

(d) Junior Lender agrees that, notwithstanding any contrary provision contained in the Junior Loan Documents, a Senior Loan Default shall not constitute a default under the Junior Loan Documents if no other default occurred under the Junior Loan Documents.

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender. Senior Lender agrees and acknowledges that it shall approve or disapprove such person (including Junior Lender) based on its then-current underwriting practices and guidelines.

5. **Insurance**. Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower

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with respect to the Property, provided such action does not affect the priority of payment of the proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

6. **Default**. Junior Lender and Borrower acknowledge and agree that a default by either such party under this Agreement shall, at the sole option of Senior Lender, constitute a default under the Senior Loan Documents. Each party hereto acknowledges that in the event any party fails to comply with its obligations hereunder, the other parties shall have all rights available at law and in equity, including the right to obtain specific performance of the obligations of such defaulting party and injunctive relief. No failure or delay on the part of any party hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder.

7. **Enforcement Costs**. Borrower and Junior Lender agree to reimburse Senior Lender for any and all costs and expenses (including reasonable attorneys' fees) incurred by Senior Lender in connection with enforcing its rights against Junior Lender under this Agreement.

8. **Notices**. Any notice which any party hereto may be required or may desire to give hereunder shall be deemed to have been given and shall be effective only if it is in writing and (i) delivered personally, (ii) mailed, postage prepaid, by United State registered or certified mail, return receipts requested, (iii) delivered by overnight express courier or (iv) sent by telecopier, in each instance addressed as follows:

To Junior Lender:	County of Riverside Department of Housing and Workforce Solutions 3403 Tenth Street, Suite 300 Riverside, California 92501 Attention: Director
If to Senior Lender:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, New York 10013 Attention: Transaction and Asset Management Group Re: Courtyards at Cottonwood II Deal ID No. 50007999 Facsimile: (212) 723-8209
With a copy to:	Citibank, N.A. 325 East Hillcrest Drive, Suite 160 Thousand Oaks, California 91360 Attention: Operations Manager/Asset Manager Re: Courtyards at Cottonwood II Deal ID No. 50007999 Facsimile: (805) 557-0924

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Prior to the Conversion Date, with a copy to:	Citibank, N.A. 388 Greenwich Street, Trading 4th Floor New York, New York 10013 Attention: Account Specialist Re: Courtyards at Cottonwood II Deal ID No. 50007999 Facsimile: (212) 723-8209
Following the Conversion Date, with a copy to:	Citibank, N.A. c/o Berkadia Commercial Servicing Department 323 Norristown Road, Suite 300 Ambler, Pennsylvania 19002 Attention: Client Relations Manager Re: Courtyards at Cottonwood II Deal ID No. 50007999 Facsimile: (215) 328-0305
And a copy of any notices of default sent to:	Citibank, N.A. 388 Greenwich Street, 17th Floor New York, New York 10013 Attention: General Counsel's Office Re: Courtyards at Cottonwood II Deal ID No. 50007999 Facsimile: (646) 291-5754

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. **WAIVER OF TRIAL BY JURY**. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

10. **Term**. The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a

power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

11. **Refinancing**. Junior Lender agrees that its agreement to subordinate under this Agreement will extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness (including reasonable and necessary costs associated with the closing and/or the refinancing, and any reasonable increase in proceeds for rehabilitation in the contract of a preservation transaction), provided, however that (a) Junior Lender shall be given 30 days' written notice to review any refinancing documentation, (b) Junior Lender shall be given collateral security that Junior Lender's loan shall not be impaired and the ability of Borrower to repay the Junior Lender's note (pursuant to the terms of the note) shall not be impaired, and (c) the outstanding principal amount of the Senior Loan shall not be increase. All terms and covenants of this Agreement will inure to the benefit of any holder of any such refinanced debt, and all references to the Senior Loan Documents and Senior Lender will mean, respectively, the refinance loan documents and the holder of such refinanced debt.

12. **Miscellaneous**.

(a) Junior Lender shall, within ten (10) business days following a written request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may reasonably require. Upon reasonable prior notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, subject to the reasonable approval as to form and content by Junior Lender's counsel, and shall take such actions, as are reasonably required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

(b) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Except in the event of an assignment to the Housing Authority of the County of Riverside, Junior Lender may only assign its rights and interests hereunder following the prior written consent of Senior Lender, which consent will not be unreasonably withheld, conditioned or delayed.

(c) Senior Lender hereby consents to the Junior Loan and the Junior Loan Documents and to the recordation of any recordable Junior Loan Documents; provided, however, that this Agreement does not constitute an approval by Senior Lender of the terms of the Junior Loan Documents. Junior Lender hereby consents to the Senior Loan and the Senior Loan Documents; provided, however, that this Agreement does not constitute an approval by Junior Lender of the terms of the Senior Loan Documents.

(d) Borrower shall timely provide Junior Lender with copies of any amendments and/or modifications to the Senior Security Instrument which have the effect

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of materially amending or modifying any capitalized term that is not defined herein, but rather defined in the Senior Security Instrument.

(e) This Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

(g) Time is of the essence in the performance of every covenant and agreement contained in this Agreement.

(h) If any provision or remedy set forth in this Agreement for any reason shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or remedy of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or remedy had never been set forth herein, but only to the extent of such invalidity, illegality or unenforceability.

(i) Each party hereto hereby represents and warrants that this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding agreement enforceable in all material respects in accordance with its terms.

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to,

relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

(k) No amendment, supplement, modification, waiver or termination of this Agreement shall be effective against any party unless such amendment, supplement, modification, waiver or termination is contained in a writing signed by such party.

(l) No party other than Senior Lender and Junior Lender shall have any rights under, or be deemed a beneficiary of any of the provisions of, this Agreement.

(m) Nothing herein or in any of the Senior Loan Documents or Junior Loan Documents shall be deemed to constitute Senior Lender as a joint venturer or partner of Junior Lender.

13. **[RESERVED]**.

14. **Attached Exhibits**.

The following Exhibits are attached to this Agreement and are incorporated by reference herein as if more fully set forth in the text hereof:

Exhibit A – Legal Description

Exhibit B – Junior Loan Documents

Exhibit C – Modifications to Subordination and Intercreditor Agreement

The terms of this Agreement are modified and supplemented as set forth in said Exhibits. To the extent of any conflict or inconsistency between the terms of said Exhibits and the text of this Agreement, the terms of said Exhibits shall be controlling in all respects.

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IN WITNESS WHEREOF, the undersigned have duly executed and delivered this Subordination and Intercreditor Agreement or caused this Subordination and Intercreditor Agreement to be duly executed and delivered by their respective authorized representatives as of the date first set forth above.

JUNIOR LENDER:

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

By: _____
Heidi Marshall, Director

Date: _____

APPROVED AS TO FORM:
MINH C. TRAN, County Counsel

By: _____
Amrit P. Dhillon, Deputy County Counsel

FORM

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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, _____ (here insert name and title of the officer), personally appeared **Heidi Marshall** 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 _____ (Seal)

FORM

SENIOR LENDER:

CITIBANK, N.A.

By: _____
Name: Matt Knipprath
Title: Authorized Signatory
Deal ID No. 50007999

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____ (here insert name and title of the officer), personally appeared **Matt Knipprath** 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 _____ (Seal)

FORM

ACKNOWLEDGED AND AGREED AS OF THE DATE FIRST SET FORTH ABOVE:

BORROWER:

COURTYARDS AT COTTONWOOD II, L.P., a California limited partnership

By: KDI Courtyards LLC, a California limited liability company, its managing general partner

By: Kingdom Development, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: _____
Name: William Leach
Title: President

By: RBD Cottonwood, LLC, a California limited liability company, its administrative general partner

By: Rancho Belago Developers, Inc., a California corporation, its sole member and manager

By: _____
Name: James M. Jernigan
Title: President

FORM

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STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____ (here insert name and title of the officer), personally appeared **William Leach** 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 _____ (Seal)

FORM

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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STATE OF CALIFORNIA

COUNTY OF _____

On _____ before me, _____ (here insert name and title of the officer), personally appeared **James M. Jernigan** 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 _____ (Seal)

FORM

EXHIBIT A

LEGAL DESCRIPTION

PARCEL A OF THAT CERTAIN LOT LINE ADJUSTMENT NO. 1058, AS EVIDENCED BY A DOCUMENT RECORDED FEBRUARY 21, 2020 AS INSTRUMENT NO. 2020-0080445 OF OFFICIAL RECORDS, IN THE OFFICE OF THE RECORDER OF THE CITY OF MORENO VALLEY, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA DESCRIBED AS FOLLOWS:

THOSE PORTIONS OF PARCEL 1 AND LOT "C" OF PARCEL MAP NO. 8073, IN THE CITY OF MORENO VALLEY, AS RECORDED IN PARCEL MAP BOOK 30, PAGE 20, RECORDS OF RIVERSIDE COUNTY, STATE OF CALIFORNIA, LYING WITHIN SECTION 7, TOWNSHIP 3 SOUTH, RANGE 3 WEST, SAN BERNARDINO MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID PARCEL MAP, SAID POINT BEING THE TRUE POINT OF BEGINNING:

THENCE SOUGH 00°00'00" EAST ALONG THE EAST LINE OF SAID PARCEL MAP, A DISTANCE OF 117.50 FEET TO A POINT BEING 25.00 FEET, MEASURED ALONG SAID EAST LINE, FROM THE CENTERLINE OF SAID LOT C, SAID POINT IS THE BEGINNING OF A NON-TANGENT CURVE, CONCAVE TO THE NORTH, HAVING A RADIUS OF 100.00 FEET, WITH A RADIAL BEARING OF NORTH 00°00'00" WEST;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 16°23'22", A DISTANCE OF 28.60 FEET;

THENCE NORTH 73°36'38" WEST, A DISTANCE OF 50.00 FEET TO THE BEGINNING OF A TANGENT CURVE, CONCAVE TO THE SOUTHEAST AND HAVING A RADIUS OF 45.00 FEET;

THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 83°27'37", A DISTANCE OF 65.55 FEET;

THENCE NORTH 89°58'10" WEST, A DISTANCE OF 449.76 FEET, TO THE INTERSECTION WITH THE SOUTHERLY PROLONGATION OF THAT CERTAIN COURSE OF PARCEL 1 OF SAID PARCEL MAP, WHOSE COURSE BEARS NORTH 00°00'30" WEST, WITH A DISTANCE OF 100.00 FEET;

THENCE NORTHERLY ALONG SAID PROLONGATION NORTH 00°00'30" WEST, A DISTANCE OF 125.00 FEET, TO A NORTHWEST CORNER OF PARCEL 1 OF SAID PARCEL MAP;

THENCE SOUTH 89°59'10" EAST ALONG THE NORTH LINE OF SAID PARCEL 1, A DISTANCE OF 580.10 FEET TO THE TRUE POINT OF BEGINNING.

FORM

TOGETHER WITH THAT PORTION OF VACATED MYRNA STREET, PURSUANT TO THAT CERTAIN DOCUMENT RESOLUTION NO. 2020-73 RECORDED DECEMBER 02, 2020 AS INSTRUMENT NO. 2020-607957 OF OFFICIAL RECORDS.

APN: 482-161-026

FORM

EXHIBIT B

JUNIOR LOAN DOCUMENTS

1. Loan Agreement for the Use of PLHA Program Funds, dated [as of the date hereof], between Borrower and Junior Lender.

2. Promissory Note (PLHA Loan), dated _____, made by Borrower to Junior Lender.

3. Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents), dated [as of the date hereof], by Borrower for the benefit of Junior Lender.

FORM

EXHIBIT C

MODIFICATIONS TO SUBORDINATION AND INTERCREDITOR AGREEMENT

The following modifications are made to the text of the Agreement that precedes this Exhibit:

None.

Capitalized terms used and not defined herein shall have the respective meanings ascribed to them in the Agreement.

FORM

Notice of Determination

(Executed)

Notice of Determination

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

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

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

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 PLHA Program Funds

Project Location (include county): 24550 & 24570 Cottonwood Avenue, Northeast Corner of Cottonwood Avenue and Indian Street, Moreno Valley, CA 92553, Assessor's Parcel Number 482-161-026

Project Description:
The Loan Agreement for the Use of PLHA Program Funds for $4,000,000 will be used to pay a portion of the development and construction costs for Courtyards at Cottonwood II Apartments located at the corner of Cottonwood Avenue and Indian Street, in the City of Moreno Valley on 1.6 acres of vacant land identified as Assessor's Parcel Number 482-161-026. The Project will provide 32 new affordable housing units comprised within 2 two-story buildings including 16 two-bedroom units, 12 three-bedroom units and 4 four-bedroom units. The community room and pool area from the first phase will be shared. Under the County's PLHA program, 15 units will be restricted to low and very low income households. Those will be restricted for a period of at least 55 years from the recordation of the Notice of Completion.

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

March 28, 2023 (tentative date) and has made the following determinations regarding the above described project:

In its independent judgment and analysis as a Responsible Agency under CEQA in issuing limited approvals, the County of Riverside, after it reviewed and considered the information in the previously adopted **MITIGATED NEGATIVE DECLARATION (MND)** approved by the City of Moreno Valley, as lead agency, on January 18, 2022 under Project Titles PEN21-0112, PEN21-0113 and PEN21-0114 for the Courtyards at Cottonwood II Affordable Housing Project, that as to those potential environmental impacts within the County's powers and authorities as Responsible Agency concerning the Loan Agreement for the Use of PLHA Program Funds and approvals associated therewith, any potentially significant environmental effects have been adequately analyzed and nothing further is required under CEQA. The City of Moreno Valley, as the Lead Agency, filed its Notice of Determination Mitigated Negative Declaration on January 19, 2022.

Signature: (Public Agency) Juan Garcia Title: Development Manager

Date: 3/7/23 Date received for filing at OPR:

HWS HOUSING AND WORKFORCE SOLUTIONS

ENGAGE. ENCOURAGE. EQUIP.

Board Date: March 2, 2023

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

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

Subject: Notice of Determination (NOD) Mitigated Negative Declaration – Loan Agreement for the Use of PLHA Funds for Courtyards at Cottonwood II 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 Determination. Please note that the State Department of Fish and Wildlife Fee has already been paid (evidence attached). 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, Development Manager
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

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: 3/2/2023

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

		FUND	DEPT ID	ACCT
Accounting String:	(Interfund)	537080-21340-5502000000 project code: ED1900550		
	(Non-Interfund)			

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 Determination (PLHA Agmt Vine Creek Apts)
1	Mitigated Negative Declaration
1	Evidence of Paid State Department of Fish and Wildlife fee

Authorized by: _____
Juan Garcia, Development Manager

Presented by: _____
Mervyn Manalo, Supervising Development Specialist

To be completed by County Recorder

Accepted by: _____

Date: _____

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

City of Moreno Valley
Community Development Department
Planning Division
14177 Frederick St.
P.O. Box 88005
Moreno Valley, CA 92552-0805

NOTICE OF FEE PAYMENT

ENVIRONMENTAL FEES AS REQUIRED BY STATE FISH AND WILDLIFE CODE

Case No.(s): PEN21-0112, 0113 0114	**Applicant:** Rancho Belago Developers Inc.

Planning staff has reviewed the project and determined that the project is subject to the following fee under State Department of Fish and Wildlife Code. The fee is for the benefit of the State Department of Fish and Wildlife. The County Handling Fee is required by the County to cover the cost of handling the Notice of Determination.

X___ Mitigated Negative Declaration (A fee of $2,598.00 as provided for in SB 1535. The amount includes a $50.00 County Clerk handling fee.) **($2,548.00 + $50.00=$2,598.00)**

___ Environmental Impact Report (A fee of $3,393.25 as provided for in SB 1535. The amount includes a $50.00 County Clerk handling fee.)

*** The only exception would be if a project has no impact on fish or wildlife resources. A form must be provided from State Department of Fish and Wildlife approving the finding of no impact. A $50.00 County handling fee would apply.**

A check in the amount of $2,598.00 payable to the **Riverside County Clerk** should be submitted to Vera Sanchez in the Planning Division prior to December 30, 2021

Julia Descoteaux	December 13, 2021	
Planner	**Date**	

Kingdom Development, Inc.
6451 Box Springs Blvd.
Riverside, CA 92507
(951) 538-6244

Wells Fargo Bank
483 Alessandro Blvd
Riverside, CA 92508-6071

11-4288/1210
05845

2178

12/15/2021

PAY TO THE ORDER OF Riverside County Clerk **$USD 2,598.00

Two Thousand Five Hundred Ninety-Eight and 00/100********** DOLLARS

Riverside County Clerk
P.O. Box 751
Riverside, CA 92502-0751

MEMO Case: PEN21-0112, 0113, 0114

AUTHORIZED SIGNATURE MP

Security features included. Details on back.

⑈002178⑈ ⑆121042882⑆ ⑈7626915750⑈

Kingdom Development, Inc. 2178

12/15/2021 Riverside County Clerk

Date	Type	Reference	Payment
12/15/2021	Bill	Case: PEN-0112, 0113, 0114	2,598.00
		Check Amount	2,598.00