

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



ITEM: 3.31  
(ID # 21662)

**MEETING DATE:**  
Tuesday, May 23, 2023

**FROM :** HOUSING AND WORKFORCE SOLUTIONS:

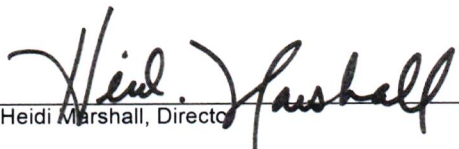
**SUBJECT:** HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of Loan Agreement for the Use of HOME Funds for Tripoli Apartments and All Attachments Thereto, in the City of Coachella, and Authorize the Director of HWS to Execute the HOME Loan Agreement, Covenant Agreement, and Subordination Agreement; District 4. [\$2,415,000 - 100% HOME Investment Partnerships Act Funds] [Affirming Finding of No Significant Impacts pursuant to NEPA]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on March 14, 2023, for the Project, concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations of 24 CFR Parts 50 and 58;

Continued on Page 2

**ACTION:Policy**

  
Heidi Marshall, Director 4/25/2023

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Spiegel, seconded by Supervisor Washington 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: May 23, 2023  
xc: HWS

Kimberly A. Rector  
Clerk of the Board

By:   
Deputy

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**RECOMMENDED MOTION:** That the Board of Supervisors:

2. Approve the attached form of the Loan Agreement for the Use of HOME Program Funds (Tripoli Apartments), including all attachments thereto, (HOME Loan Agreement), between the Tripoli CIC LP, a California limited partnership (Partnership), providing a loan derived from the HOME Investment Partnerships Program in the amount of \$2,300,000 (HOME Loan), to be used to pay a portion of the development costs for a multi-family affordable rental housing project in the City of Coachella;
3. Approve the attached forms of HOME Loan Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents), HOME Loan Promissory Note, HOME Covenant Agreement and Subordination Agreement;
4. Approve the allocation of \$115,000 for direct staff costs associated with management of the Tripoli Apartments by Housing and Workforce Solutions (HWS) staff;
5. Authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute a HOME Loan Agreement and a HOME Covenant Agreement, each conforming in form and substance to the attached HOME Loan Agreement and HOME 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, conforming in form and substance to the attached Subordination Agreement, subordinating the HOME Loan Agreement, HOME Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of Banner Bank, senior lender, securing a construction loan for the Project for a not to exceed amount of \$40,000,000, subject to approval as to form by County Counsel; and
7. Authorize the Director of the HWS, or designee, to take all necessary steps to implement the HOME Loan Agreement a, HOME Covenant Agreement, and Subordination Agreement, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$1,207,500	\$1,207,500	\$2,415,000	\$ 0
<b>NET COUNTY COST</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>SOURCE OF FUNDS:</b> 100% HOME Investment Partnerships Act Funds			<b>Budget Adjustment:</b> No	
			<b>For Fiscal Year:</b> 22/23 - 23/24	

**C.E.O. RECOMMENDATION:** Approve



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**BACKGROUND:**

**Summary**

On March 14, 2023 (Minute Order 3.7), the County of Riverside Board of Supervisors approved Resolution No. 2023-076, which allocated \$2,300,000 in HOME Investment Partnerships Act Funds (HOME Loan) to Chelsea Investment Corporation, a California Real Estate Corporation (Developer). The funds will be used to pay a portion of the costs to develop and construct Tripoli Apartments, an affordable multifamily low-income housing development located in the City of Coachella (Project). Resolution No. 2023-076 allocated funds subject to the satisfaction of certain conditions contained therein and supported the submission of a low-income housing tax credit application by Tripoli CIC, LP, a California limited partnership (Partnership), formed by Developer for the purpose of developing and financing Project, to the California Tax Credit Allocation Committee (CTCAC) for the Project.

The Project was awarded tax credit allocations by CTCAC and has satisfied all funding conditions set forth in Resolution No. 2023-076. Staff recommends that the Board approve the attached form of Loan Agreement for the Use of HOME Funds, including all attachments thereto (HOME Loan Agreement) between the County and Partnership. The loan of \$2,300,000 derived from HOME Program funds will be used to pay a portion of the development and construction costs for the Project. The HOME Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Project. If there are any realized cost savings to the project, any remaining HOME funds will not be disbursed.

The Project is located at 51-392 Cesar Chavez Street in the City of Coachella (City) on approximately 2.8 acres of vacant land identified as Assessor's Parcel Numbers 778-081-001 and 778-081-003. The project will provide a total of 108 apartment units that will consist of 27 one-bedroom units, 51 two-bedroom units, and 30 three-bedroom units with one (1) two-bedroom unit restricted as a manager's unit. Onsite services such as instructor-led adult educational, health, and wellness or skill building classes as well as an after-school program for school age children will be provided free of charge to residents.

Under the County's HOME program, a total of 11 units consisting of 5 one-bedrooms, 3 two-bedrooms and 3 three-bedrooms shall be reserved as HOME-Assisted Units for individuals whose incomes do not exceed 50% of the area median income for the County of Riverside. The HOME-assisted units will be regulated by the HOME Covenant Agreement and restricted for a period of at least 55 years from the recordation of the Notice of Completion.

Staff recommends approval of HOME 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 HOME funds approved for the Project as follows:

Tripoli Apartments	\$2,300,000	HOME Project Funding
Tripoli Apartments	<u>\$115,000</u>	HOME Direct Staffing (5%)
Total	\$2,415,000	

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Construction Sources:

County of Riverside HOME Loan	\$	2,070,000
Banner Bank Construction Loan – Tax Exempt	\$	31,300,000
Banner Bank Construction Loan – Taxable	\$	3,444,363
Infill Infrastructure Grant – HCD	\$	4,045,000
Department of Developmental Services	\$	1,360,000
City of Coachella Loan	\$	13,568,850
Soft Loan Interest	\$	662,348
Costs, Reserves, and Fees Deferred During Construction	\$	7,621,729
<b>Total Construction Sources</b>	<b>\$</b>	<b>64,072,290</b>

Permanent Sources:

County of Riverside HOME Loan	\$	2,300,000
Infill Infrastructure Grant – HCD	\$	4,045,000
Department of Developmental Services	\$	1,360,000
Banner Bank Perm Loan	\$	9,674,800
City of Coachella Loan	\$	13,568,850
Solar Tax Equity	\$	243,241
Priority Deferred Developer Fee	\$	1,954,904
Subordinate Deferred Developer Fee	\$	2,016,840
Limited Partner Tax Credit Equity	\$	28,908,655
<b>Total Permanent Sources</b>	<b>\$</b>	<b>64,072,290</b>

The County HOME Covenant Agreement will be in a lien position junior to a grant deed, City Regulatory Agreement, City Covenant, California Department of Housing and Community Development (HCD) Regulatory Agreement and senior to all other security instruments. Deeds of trust for the benefit of Banner Bank, a Washington-chartered commercial bank, as construction lender and permanent lender, HCD, and City of Coachella (collectively, Senior Lenders) will be senior to the County's HOME Loan. Senior Lenders require as a condition precedent to the funding of their respective loan that the County's HOME Loan is subordinate to the Senior Lenders' liens. Subordination of the HOME 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, it is anticipated that the deeds of trust lien priority during the construction phase shall be as follows: 1st priority - Banner Bank Construction Loan, 2nd priority - City of Coachella Loan, 3rd priority - California Department of Housing and Community Development Infill Infrastructure Grant Loan, and 4<sup>th</sup> priority - County of Riverside HOME Loan. Upon Project completion and permanent financing, lien priority will be as follows: 1st priority - Banner Bank Permanent Loan, 2nd priority - City of Coachella Loan, 3rd



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priority - California Department of Housing and Community Development Infill Infrastructure Grant Loan and 4<sup>th</sup> priority - County of Riverside HOME Loan.

On March 14, 2023 (Minute Order 3.7), the Board of Supervisors adopted a Finding of No Significant Impact for the Project and concluded that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under implementing regulations at 24 CFR Parts 50 and 58. Staff recommends that the County Board of Supervisors affirm that the environmental effects of the HOME Loan Agreement will not have a significant effect on the environment.

Staff recommends that the Board of Supervisors approve the attached form of HOME Loan Agreement, including all exhibits, including, but not limited to the forms of the HOME Loan Deed of Trust, HOME Loan Promissory Note, HOME Covenant Agreement, and Subordination Agreement. Staff further recommends that the Board of Supervisors authorize the Director of Housing and Workforce Solutions (HWS), or designee, to negotiate and execute subordination agreements, as required conditions to the Senior Lenders' financing, subordinating the HOME Loan Deed of Trust to the Deeds of Trust securing the Senior Lenders' loans as discussed herein, subject to approval as to form by County Counsel.

**Impact on Residents and Businesses**

The development of Tripoli Apartments in the City of Coachella will have a positive impact on the citizens 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:**

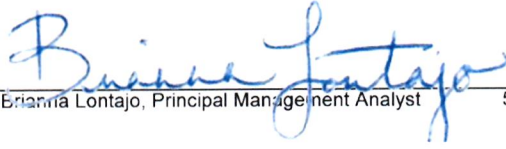
**Additional Fiscal Information**

No impact upon the County's General Fund; the County's contribution to the Project will be fully funded with HOME funds from the U.S. Department of Housing and Urban Development.

**Attachments:**

- Form of Loan Agreement for the Use of HOME funds, including all exhibits
  - Form of HOME Deed of Trust and Promissory Note
  - Form of HOME Covenant Agreement
- Form of Subordination Agreement between County of Riverside and Banner Bank

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Brianna Lontajo, Principal Management Analyst 5/17/2023



Kristine Bell-Valdez, Supervising Deputy County Counsel 5/11/2023



**RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:**

Banner Bank  
110 S. Ferrall Street  
Spokane, Washington 99202  
Loan No. 14018408

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**SUBORDINATION AGREEMENT**

**(County of Riverside)**

**NOTICE: THIS SUBORDINATION AGREEMENT RESULTS IN YOUR SECURITY INTEREST IN AND RESTRICTIVE COVENANTS ON THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.**

This SUBORDINATION AGREEMENT (this “**Agreement**”) is made as of \_\_\_\_\_, 2023, by and among TRIPOLI CIC, LP, a California limited partnership (“**Borrower**”), the COUNTY OF RIVERSIDE, a political subdivision of the State of California (the “**Subordinate Lender**”), and BANNER BANK, a Washington corporation, and its successors and/or assigns (“**Banner**”), as agent (in such capacity, “**Agent**”) for the California Municipal Finance Authority, a joint exercise of powers agency, duly organized and validly existing under the laws of the State of California (“**Issuer**”), under and pursuant to that certain Master Agency Agreement (as amended from time to time, the “**Master Agency Agreement**”) dated as of May 23 2023, between Issuer, as issuer, and Agent, as agent. Issuer and its successors in interest in and to this Agreement, acting through Agent during the term of Agent’s agency, and acting on their own behalf or through other agents thereafter, are referred to herein as “**Senior Lender**”.

- A. Borrower has a fee interest in the real property described on Exhibit A, attached hereto and incorporated herein by reference (the “**Property**”).
- B. Concurrent with the date herewith, Subordinate Lender has made a loan to Borrower in the total principal amount of \$13,568,850 (the “**Subordinate Loan**”).
- C. The Subordinate Loan is evidenced by that certain Loan Agreement for the Use of HOME Program Funds dated as of \_\_\_\_\_, 2023, by and between Borrower and Subordinate Lender (the “**Subordinate Loan Agreement**”), which shall be recorded in the Official Records of the County of Riverside (“**Official Records**”) substantially concurrently herewith, and that certain Promissory Note (HOME Loan) dated as of \_\_\_\_\_, 2023 (the “**Subordinate Note**”), made by Borrower to the order of the Subordinate Lender, in the face principal amount of \$13,568,850. The Subordinate Note is secured by that certain Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents) dated as of \_\_\_\_\_, 2023 (the “**Subordinate Deed of Trust**”) made by Borrower as Trustor for the benefit of the Subordinate Lender as Beneficiary, which shall be recorded in the Official Records substantially concurrently herewith. Borrower and Subordinate Lender have also entered into that certain Covenant

Agreement (Tripoli Apartments) dated as of \_\_\_\_\_, 2023 (the “**Covenant Agreement**”), which shall be recorded in the Official Records substantially concurrently herewith, imposing certain restrictions on the Property and relating to the Subordinate Loan.

- D. The Covenant Agreement is not a Subordinate Loan Document.
- E. The Subordinate Loan Agreement, the Subordinate Note, the Subordinate Deed of Trust and the Subordinated Covenant Agreement Provisions shall, collectively, be referred to herein collectively as the “**Subordinated Loan Documents**”. The Covenant Agreement, together with the Subordinated Loan Documents, are collectively referred to as “**County Documents**”.
- F. Pursuant to that certain Construction and Term Loan Agreement dated as of even date herewith (the “**Senior Loan Agreement**”), executed by and between Borrower and Senior Lender, Senior Lender has agreed to make a tax-exempt loan (the “**Tax-Exempt Loan**”) to Borrower in the maximum principal amount of \$ \_\_\_\_\_ and a taxable loan (the “**Taxable Loan**”, and together with the Tax-Exempt Loan, the “**Senior Loan**”) to Borrower in the maximum principal amount of \$ \_\_\_\_\_, in order to enable Borrower to finance the construction of low-income multifamily residential apartments on the Property. The obligations of the Borrower in connection with the Senior Loan Agreement are evidenced by that certain Promissory Note (Tax-Exempt Loan) dated as of even date herewith (the “**Tax-Exempt Note**”), made by Borrower to the order of Senior Lender in the face principal amount of the Tax-Exempt Loan and that certain Promissory Note (Taxable Loan) dated as of even date herewith (the “**Taxable Note**”, and together with the Tax-Exempt Note, the “**Senior Note**”), made by Borrower to the order of Senior Lender in the face principal amount of the Taxable Loan, and are secured by, among other things, that certain Construction Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed as of even date herewith (the “**Senior Deed of Trust**”), by Borrower, as Trustor, naming UPF Washington, Incorporated, as Trustee, and Senior Lender, as Beneficiary. The Senior Deed of Trust shall be recorded substantially concurrently herewith in the Official Records. The Senior Loan Agreement, the Senior Deed of Trust, the Senior Note and all other documents defined in the Senior Loan Agreement as “**Loan Documents**” are hereinafter collectively referred to as “**Senior Loan Documents**”. Any capitalized terms used but not defined herein shall have the meaning set forth in the Senior Loan Agreement.
- G. As a condition to Senior Lender making the Senior Loan secured by the Senior Deed of Trust, Senior Lender requires that the Senior Deed of Trust be unconditionally and at all times remain a lien or charge upon the Property, prior and superior to all the rights of Subordinate Lender secured by the Subordinate Deed of Trust, the repayment of the Subordinate Loan and Subordinate Lender’s rights under the Subordinated Loan Documents (notwithstanding any language to the contrary contained in the County Documents) and, subject to the terms hereof, that Subordinate Lender specifically and unconditionally subordinates the Subordinate Deed of Trust, the repayment of the Subordinate Loan and Subordinate Lender’s rights under the Subordinated Loan



Documents to the lien or charge of the Senior Deed of Trust, the repayment of the Senior Loan and the other Senior Loan Documents.

- H. Subordinate Lender and Borrower agree to the above-referenced subordination in favor of Senior Lender.

THEREFORE, for valuable consideration and to induce Senior Lender to make the Senior Loan, Borrower and Subordinate Lender hereby agree for the benefit of Senior Lender as follows:

1. The Senior Deed of Trust securing the Senior Note in favor of Senior Lender, and any modifications, renewals or extensions thereof, together with Senior Lender's right to repayment of the Senior Loan and Senior Lender's rights under any other Senior Loan Documents shall unconditionally be and at all times remain a lien or charge on the Property prior and superior to the Subordinated Loan Documents, the repayment of the Subordinate Loan and Subordinate Lender's rights under the Subordinated Loan Documents (notwithstanding any language to the contrary contained in the County Documents) subject to the terms of this Agreement. Notwithstanding the foregoing, however, Senior Lender acknowledges and agrees that no modification or amendment of the Senior Loan Documents that has the effect of increasing the amount of principal of the Senior Loan (exclusive of protective advances, accrued and unpaid interest, fees, costs and other similar amounts due to Senior Lender pursuant to the Senior Loan Documents which would, if unpaid, be added to the principal amount), increasing the interest rate applicable under the Senior Note (except as expressly contemplated in the Senior Note), or decreasing the term of the Senior Loan, shall be effective without the prior written consent and approval of Subordinate Lender.
2. This Agreement shall be the whole agreement with regard to the subordination of the Subordinated Loan Documents, the repayment of the Subordinate Loan and Subordinate Lender's rights under the Subordinated Loan Documents as such relate specifically to the lien or charge of the Senior Deed of Trust together with Senior Lender's right to repayment of the Senior Loan and Senior Lender's rights under any other Senior Loan Documents and shall supersede and cancel, but only insofar as would affect the priority of the Senior Deed of Trust, any prior agreements as to such subordination, including, without limitation, those provisions, if any, contained in the County Documents which provide for the subordination of the Subordinate Deed of Trust or any other Subordinated Loan Documents to a deed or deeds of trust or to a mortgage or mortgages.
3. Borrower and Subordinate Lender each makes the following representations and warranties to Senior Lender:
  - a. The Subordinate Loan is evidenced by the Subordinate Loan Agreement and the Subordinate Note and is secured by the Subordinate Deed of Trust;
  - b. Subordinate Lender is not an affiliate of Borrower and is not in possession of any facts which would lead it to believe that Senior Lender is an affiliate of Borrower;
  - c. The term of each Subordinate Note does not, in either case, end before the stated term of the Senior Note;

d. The executed County Documents are substantially in the same forms as those submitted to, and approved by, Senior Lender prior to the date of this Agreement. Upon execution and delivery of the County Documents, Borrower shall deliver to Senior Lender an executed copy of each of the County Documents, certified to be true, correct and complete; and

e. Upon execution and delivery of the Senior Loan Documents, Borrower shall deliver to Subordinate Lender an executed copy of each of the Senior Loan Documents, certified to be true, correct and complete.

4. Subject to the provisions of Sections 2 and 6 hereof, Subordinate Lender and Borrower further declare, agree and acknowledge for the benefit of Senior Lender, that:

a. Senior Lender, in making disbursements pursuant to the Senior Loan Agreement, is under no obligation or duty to, nor has Senior Lender represented that it will, see to the application of such proceeds by the person or persons to whom Senior Lender disburses such proceeds, and any application or use of such proceeds for purposes other than those provided for in such agreement or agreements shall not defeat the subordination herein made in whole or in part;

b. Subordinate Lender intentionally and unconditionally subordinates the liens of the Subordinate Deed of Trust and the other Subordinated Loan Documents against the Property to the lien or charge of the Senior Deed of Trust upon the Property and understands that in reliance upon, and in consideration of, this subordination, specific loans and advances are being and will be made by Senior Lender and, as part and parcel thereof, specific monetary and other obligations are being and will be entered into which would not be made or entered into but for said reliance upon this waiver, relinquishment and subordination;

c. Except as otherwise provided herein, Subordinate Lender consents to any agreement or arrangement in which Senior Lender waives, postpones, extends, reduces or modifies any provisions of the Senior Loan Documents, including any provision requiring the payment of money. Notwithstanding the foregoing, however, Senior Lender acknowledges and agrees that no modification or amendment of the Senior Loan Documents that has the effect of increasing the amount of principal of the Senior Loan, increasing the interest rate applicable under the Senior Note, or decreasing the term of the Senior Loan, shall be effective without the prior written consent and approval of Subordinate Lender;

d. Borrower and Subordinate Lender each agree that, until the principal of, interest on and all other amounts payable under the Senior Loan Documents have been paid in full, it will not, without the prior written consent of Senior Lender in each instance, increase the amount of the Subordinate Loan (exclusive of protective advances, accrued and unpaid interest, fees, costs and other similar amounts due to Subordinate Lender pursuant to the Subordinate Loan Documents which would, if unpaid, be added to the principal amount), increase the required payments due under the Subordinate Loan, decrease the term of the Subordinate Loan, or increase the interest rate on the Subordinate Loan (except as expressly contemplated in the Subordinate Note), Any unauthorized



amendment of the Subordinated Loan Documents or assignment of Subordinate Lender's interest in the Subordinate Loan without Senior Lender's consent shall be void ab initio and of no effect whatsoever;

e. In an Event of Default or default of Borrower under the County Documents (each, a "**Subordinate Loan Default**"), Subordinate Lender shall deliver to Senior Lender a copy of any notice of default delivered to Borrower in connection therewith (each, a "**Subordinate Loan Default Notice**"), concurrently with delivery to Borrower of the same. In such event, Senior Lender has the right, but not the obligation, to cure the noticed Subordinate Loan Default by ninety (90) days after the later of (i) expiration of any notice and cure period afforded Borrower pursuant to the County Documents or (ii) the date Senior Lender receives a copy of the notice of default (the "**Senior Lender Cure Period**"). Borrower and Subordinate Lender agree that a Subordinate Loan Default shall constitute a Senior Loan Default (as defined in Section 6(a) below) under the Senior Loan Documents and Senior Lender shall have the right to exercise all rights or remedies under the Senior Loan Documents in the same manner as in the case of any other Senior Loan Default. If Subordinate Lender notifies Senior Lender in writing that any Subordinate Loan Default of which Senior Lender has received a Senior Loan Default Notice (as defined in Section 6(a) below) has been cured or waived, as determined by Subordinate Lender in its sole discretion, then provided that Senior Lender has not conducted a sale of the Property pursuant to its rights under the Senior Loan Documents, any Senior Loan Default under the Senior Loan Documents arising solely from such Subordinate Loan Default shall be deemed cured, and the Senior Loan shall be reinstated, provided, however, that Senior Lender shall not be required to return or otherwise credit for the benefit of Borrower any default rate interest or other default related charges or payments received by Senior Lender during such Senior Loan Default;

f. Borrower agrees that, after it receives a Senior Loan Default Notice (or otherwise acquires knowledge) of a Senior Loan Default, it will not make any payments under or pursuant to the Subordinated Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorneys' fees, or any other sums secured by the Subordinated Loan Documents) without Senior Lender's prior written consent. Subordinate Lender agrees that, after it receives a Senior Loan Default Notice from Senior Lender with written instructions directing Subordinate Lender not to accept payments from Borrower on account of the Subordinate Loan, it will not accept any payments under or pursuant to the Subordinated Loan Documents (including but not limited to principal, interest, additional interest, late payment charges, default interest, attorneys' fees, or any other sums secured by the Subordinated Loan Documents) without Senior Lender's prior written consent. If Subordinate Lender receives written notice from Senior Lender that the Senior Loan Default which gave rise to Subordinate Lender's obligation not to accept payments has been cured, waived, or otherwise suspended by Senior Lender, the restrictions on payment to Subordinate Lender in this Section 4(f) shall terminate, and Senior Lender shall have no right to any subsequent payments made to Subordinate Lender by Borrower prior to Subordinate Lender's receipt of a new Senior Loan Default Notice from Senior Lender in accordance with the provisions of this Section 4(f);



g. If, after Subordinate Lender receives a Senior Loan Default Notice from Senior Lender in accordance with Section 6(a) below, Subordinate Lender receives any payments under the Subordinated Loan Documents, Subordinate Lender agrees that such payment or other distribution will be received and held in trust for Senior Lender and, unless Senior Lender otherwise notifies Subordinate Lender in writing, will be promptly remitted in kind to Senior Lender and properly endorsed to Senior Lender to be applied to the principal of, interest on and other amounts due under the Senior Loan Documents in accordance with the provisions of the Senior Loan Documents. By executing this Agreement, Borrower specifically authorizes Subordinate Lender to endorse and remit any such payments to Senior Lender, and specifically waives any and all rights to have such payments returned to Borrower or credited against the Subordinate Loan. Borrower and Senior Lender acknowledge and agree that payments received by Subordinate Lender and remitted to Senior Lender under this Section 4(g) shall not be applied or otherwise credited against the Subordinate Loan, nor shall the tender of such payment to Senior Lender waive any Event of Default or other default under the Subordinated Loan Documents which may arise from the inability of Subordinate Lender to retain such payment or apply such payment to the Subordinate Loan;

h. If a Subordinate Loan Default occurs and is continuing, Subordinate Lender agrees that, without Senior Lender's prior written consent, Subordinate Lender will not commence foreclosure proceedings with respect to the Property under the Subordinated Loan Documents or exercise any other rights or remedies it may have under the Subordinated Loan Documents, including, but not limited to, accelerating the Subordinate Loan (and enforcing any "due on sale" provision included in the Subordinated Loan Documents), collecting rents, appointing (or seeking the appointment of) a receiver or exercising any other rights or remedies thereunder unless and until it has delivered a Subordinate Loan Default Notice to Senior Lender and the Senior Lender Cure Period has expired; provided, however, that during the Senior Lender Cure Period, Subordinate Lender shall be entitled to exercise and enforce all other rights and remedies available to Subordinate Lender under the County Documents and/or under applicable laws, including without limitation, rights to (i) compute interest on all amounts due and payable under the Subordinate Loan at the default rate described in the Subordinated Loan Documents, (ii) compute prepayment premiums and late charges, (iii) enforce against any person, other than Borrower and any guarantors or indemnitors under the Subordinated Loan Documents, any guaranty of the obligations of Borrower under the Subordinate Loan, and (iv) seek specific performance to enforce covenants and agreements of Borrower relating to income, rent, or affordability restrictions contained in the Covenant Agreement.

i. To the extent that Borrower makes a payment to Senior Lender or Senior Lender receives any payment or proceeds of the collateral securing the Senior Loan for Borrower's benefit, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable doctrine, then, to the extent of such payment or proceeds received and not retained by Senior Lender, Subordinate Lender's obligations intended to be satisfied thereby and this Agreement shall be reinstated and continue in full force and effect until full and final payment shall have been made to Senior Lender. Subordinate Lender



agrees to hold in trust for Senior Lender and promptly remit to Senior Lender any payments received by Subordinate Lender after such invalidated, rescinded or returned payment was originally made.

5. Subordinate Lender hereby consents to the Senior Loan, the terms and provisions of the Senior Loan Documents and the execution and delivery by Borrower to Senior Lender of the Senior Loan Documents.
6. In consideration of Subordinate Lender's covenants and agreements contained in this Agreement, Senior Lender hereby agrees for the benefit of Subordinate Lender as follows:

- a. In the event of any default of Borrower under the Senior Loan Documents (each, a "**Senior Loan Default**"), Senior Lender shall deliver to Subordinate Lender a copy of any notice of default delivered to Borrower in connection therewith (each, a "**Senior Loan Default Notice**"), concurrently with delivery to Borrower of the same. In such event, Subordinate Lender has the right, but not the obligation, to cure the noticed default by ninety (90) days after the later of (i) expiration of any notice and cure period afforded Borrower pursuant to the Senior Loan Documents or (ii) the date Subordinate Lender receives a copy of the Senior Loan Default Notice (the "**Subordinate Lender Cure Period**"), provided that Senior Lender shall have the continuing right to record a notice of default and/or obtain a court-ordered receiver and the Subordinate Lender Cure Period shall not toll or extend the statutory cure period after Senior Lender's recordation of such a notice of default. If, however, Senior Lender elects to record a notice of default prior to expiration of the Subordinate Lender Cure Period, then Senior Lender shall not have the right to demand from Subordinate Lender any fees or costs incurred by Senior Lender in pursuing its foreclosure or judicial remedies unless Senior Lender has first obtained the written consent of Subordinate Lender to Senior Lender's action.

Notwithstanding anything to the contrary contained herein, Senior Lender further acknowledges and agrees that it shall not complete a foreclosure sale of the Property or record a deed-in-lieu of foreclosure with respect to the Property (each, a "**Foreclosure Remedy**") unless Subordinate Lender has first been given ninety (90) days written notice of the Event(s) of Default giving Subordinate Lender the right to complete such Foreclosure Remedy, and unless Subordinate Lender has failed, within such ninety (90) day period, to cure such Event(s) of Default; provided, however, that Senior Lender shall be entitled during such ninety (90) day period to continue to pursue all of its rights and remedies under the Senior Loan Documents, including, but not limited to, acceleration of the Senior Loan (subject to any de-acceleration provisions specifically set forth in the Senior Loan Documents), commencement and pursuit of a judicial or non-judicial foreclosure (but not completion of the foreclosure sale), appointment of a receiver, enforcement of any guaranty (subject to any notice and cure provisions contained therein), and/or enforcement of any other Senior Loan Document. In the event Senior Lender has accelerated the Senior Loan and Subordinate Lender cures all Events of Default giving rise to such acceleration within the ninety (90) day cure period described above, such cure shall have the effect of de-accelerating the Senior Loan; provided, however, that such de acceleration shall not waive or limit any of Senior Lender's rights to accelerate the Senior Loan or exercise any other remedies under the Senior Loan Documents as to any future or



continuing Events of Default. It is the express intent of the parties hereunder that Senior Lender shall have the right to pursue all rights and remedies except completion of a Foreclosure Remedy without liability to Subordinate Lender for failure to provide timely notice to Subordinate Lender required hereunder, and that Senior Lender's liability hereunder shall be expressly limited to actual and consequential damages to Subordinate Lender directly caused by Senior Lender's completion of a Foreclosure Remedy without Subordinate Lender receiving the notice and opportunity to cure described above. Senior Lender shall give Subordinate Lender written notice at the address set forth below or such other address as Subordinate Lender may instruct Senior Lender in writing from time to time:

County of Riverside  
5555 Arlington Avenue  
Riverside, California 92504  
Attention: Deputy Director, Housing

7. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute and be construed as one and the same instrument.
8. Special Provisions Regarding Covenant Agreement.
  - a. Notwithstanding anything to the contrary set forth in Section 15 of the Covenant Agreement, in no event shall Senior Lender (or any assignee or designee of Senior Lender that forecloses on the Property or accepts a deed in lieu of foreclosure) or any subsequent owner of the Property following a foreclosure or acceptance of a deed in lieu of foreclosure as to the Senior Loan, be liable to Subordinate Lender for amounts which are the result of an act or a failure to act which occurs prior to the date Senior Lender (or such designee or assignee) acquires title to the Property by foreclosure or deed in lieu of foreclosure.
9. Notices. All notices to be given pursuant to this Agreement shall be in writing and shall be deemed given when hand-delivered, or two business days after deposit in the U.S. mail, postage prepaid, to the parties at the addresses set forth below, or to such other place as a Party may from time to time designate for itself by notice to the other parties. No successor or assign of a Party shall be entitled to notices or opportunity to cure defaults hereunder unless notice of the transfer is given in accordance with this subsection.

**NOTICE: THIS SUBORDINATION AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR REAL PROPERTY SECURITY TO OBTAIN A LOAN A PORTION OF WHICH MAY BE EXPENDED FOR OTHER PURPOSES THAN IMPROVEMENT OF THE LAND.**

**IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS AGREEMENT, THE PARTIES CONSULT WITH THEIR ATTORNEYS WITH RESPECT HERETO.**

*[Signature pages follow]*



IN WITNESS WHEREOF, Borrower, Subordinate Lender and Senior Lender have executed this Agreement as of the date appearing on the first page of this Agreement.

**BORROWER:**

**TRIPOLI CIC, LP,**  
a California limited partnership

By: Pacific Southwest Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Managing General Partner

By: form - do not sign \_\_\_\_\_  
Robert W. Laing, President  
Executive Director

By: CIC Tripoli, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Chelsea Investment Corporation,  
a California corporation,  
its Manager

By: form - do not sign \_\_\_\_\_  
Cheri Hoffman  
President

Address for Notice:

Tripoli CIC, LP  
c/o Chelsea Investment Corporation  
6339 Paseo Del Lago  
Carlsbad, California 92011  
Attention: \_\_\_\_\_

**COUNTY:**

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

By: form - do not sign  
Heidi Marshall  
Director

Date: \_\_\_\_\_

APPROVED AS TO FORM:

MINH C. TRAN, County Counsel

By:   
Amrit P. Dhillon, Deputy County Counsel

Address for Notice:

County of Riverside  
5555 Arlington Avenue  
Riverside, California 92504



**SENIOR LENDER:**

**LENDER:**

**BANNER BANK,**

a Washington corporation, as Agent under  
the Master Agency Agreement dated as of  
May 23, 2023, between Agent and Issuer

By: **form - do not sign**

\_\_\_\_\_  
Waheed Karim

Vice President

Address for Notice:

Banner Bank  
5930 Granite Lake Drive  
Suite 170  
Granite Bay, California 95746  
Attention: Andre Massey  
Loan No. 14018408

**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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2023 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 \_\_\_\_\_ (SEAL)



**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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2023 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 \_\_\_\_\_

(SEAL)

**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 )  
 ) ss  
County of \_\_\_\_\_ )

On \_\_\_\_\_, 2023 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 \_\_\_\_\_

(SEAL)



**EXHIBIT A**

**LEGAL DESCRIPTION OF PROPERTY**

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

**PARCEL A:**

**PARCEL 1:**

A PORTION OF LOT 11, SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF BAGDAD AVENUE, AND TRIPOLI WAY;

THENCE SOUTH 89° 54' WEST, 272 FEET ALONG THE CENTER LINE OF BAGDAD AVENUE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 54' WEST ALONG THE CENTER LINE OF BAGDAD AVENUE, 356.67 FEET, MORE OR LESS, TO THE EASTERLY LINE OF HIGHWAY 99 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF HIGHWAY 86, 102.88 FEET;

THENCE NORTH 89° 54' EAST, 356.67 FEET;

THENCE SOUTH 00° 06' EAST, 102.88 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 30 FEET FOR ROAD PURPOSES;

ALSO EXCEPTING THEREFROM THE WESTERLY 17.00 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26947 OF OFFICIAL RECORDS.

**PARCEL 2:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE STATE HIGHWAY, AS SHOWN ON LICENSED LAND SURVEYOR'S MAP ON FILE IN BOOK 7 PAGE 38 OF RECORD OF SURVEY, RIVERSIDE COUNTY RECORDS, 102.88 FEET NORTH OF THE SOUTHWEST CORNER OF LOT

11;

THENCE CONTINUING NORTHERLY ON SAID EAST LINE OF 140.20 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JENNY JEFFERY, ET AL, BY DEED RECORDED APRIL 12, 1929 IN BOOK 804 PAGE 423 OF DEEDS;

THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL AND PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 11, 229 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL CONVEYED TO JEFFERY;

THENCE NORTH 36° 04' WEST ALONG THE NORTHEASTERLY LINE OF THE JEFFERY PARCEL, 75 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL CONVEYED TO ROBERT J. FERRAUD BY DEED RECORDED DECEMBER 6, 1972 AS INSTRUMENT NO. 161111;

THENCE NORTH 53° 36' EAST ON THE SOUTHEAST LINE OF SAID PARCEL CONVEYED TO FERRAUD AND ITS NORTHEASTERLY EXTENSION, 159.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST ON SAID SOUTHWESTERLY LINE, 313.43 FEET MORE OR LESS, TO A POINT 142.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11, SAID POINT BEING ON THE NORTH LINE OF THAT CENTER PARCEL CONVEYED TO LEONHARDT SWINGLE AND LEE J. ANDERSON BY DEED RECORDED NOVEMBER 22, 1934 IN BOOK 201 PAGE 555 OF OFFICIAL RECORDS;

THENCE NORTH 89° 54' EAST ON SAID NORTH LINE OF THE LEONHARDT-ANDERSON PARCEL, 40 FEET, MORE OR LESS, TO THE NORTHEAST CORNER BEING A POINT ON THE CENTER LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST TO A POINT WHICH IS 102.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11;

THENCE SOUTH 89° 54' WEST, 566.78 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 20 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26942 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE WELL SITE DESCRIBED AS;

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORDS OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;



THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL 3:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL B:**

THAT PORTION OF LOT 11 IN SECTION 5, T. 6 S., R. 8 E., S.B.B.& M. AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY, ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN REAL PROPERTY DESCRIBED IN DEED TO ROBERT J. FERRAUD RECORDED ON DECEMBER 6, 1972 AS INSTRUMENT NO. 161111, OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID REAL PROPERTY OF ROBERT J. FERRAUD, SOUTH 36° 04' 00" EAST, 122.89 FEET TO THE MOST EASTERLY CORNER OF SAID REAL PROPERTY OF ROBERT J. FERRAUD;

THENCE NORTH 53° 56' 00" EAST, PARALLEL WITH THE SOUTHEASTERLY LINE OF SIXTH

STREET,  
97.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE NORTH 36° 04' 00" WEST, ALONG SAID SOUTHWESTERLY LINE OF TRIPOLI WAY,  
122.89 FEET TO SAID SOUTHEASTERLY LINE OF SIXTH STREET;

THENCE SOUTH 53° 56' 00" WEST, ALONG SAID SOUTHEASTERLY LINE OF SIXTH STREET,  
97.77 FEET TO THE POINT OF BEGINNING.

APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

1 NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

2 Order No.  
Escrow No.

3 Loan No.  
4 RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

5 County of Riverside  
6 Housing & Workforce Solutions  
3403 Tenth St, Suite 300  
7 Riverside, CA 92501  
Attn: Nicole Sanchez

8 SPACE ABOVE THIS LINE FOR RECORDERS USE

9 LOAN AGREEMENT FOR THE USE OF  
10 HOME PROGRAM FUNDS

11 This LOAN AGREEMENT FOR THE USE OF HOME PROGRAM FUNDS (“Agreement”)  
12 is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ by and between the  
13 COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”)  
14 and Tripoli CIC, LP, a California limited partnership (“BORROWER”). The COUNTY and  
15 BORROWER may be individually referred to herein as a “Party” and collectively as the  
16 “Parties.”

17 RECITALS

18 WHEREAS, the COUNTY was qualified by the United States Department of  
19 Housing and Urban Development (“HUD”) as an “Urban County” and an approved participating  
20 jurisdiction that has received funds from HUD pursuant to the HOME Investment Partnerships  
21 (“HOME”) Program, which was enacted under Title II of the Cranston-Gonzalez National  
22 Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C. 12701 et seq.), and  
23 the implementing regulations thereto (24 CFR Part 92) (collectively, the “HOME Program”).  
24 The purpose of the HOME Program is to expand the supply of decent, safe, sanitary, and  
25 affordable housing with primary attention to rental housing, for very low-income and low-  
26 income families; to strengthen public-private partnerships to carry out affordable housing  
27 programs; and to provide for coordinated assistance to participants in the development of  
28



1 affordable low-income housing;

2 WHEREAS, BORROWER has proposed to utilize HOME funds to pay a portion  
3 of the costs to develop and construct a multi-family affordable rental housing project consisting  
4 of one hundred eight (108) rental housing units including one (1) residential manager's unit to  
5 be rented and occupied by very low income households whose income does not exceed fifty  
6 percent (50%) of the area median income for the County of Riverside ("Project"), on  
7 approximately 2.79 acres of vacant land situated on 51392 Cesar Chavez Street, in the City of  
8 Coachella, also identified as a portion of APN 778-081-001 and a portion of APN 778-081-003  
9 as more specifically described in the legal description and depicted on the site map attached  
10 hereto as **Exhibit A** and incorporated herein by this reference ("Property");

11 WHEREAS, a total of eleven (11) units will be reserved as HOME assisted units to  
12 be rented to and occupied by qualified very low income tenants whose incomes do not exceed  
13 50% of the area median income for the County of Riverside as determined ("HOME-Assisted  
14 Units");

15 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY  
16 to provide financial assistance to BORROWER in the maximum amount of Two Million Three  
17 Hundred Thousand Dollars (\$2,300,000) consisting of HOME funds, to pay a portion of  
18 development and construction costs related to the Project, as more fully described herein; and

19 WHEREAS, the HOME-assisted activities described herein comply with the  
20 objectives required under 24 Code of Federal Regulations ("CFR") Part 92 and are consistent  
21 with the County's Consolidated Plan.

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

25 1. PURPOSE. The aforementioned Recitals are true and correct and  
26 incorporated herein by this reference. COUNTY has agreed to lend no more than a maximum  
27 total amount of TWO MILLION THREE HUNDRED THOUSAND DOLLARS (\$2,300,000) in  
28 HOME funds ("HOME Loan") to BORROWER upon the satisfaction of the terms and conditions

1 set forth herein, including but not limited to the conditions precedent to distribution of HOME  
2 Loan funds set forth in **Section 12** below. Subject to **Sections 49** and **50 below**, BORROWER  
3 shall undertake and complete the HOME activities required herein and as set forth in **Exhibit A**,  
4 and shall utilize the HOME Loan funds, as required herein and pursuant to the HOME Program  
5 regulations. A total of 11 units consisting of 5 one-bedrooms, 3 two-bedrooms and 3 three-  
6 bedrooms shall be reserved as HOME-Assisted Units. The HOME-Assisted Units shall be a  
7 “floating” designation on the Property such that the requirements of this Agreement will be  
8 satisfied so long as the total number of HOME-Assisted Units and bedroom size remains the same  
9 throughout the Affordability Period. During the Affordability Period (as defined in **Section 15**  
10 below), the HOME-Assisted Units shall be rented to and occupied by households that qualify as  
11 very low income households pursuant to 24 CFR Section 92.2 (“Qualified Very Low Income  
12 Households”) for an affordable rent pursuant to 24 CFR Section 92.252, **Sections 19** and **20**  
13 below, **Exhibit A**, and the Covenant Agreement attached hereto as **Exhibit G** and incorporated  
14 herein by this reference. To remain a Qualified Very Low Income Household, such household  
15 shall occupy their respective unit within the Project as their principal residence.

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

- 19 a. Satisfy the conditions precedent to distribution of HOME Loan funds  
20 set forth in **Section 12** below.
- 21 b. Develop the Project in accordance with the timeline set forth in Exhibit  
22 A.
- 23 c. Operate the Project in such a manner so that it will remain affordable to  
24 Qualified Very Low Income Households for the Affordability Period as  
25 defined in **Section 15** below without regard to (i) the term of the  
26 promissory note or (ii) transfer of ownership.
- 27 d. Maintain the Project in compliance with applicable local, state, federal  
28 laws, codes and regulations as further described in **Section 18** below



1                   until the expiration of the Term of this Agreement set forth in **Section 7**  
2                   below and the Affordability Period set forth in **Section 15** below.

3                   e. Provide the COUNTY the Data Universal Number as assigned by the  
4                   Data Universal Number System (DUNS) assigned to BORROWER as  
5                   required by the Federal Funding Accountability and Transparency Act  
6                   of 2006.

7                   f. Cooperate with COUNTY and post all jobs created, if any, as a result of  
8                   this Project with the COUNTY. Evidence of posted jobs, if any, shall be  
9                   submitted to the COUNTY prior to start of construction.

10                  3. Reserved.

11                  4. HOME Loan. Subject to BORROWER's satisfaction of the conditions  
12 precedent to disbursement of the HOME Loan set forth in **Section 12** below, COUNTY shall  
13 provide financing to Borrower in the form of a loan in the amount of \$2,300,000 ("HOME  
14 Loan"), pursuant to the following terms and conditions:

15                  a. Term of HOME Loan. The maturity date of the HOME Loan shall be the  
16                  later to occur of (i) July 1, 2078 or (ii) fifty-five (55) years from the  
17                  recordation of the Notice of Completion in the Official Records for the last  
18                  building for which construction is completed for the Project (the "HOME  
19                  Loan Term"). The term, "Official Records" used herein shall mean the  
20                  Official Records of the Recorder's Office of the County of Riverside.

21                  b. Principal. The total amount of the HOME Loan shall not exceed \$2,300,000,  
22                  and shall be evidenced by a Promissory Note, substantially conforming in  
23                  form and substance to the Promissory Note attached hereto as **Exhibit C**  
24                  and incorporated herein by this reference ("HOME Note"), which note shall  
25                  be secured by a Deed of Trust and Assignment of Rents, substantially  
26                  conforming in form and substance to the Deed of Trust and Assignment of  
27                  Rents attached hereto as **Exhibit B** and incorporated herein by this reference  
28                  ("HOME Deed of Trust").

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

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

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

12 2. The HOME Note shall be repaid by BORROWER to COUNTY as  
13 follows:

14 i) Fifty percent (50%) of the Project's Residual Receipts  
15 shall be used towards the payment of certain loans  
16 secured by the Project, which include the HOME Loan  
17 ("Residual Receipts Loan"). The payment of 50% of the  
18 Residual Receipts shall be allocated to the Residual  
19 Receipts Loan on a pro rata basis (i.e. allocated in  
20 proportion to its share of the total amount of Residual  
21 Receipts Loan), until the HOME Note is repaid in full;  
22 and

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

25 4. The Project's Residual Receipts shall be determined based on an  
26 annual review of certified financial statements for the Project.  
27 Annual audited financial statements shall be submitted by  
28 BORROWER to COUNTY within one hundred twenty (120) days

1 following the close of the project fiscal year commencing on April  
2 1st of the first full calendar year following the recordation of the  
3 Notice of Completion. All outstanding principal along with accrued  
4 interest shall be due upon the maturity date of the HOME Note and  
5 the expiration of the HOME Loan Term as set forth in **Section 4(a)**.  
6 The first payment from BORROWER to COUNTY shall be due on  
7 July 1st in the first full calendar year following the date of the  
8 recordation of the Notice of Completion, to the extent of available  
9 Residual Receipts, as set forth herein. Subsequent payments shall be  
10 made on July 1st thereafter to the extent of available Residual  
11 Receipts until the earlier of full repayment of the HOME Loan or  
12 the HOME Loan maturity date as set forth above. The term "Project  
13 Residual Receipts" used herein shall mean the gross rental income  
14 from all residential and non-residential components of the Project,  
15 proceeds from loss of rent insurance, and any other income to the  
16 Developer derived from the ownership, operation and management  
17 of the Property, not including interest on required reserve accounts,  
18 less the following operating expenses:

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



- 1 which shall include administration, on-site management,  
2 utilities, on-site staff payroll, payroll taxes, and  
3 maintenance);
- 4 iv) replacement reserves, established in a separate account from  
5 operating reserves, limited to \$500 per unit per year for all  
6 units in the Project, as defined in **Exhibit A**;
- 7 v) Operating Reserves replenishment in in an amount up to  
8 \$25,000;
- 9 vi) deferred developer's fee in an approximate amount up to  
10 \$[ ]  
11 including payment of accrued interest thereon;
- 12 vii) a managing general partner asset management annual fee  
13 which shall be in the total initial amount of \$25,000,  
14 increased by no more than 3% annually;
- 15 viii) an annual limited partner asset management fee not to  
16 exceed \$8,500, which fee shall be increased annually by 3%  
17 during each year of the tax credit compliance period for the  
18 Project, and thereafter any further increases shall not be  
19 permitted without the written approval of the County's  
20 Executive Director in his/her discretion);
- 21 ix) payments of principal and interest on amortized loans and  
22 indebtedness senior to the HOME Loan, which have been  
23 approved by COUNTY (collectively, the "Senior Debt").

24 The calculation of operating expenses shall be subject to the reasonable approval  
25 by the County's Department of Housing, Homelessness Prevention & Workforce Solutions  
26 ("HWS") Director or designee.

27 Operating expenses shall not include repayment of advances to the Borrower from  
28 its limited partner(s), general partner(s), their affiliate(s) and/or third parties (including without

1 limitation, any advances or reimbursements for any portion of the Deferred Developer's Fee to  
2 pay any construction cost overruns) (collectively a "Partnership Loan"); provided, however, such  
3 Partnership Loan may be authorized by the County's Director, or designee, in his/her reasonable  
4 discretion, upon written request received by the County. In considering such Borrower request  
5 for approval of a Partnership Loan, County's Director, or designee, will consider the following:  
6 (i) whether such request was made pursuant to the terms of the Partnership Agreement, (ii) if a  
7 Project deficit exists and written evidence of such deficit is provided to the County's Director, or  
8 designee, (iii) Borrower has demonstrated to County, in writing, that the requested loan is the  
9 only available means of relieving such deficit, (iv) the County's Director, or designee, approves  
10 the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The  
11 County's Director, or designee, shall retain the right, in its discretion, to defer such approval to  
12 the County's Board of Supervisors. Failure by the County's Director, or designee, to respond to  
13 such request within 30 days of the County's receipt of such written notice shall be deemed  
14 disapproval of such request.

15           5. SECURITY. During the construction phase the HOME Deed of Trust and this  
16 Agreement shall be in a fourth priority lien position. Upon Conversion (defined below), the  
17 HOME Deed of Trust shall be in a [fourth] priority lien position. Lien priority during construction  
18 shall be as follows: (1) first priority deed of trust for the benefit of Banner Bank ("Banner")  
19 securing a construction loan for the Project in an approximate amount up to \$[31,760,427]  
20 ("Banner Senior Loan"); (2) second priority deed of trust for the benefit City of Coachella  
21 securing a loan in an amount up to \$13,568,850 ("Coachella Loan"); (3) third priority deed of  
22 trust for the benefit of CA Department of Housing and Community Development securing a loan  
23 in an approximate amount of \$4,045,000 ("HCD Loan"); (4) fourth priority deed of trust for the  
24 benefit of the HOME Loan secured by the HOME Deed of Trust for the benefit of COUNTY  
25 securing the HOME Loan and the terms of this Agreement, and (5) fifth priority deed of trust for  
26 the benefit of CA Department of Development Services securing a loan in an amount up to  
27 \$1,360,000 ("DDS Loan"). The Banner Senior Loan, Coachella Loan, and HCD Loan shall be  
28 collectively referred to herein as the "Senior Loan" or "Senior Loans". The Senior Loans shall be



1 recorded in a lien position junior to the HOME Covenant Agreement.

2                   Lien Priority upon Conversion shall be as follows (i) first priority  
3 shall be the Banner Senior Loan, (ii) second priority shall be the Coachella Loan, (iii) third priority  
4 shall be the HCD Loan, (iv) fourth priority shall be the HOME Loan, (v) fifth priority shall be  
5 DDS Loan. Borrower shall cause the Senior Loans or any other COUNTY approved senior lender  
6 to execute and record in the Official Records, a Subordination Agreement, substantially in a form  
7 and of substance approved by the COUNTY, which, among other things, grants the COUNTY  
8 notice and opportunity to cure events of default under the Senior Loan documents. The term  
9 “Conversion” used herein shall mean that certain date upon which the Banner Senior Loan  
10 converts from a variable rate construction loan to a fixed rate permanent loan. The Banner Senior  
11 Loan, Coachella Loan, and HCD Loan shall be collectively referred to herein as the “Senior Loan”  
12 or “Senior Loans”. The Senior Loans shall be recorded in a lien position junior to the HOME  
13 Covenant Agreement.

14                   a. Prepayment. Prepayment of principal and/or  
15 interest under the HOME Note may occur at any  
16 time without penalty; provided, however (i) the  
17 requirements of **Section 18**, Compliance with Laws  
18 and Regulations, shall remain in full force and effect  
19 for the term of the Agreement specified in **Section**  
20 **7** below; and (ii) the affordability requirements set  
21 forth in the Covenant Agreement, attached hereto as  
22 **Exhibit G**, shall remain in effect until the expiration  
23 of the Affordability Period.

24                   6. PRIOR COUNTY APPROVAL.

25                   a. Except as otherwise expressly provided in this Agreement,  
26 approvals required of the COUNTY shall be deemed granted by the written approval of the  
27 Director for the HWS or designee (“Director”). Notwithstanding the foregoing, the Director may,  
28 in their discretion, refer to the governing body of the COUNTY any item requiring COUNTY



1 approval; otherwise, "COUNTY approval" means and refers to approval by the Director or  
2 designee.

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

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

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

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

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

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

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

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

14 9. COMPLETION SCHEDULE. BORROWER shall proceed consistent with  
15 the implementation schedule (“Implementation Schedule”) set forth in **Exhibit A**, (as such  
16 schedule may be amended pursuant to **Section 11**) and subject to Force Majeure Delays, as  
17 defined in **Section 10**.

18 10. FORCE MAJEURE DELAYS. “Force Majeure” means event(s) beyond  
19 the reasonable control of BORROWER, and which could not have been reasonably anticipated,  
20 which prevent(s) BORROWER from complying with any of its obligations under this  
21 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,  
22 civil disorders, strikes, labor disputes, flood, fire, explosion, earthquake, pandemic, epidemics,  
23 or other similar acts.

24 “Force Majeure Delay” is delay due to Force Majeure that, in each case,  
25 (i) materially adversely affects the performance by BORROWER of its obligations hereunder,  
26 (ii) is not reasonably foreseeable and is beyond BORROWER's reasonable control, (iii) despite  
27 the exercise of reasonable diligence, cannot be prevented, avoided or removed by BORROWER  
28 and is not attributable to the negligence, willful misconduct or bad faith of BORROWER, and



1 (iv) is not the result of the failure of BORROWER to perform any of its obligations under this  
2 Agreement. Notwithstanding the foregoing, a Force Majeure Delay shall not be deemed to have  
3 occurred unless BORROWER has notified COUNTY in writing of such occurrence of Force  
4 Majeure within fifteen (15) days after such occurrence and has provided COUNTY with the  
5 details of such event and the length of the anticipated delay within an additional fifteen (15) days  
6 thereafter. BORROWER shall diligently attempt to remove, resolve, or otherwise eliminate such  
7 event, keep COUNTY advised with respect thereto, and shall commence performance of its  
8 obligations hereunder immediately upon such removal, resolution or elimination. During the  
9 occurrence and continuance of a Force Majeure Delay, BORROWER shall be excused from  
10 performance of its obligations under this Agreement to the extent the Force Majeure prevents  
11 BORROWER from performing such obligations.

12 11. EXTENSION OF TIME. COUNTY may grant an extension to the  
13 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's  
14 activities which cannot be completed as outlined in **Exhibit A**. BORROWER shall request said  
15 extension in writing, stating the reasons therefore, which extension must be first approved in  
16 writing by the COUNTY in its reasonable discretion. The Director or designee, on behalf of the  
17 COUNTY and without referring such matter to the County's Board of Supervisor's may extend  
18 all pending deadlines in the Implementation Schedule on two (2) or fewer occasions, so long as  
19 the aggregate duration of such administrative time extensions is no greater than One Hundred  
20 and Eighty (180) days. Every term, condition, covenant, and requirement of this Agreement shall  
21 continue in full force and effect during the period of any such extension.

22 12. CONDITIONS PRECEDENT TO DISTRIBUTION OF HOME LOAN  
23 FUNDS. COUNTY, shall: (1) make payments of the HOME Loan funds to BORROWER as  
24 designated in **Exhibit A** subject to Borrower's satisfaction of the conditions precedent set forth  
25 below, and (2) monitor the Project to ensure compliance with applicable federal regulations and  
26 the terms of this Agreement. COUNTY shall not disburse any HOME Loan funds pursuant to  
27 this Agreement until the following conditions precedent have been satisfied:

28 a. BORROWER executes this Agreement and delivers to



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- 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 acquisition, construction and rehabilitation of the project as required herein;
  - c. BORROWER provides COUNTY with the Data Universal Number as assigned by the Date Universal Number System assigned to Borrower as required by the Federal Accountability and Transparency Act of 2006;
  - d. BORROWER provides COUNTY with evidence of insurance as required herein;
  - e. BORROWER executes the HOME Deed of Trust, substantially conforming in form and substance to the Deed of Trust and Assignment of Rents attached hereto as **Exhibit B**, in recordable form, and delivers such document to the County of Riverside for recordation in the Official Records;
  - f. BORROWER executes the HOME Note, substantially conforming in form and substance to the Promissory Note attached hereto as **Exhibit C** and delivers to COUNTY;
  - g. BORROWER executes the Covenant Agreement, substantially conforming in form and substance to the Covenant Agreement attached hereto as **Exhibit G** and incorporated herein by this reference, in recordable form, and delivers to the County of Riverside for recordation in the Official Records;
  - h. COUNTY executes and records the Requests for Notice of Default conforming in form and substance to **Exhibit I** attached hereto;

- 1 i. BORROWER provides, at its expense, an ALTA lender's  
2 policy in favor of COUNTY, insuring the HOME Deed of  
3 Trust as a fourth priority lien against the Property junior only  
4 to the Senior Loans identified in **Section 5**;
- 5 j. BORROWER provides satisfactory evidence that it has all the  
6 financing documents required to cause the proceeds of the  
7 Senior Loans, when combined with the HOME Loan, to pay  
8 for all development and construction costs for the Project;
- 9 k. BORROWER is not in default under the terms of this  
10 Agreement or any other agreement related to the financing of  
11 the Project;
- 12 l. BORROWER submits evidence that all jobs created, if any, as  
13 a result of this project shall be posted with the COUNTY;
- 14 m. BORROWER provides satisfactory evidence that it has  
15 secured any and all land use entitlements, permits, approvals  
16 which may be required for construction of the Project pursuant  
17 to the applicable rules and regulations of COUNTY, or any  
18 other governmental agency affected by such construction  
19 work. BORROWER shall, without limitation, secure all  
20 entitlement, change of zone, lot line adjustment, any and all  
21 necessary studies required including but not limited to  
22 archaeological, cultural, environmental, traffic studies and  
23 lead-based paint surveys, as applicable, and required, and pay  
24 all costs, charges and fees associated therewith, all conditions  
25 precedent to the issuance of all permits necessary for the  
26 construction of the Project and all such permits are available  
27 for issuance, subject only to the payment of fees;
- 28 n. BORROWER provides duly executed documents and

1 instruments evidencing that BORROWER owns fee title to the  
2 Property;

3 o. BORROWER provides satisfactory evidence that it has  
4 satisfied all conditions precedent to the issuance of all permits  
5 necessary for the construction of the development and all such  
6 permits are available for issuance, subject only to the payment  
7 of fees;

8 p. BORROWER consults and complies with concerned Native  
9 American tribes pursuant to Section 106 requirements;

10 q. If Davis Bacon and/or prevailing wages are required to be  
11 paid, BORROWER hires a qualified professional firm to  
12 review and monitor Davis Bacon and/or prevailing wage  
13 compliance for all submissions of contractors certified  
14 payrolls to COUNTY. In the event that the Project requires  
15 prevailing wages, BORROWER shall comply with any  
16 applicable labor regulations and all other State laws in  
17 connection with the construction of the improvements which  
18 compromise the Project, including if applicable, requirements  
19 relating to prevailing wages. BORROWER agrees and  
20 acknowledges that it is the responsibility of BORROWER to  
21 obtain legal determination, at BORROWER's sole cost and  
22 expense, as to whether prevailing wages must be paid during  
23 the construction of the Project. If the Project is subject to  
24 prevailing wage, then BORROWER shall be solely  
25 responsible to pay its contractors and subcontractors the  
26 required prevailing wage rates. BORROWER agrees to  
27 indemnify, defend, and hold COUNTY harmless from and  
28 against any and all liability arising out of and related to



1 BORROWER's failure to comply with any and all applicable  
2 Davis Bacon and/or prevailing wage requirements;

3 r. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that  
4 BORROWER, and its principals, or any/all persons,  
5 contractors, consultants, businesses, etc. ("Developer  
6 Associates"), that BORROWER is conducting business with,  
7 are not presently debarred, proposed for debarment,  
8 suspended, declared ineligible, or voluntarily excluded from  
9 participation or from receiving federal contracts or federally  
10 approved subcontracts or from certain types of federal  
11 financial and nonfinancial assistance and benefits with the  
12 Excluded Parties Listing System ("EPLS"). EPLS records are  
13 located at [www.sam.gov](http://www.sam.gov); and

14 s. BORROWER shall search and provide a single  
15 comprehensive list of Developer Associates (individuals and  
16 firms) and print and maintain evidence of the search results of  
17 each Developer Associate as verification of compliance with  
18 this requirement as provided in **Exhibit I**, Contractor  
19 Debarment Certification Form, which is attached hereto and  
20 by this reference incorporated herein. COUNTY shall retain  
21 ten percent (10%) of the total HOME Loan amount and release  
22 final draw down of HOME funds until COUNTY receives all  
23 of the following:

- 24 1) Conditional lien release from general contractor;
- 25 2) recorded Notice of Completion;
- 26 3) Permanent Certificate of Occupancy;
- 27 4) architect certification identifying units that are  
28 accessible to individuals with mobility impairments

1 and units that are accessible to individuals with  
2 sensory impairments in compliance with  
3 Section 504 of the Rehabilitation Act of 1973, as  
4 described in **Section 18(i)**;

- 5 5) final Contract and Subcontract Activity report,  
6 Minority Business Enterprise/Women Business  
7 Enterprise (“MBE/WBE”) report, HUD form 2516;  
8 6) submission of documentation that shows  
9 compliance with the Uniform Relocation Assistance  
10 and Real Property Acquisition Policies Act of 1970  
11 and 24 CFR Part 42;  
12 7) submission of a Project completion report including  
13 Tenant Checklist as shown in **Exhibit F** which is  
14 attached hereto and by this reference  
15 incorporated herein;

- 16 8) Affirmative Fair Housing Marketing Plan –  
17 Multifamily Housing, HUD form 935.2A, as  
18 described in **Section 18(c)**;  
19 9) Tenant Selection Policy;  
20 10) Management Plan;  
21 11) Certified statement of final development costs; and  
22 12) Certified statement of final sources and uses of  
23 funds for the project.

24 13. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the  
25 Construction Start Deadline as set forth in **Section 49(a)**, (2) the Completion Deadline as set forth  
26 in **Section 49(b)**, (3) the Lease Deadline as set forth in **Section 20(b)**, or (4) the Project Financing  
27 Contingency in **Section 50**, all of which are herein (collectively, the “Performance Deadlines”),  
28 subject to the notice and cure periods set forth in **Section 32** herein, then the HOME Loan funds

1 allocated, reserved, or placed in a HOME Investment Trust Fund account pursuant to this  
2 Agreement may be reallocated by COUNTY after at least thirty (30) days' prior written notice is  
3 given to BORROWER. Upon such reallocation and repayment of funds, this Agreement shall be  
4 terminated and be of no further force and effect and Borrower shall be released and discharged  
5 from any obligations under this Agreement, except as to those obligations which by their terms  
6 survive termination of this Agreement.

7           14. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account  
8 established in the United States Treasury is managed through HUD, Integrated Disbursement and  
9 Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS System is  
10 a computerized system which manages, disburses, collects, and reports information on the use of  
11 HOME funds in the United States Treasury Account. Disbursement of HOME funds shall occur  
12 upon the satisfactory receipt of copies of invoices and conditional (upon receipt of payment) lien  
13 releases for construction costs to be paid with the proceeds of the HOME Loan. Any disbursement  
14 of funds is expressly conditioned upon the satisfaction of conditions set forth in **Section 12**.  
15 COUNTY shall pay to BORROWER the sum specified in **Section 1** above on a "cost-as-incurred"  
16 basis for all eligible approved costs under itemized schedule shown in **Exhibit A** as follows:

- 17                   a. Up to fifty percent (50%) of the HOME Loan at the  
18                   commencement of construction.
- 19                   b. Up to ninety percent (90%) of the HOME Loan upon fifty-one  
20                   percent (51%) completion of Project, as certified and  
21                   documented by the project architect.
- 22                   c. COUNTY shall release final draw down of ten percent (10%)  
23                   of the HOME Loan following receipt of all of the items listed  
24                   in **Section 12**.

25           15. TERMS OF AFFORDABILITY. The COUNTY HOME-Assisted Units  
26 shall remain occupied and rented to Qualified Very Low Income Households for an affordable  
27 rent pursuant to **Sections 19** and **20** below, **Exhibit A** and the Covenant Agreement attached  
28 hereto as **Exhibit G** until the later of (i) fifty-five (55) years from the recordation of the Notice



1 of Completion in the Official Records for the last building for which construction is completed  
2 for the Project, or (ii) July 1, 2078 (“Affordability Period”), subject to the provision of **Section**  
3 **39** hereof.

4 16. INSURANCE. Without limiting or diminishing BORROWER’S  
5 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain  
6 or cause to be maintained, at its sole cost and expense, the following insurance coverage’s during  
7 the Term of this Agreement.

8 a. Builder’s All Risk (Course of Construction) Insurance.

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

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

10 b. Worker's Compensation Insurance.

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

21 c. Commercial General Liability Insurance.

22 Commercial General Liability insurance coverage, including  
23 but not limited to, premises liability, contractual liability,  
24 products and completed operations liability, personal and  
25 advertising injury, and cross liability coverage, covering  
26 claims which may arise from or out of BORROWER'S  
27 performance of its obligations hereunder. Policy shall name  
28 the County of Riverside, its Agencies, Boards, Districts,

1 Special Districts, and Departments, their respective directors,  
2 officers, Board of Supervisors, employees, elected or  
3 appointed officials, agents or representatives as Additional  
4 Insured. Policy's limit of liability shall not be less than  
5 \$1,000,000 per occurrence combined single limit. If such  
6 insurance contains a general aggregate limit, it shall apply  
7 separately to this agreement or be no less than two (2) times  
8 the occurrence limit.

9 d. Vehicle Liability Insurance.

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

23 e. General Insurance Provisions – All Lines.

- 24 1) Any insurance carrier providing insurance coverage  
25 hereunder shall be admitted to the State of California  
26 and have an A M BEST rating of not less than A:  
27 VIII (A:8) unless such requirements are waived, in  
28 writing, by COUNTY Risk Manager. If COUNTY's



1 Risk Manager waives a requirement for a particular  
2 insurer such waiver is only valid for that specific  
3 insurer and only for one policy term.

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

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

1 of the insurance carrier(s) that thirty (30) days  
2 written notice shall be given to the County of  
3 Riverside prior to any material modification,  
4 cancellation, expiration or reduction in coverage of  
5 such insurance. In the event of a material  
6 modification, cancellation, expiration, or reduction  
7 in coverage, this Agreement shall terminate  
8 forthwith, unless the County of Riverside receives,  
9 prior to such effective date, another Certificate of  
10 Insurance and copies of endorsements, including all  
11 endorsements and attachments thereto evidencing  
12 coverage's set forth herein and the insurance  
13 required herein is in full force and effect.  
14 BORROWER shall not commence operations until  
15 COUNTY has been furnished Certificate(s) of  
16 Insurance and copies of endorsements and if  
17 requested, copies of policies of insurance including  
18 all endorsements and any and all other attachments  
19 as required in this Section. An individual authorized  
20 by the insurance carrier on its behalf shall sign the  
21 original endorsements for each policy and the  
22 Certificate of Insurance.

- 23 4) It is understood and agreed to by the parties hereto  
24 that BORROWER's insurance shall be construed as  
25 primary insurance, and COUNTY's insurance  
26 and/or deductibles and/or self-insured retention's or  
27 self-insured programs shall not be construed as  
28 contributory.





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

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

- 20           a. HOME Program and its implementing regulations set forth in  
21           pursuant to Title III of Division B of the Housing and  
22           Economic Recovery Act of 2008, as amended, Public Law  
23           110-289 (“Act”) and Federal Register Notice, Vol. 73, No.  
24           194, Docket No. FR– 5255–N–01, dated October 6, 2008, as  
25           amended. Since HOME is a component of the Community  
26           Development Block Grant (CDBG) Program, the CDBG  
27           regulatory structure is the platform used to implement HOME.  
28           The regulations created by the Office of the Assistant

1 Secretary of Community Planning and Development that  
2 pertain to Community Development programs are contained  
3 within 24 CFR part 570 - Community Development Block  
4 Grants. HOME is governed by CDBG regulations except  
5 where specifically waived.

6 b. Section 92.350 Other Federal requirements and  
7 nondiscrimination. As set forth in 24 CFR part 5, sub part A,  
8 BORROWER is required to include the following  
9 requirements: nondiscrimination and equal opportunity under  
10 Section 282 of the Act; disclosure; debarred, suspended, or  
11 ineligible contractors; and drug-free workplace.

12 c. Section 92.351 Affirmative marketing and minority outreach  
13 program. BORROWER must adopt affirmative marketing  
14 procedures and requirements. These must include:

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

22 (2) Requirements and practices that BORROWER must  
23 adhere to in order to carry out the affirmative  
24 marketing procedures and requirements (e.g., use of  
25 commercial media, use of community contacts, use  
26 of the Equal Housing Opportunity logotype or  
27 slogan, and display of fair housing poster).

28 (3) Procedures to be used by BORROWER to inform

1 and solicit applications from persons in the housing  
2 market area who are not likely to apply without  
3 special outreach (e.g., use of community  
4 organizations, employment centers, fair housing  
5 groups, or housing counseling agencies).

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

9 (5) A description of how BORROWER will annually  
10 assess the success of affirmative marketing actions  
11 and what corrective actions will be taken where  
12 affirmative marketing requirements are not met.

13 (6) BORROWER must prescribe procedures to  
14 establish and oversee a minority outreach program  
15 to ensure the inclusion, to the maximum extent  
16 possible, of minorities and women, and entities  
17 owned by minorities and women, including, without  
18 limitation, real estate firms, construction firms,  
19 appraisal firms, management firms, financial  
20 institutions, investment banking firms,  
21 underwriters, accountants, and providers of legal  
22 services, in all contracts entered into by  
23 BORROWER with such persons or entities, public  
24 and private, in order to facilitate the activities of  
25 COUNTY to provide affordable housing authorized  
26 under this Act or any other Federal housing law.  
27 Section 24 CFR 85.36(e) provided affirmative steps  
28 to assure that minority business enterprises and



1 women business enterprises are used when possible  
2 in the procurement of property and services. The  
3 steps include:

- 4 (i) Placing qualified small and minority  
5 businesses and women's business  
6 enterprises on solicitation lists.
- 7 (ii) Assuring that small and minority  
8 businesses, and women's business  
9 enterprises are solicited whenever  
10 they are potential sources.
- 11 (iii) Dividing total requirements, when  
12 economically feasible, into smaller  
13 tasks or quantities to permit  
14 maximum participation by small  
15 and minority business, and  
16 women's business enterprises.
- 17 (iv) Establishing delivery schedules,  
18 where the requirement permits,  
19 which encourage participation by  
20 small and minority business, and  
21 women's business enterprises.
- 22 (v) Using the services and assistance  
23 of the Small Business  
24 Administration, and the Minority  
25 Business Development Agency of  
26 the Department of Commerce.
- 27 (vi) Requiring the prime contractor, if  
28 subcontracts are to be let, to take

1 the affirmative steps listed in (i)  
2 through (v) above of this section.

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

9 e. Section 92.353 Displacement, relocation, and acquisition. The  
10 relocation requirements of Title II and the acquisition  
11 requirements of Title III of the Uniform Relocation Assistance  
12 and Real Property Acquisition Policies Act of 1970, and the  
13 implementing regulations at 24 CFR Part 42. BORROWER  
14 must ensure that it has taken all reasonable steps to minimize  
15 the displacement of persons as a result of this project assisted  
16 with HOME Funds.

17 f. Section 92.354 Lead-based paint. Housing assisted with  
18 HOME funds is subject to the lead-based paint requirements  
19 of 24 CFR Part 35 issued pursuant to the Lead-Based Paint  
20 Poisoning Prevention Act (42 U.S.C. 4821, et seq.). The lead-  
21 based paint provisions of 24 CFR 982.401 (j), except 24 CFR  
22 982.401 (j)(1)(i), also apply, irrespective of the applicable  
23 property standard under §92.251.

24 g. Section 92.354 Labor. Every contract for the construction of  
25 housing that includes twelve (12) or more units assisted with  
26 HOME funds must contain a provision requiring the payment  
27 of not less than the wages prevailing in the locality, as  
28 predetermined by the Secretary of Labor pursuant to the

1 Davis- Bacon Act (40 U.S.C. 276a-276a-5), to all laborers and  
2 mechanics employed in the development of any part of the  
3 housing. Such contracts must also be subject to the overtime  
4 provisions, as applicable, of the Contract Work Hours and  
5 Safety Standards Act (40 U.S.C. 327-332). BORROWER  
6 must apply most current wage rate determination at the date of  
7 execution of this Agreement.

8 h. Section 92.356 Conflict of Interest. In the procurement of  
9 property and services by BORROWER, the conflict of interest  
10 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively  
11 shall apply. Section 92.356 shall cover all cases not governed  
12 by 24 CFR 85.36 and 24 CFR 84.42.

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

23 (1) 24 CFR Part 8.22 New construction—  
24 housing facilities. For new construction of  
25 multi-family projects, 5 percent (5%) of the  
26 units (but not less than one unit) must be  
27 accessible to individuals with  
28 mobility impairments, and an additional 2



1 percent (2%) of the units (but not less than  
2 one unit) must be accessible to individuals  
3 with sensory impairments.

4 (2) 24 CFR Part 8.23 Alterations of existing  
5 housing facilities. If alterations are  
6 undertaken to a project that has 15 or more  
7 units and the cost of the alterations is 75  
8 percent or more of the replacement cost of the  
9 completed facility, then the provisions of  
10 §8.22 shall apply. Alterations to dwelling  
11 units in a multifamily housing project shall,  
12 to the maximum extent feasible, be made to  
13 be readily accessible to and usable by  
14 individuals with handicaps. If alterations of  
15 single elements or spaces of a dwelling unit,  
16 when considered together, amount to an  
17 alteration of a dwelling unit, the entire  
18 dwelling unit shall be made accessible. Once  
19 5 percent (5%) of the dwelling units in a  
20 project are readily accessible to and usable by  
21 individuals with mobility impairments, then  
22 no additional elements of dwelling units, or  
23 entire dwelling units, are required to be  
24 accessible under this paragraph. Alterations  
25 to common areas or parts of facilities that  
26 affect accessibility of existing housing  
27 facilities shall, to the maximum extent  
28 feasible, be made to be accessible to and

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

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

12 k. Section 3 of the Housing and Urban Development Act of 1968.

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

28 l. Section 106 of the National Historic Preservation Act of 1966

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

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

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

18                          1. BORROWER does not assume COUNTY'S  
19                          environmental responsibilities described at  
20                          24 CFR Part 92.352; and

21                          2. BORROWER does not assume COUNTY's  
22                          responsibility for initiating the review  
23                          process under the provisions of 24 CFR Part  
24                          92.352.

25                  o. Uniform Administrative Requirements of 24 CFR 92.505 and  
26                  24 CFR Part 200 as now in effect and as may be amended from  
27                  time to time. Federal awards expended as a recipient or a  
28                  subrecipient, as defined by HUD, would be subject to single



1                   audit. The payments received for goods or services provided  
2                   as a vendor would not be considered Federal awards.

3                   p. BORROWER shall include written agreements that include all  
4                   provisions of **Section 18** if BORROWER provides HOME  
5                   funds to for-profit owners or developers, non-profit owners or  
6                   developers, sub-recipients, homeowners, homebuyers, tenants  
7                   receiving tenant-based rental assistance, or contractors.

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

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

20                  19. INCOME TARGETING REQUIREMENTS. BORROWER shall set aside  
21                  eleven (11) units to be designated as HOME-Assisted Units which shall be occupied and rented  
22                  to households whose incomes do not exceed fifty percent (50%) of the area median income for  
23                  the County of Riverside (“Qualified Very Low Income Households”), adjusted by family size at  
24                  the time of occupancy as published by HUD.

25                  20. RENT LIMITATIONS. BORROWER shall comply with the rent  
26                  limitations set forth under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME  
27                  Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-  
28                  Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C.

1 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the  
2 “HOME Program”). A total of 11 units consisting of 5 one-bedrooms, 3 two-bedrooms and 3  
3 three-bedrooms, shall be reserved as HOME-Assisted Units and rented at Low HOME rent levels  
4 as published by HUD. The HOME-Assisted Units shall be a “floating” designation on the  
5 Property such that the requirements of this Agreement will be satisfied so long as the total  
6 number of HOME-Assisted Units and bedroom size remains the same throughout the  
7 Affordability Period. COUNTY shall review and approve proposed rents to the extent required  
8 under this section. BORROWER shall ensure the HOME-Assisted Units are rented to Qualified  
9 Very Low Income Households at the Low HOME rent levels required herein. The maximum  
10 monthly allowances for utilities and services (excluding telephone) shall not exceed the utility  
11 allowance as described below.

- 12 a. Utility Allowance: The Utility Allowance will be calculated in  
13 accordance with 24 CFR part 92.252(d), HOME fires UA  
14 Notice Volume 13, Number 2. BORROWER is required to  
15 complete initial UA calculations and submit their calculations  
16 for review and approval to the HWS prior to implementation,  
17 and annually by June 1st. The following methods below are  
18 acceptable methodologies for calculating Utility Allowance on  
19 this Project: (1) HUD Utility Schedule Model (HUSM) UA  
20 based on HUD’s model; (2) Utility Company Estimate UA  
21 based on estimated obtained from a local utility company for  
22 each of the utilities used in the project.; (3) LIHTC Agency  
23 Estimate UA approved by the LIHTC agency based on its  
24 actual usage methodology.; (4) Energy Consumption Model  
25 (Engineer Model) UA based upon on an energy and water and  
26 sewage consumption and analysis model prepared by a third  
27 party licensed engineer or t qualified professional.  
28 b. Tenant Selection: Pursuant to 24 CFR part 92.253(d) and

1 subject to 24 CFR Section 92.350, BORROWER shall adopt,  
2 with the approval of COUNTY, written tenant selection  
3 policies and criteria with respect to the HOME-Assisted Units  
4 that give priority, to the extent allowed by law, to agricultural  
5 worker households whose incomes do not exceed fifty percent  
6 (50%) of the area median income for the County of Riverside.

- 7 c. Initial Occupancy of Vacant Units: All eleven (11) HOME-  
8 Assisted Units consisting of 5 one-bedrooms, 3 two-bedrooms  
9 and 3 three-bedrooms shall be occupied by and rented to  
10 Qualified Very Low Income Households for an affordable rent  
11 within six (6) months from the recordation of the Notice of  
12 Completion in the Official Records (“Lease Deadline”) for the  
13 last building constructed as part of the Project. If a COUNTY  
14 HOME-Assisted Unit remains unoccupied or not leased to an  
15 eligible tenant, BORROWER must provide to COUNTY  
16 information about current marketing efforts and an enhanced  
17 plan for marketing the unit so that it is leased promptly.

18 Within twelve (12) months from the Lease Deadline (i.e., eighteen (18) months  
19 from the recordation of the Notice of Completion), if a HOME-Assisted Unit remains  
20 unoccupied or not leased to an eligible tenant, then BORROWER agrees to repay HOME funds  
21 for any HOME-Assisted Unit that is not rented to eligible tenants. BORROWER may request an  
22 extension of the Lease Deadline, as stated in Implementation Schedule set forth in this  
23 Agreement from COUNTY if BORROWER can provide to COUNTY evidence showing efforts  
24 of aggressive marketing efforts and proof that the circumstances that led to the failure to lease  
25 the HOME-Assisted Unit(s) by the Lease Deadline were beyond the BORROWER’s control.  
26 The extension and time of extension is subject to COUNTY’s approval and not guaranteed. The  
27 Director, or designee, has the authority, at his or her discretion, to consent to an extension of the  
28 Lease Deadline.



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

9           d. HOME Rent Limitations: Effective April 1, 2020, HUD  
10 published HOME Rent Limits for the County of Riverside. In  
11 order to calculate net rent to be charged, an applicable utility  
12 allowance must be subtracted from the gross rents listed. The  
13 BORROWER shall use the Utility Allowance described in  
14 **Section 20(a)**.

15           e. Approval: The BORROWER shall submit to the HWS for  
16 review and written approval, all proposed rents for the HOME-  
17 Assisted Units prior to lease-up. Low HOME rent limitations  
18 for COUNTY HOME-Assisted units shall be as set forth under  
19 24 CFR 92.252 and such units shall be rented and occupied by  
20 income qualified applicants at the HOME rent levels for the  
21 County of Riverside, which are published periodically by  
22 HUD. If during the re-certification process a household  
23 income falls between 51% and 60% Area Median Income then  
24 the High HOME rent limit shall apply. If during the  
25 recertification process a household income falls above 80% of  
26 the Area Median Income then such household shall pay the  
27 lesser of 30% of the adjusted income or Market rent.

28           21. TENANT PROTECTIONS. During the Affordability Period, BORROWER

1 shall adhere to the tenant protections and selection standard set forth in 24 CFR 92.253, as may  
2 be amended from time to time, and the following requirements:

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

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

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

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

28 (3) Excusing BORROWER from responsibility.

1 Agreement by the tenant not to hold  
2 BORROWER or BORROWER's agents  
3 legally responsible for any action or failure to  
4 act, whether intentional or negligent.

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

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

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

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

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



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

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

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

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

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



1 obligations under this Agreement. Notwithstanding anything to the contrary contained herein,  
2 upon written notice to COUNTY, BORROWER may (i) admit limited partners to BORROWER,  
3 and provide for the purchase of any such limited partnership interest or interests by  
4 BORROWER's general partner or affiliate; (ii) remove for cause any General Partner by a  
5 limited partner of the Borrower, and the replacement thereof, pursuant to the Partnership  
6 Agreement, provided County receives 5 business days advance written notice of such removal.  
7 Without limiting Borrower's obligation to provide advance notice of such removal for cause of  
8 any General Partner by a limited partner and the replacement thereof set forth in the immediately  
9 preceding sentence, amendments to the Partnership Agreement required to effectuate the  
10 Permitted Transfer set forth in this clause (ii) shall not require the consent of the County;  
11 provided, however, Borrower shall provide County with an executed copy of such amended  
12 agreement within 10 business days of execution thereof; (iii) lease for occupancy of all or any  
13 of the HOME-Assisted Units; (iv) the granting of easements or permits to facilitate the  
14 development of the Property in accordance with this Agreement; and (v) the withdrawal and/or  
15 replacement of any limited partner or any interests in any limited partner of BORROWER,  
16 (collectively a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable  
17 review of documentation by the COUNTY. The parties hereto acknowledge that "affiliate" for  
18 purposes of this section means, as to any Person (as defined below), any general partnership,  
19 limited partnership, corporation, joint venture, trust, business trust, cooperative, association,  
20 limited liability company or individual (collectively, a "Person") that (A) directly or indirectly  
21 controls or is controlled by (such as any partnership or limited liability company in which the  
22 Person, directly or indirectly, serves as a general partner or managing member, respectively) or  
23 is under common control with the specified Person; (B) is an officer or director of, commissioner  
24 of, partner in, member of or trustee of, or serves in a similar capacity with respect to, the specified  
25 Person or of which the Specified Person is an officer, director, member, partner or trustee, or  
26 with respect to which the specified Person serves in a similar capacity; or (C) is the beneficial  
27 owner, directly or indirectly, of 10% or more of any class of equity securities of the specified  
28 Person or of which the specified Person is directly or indirectly the owner of 10% or more of any



1 class of equity securities. The term “control” (including the term “controlled by” and “under  
2 common control with”) means the possession, direct or indirect, of the power to direct or cause  
3 the direction of the management and policies of a Person, whether through the ownership of  
4 voting securities, by contract or otherwise.

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

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

1           BORROWER herein covenants by and for itself, its successors and assigns, and  
2 all persons claiming under or through them, that this Covenant is made and accepted upon and  
3 subject to the following conditions: There shall be no discrimination against or segregation of  
4 any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section  
5 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1,  
6 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of  
7 the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment  
8 of the Property, nor shall the transferee itself or any person claiming under or through him or  
9 her, establish or permit any such practice or practices of discrimination or segregation with  
10 reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees,  
11 subtenants, or vendees of the Property.

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

- 18                   a) In deeds: “The grantee herein covenants by and for himself or  
19                   herself, his or her heirs, executors, administrators, and  
20                   assigns, and all persons claiming under or through them, that  
21                   there shall be no discrimination against or segregation of, any  
22                   person or group of persons on account of any basis listed in  
23                   subdivision (a) or (d) of Section 12955 of the Government  
24                   Code, as those bases are defined in Sections 12926, 12926.1,  
25                   subdivision (m) and paragraph (1) of subdivision (p) of  
26                   Section 12955, and Section 12955.2 of the Government  
27                   Code, in the sale, lease, sublease, transfer, use, occupancy,  
28                   tenure, or enjoyment of the premises herein conveyed, nor



1 shall the grantee or any person claiming under or through  
2 him or her, establish or permit any practice or practices of  
3 discrimination or segregation with reference to the selection,  
4 location, number, use or occupancy of tenants, lessees,  
5 subtenants, sublessees, or vendees in the premises  
6 herein conveyed. The foregoing covenants shall run with the  
7 land.”

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

26 c) In contracts: “There shall be no discrimination against or  
27 segregation of any person or group of persons, on account of  
28 any basis listed in subdivision (a) or (d) of Section 12955 of



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

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

17 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 18 a. BORROWER and its assigns, employees, agents, consultants,  
19 officers and elected and appointed officials shall become  
20 familiar with and shall comply with the conflict of interest  
21 provisions in OMB Circular A-110, 24 CFR 85.36, 24 CFR  
22 84.42, 24 CFR 92.356 and Policy Manual #A-11, attached  
23 hereto as **Exhibit E** and by this reference incorporated herein.
- 24 b. BORROWER understands and agrees that no waiver or  
25 exception can be granted to the prohibition against conflict of  
26 interest except upon written approval of HUD pursuant to 24  
27 CFR 92.356(d). Any request by BORROWER for an  
28 exception shall first be reviewed by COUNTY to determine

1 whether such request is appropriate for submission to HUD. In  
2 determining whether such request is appropriate for  
3 submission to HUD, COUNTY will consider the factors listed  
4 in 24 CFR 92.356(e).

5 c. Prior to any funding under this Agreement, BORROWER  
6 shall provide COUNTY with a list of all employees, agents,  
7 consultants, officers and elected and appointed officials who  
8 are in a position to participate in a decision-making process,  
9 exercise any functions or responsibilities, or gain inside  
10 information with respect to the HOME activities funded under  
11 this Agreement. BORROWER shall also promptly disclose to  
12 COUNTY any potential conflict, including even the  
13 appearance of conflict that may arise with respect to the  
14 HOME activities funded under this Agreement.

15 d. Any violation of this section shall be deemed a material breach  
16 of this Agreement, and the Agreement shall be immediately  
17 terminated by COUNTY.

18 27. RELIGIOUS ACTIVITIES. BORROWER shall adhere to the regulations  
19 set forth in 24 CFR Section 92.257 and 24 CFR Section 5.109.

20 28. PROJECT MONITORING AND EVALUATION.

21 a. Tenant Checklist. BORROWER shall submit a Tenant  
22 Checklist Form to COUNTY, as shown in **Exhibit F** which is  
23 attached hereto and by this reference is incorporated herein  
24 and may be revised by COUNTY, summarizing the  
25 racial/ethnic composition, number and percentage of very low-  
26 income and low-income households who are tenants of the  
27 COUNTY HOME-Assisted Units. The Tenant Checklist Form  
28 shall be submitted upon completion of the construction and

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

- 15 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the  
16 Affordability Period, COUNTY must perform on-site  
17 inspections of COUNTY HOME-assisted rental housing to  
18 determine compliance with the property standards of §92.251  
19 and to verify the information submitted by the owners in  
20 accordance with the requirements of §92.252. The inspections  
21 must be in accordance with the inspection procedures that the  
22 participating jurisdiction establishes to meet the inspection  
23 requirements of §92.251. The on-site inspections must occur  
24 within 12 months after Notice of Completion and at least once  
25 every 3 years thereafter during the Affordability Period. If  
26 there are observed deficiencies for any of the inspectable items  
27 in the property standards established by COUNTY, in  
28 accordance with the inspection requirements of §92.251, a



1 follow-up on-site inspection to verify that deficiencies are  
2 corrected must occur within 12 months. COUNTY may  
3 establish a list of non-hazardous deficiencies for which  
4 correction can be verified by third party documentation (e.g.,  
5 paid invoice for work order) rather than re-inspection. Health  
6 and safety deficiencies must be corrected immediately, in  
7 accordance with §92.251. COUNTY must adopt a more  
8 frequent inspection schedule for properties that have been  
9 found to have health and safety deficiencies. The property  
10 owner must annually certify to the COUNTY that each  
11 building and all HOME-assisted units in the project are  
12 suitable for occupancy, taking into account State and local  
13 health, safety, and other applicable codes, ordinances, and  
14 requirements, and the ongoing property standards established  
15 by the participating jurisdiction to meet the requirements of  
16 §92.251. Inspections must be based on a statistically valid  
17 sample of units appropriate for the size of the COUNTY  
18 HOME-Assisted project, as set forth by HUD through notice.  
19 For projects with one-to-four COUNTY HOME-Assisted  
20 Units, COUNTY must inspect 100 percent of the COUNTY  
21 HOME-Assisted Units and the inspectable items (site,  
22 building exterior, building systems, and common areas) for  
23 each building housing COUNTY HOME assisted units.

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

1 (a) (1) (ii).

2 29. MONITORING FEE. BORROWER shall be responsible for paying an  
3 annual compliance monitoring fee to the COUNTY in the total annual amount of Ten Thousand  
4 Five Hundred Dollars (\$10,500) ("Monitoring Fee"). The first Monitoring Fee payment shall  
5 cover the monitoring period of July 1st to June 30<sup>th</sup>, commencing with the first July 1<sup>st</sup> following  
6 recordation of the Notice of Completion. The Monitoring Fee will be due on July 1st thereafter  
7 and will continue until the expiration of the Affordability Period. The Monitoring Fee is to be  
8 adjusted upwards annually, increased by an amount equal to the increase in CPI for the Los  
9 Angeles-Riverside-Orange County, CA area. In the event of a decrease in the applicable CPI,  
10 the Monitoring Fee currently in effect shall remain the same and shall not decrease.

11 30. ACCESS TO PROJECT SITE. COUNTY and HUD shall have the right to  
12 access the Project site and the Property at all reasonable times during regular business hours, and  
13 upon completion of the Project upon reasonable advance written notice to BORROWER, to  
14 review the operation of the Project in accordance with this Agreement.

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

- 17 a. Monetary Default. (1) BORROWER's failure to pay when due  
18 any sums payable under this Agreement, the Covenant  
19 Agreement, the HOME Note or any advances made by  
20 COUNTY under this Agreement; (2) BORROWER's or any  
21 agent of BORROWER's use of HOME funds for costs other  
22 than those costs permitted under this Agreement or for uses  
23 inconsistent with terms and restrictions set forth in this  
24 Agreement; (3) BORROWER's or any agent of  
25 BORROWER's failure to make any other payment of any  
26 assessment or tax due under this Agreement, and /or (4) default  
27 under the terms of any Senior Loan documents or any other  
28 instrument or document secured against the Property and the

1 expiration of all applicable notice and cure periods;

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

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

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



1 to such agreement; but only following any applicable notice  
2 and cure periods with respect to any such obligation;

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

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

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



1 Except as otherwise expressly provided in this Agreement,  
2 any failures or delays by COUNTY in asserting any of its  
3 rights and remedies as to any default shall not operate as a  
4 waiver of any default or of any such rights or remedies.  
5 Delays by COUNTY in asserting any of its rights and  
6 remedies shall not deprive COUNTY of its right to institute  
7 and maintain any actions or proceedings which it may deem  
8 necessary to protect, assert or enforce any such rights or  
9 remedies.

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

16 d. If a non-monetary event of default occurs, prior to  
17 exercising any remedies hereunder, COUNTY shall give  
18 BORROWER written notice of such default. If the default  
19 is reasonably capable of being cured within thirty (30)  
20 business days, BORROWER shall have such period to  
21 effect a cure prior to exercise of remedies by COUNTY. If  
22 the default is such that it is not reasonably capable of being  
23 cured within thirty (30) business days, and BORROWER  
24 (i) initiates corrective action within said period, and (ii)  
25 diligently, continually, and in good faith works to effect a  
26 cure as soon as possible, then BORROWER shall have such  
27 additional time as is reasonably necessary to cure the  
28 default prior to exercise of any remedies by the injured



1 party, but in no event no more than sixty (60) business days  
2 from the date of the notice of default. In no event shall  
3 COUNTY be precluded from exercising remedies if its  
4 security becomes or is about to become materially  
5 jeopardized by any failure to cure a default or the default is  
6 not cured within sixty (60) business days after the first  
7 notice of default is given.

8 e. Any cure tendered by Borrower's limited partner shall be  
9 accepted or rejected on the same basis as if tendered by  
10 Borrower.

11 33. COUNTY REMEDIES. Upon the occurrence of an Event of Default, after  
12 expiration of all applicable notice and cure periods, COUNTY's obligation to disburse HOME  
13 funds shall terminate, and COUNTY shall also have the right, but not the obligation to, in  
14 addition to other rights and remedies permitted by this Agreement or applicable law, proceed  
15 with any or all of the following remedies in any order or combination COUNTY may choose in  
16 its sole discretion:

17 a. Terminate this Agreement, in which event the entire HOME  
18 Loan amount as well as any other monies advanced to  
19 BORROWER by COUNTY under this Agreement including  
20 administrative costs, shall immediately become due and  
21 payable to COUNTY at the option of COUNTY.

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

27 i) Accelerate the HOME Loan, and  
28 demand immediate full payment of

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the principal payment outstanding and all accrued interest under the HOME Note, as well as any other monies advanced to BORROWER by COUNTY under this Agreement.

ii) 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.

iii) Enter upon, take possession of, and manage the Project, either in person, by agent, or by a receiver appointed by a court, and subject to the rights of any Senior Lender, 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 HOME Loan or any advances made under this Agreement, as provided for by the HOME Deed of

Trust.

- iv) Pursue any other remedies allowed  
at law or in equity.

34. RESERVED.

35. BORROWER'S WARRANTIES. BORROWER represents and warrants  
(1) that it 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, (2) that it is duly organized, validly existing and in good standing under the laws of the  
State of California, (3) that it has the full power and authority to undertake the Project and to  
execute this Agreement, (4) that the persons executing and delivering this Agreement are  
authorized to execute and deliver such documents on behalf of BORROWER and (5) that 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.

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

- a. No federally appropriated funds have been paid or will be paid,  
by or on behalf of the undersigned, to any person for  
influencing or attempting to influence an officer or employee  
of any agency, a member of Congress, an officer or employee  
of Congress, or an employee of a member of Congress in  
connection with the awarding of any federal contract, the  
making of any federal grant, the making of any federal loan,  
the entering into of any cooperative agreement, and the  
extension, continuation, review, amendment, or modification  
of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been  
paid or will be paid to any person for influencing or attempting



1 to influence an officer or employee of any agency, a member  
2 of Congress, an officer or employee of Congress, or an  
3 employee of a member of Congress in connection with this  
4 federal contract, grant, loan, or cooperative agreement, the  
5 undersigned shall complete and submit Standard Form-LLL,  
6 "Disclosure Form to Report Lobbying," in accordance with its  
7 instructions.

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

16 37. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall  
17 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special  
18 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and  
19 appointed officials, employees, agents and representatives (collectively the "Indemnified  
20 Parties") from any liability whatsoever, based or asserted upon any services of BORROWER,  
21 its officers, employees, subcontractors, agents or representatives arising out of their performance  
22 under this Agreement, including but not limited to property damage, bodily injury, or death or  
23 any other element of any kind or nature whatsoever arising from the performance of  
24 BORROWER, its officers, agents, employees, subcontractors, agents or representatives under  
25 this Agreement, except in the event of the gross negligence or willful misconduct of the  
26 Indemnified Parties; provided however, any gross negligence or willful misconduct of  
27 Indemnified Parties will only affect the duty to indemnify for the specific act found to be gross  
28 negligence or willful misconduct, and will not preclude a duty to indemnify for any act or

1 omission of Borrower. BORROWER shall defend, at its sole expense, all costs and fees  
2 including, but not limited, to attorney fees, cost of investigation, defense and settlements or  
3 awards, the County of Riverside, its Agencies, Districts, Special Districts and Departments, their  
4 respective directors, officers, Board of Supervisors, elected and appointed officials, employees,  
5 agents and representatives in any claim or action based upon such alleged acts or omissions.

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

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

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

18 In the event there is conflict between this clause and California Civil Code Section  
19 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall  
20 not relieve BORROWER from indemnifying COUNTY to the fullest extent allowed by law.

21 BORROWER's obligations set forth in this **Section 37** shall survive the expiration  
22 or earlier termination of this Agreement.

23 **38. TERMINATION.**

- 24 a. BORROWER. BORROWER may terminate this Agreement  
25 prior to disbursement of any HOME Loan funds by COUNTY  
26 in accordance with the applicable HOME Program  
27 regulations.  
28 b. COUNTY. Notwithstanding the provisions of **Section 38(a)**,

1 COUNTY may suspend or terminate this Agreement upon  
2 written notice to BORROWER of the action being taken and  
3 the reason for such action in the event one of the following  
4 events occur:

- 5 1. In the event BORROWER fails to materially  
6 perform the covenants herein contained at  
7 such times and in such manner as provided in  
8 this Agreement after the applicable notice  
9 and cure provisions hereof; or
- 10 2. In the event there is a conflict with any  
11 federal, state or local law, ordinance,  
12 regulation or rule rendering any material  
13 provision, in the reasonable judgment of  
14 COUNTY of this Agreement invalid or  
15 untenable; or
- 16 3. In the event the HOME funding from HUD  
17 identified in **Section 1** above is terminated or  
18 otherwise becomes unavailable.

19 c. This Agreement may be terminated or funding suspended in  
20 whole or in part for cause. Cause shall be based on the failure  
21 of BORROWER to materially comply with either the terms or  
22 conditions of this Agreement after the expiration of all  
23 applicable notice and cure provisions hereof. Upon suspension  
24 of funding, BORROWER agrees not to incur any costs related  
25 thereto, or connected with, any area of conflict from which  
26 COUNTY has determined that suspension of funds is  
27 necessary.

28 d. Upon expiration or earlier termination of this Agreement,



1 BORROWER shall transfer to COUNTY any unexpended  
2 HOME funds in its possession at the time of expiration of the  
3 Agreement as well as any accounts receivable held by  
4 BORROWER which are attributable to the use of HOME  
5 funds awarded pursuant to this Agreement.

6 39. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER, on  
7 behalf of its successors and assigns, hereby declare their express intent that the restrictions set  
8 forth in this Agreement shall continue in full force and effect for the duration of the Affordability  
9 Period (as defined in **Section 15** above). Each and every contract, deed or other instrument  
10 hereafter executed covering and conveying the Property or any portion thereof shall be held  
11 conclusively to have been executed, delivered and accepted subject to such restrictions,  
12 regardless of whether such restrictions are set forth in such contract, deed or other instrument.  
13 Borrower shall execute and record as a lien against the Property, a Covenant Agreement,  
14 substantially conforming in form and substance to the Covenant Agreement attached hereto as  
15 **Exhibit G** and incorporated herein by this reference, setting forth the affordability use and  
16 income restriction required in this Agreement.

17 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics  
18 lien is filed against the Project or a stop notice affecting the HOME Loan is served on COUNTY,  
19 BORROWER must, within thirty (30) business days of such filing or service, either pay and  
20 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to  
21 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other  
22 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or  
23 discharged.

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

28 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or

1 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent  
2 that they have the authority to execute this Agreement and warrant and represent that they have  
3 the authority to bind the respective parties to this Agreement to the performance of its obligations  
4 hereunder.

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

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

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

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

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



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

11           49.    CONDITIONAL COMMITMENT.

- 12                   a.    Construction. Pursuant to 24 CFR 92.2, under the definition of  
13                            Commitment, all necessary financing has been secured, a  
14                            budget and schedule have been established, and underwriting  
15                            has been completed and under which construction is scheduled  
16                            to start within the earlier of six (6) months from the Effective  
17                            Date of this Agreement, or such date as may be required by  
18                            TCAC (“Construction Start Deadline”). If BORROWER  
19                            cannot start construction or provide evidence such as  
20                            construction permits within four (4) months of the Effective  
21                            Date, then COUNTY and BORROWER mutually agree that  
22                            this Agreement will self-terminate and any HOME Loan funds  
23                            drawn to date shall be returned within thirty (30) calendar  
24                            days. Upon such termination, this Agreement shall become  
25                            null and void. COUNTY and BORROWER shall be released  
26                            and discharged respectively from its obligations under this  
27                            Agreement, except for those provisions which by their terms  
28                            survive termination. All cost incurred by each party on the



1 Project will be assumed respectively.

- 2 b. Completion. The Project must be completed and a Notice of  
3 Completion shall have been recorded in the Official Records  
4 no later than two (2) years from the Effective Date of this  
5 Agreement (the "Completion Deadline"). BORROWER may  
6 request a one year extension of the Completion Deadline from  
7 COUNTY ("Extension"), which may be granted in  
8 COUNTY's sole and absolute discretion, if the BORROWER  
9 can provide proof that the circumstances that led to the failure  
10 to complete the Project by the Completion Deadline were  
11 beyond the BORROWER's control. Extension is subject to  
12 COUNTY's approval and not guaranteed. The Director,  
13 Housing, Homelessness Prevention and Workforce Solutions,  
14 or designee, has the authority, at his or her discretion, to  
15 consent to such Extension. If BORROWER is unable to meet  
16 the condition as required by this **Section 49** including  
17 Extension, then COUNTY and BORROWER mutually agree  
18 that this Agreement will self terminate and any HOME Loan  
19 funds disbursed to BORROWER to date shall be returned to  
20 COUNTY within thirty (30) calendar days of such  
21 termination. Upon such termination, this Agreement shall  
22 become null and void. COUNTY and BORROWER shall be  
23 released and discharged respectively from their obligations  
24 under this Agreement, except for those provisions which by  
25 their terms survive termination. All costs incurred by each  
26 party on the Project will be assumed respectively.
- 27 c. Tenant Leases. BORROWER shall comply with the tenant  
28 selection requirements set forth in **Section 20(b)** and the initial

1 occupancy requirements set forth in **Section 20(c)** of this  
2 Agreement.

3 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly  
4 conditioned upon BORROWER's delivery to COUNTY, on or prior to **January 1, 2024** of (i)  
5 written documentation of such binding loan commitments required to fully finance the  
6 development and construction of the Project (less the HOME Loan), on terms and conditions  
7 acceptable to BORROWER and COUNTY, including, but not limited to any conventional  
8 construction and/or permanent financing, including without limitation, a construction and  
9 permanent loan from an institutional construction lender. Either COUNTY or BORROWER may  
10 elect to terminate this Agreement with ten (10) business days prior written notice to the other  
11 party if BORROWER fails to acquire the project financing as required by this **Section 50**. Upon  
12 such termination, this Agreement shall be null and void, and:

- 13 a. If BORROWER elects to terminate this Agreement,  
14 BORROWER shall be released and discharged by COUNTY  
15 from its obligations under this Agreement; or  
16 b. If COUNTY elects to terminate this Agreement, COUNTY  
17 shall be released and discharged by BORROWER from its  
18 obligations under this Agreement.

19 At that time all cost incurred by each party on the Project will be assumed  
20 respectively, and each party shall be released from all liability under this Agreement, except  
21 those obligations which by their terms survive termination.

22 51. Reserved.

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

25 53. MEDIA RELEASES. BORROWER agrees to allow COUNTY to provide  
26 input regarding all media releases regarding the Project. Any publicity generated by  
27 BORROWER for the Project must make reference to the contribution of COUNTY in making  
28 the Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity

1 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and public  
2 service announcements. BORROWER agrees to cooperate with COUNTY in any COUNTY-  
3 generated publicity or promotional activities with respect to the Project.

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

9 COUNTY

BORROWER

10 Director, Housing

Tripoli CIC, LP

11 Workforce Solutions

6339 Paseo Del Lago

12 3403 Tenth St, Suite 300

Carlsbad, CA 92011

13 Riverside, CA 92501

Attn: Cheri Hoffman

14 Director for the County's Department of Housing and Workforce Solutions or designee County  
15 shall send a copy of all Borrower notices to Borrower's investor limited partner at the address  
16 below:

17 The Richman Group

18 707 Southwest Washington St, Suite 1510

19 Portland, OR 97205

20 Attention: Director of Asset Management

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

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

27 57. FURTHER ASSURANCES. BORROWER shall execute any further  
28 documents consistent with the terms of this Agreement, including documents in recordable form,



1 as the COUNTY may from time to time find necessary or appropriate to effectuate its purposes  
2 in entering into this Agreement.

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

8 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

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

25 b. If any term or provision of this Agreement, the deletion of  
26 which would not adversely affect the receipt of any material  
27 benefit by any party hereunder, shall be held by a court of  
28 competent jurisdiction to be invalid or unenforceable, the

1 remainder of this Agreement shall not be affected thereby  
2 and each other term and provision of this Agreement shall  
3 be valid and enforceable to the fullest extent permitted by  
4 law. It is the intention of the parties hereto that in lieu of each  
5 clause or provision of this Agreement that is illegal, invalid,  
6 or unenforceable, there be added as a part of this Agreement  
7 an enforceable clause or provision as similar in terms to such  
8 illegal, invalid, or unenforceable clause or provision as may  
9 be possible.

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

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

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

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

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

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

10           63.    ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

- 11                   a. This Agreement shall be executed in three duplicate originals  
12                   each of which is deemed to be an original. This Agreement,  
13                   including all attachments hereto and exhibits appended to such  
14                   attachments shall constitute the entire understanding and  
15                   agreement of the parties.
- 16                   b. This Agreement integrates all of the terms and conditions  
17                   mentioned herein or incidental hereto, and supersedes all  
18                   negotiations or previous agreements between the parties with  
19                   respect to all or any part of the Property.
- 20                   c. All waivers of the provisions of this Agreement must be in  
21                   writing and signed by the appropriate authorities of the  
22                   COUNTY or the BORROWER, and all amendments hereto  
23                   must be in writing and signed by the appropriate authorities of  
24                   the COUNTY and the BORROWER. This Agreement and any  
25                   provisions hereof may be amended by mutual written  
26                   agreement by the BORROWER and the COUNTY.

27  
28                   (SIGNATURES ON THE NEXT PAGE)



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

3 COUNTY:

BORROWER:

4  
5 COUNTY OF RIVERSIDE, a political  
6 subdivision of the State of California

TRIPOLI CIC, LP,  
a California limited partnership

7 By: Pacific Southwest Community  
8 Development Corporation, a  
9 California nonprofit public benefit  
Corporation, its Managing General Partner

10 By: form - do not sign

By: form - do not sign

11 Heidi Marshall, Director

Juan P. Arroyo, Executive Vice President

12  
13 Date: \_\_\_\_\_

Date: \_\_\_\_\_

14  
15 By: CIC Tripoli, LLC,  
16 a California limited liability company,  
its Administrative General Partner

17 By: Chelsea Investment Corporation, a  
18 California corporation, its Manager

19  
20 By: form - do not sign  
21 Cheri Hoffman, President

22 Date: \_\_\_\_\_

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

25 By:   
26 Amrit P. Dhillon, Deputy County Counsel

27 (Signatures need to be notarized)  
28

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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

STATE OF CALIFORNIA )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2023, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

**EXHIBIT "A"**

**Borrower:** Tripoli CIC, LP  
**Address:** 6339 Paseo Del Lago, Carlsbad, CA 92011  
**Project Title:** Tripoli Apartments  
**Location:** 51392 Cesar Chavez Street, in the City of Coachella, also identified as a portion of APN 778-081-003 and a portion of APN 778-081-001

**Project Description:**

Tripoli CIC, LP shall develop a multi-family affordable rental housing project consisting of 108 units to be occupied by very low income households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside (Project). On site amenities will include a 2,200 square foot community center. The community room will be equipped with a kitchen to accommodate events, computer station and a manager's office. The project is mixed use with 4,325 square feet of retail space. The Project will be located on a 2.79-acre parcel of vacant land located at 51392 Cesar Chavez Street, in the City of Coachella, identified as a portion of Assessor's Parcel Number 778-081-001 and a portion of Assessor's Parcel Number 778-081-003 (Project Site).

A total of 11 units will be subject to HOME program occupancy and use restrictions and will be rented to and occupied by individuals whose income does not exceed 50% of the area median income for the County and shall have a "floating" designation. The Project includes the use of 8 Housing Choice Voucher Program (HCVP) Project Based Vouchers (PBVs) that will serve as a rental subsidy for clients on the Housing Authority of the County of Riverside HCVP waiting list for the Project. The Project shall include a total of 108 units as follow:

- 27- 1 Bedroom Units (542 sq. ft.)
- 51- 2 Bedroom Units (702 sq. ft./includes one managers unit)
- 30- 3 Bedroom Units (932 sq. ft.)



## IMPLEMENTATION SCHEDULE

<b>Milestone</b>	<b>Completion Date</b>
Financing Commitment	June 1, 2023
Construction Start Deadline	June 30, 2023
Completion Deadline	December 31, 2024
Lease Deadline 6 months from Notice of Completion	June 30, 2025
Submission of Final actual project costs and Sources and Uses of Funds	June 1, 2026
Submission of income & ethnic characteristics report	June 1, 2026

LEGAL DESCRIPTION OF PROPERTY

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

**PARCEL A:**

**PARCEL 1:**

A PORTION OF LOT 11, SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF BAGDAD AVENUE, AND TRIPOLI WAY;

THENCE SOUTH 89° 54' WEST, 272 FEET ALONG THE CENTER LINE OF BAGDAD AVENUE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 54' WEST ALONG THE CENTER LINE OF BAGDAD AVENUE, 356.67 FEET, MORE OR LESS, TO THE EASTERLY LINE OF HIGHWAY 99 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF HIGHWAY 86, 102.88 FEET;

THENCE NORTH 89° 54' EAST, 356.67 FEET;

THENCE SOUTH 00° 06' EAST, 102.88 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 30 FEET FOR ROAD PURPOSES;

ALSO EXCEPTING THEREFROM THE WESTERLY 17.00 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26947 OF OFFICIAL RECORDS.

**PARCEL 2:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE STATE HIGHWAY, AS SHOWN ON LICENSED LAND SURVEYOR'S MAP ON FILE IN BOOK 7 PAGE 38 OF RECORD OF SURVEY, RIVERSIDE COUNTY RECORDS, 102.88 FEET NORTH OF THE SOUTHWEST CORNER OF LOT 11;

THENCE CONTINUING NORTHERLY ON SAID EAST LINE OF 140.20 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JENNY JEFFERY, ET AL, BY DEED RECORDED APRIL 12, 1929 IN BOOK 804 PAGE 423 OF DEEDS;

THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL AND PARALLEL

WITH THE SOUTHERLY LINE OF SAID LOT 11, 229 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL CONVEYED TO JEFFERY;

THENCE NORTH 36° 04' WEST ALONG THE NORTHEASTERLY LINE OF THE JEFFERY PARCEL, 75 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL CONVEYED TO ROBERT J. FERRAUD BY DEED RECORDED DECEMBER 6, 1972 AS INSTRUMENT NO. 161111;

THENCE NORTH 53° 36' EAST ON THE SOUTHEAST LINE OF SAID PARCEL CONVEYED TO FERRAUD AND ITS NORTHEASTERLY EXTENSION, 159.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST ON SAID SOUTHWESTERLY LINE, 313.43 FEET MORE OR LESS, TO A POINT 142.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11, SAID POINT BEING ON THE NORTH LINE OF THAT CENTER PARCEL CONVEYED TO LEONHARDT SWINGLE AND LEE J. ANDERSON BY DEED RECORDED NOVEMBER 22, 1934 IN BOOK 201 PAGE 555 OF OFFICIAL RECORDS;

THENCE NORTH 89° 54' EAST ON SAID NORTH LINE OF THE LEONHARDT-ANDERSON PARCEL, 40 FEET, MORE OR LESS, TO THE NORTHEAST CORNER BEING A POINT ON THE CENTER LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST TO A POINT WHICH IS 102.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11;

THENCE SOUTH 89° 54' WEST, 566.78 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 20 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26942 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE WELL SITE DESCRIBED AS;

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORDS OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL 3:**



THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;  
THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL B:**

THAT PORTION OF LOT 11 IN SECTION 5, T. 6 S., R. 8 E., S.B.B. & M. AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY, ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN REAL PROPERTY DESCRIBED IN DEED TO ROBERT J. FERRAUD RECORDED ON DECEMBER 6, 1972 AS INSTRUMENT NO. 161111, OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID REAL PROPERTY OF ROBERT J. FERRAUD, SOUTH 36° 04' 00" EAST, 122.89 FEET TO THE MOST EASTERLY CORNER OF SAID REAL PROPERTY OF ROBERT J. FERRAUD;

THENCE NORTH 53° 56' 00" EAST, PARALLEL WITH THE SOUTHEASTERLY LINE OF SIXTH STREET, 97.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE NORTH 36° 04' 00" WEST, ALONG SAID SOUTHWESTERLY LINE OF TRIPOLI WAY, 122.89 FEET TO SAID SOUTHEASTERLY LINE OF SIXTH STREET;

THENCE SOUTH 53° 56' 00" WEST, ALONG SAID SOUTHEASTERLY LINE OF SIXTH STREET, 97.77 FEET TO THE POINT OF BEGINNING.

APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

**Permanent Sources and Uses of Funds:**

**Sources:**

County of Riverside HOME Loan	\$2,300,000
Banner Bank Perm Loan	\$8,486,100
Infill Infrastructure Grant – HCD	\$4,045,000
Solar Tax Equity	\$242,964
Department of Developmental Services	\$1,360,000
City of Coachella Loan	\$13,568,850
Priority Deferred Developer Fee	\$2,418,643
Subordinate Deferred Developer Fee	\$2,188,582
Limited Partner Tax Credit Equity	\$28,799,801
Soft Loan Interest	\$662,348
<b>Total Sources</b>	<b>\$64,072,289</b>

**Uses:**

Land	\$960,900
Direct Construction Costs	\$34,128,258
Development Impact Fees	\$16,214,522
Architecture & Engineering	\$612,000
Financing Fees and Interest	\$5,209,058
Developer Fee	\$5,493,548
Other Soft Costs	\$1,454,004
<b>Total Uses</b>	<b>\$64,072,289</b>

**DOCUMENT SUBMISSION SCHEDULE**

<b>Documents</b>	<b>Due Date</b>
1. Construction Activities Reporting	Monthly, due by the <b>5<sup>th</sup></b> of each month
2. Liability and Certificate of Workers' Compensation Insurance for Borrower and General Contractor (GC)	BORROWER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up-to-date throughout the course of the Project with COUNTY additionally insured.
1. Compensation Insurance for	Semi-Annually– <b>March 1<sup>st</sup> &amp; September 15<sup>th</sup></b>
2. Borrower and General Contractor (GC)	Beginning of Construction – initial letter End of Construction – final letter
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Bimonthly, due by the <b>5<sup>th</sup></b> of each month
4. Project Site Photos	End of Construction
5. The filing of the Notice of Completion	End of Construction
6. Certificate of Occupancy	Close of Project; and Semi-Annually– <b>Sept 30<sup>th</sup> &amp; March 31<sup>st</sup></b>
7. Tenant Checklist Reporting	Close of Project
8. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
9. Project Completion Report	Close of Project
10. Final Development Cost - Sources and Uses	Close of Project and Audits Completed
11. Final Cost Certification by CPA	Close of Project
12. Final 15/30 Year Cash Flow Projection	Marketing Stage
13. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
14. Management Plan	Marketing Stage
15. Tenant Selection Policy	Marketing Stage
16. Copy of Lease Agreement	Marketing Stage
17. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Annual submission
18. Project Operating Budget	Annual submission
19. Audited Yearly Income Expense Report for the Project	Annual submission



# **EXHIBIT “B”**

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Housing and Workforce Solutions  
3403 Tenth St, Suite 300  
Riverside, CA 92501  
Attn. Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this \_\_\_\_ day of \_\_\_\_, 2023 by Tripoli CIC, LP, a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 6339 Paseo Del Lago, Carlsbad, CA 92011. The trustee is First American Title ("Trustee"). The beneficiary is the County of Riverside, a political subdivision of the State of California, (hereinafter called "Beneficiary"), whose address is 3404 Tenth St, 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 in the City of Coachella, County of Riverside, State of California more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property");

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

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

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



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

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

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



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

- i. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
  - (a) that certain Promissory Note in favor of the Beneficiary ("County" therein) executed by Trustor ("Borrower" therein) of even date herewith (the "Note") in the principal amount of \$2,300,000;
  - (b) that certain Loan Agreement for the Use of HOME Program Funds dated \_\_\_\_\_ and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "HOME Loan Agreement"); and
  - (c) that certain Covenant Agreement dated \_\_\_\_\_ and recorded concurrently herewith in the Official Records, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").
- ii. payment of indebtedness of the Trustor to the Beneficiary not to exceed TWO MILLION THREE HUNDRED THOUSAND DOLLARS (the "HOME Loan") according to the terms of the Note.

Said Note, HOME Loan Agreement and Covenant Agreement (collectively, referred to as the "Secured Obligations") and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The Note, HOME Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the Note, HOME Loan Agreement and Covenant Agreement, as well as any riders, exhibits, addenda, implementation agreements, amendments, or attachments thereto (which are hereby incorporated herein by this reference). Any capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the HOME Loan Agreement.

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Pursuant to the HOME Loan Agreement, the maturity date of the HOME Loan shall be the later to occur of (i) July 1, 2073 or (ii) fifty five (55) years from recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the HOME Loan Agreement) ("HOME Loan Term")

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

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

1. That Trustor shall pay the Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the HOME 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 HOME Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of a Secured Obligation, and after the giving of notice and the expiration of any applicable cure period, the Beneficiary, at its option, may declare the whole of the indebtedness secured hereby to be due and payable.

4. That, subject to the rights of any Senior Lender, 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 HOME Loan Agreement and Covenant Agreement.

4a. That upon default hereunder or under any of the Secured Obligations and the expiration of all applicable notice and cure periods, Beneficiary shall be entitled to the appointment of receiver by any court having jurisdiction, without notice, to take possession and protect the Property described herein and operate same and collect the rents, profits and income therefrom

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

6. **Taxes and Insurance.** Trustor shall pay before delinquency all taxes and assessments affecting said property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust, directly to the person owed payment. Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

a. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof, Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien



which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

7. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under **Section 5** shall be applied: first, to interest due; second, to principal due; and last, to any late charges due under the Note.

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

a. Except for the liens permitted in writing by the Beneficiary, Trustor shall promptly discharge any other lien which shall have attained priority over this Deed of Trust unless Trustor: (1) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Beneficiary; (2) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Beneficiary's opinion operate to prevent the enforcement of the lien; or (3) bond around the lien (4) secures from the holder of the lien an agreement satisfactory to Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Beneficiary determines that any part of the Property is subject to a lien which may attain priority over this Deed of Trust, Beneficiary may give Trustor a notice identifying the lien. Trustor shall satisfy such lien or take one or more of the actions set forth above within 30 days of the giving of notice.

9. **Priority of HOME Deed of Trust.** During the construction phase lien priority shall be: (1) first priority deed of trust for the benefit of Banner Bank ("Banner") securing a construction loan for the Project in an approximate amount up to \$[31,760,427] ("Banner Senior Loan"); (2) second priority deed of trust for the benefit City of Coachella securing a loan in an amount up to \$13,568,850 ("Coachella Loan"); (3) third priority deed of trust for the benefit of CA Department of Housing and Community Development in an approximate amount of \$4,045,000 ("HCD Loan"); (4) fourth priority deed of trust for the benefit of the HOME Loan secured by the HOME Deed of Trust for the benefit of COUNTY securing the HOME Loan and the terms of this Agreement, and (5) fifth priority deed of trust for the benefit of CA Department of Development Services securing a loan in an amount up to \$1,360,000 ("DDS Loan"). The Banner Senior Loan, Coachella Loan and HCD Loan shall be collectively referred to herein as the "Senior Loan" or "Senior Loans". Lien priority upon conversion shall be as follows: (i) first priority shall be the Banner Senior Loan, (ii) second priority shall be the Coachella Loan, (iii) third priority shall be the HCD Loan, (iv) fourth priority shall be the HOME Loan, (v) fifth priority shall be DDS Loan. The Banner Senior Loan, Coachella Loan, and HCD Loan shall be collectively referred to herein as the "Senior Loan" or "Senior Loans". The Senior Loans shall be recorded in a lien position junior to the HOME Covenant Agreement.

Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel.



10. **Hazard or Property Insurance.** Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HOME 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 HOME 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 holder of any Senior Lien, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the holder of any Senior Lien, 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 reasonably determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable notice and cure periods. If Trustor reasonably determines that such restoration or repair is not economically feasible or if a default exists after expiration of all applicable notice and 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 business 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 Lender, if any, to collect and apply such proceeds in accordance with a Senior Lender of Trust.

11. **Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds.** Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially



impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in Section 23, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

a. The Trustor acknowledges that this Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to "low-income housing" within the meaning of the HOME Program. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. **Protection of Beneficiary's Rights in the Property.** If Trustor fails to materially perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then, subject to any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

a. Any amounts disbursed by Beneficiary under this Section 12 shall become additional debt of Trustor secured by this Deed of Trust. Unless Trustor and Beneficiary agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Beneficiary to Trustor requesting payment..

13. **Reserved.**

14. **Inspection.** Beneficiary or its agent may make reasonable entries upon and inspections of the Property. Beneficiary shall give Trustor at least forty-eight (48) hours advanced notice in connection with an inspection specifying reasonable cause for the inspection.

15. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the terms of a Senior Lender's Deed of Trust, if any.



a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property immediately before the taking. Any balance shall be paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Deed of Trust whether or not the sums are then due. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not materially impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.

b. If the Property is abandoned by Trustor, or if, after notice by Beneficiary to Trustor that the condemner offers to make an award or settle a claim for damages, Trustor fails to respond to Beneficiary within 30 business days after the date the notice is given, Beneficiary is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Deed of Trust, whether or not then due.

c. Unless Beneficiary and Trustor otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the payments referred to in **Sections 5 and 6** or change the amount of such payments.

16. **Trustor Not Released; Forbearance By Beneficiary Not a Waiver.** Except in connection with any successor in interest approved by Beneficiary in writing, extension of the time for payment or modification of amortization of the sums secured by this Deed of Trust granted by Beneficiary to any successor in interest of Trustor shall not operate to release the liability of the original Trustor or Trustor's successors in interest. Beneficiary shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Deed of Trust by reason of any demand made by the original Trustor or Trustor's successors in interest. Any forbearance by Beneficiary in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

17. **Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Deed of Trust shall bind and benefit the successors and assigns of Beneficiary and Trustor, subject to the provisions of **Section 22**. Trustor's covenants and agreements shall be joint and several.

18. **Loan Charges.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits



will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

19. **Notices.** Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner at the address set forth in the HOME 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 Lender shall be given by first class mail to such other address the Senior Lender designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

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

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

22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except for Permitted Transfers or as otherwise allowed under the HOME Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of the HOME Program) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by federal law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor and the Senior Lender, prior written notice of acceleration. The notice shall provide a period of not less than 30 business days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration



of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

b. Notwithstanding anything to the contrary contained herein, upon written notice to Beneficiary, Trustor may (i) admit limited partners to Trustor, and provide for the purchase of any such limited partnership interest or interests by Trustor's general partner; (ii) remove for cause any General Partner by a limited partner of the Trustor, and the replacement thereof, pursuant to the Partnership Agreement, provided Beneficiary receives 5 business days advance written notice of such removal. Without limiting Trustor's obligation to provide advance notice of such removal for cause of any General Partner by a limited partner and the replacement thereof set forth in the immediately preceding sentence, amendments to the Partnership Agreement required to effectuate the Permitted Transfer set forth in this clause (ii) shall not require the consent of the Beneficiary; provided, however, Trustor shall provide Beneficiary with an executed copy of such amended agreement within 10 business days of execution thereof; (iii) the lease for occupancy of all or any of the HOME-Assisted Units (as defined in the HOME Loan Agreement); (iv) the granting of easements or permits to facilitate the development of the Property in accordance with the HOME Loan Agreement; and (v) the withdrawal and/or replacement of any limited partner or interests of any limited partner of Trustor, (collectively a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable review of documentation by the Beneficiary.

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 business days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

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

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



26. **Hazardous Substances.** Trustor shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses, construction, and to maintenance of the Property.

a. Trustor shall promptly give Beneficiary written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Trustor has actual knowledge. If Trustor learns, or is notified in writing by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Trustor shall promptly take all necessary remedial actions in accordance with Environmental Law.

b. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials, excluding household products in normal quantities. As used in this **Section 26**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

27. **Acceleration; Remedies.** Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than ten (10) business days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than thirty (30) business 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 Lender or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions set forth in Section 8 of the Note, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, the investor limited partner, the Senior Lender and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder



for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

b. Trustee shall deliver to the purchaser Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.

28. **Release.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs. The lien of the Covenant Agreement shall not be released or reconveyed until the expiration of the term set forth therein notwithstanding the payment of all sums secured by this Deed of Trust.

29. **Substitute Trustee.** Beneficiary, at its option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder by an instrument recorded in the county in which this Deed of Trust is recorded. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon Trustee herein and by applicable law.

30. **Modifications of Senior Loan Documents.** Any agreement or arrangement, in which a Senior Lender waives, postpones, extends, reduces, or modifies any provisions of the Senior Lender Deed of Trust or any other Senior Lenders loan documents, including any provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

31. **Prohibition against tenancy under foreclosure.** Notwithstanding anything to the contrary set forth in this Deed of Trust or in any documents secured by this Deed of Trust or contained in any subordination agreement, the Beneficiary acknowledges and agrees that, in no event will any action be taken which violates Section 42(h)(6)(E)(ii) of the U.S. Internal Revenue Code of 1986, as amended, regarding prohibitions against evicting, terminating tenancy or increasing rent of tenants for a period of three (3) years after acquisition of a building by foreclosure or deed-in-lieu of foreclosure.

32. **General Partner Change.** Except as otherwise provided in the HOME Loan Agreement, the withdrawal, removal, and/or replacement of a general partner of the Trustor pursuant to the terms of the Partnership Agreement shall not constitute a default under any of the Secured Obligations, and any such actions shall not accelerate the maturity of the HOME Loan, provided that any required substitute general partner is reasonably acceptable to Beneficiary and is selected with reasonable promptness, subject to Section 22.b above. Any proposed General Partner replacement shall have the qualifications and financial responsibility as reasonably determined by Beneficiary necessary and adequate to fulfill the obligations undertaken in the HOME Loan Agreement, as amended.

33. **Removal, Demolition or Alteration of Personal Property and Fixtures.** Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value at least equal to that of the replaced personal property and fixtures (and by such removal replacement Trustor shall be deemed to have subjected such replacement personal property and fixtures to the lien of this Deed of Trust), or (ii) such personal property and fixtures may not require replacement if functionally, economically or operationally obsolete and so long as the fair market value of and operational efficiency of the Project is not reduced or adversely effected thereby.

**[Remainder of Page Blank]**

**[Signatures on Following Page]**

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

TRUSTOR:

Tripoli CIC, LP,  
a California limited partnership

By: Pacific Southwest  
Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Managing General Partner

By: form - do not sign  
Juan P. Arroyo, Executive Vice President

By: CIC Tripoli, LLC,  
a California limited liability company,  
its Administrative General Partner

By: Chelsea Investment Corporation,  
a California corporation, its Manager

By: form - do not sign  
Cheri Hoffman, President

Date: \_\_\_\_\_

**(Signature needs to be notarized)**



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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

STATE OF CALIFORNIA )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2023, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

## **EXHIBIT "A"**

### LEGAL DESCRIPTION OF PROPERTY

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

#### **PARCEL A:**

##### **PARCEL 1:**

A PORTION OF LOT 11, SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF BAGDAD AVENUE, AND TRIPOLI WAY;

THENCE SOUTH 89° 54' WEST, 272 FEET ALONG THE CENTER LINE OF BAGDAD AVENUE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 54' WEST ALONG THE CENTER LINE OF BAGDAD AVENUE, 356.67 FEET, MORE OR LESS, TO THE EASTERLY LINE OF HIGHWAY 99 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF HIGHWAY 86, 102.88 FEET;

THENCE NORTH 89° 54' EAST, 356.67 FEET;

THENCE SOUTH 00° 06' EAST, 102.88 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 30 FEET FOR ROAD PURPOSES;

ALSO EXCEPTING THEREFROM THE WESTERLY 17.00 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26947 OF OFFICIAL RECORDS.

##### **PARCEL 2:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE STATE HIGHWAY, AS SHOWN ON LICENSED LAND SURVEYOR'S MAP ON FILE IN BOOK 7 PAGE 38 OF RECORD OF SURVEY, RIVERSIDE COUNTY RECORDS, 102.88 FEET NORTH OF THE SOUTHWEST CORNER OF LOT 11;

THENCE CONTINUING NORTHERLY ON SAID EAST LINE OF 140.20 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JENNY JEFFERY, ET AL, BY DEED RECORDED APRIL 12, 1929 IN BOOK 804 PAGE 423 OF DEEDS;

THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL AND PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 11, 229 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL CONVEYED TO JEFFERY;

THENCE NORTH 36° 04' WEST ALONG THE NORTHEASTERLY LINE OF THE JEFFERY PARCEL, 75 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL CONVEYED TO ROBERT J. FERRAUD BY DEED RECORDED DECEMBER 6, 1972 AS INSTRUMENT NO. 161111;

THENCE NORTH 53° 36' EAST ON THE SOUTHEAST LINE OF SAID PARCEL CONVEYED TO FERRAUD AND ITS NORTHEASTERLY EXTENSION, 159.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST ON SAID SOUTHWESTERLY LINE, 313.43 FEET MORE OR LESS, TO A POINT 142.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11, SAID POINT BEING ON THE NORTH LINE OF THAT CENTER PARCEL CONVEYED TO LEONHARDT SWINGLE AND LEE J. ANDERSON BY DEED RECORDED NOVEMBER 22, 1934 IN BOOK 201 PAGE 555 OF OFFICIAL RECORDS;

THENCE NORTH 89° 54' EAST ON SAID NORTH LINE OF THE LEONHARDT-ANDERSON PARCEL, 40 FEET, MORE OR LESS, TO THE NORTHEAST CORNER BEING A POINT ON THE CENTER LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST TO A POINT WHICH IS 102.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11;

THENCE SOUTH 89° 54' WEST, 566.78 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 20 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26942 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE WELL SITE DESCRIBED AS;

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORDS OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;



THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL 3:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;  
THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL B:**

THAT PORTION OF LOT 11 IN SECTION 5, T. 6 S., R. 8 E., S.B.B.& M. AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY, ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN REAL PROPERTY DESCRIBED IN DEED TO ROBERT J. FERRAUD RECORDED ON DECEMBER 6, 1972 AS INSTRUMENT NO. 161111, OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID REAL PROPERTY OF ROBERT J. FERRAUD, SOUTH 36° 04' 00" EAST, 122.89 FEET TO THE MOST EASTERLY CORNER OF SAID REAL PROPERTY OF ROBERT J. FERRAUD;

THENCE NORTH 53° 56' 00" EAST, PARALLEL WITH THE SOUTHEASTERLY LINE OF SIXTH STREET, 97.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE NORTH 36° 04' 00" WEST, ALONG SAID SOUTHWESTERLY LINE OF TRIPOLI WAY, 122.89 FEET TO SAID SOUTHEASTERLY LINE OF SIXTH STREET;

THENCE SOUTH 53° 56' 00" WEST, ALONG SAID SOUTHEASTERLY LINE OF SIXTH STREET, 97.77 FEET TO THE POINT OF BEGINNING.

APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

**EXHIBIT "C"**

**PROMISSORY NOTE (HOME Loan)**

**\$2,300,000**

**Riverside, CA**

In installments as hereafter stated, for value received, Tripoli CIC, LP, a California limited partnership ("Borrower"), promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 3403 Tenth St, Suite 300, Riverside, CA 92501, the sum of Two Million Three Hundred Thousand Dollars and No/100 Dollars (U.S. \$2,300,000.00) (the "HOME Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note ("Note") is given in accordance with that certain Loan Agreement for the Use of HOME program funds executed by COUNTY and Borrower, dated as of \_\_\_\_\_ and recorded in the Official Records ("Official Records") of the County of Riverside on or about the date hereof (the "HOME 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 HOME Loan Agreement. The Note is secured by a Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County dated \_\_\_\_\_ and recorded on or about the date hereof in the Official Records (the "HOME Deed of Trust" of "Deed of Trust"). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME 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 HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the loans secured by the Project, which includes the HOME Loan ("Residual Receipts Loans"). The payment shall be split pro-rata between each Residual Receipts Loan based on the percentage of each respective loan amount according to its share of the total amount of all such loans, until the HOME Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to Borrower.
- (4) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be the later to occur of (i) July 1, 2078 or (ii) fifty-five (55) years from and after the recordation of the Notice of



Completion (the "HOME Loan Term"). The first payment shall be due on July 1<sup>st</sup> 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 1<sup>st</sup> thereafter to the extent of available Residual Receipts until sooner of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above.

- (5) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER to COUNTY within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1st of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon the maturity date of the HOME Note and the expiration of the HOME Loan Term as set forth in Section 4. The first payment from BORROWER to COUNTY shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until the earlier of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above. The term "Project Residual Receipts" used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the Developer derived from the ownership, operation and management of the Property, not including interest on required reserve accounts, less the following operating expenses:
- a) auditing and accounting fees;
  - b) a reasonable property management fee not to exceed [\$55] per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year;
  - c) Operating Expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance);
  - d) replacement reserves, established in a separate account from operating reserves, limited to \$500 per unit per year for all units in the Project, as defined in Exhibit A;
  - e) Operating Reserves replenishment in an amount up to \$25,000;
  - f) deferred developer's fee in the amount of \$[\_\_\_\_\_];
  - g) a managing general partner asset management annual fee which shall be in the total initial amount of \$ 25,000, increased by no more than 3% annually;
  - h) an annual limited partner asset management fee not to exceed \$8,500 which fee shall be increased annually by 3% during each year of the tax credit compliance period for the Project, and thereafter any further increases shall not be permitted without the written approval of the County's HWS Director in their discretion;
  - i) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and
  - j) COUNTY's Annual Monitoring Fee in the total annual amount of \$10,800.

The calculation of operating expenses shall be subject to the reasonable approval of the County's Executive Director or designee.



Operating expenses shall not include repayment of advances to the Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties (including without limitation, any advances or reimbursements for any portion of the Deferred Developer's Fee to pay any construction cost overruns) (collectively a "Partnership Loan"); provided, however, such Partnership Loan may be authorized by the County's Executive Director, or designee, in his/her sole discretion, upon written request received by the County. In considering such Borrower request for approval of a Partnership Loan, County's Executive Director, or designee, will consider the following: (i) whether such request was made pursuant to the terms of the Partnership Agreement, (ii) if a Project deficit exists and written evidence of such deficit is provided to the County's Executive Director, or designee, (iii) Borrower has demonstrated to Authority, in writing, that the requested loan is the only available means of relieving such deficit, (iv) the County's Executive Director, or designee, approves the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The County's Executive Director, or designee, shall retain the right, in its discretion, to defer such approval to the County's Board of Supervisors. Failure by the County's Executive Director, or designee, to respond to such request within 30 days of the County's receipt of such written notice shall be deemed disapproval of such request.

- (6) The HOME Loan evidenced by this Note is secured by that certain HOME Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof ("Deed of Trust").
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium, provided however notwithstanding such prepayment, Borrower shall be required to adhere to the affordability restrictions contained in the Covenants until the expiration of the term contained therein.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME 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



Paragraph 8, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME 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 HOME Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the HOME 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 HOME Loan Agreement:

a. Monetary Default. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than those costs permitted under the HOME Loan Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of Banner securing a construction loan in a principal amount up to \$[31,760,427], (ii) that certain Deed of Trust for the benefit of the City of Coachella securing a loan in an amount up to \$13,568,850, (iii), that certain Deed of Trust for the benefit of CA Department of Housing and Community Development in an approximate amount of \$4,045,000, (iv) that certain Deed of Trust for the benefit of CA Department of Development Services securing a loan in a principal amount up to \$1,360,000 and (v) any other instrument or document secured against the Property;

b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval that are prohibited under this agreement or that have the effect of reducing the priority or invalidating the lien of the HOME Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HOME Loan Agreement, (4) any material default under the HOME Loan Agreement, HOME Deed of Trust with Assignment of Rents, Covenant Agreement, HOME Note, or any document executed by the County in connection with this Agreement, and/or (5) default past any applicable notice and cure period under the terms of the HOME Deed of Trust or 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 in the HOME Loan Agreement; and

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

- (10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Borrower shall have ten (10) business days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HOME Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.



- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) In no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the HOME Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (19) Except as to the permitted deeds of trust identified herein, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21)
  - (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.
  - (b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 3403 10<sup>th</sup> Street, Suite 300, Riverside, California 92501, Attention: Director of Housing, Homelessness Prevention & Workforce Solutions. The facsimile number for the COUNTY's receipt of notices is (951) 374-3098.
  - (c) The address of Borrower for purposes of receiving notices pursuant to this Note is 6339 Paseo Del Lago, Carlsbad, CA 92011, Attention: President, with a copy to Borrower's limited partner, WNC Inc., 17782 Sky Park Circle, Irvine, CA 92614, Attention: Director of Asset Management.
- (22) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.

- (23) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (24) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]



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

TRUSTOR:

Tripoli CIC, L.P., a California limited partnership

By: Pacific Southwest  
Community Development Corporation,  
a California nonprofit public benefit corporation,  
its Managing General Partner

By: \_\_\_\_\_ form - do not sign  
Juan P. Arroyo, Executive Vice President

Date: \_\_\_\_\_

By: CIC 6th & Cesar Chavez, LLC, a  
California limited liability company,  
its Administrative General Partner

By: Chelsea Investment Corporation, a  
California corporation, its Manager

By: \_\_\_\_\_ form - do not sign  
Cheri Hoffman, President

Date: \_\_\_\_\_

**EXHIBIT "D"**

**RIVERSIDE COUNTY**

**SECTION 3**

**24 CFR PART 75**

**ECONOMIC OPPORTUNITIES FOR  
LOW-AND VERY LOW-INCOME PERSONS**

**CONTRACT REQUIREMENTS**

## RIVERSIDE COUNTY

### Section 75.1 Purpose

This part establishes the requirements to be followed to ensure the objectives of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) are met. The purpose of Section 3 is to ensure that economic opportunities, most importantly employment, generated by certain HUD financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing or residents of the community in which the Federal assistance is spent.

### Section 75.3 Applicability

(a) General applicability. Section 3 applies to public housing financial assistance and Section 3 projects, as follows:

(1) Public housing financial assistance. Public housing financial assistance means:

(i) Development assistance provided pursuant to section 5 of the United States Housing Act of 1937 (the 1937 Act);

(ii) Operations and management assistance provided pursuant to section 9(e) of the 1937 Act;

(iii) Development, modernization, and management assistance provided pursuant to section 9(d) of the 1937 Act; and

(iv) The entirety of a mixed-finance development project as described in 24 CFR 905.604, regardless of whether the project is fully or partially assisted with public housing financial assistance as defined in paragraphs (a)(1)(i) through (iii) of this section.

**(2) Section 3 projects. (i) Section 3 projects means housing rehabilitation, housing construction, and other public construction projects assisted under HUD programs that provide housing and community development financial assistance when the total amount of assistance to the project exceeds a threshold of \$200,000. The threshold is \$100,000 where the assistance is from the Lead Hazard Control and Healthy Homes programs, as authorized by Sections 501 or 502 of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 or 1701z-2), the Lead-Based Paint Poisoning Prevention Act (42 U.S.C 4801 et seq.); and the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851 et seq.). The project is the site or sites together with any building(s) and improvements located on the site(s) that are under common ownership, management, and financing.**

(ii) The Secretary must update the thresholds provided in paragraph (a)(2)(i) of this section not less than once every 5 years based on a national construction cost inflation factor through Federal Register notice not subject to public comment. When the Secretary finds it is warranted to ensure compliance with Section 3, the Secretary may adjust, regardless



of the national construction cost factor, such thresholds through Federal Register notice, subject to public comment.

(iii) The requirements in this part apply to an entire Section 3 project, regardless of whether the project is fully or partially assisted under HUD programs that provide housing and community development financial assistance.

(b) Contracts for materials. Section 3 requirements do not apply to material supply contracts.

(c) Indian and Tribal preferences. Contracts, subcontracts, grants, or subgrants subject to Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 5307(b)) or subject to tribal preference requirements as authorized under 101(k) of the Native American Housing Assistance and Self-Determination Act (25 U.S.C. 4111(k)) must provide preferences in employment, training, and business opportunities to Indians and Indian organizations, and are therefore not subject to the requirements of this part.

(d) Other HUD assistance and other Federal assistance. Recipients that are not subject to Section 3 are encouraged to consider ways to support the purpose of Section 3.

#### **Section 75.5 Definitions.**

The terms HUD, Public housing, and Public Housing Agency (PHA) are defined in 24 CFR part 5. The following definitions also apply to this part:

**1937 Act** means the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.

**Contractor** means any entity entering into a contract with:

- (1) A recipient to perform work in connection with the expenditure of public housing financial assistance or for work in connection with a Section 3 project; or
- (2) A subrecipient for work in connection with a Section 3 project.

**Labor hours** means the number of paid hours worked by persons on a Section 3 project or by persons employed with funds that include public housing financial assistance.

**Low-income person** means a person as defined in Section 3(b)(2) of the 1937 Act.

**Material supply contracts** means contracts for the purchase of products and materials, including, but not limited to, lumber, drywall, wiring, concrete, pipes, toilets, sinks, carpets, and office supplies.

**Professional services** means non-construction services that require an advanced degree or professional licensing, including, but not limited to, contracts for legal services, financial consulting, accounting services, environmental assessment, architectural services, and civil engineering services.

**Public housing financial assistance** means assistance as defined in §75.3(a)(1).

**Public housing project** is defined in 24 CFR 905.108.

**Recipient** means any entity that receives directly from HUD public housing financial assistance or housing and community development assistance that funds Section 3 projects, including, but not limited to, any State, local government, instrumentality, PHA, or other public agency, public or private nonprofit organization.

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

**Section 3 business concern** means:

(1) A business concern meeting at least one of the following criteria, documented within the last six-month period:

(i) It is at least 51 percent owned and controlled by low- or very low-income persons;

(ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or

(iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

(2) The status of a Section 3 business concern shall not be negatively affected by a prior arrest or conviction of its owner(s) or employees.

(3) Nothing in this part shall be construed to require the contracting or subcontracting of a Section 3 business concern. Section 3 business concerns are not exempt from meeting the specifications of the contract.

**Section 3 project** means a project defined in §75.3(a)(2).

**Section 3 worker** means:

(1) Any worker who currently fits or when hired within the past five years fit at least one of the following categories, as documented:

(i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.

(ii) The worker is employed by a Section 3 business concern.

(iii) The worker is a YouthBuild participant.

(2) The status of a Section 3 worker shall not be negatively affected by a prior arrest or conviction.



(3) Nothing in this part shall be construed to require the employment of someone who meets this definition of a Section 3 worker. Section 3 workers are not exempt from meeting the qualifications of the position to be filled.

**Section 8-assisted housing** refers to housing receiving project-based rental assistance or tenant-based assistance under Section 8 of the 1937 Act.

**Service area or the neighborhood of the project** means an area within one mile of the Section 3 project or, if fewer than 5,000 people live within one mile of a Section 3 project, within a circle centered on the Section 3 project that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census.

**Small PHA** means a public housing authority that manages or operates fewer than 250 public housing units.

**Subcontractor** means any entity that has a contract with a contractor to undertake a portion of the contractor's obligation to perform work in connection with the expenditure of public housing financial assistance or for a Section 3 project.

**Subrecipient** has the meaning provided in the applicable program regulations or in 2 CFR 200.93.

**Targeted Section 3 worker** has the meanings provided in §§75.11, 75.21, or 75.29, and does not exclude an individual that has a prior arrest or conviction.

**Very low-income person** means the definition for this term set forth in section 3(b)(2) of the 1937 Act.

**YouthBuild programs** refers to YouthBuild programs receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C. 3226).

## **Subpart C—Additional Provisions for Housing and Community Development Financial Assistance**

### **§75.19 Requirements.**

(a) *Employment and training.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure that employment and training opportunities arising in connection with Section 3 projects are provided to Section 3 workers within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for opportunities and training described in paragraph (a)(1) of this section should be given to:

(i) Section 3 workers residing within the service area or the neighborhood of the project,  
and



(ii) Participants in YouthBuild programs.

(b) *Contracting.* (1) To the greatest extent feasible, and consistent with existing Federal, state, and local laws and regulations, recipients covered by this subpart shall ensure contracts for work awarded in connection with Section 3 projects are provided to business concerns that provide economic opportunities to Section 3 workers residing within the metropolitan area (or nonmetropolitan county) in which the project is located.

(2) Where feasible, priority for contracting opportunities described in paragraph (b)(1) of this section should be given to:

(i) Section 3 business concerns that provide economic opportunities to Section 3 workers residing within the service area or the neighborhood of the project, and

(ii) YouthBuild programs.

**§75.21 Targeted Section 3 worker for housing and community development financial assistance.**

(a) *Targeted Section 3 worker.* A Targeted Section 3 worker for housing and community development financial assistance means a Section 3 worker who is:

(1) A worker employed by a Section 3 business concern; or

(2) A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:

(i) Living within the service area or the neighborhood of the project, as defined in §75.5; or

(ii) A YouthBuild participant.

(b) [Reserved]

**§75.23 Section 3 safe harbor.**

(a) *General.* Recipients will be considered to have complied with requirements in this part, in the absence of evidence to the contrary if they:

(1) Certify that they have followed the prioritization of effort in §75.19; and

(2) Meet or exceed the applicable Section 3 benchmark as described in paragraph (b) of this section.

(b) *Establishing benchmarks.* (1) HUD will establish Section 3 benchmarks for Section 3 workers or Targeted Section 3 workers or both through a document published in the FEDERAL REGISTER. HUD may establish a single nationwide benchmark for Section 3 workers and a single nationwide benchmark for Targeted Section 3 workers, or may establish multiple benchmarks based on geography, the nature of the Section 3 project, or other variables. HUD will update the

benchmarks through a document published in the FEDERAL REGISTER, subject to public comment, not less frequently than once every 3 years. Such notice shall include aggregate data on labor hours and the proportion of recipients meeting benchmarks, as well as other metrics reported pursuant to §75.25 as deemed appropriate by HUD, for the 3 most recent reporting years.

(2) In establishing the Section 3 benchmarks, HUD may consider the industry averages for labor hours worked by specific categories of workers or in different localities or regions; averages for labor hours worked by Section 3 workers and Targeted Section 3 workers as reported by recipients pursuant to this section; and any other factors HUD deems important. In establishing the Section 3 benchmarks, HUD will exclude professional services from the total number of labor hours as such hours are excluded from the total number of labor hours to be reported per §75.25(a)(4).

(3) Section 3 benchmarks will consist of the following two ratios:

(i) The number of labor hours worked by Section 3 workers divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

(ii) The number of labor hours worked by Targeted Section 3 workers as defined in §75.21(a), divided by the total number of labor hours worked by all workers on a Section 3 project in the recipient's program year.

#### **§75.25 Reporting.**

(a) *Reporting of labor hours.* (1) For Section 3 projects, recipients must report in a manner prescribed by HUD:

(i) The total number of labor hours worked;

(ii) The total number of labor hours worked by Section 3 workers; and

(iii) The total number of labor hours worked by Targeted Section 3 workers.

(2) Section 3 workers' and Targeted Section 3 workers' labor hours may be counted for five years from when their status as a Section 3 worker or Targeted Section 3 worker is established pursuant to §75.31.

(3) The labor hours reported under paragraph (a)(1) of this section must include the total number of labor hours worked on a Section 3 project, including labor hours worked by any subrecipients, contractors and subcontractors that the recipient is required, or elects pursuant to paragraph (a)(4) of this section, to report.

(4) Recipients reporting under this section, as well as subrecipients, contractors and subcontractors who report to recipients, may report labor hours by Section 3 workers, under paragraph (a)(1)(ii) of this section, and labor hours by Targeted Section 3 workers, under paragraph (a)(1)(iii) of this section, from professional services without including labor hours from professional services in the total number of labor hours worked under paragraph (a)(1)(i) of



this section. If a contract covers both professional services and other work and the recipient or contractor or subcontractor chooses not to report labor hours from professional services, the labor hours under the contract that are not from professional services must still be reported.

(5) Recipients may report their own labor hours or that of a subrecipient, contractor, or subcontractor based on the employer's good faith assessment of the labor hours of a full-time or part-time employee informed by the employer's existing salary or time and attendance based payroll systems, unless the project or activity is otherwise subject to requirements specifying time and attendance reporting.

(b) *Additional reporting if Section 3 benchmarks are not met.* If the recipient's reporting under paragraph (a) of this section indicates that the recipient has not met the Section 3 benchmarks described in §75.23, the recipient must report in a form prescribed by HUD on the qualitative nature of its activities and those its contractors and subcontractors pursued. Such qualitative efforts may, for example, include but are not limited to the following:

(1) Engaged in outreach efforts to generate job applicants who are Targeted Section 3 workers.

(2) Provided training or apprenticeship opportunities.

(3) Provided technical assistance to help Section 3 workers compete for jobs (*e.g.*, resume assistance, coaching).

(4) Provided or connected Section 3 workers with assistance in seeking employment including: drafting resumes, preparing for interviews, and finding job opportunities connecting residents to job placement services.

(5) Held one or more job fairs.

(6) Provided or referred Section 3 workers to services supporting work readiness and retention (*e.g.*, work readiness activities, interview clothing, test fees, transportation, child care).

(7) Provided assistance to apply for/or attend community college, a four-year educational institution, or vocational/technical training.

(8) Assisted Section 3 workers to obtain financial literacy training and/or coaching.

(9) Engaged in outreach efforts to identify and secure bids from Section 3 business concerns.

(10) Provided technical assistance to help Section 3 business concerns understand and bid on contracts.

(11) Divided contracts into smaller jobs to facilitate participation by Section 3 business concerns.



(12) Provided bonding assistance, guaranties, or other efforts to support viable bids from Section 3 business concerns.

(13) Promoted use of business registries designed to create opportunities for disadvantaged and small businesses.

(14) Outreach, engagement, or referrals with the state one-stop system as defined in Section 121(e)(2) of the Workforce Innovation and Opportunity Act.

(c) *Reporting frequency.* Unless otherwise provided, recipients must report annually to HUD under paragraph (a) of this section, and, where required, under paragraph (b) of this section, on all projects completed within the reporting year in a manner consistent with reporting requirements for the applicable HUD program.

#### **§75.27 Contract provisions.**

(a) Recipients must include language applying Section 3 requirements in any subrecipient agreement or contract for a Section 3 project.

(b) Recipients of Section 3 funding must require subrecipients, contractors, and subcontractors to meet the requirements of §75.19, regardless of whether Section 3 language is included in recipient or subrecipient agreements, program regulatory agreements, or contracts.

### **Subpart D—Provisions for Multiple Funding Sources, Recordkeeping, and Compliance**

#### **§75.29 Multiple funding sources.**

(a) If a housing rehabilitation, housing construction or other public construction project is subject to Section 3 pursuant to §75.3(a)(1) and (2), the recipient must follow subpart B of this part for the public housing financial assistance and may follow either subpart B or C of this part for the housing and community development financial assistance. For such a project, the following applies:

(1) For housing and community development financial assistance, a Targeted Section 3 worker is any worker who meets the definition of a Targeted Section 3 worker in either subpart B or C of this part; and

(2) The recipients of both sources of funding shall report on the housing rehabilitation, housing construction, or other public construction project as a whole and shall identify the multiple associated recipients. PHAs and other recipients must report the following information:

- (i) The total number of labor hours worked on the project;
- (ii) The total number of labor hours worked by Section 3 workers on the project; and
- (iii) The total number of labor hours worked by Targeted Section 3 workers on the project.

(b) If a housing rehabilitation, housing construction, or other public construction project is subject to Section 3 because the project is assisted with funding from multiple sources of housing and community development assistance that exceed the thresholds in §75.3(a)(2), the recipient or recipients must follow subpart C of this part, and must report to the applicable HUD program office, as prescribed by HUD.

### **§75.31 Recordkeeping.**

(a) HUD shall have access to all records, reports, and other documents or items of the recipient that are maintained to demonstrate compliance with the requirements of this part, or that are maintained in accordance with the regulations governing the specific HUD program by which the Section 3 project is governed, or the public housing financial assistance is provided or otherwise made available to the recipient, subrecipient, contractor, or subcontractor.

(b) Recipients must maintain documentation, or ensure that a subrecipient, contractor, or subcontractor that employs the worker maintains documentation, to ensure that workers meet the definition of a Section 3 worker or Targeted Section 3 worker, at the time of hire or the first reporting period, as follows:

(1) For a worker to qualify as a Section 3 worker, one of the following must be maintained:

(i) A worker's self-certification that their income is below the income limit from the prior calendar year;

(ii) A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;

(iii) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;

(iv) An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or

(v) An employer's certification that the worker is employed by a Section 3 business concern.

(2) For a worker to qualify as a Targeted Section 3 worker, one of the following must be maintained:

(i) For a worker to qualify as a Targeted Section 3 worker under subpart B of this part:

(A) A worker's self-certification of participation in public housing or Section 8-assisted housing programs;

(B) Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;



(C) An employer's certification that the worker is employed by a Section 3 business concern; or

(D) A worker's certification that the worker is a YouthBuild participant.

(ii) For a worker to qualify as a Targeted Section 3 worker under subpart C of this part:

(A) An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;

(B) An employer's certification that the worker is employed by a Section 3 business concern; or

(C) A worker's self-certification that the worker is a YouthBuild participant.

(c) The documentation described in paragraph (b) of this section must be maintained for the time period required for record retentions in accordance with applicable program regulations or, in the absence of applicable program regulations, in accordance with 2 CFR part 200.

(d) A PHA or recipient may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.

### **§75.33 Compliance.**

(a) *Records of compliance.* Each recipient shall maintain adequate records demonstrating compliance with this part, consistent with other recordkeeping requirements in 2 CFR part 200.

(b) *Complaints.* Complaints alleging failure of compliance with this part may be reported to the HUD program office responsible for the public housing financial assistance or the Section 3 project, or to the local HUD field office.

(c) *Monitoring.* HUD will monitor compliance with the requirements of this part. The applicable HUD program office will determine appropriate methods by which to oversee Section 3 compliance. HUD may impose appropriate remedies and sanctions in accordance with the laws and regulations for the program under which the violation was found.



**RIVERSIDE COUNTY**  
**SECTION 3 BUSINESS CONCERN CERTIFICATION FOR CONTRACTING**

**Instructions:** Enter the following information and select the criteria that applies to certify your business' Section 3 Business Concern status.

**Business Information**

Name of Business \_\_\_\_\_

Address of Business \_\_\_\_\_

Name of Business Owner \_\_\_\_\_

Phone Number of Business Owner \_\_\_\_\_

Email Address of Business Owner \_\_\_\_\_

**Preferred Contact Information**

Same as above

Name of Preferred Contact \_\_\_\_\_

Phone Number of Preferred Contact \_\_\_\_\_

**Type of Business (select from the following options):**

Corporation       Partnership       Sole Proprietorship       Joint Venture

**Select from ONE of the following three options below that applies:**

At least 51 percent of the business is owned and controlled by low- or very low-income persons (*Refer to income guidelines on page 2*).

At least 51 percent of the business is owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers (*Refer to definition on page 2*).

**Business Concern Affirmation**

I affirm that the above statements (on the frontside of this form) are true, complete, and correct to the best of my knowledge and belief. I understand that businesses who misrepresent themselves as Section 3 business concerns and report false information to [insert name of recipient/grantee] may have their contracts terminated as default and be barred from ongoing and future considerations for contracting opportunities. I hereby certify, under penalty of law, that the following information is correct to the best of my knowledge.

Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

\*Certification expires within six months of the date of signature.

Information regarding Section 3 Business Concerns can be found at 24 CFR 75.5

**FOR ADMINISTRATIVE USE ONLY**

Is the business a Section 3 business concern based upon their certification?       YES       NO  
**EMPLOYERS MUST RETAIN THIS FORM IN THEIR SECTION 3 COMPLIANCE FILE FOR FIVE YEARS.**

## Riverside County Section 3 Income Limits

U.S. DEPARTMENT OF HUD STATE: CALIFORNIA  
- 2022 ADJUSTED HOME INCOME LIMITS AND HOME PROGRAM RENTS  
**effective June 15, 2022**  
Riverside-San Bernardino-Ontario, CA MSA

Income level	1 person	2 person	3 person	4 person	5 person	6 person	7 person
30% extremely low	18500	21150	23800	26400	28550	30650	32750
50% very low	30800	35200	39600	44000	47550	51050	54600
60% limits	36960	42240	47520	52800	57060	61260	65520
80% low	49300	56350	63400	70400	76050	81700	87300

### Section 3 Worker Definition:

- i. A low or very low-income resident (the worker's income for the previous or annualized calendar year is below the income limit established by HUD); or
- ii. Employed by a Section 3 business concern; or
- iii. A YouthBuild participant.

### Targeted Section 3 Worker Definition:

- iv. Employed by a Section 3 business concern or
- v. Currently meets or when hired met at least one of the following categories as documented within the past five years:
  - o A resident of public housing; or
  - o A resident of other public housing projects or Section 8-assisted housing; or
  - o A YouthBuild participant.



## Prohibition Against Conflicts of Interest

### **EXHIBIT "E"**

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

d. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;

e. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;



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

Owners/Participants and Developers.

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

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

TOPIC: CONFLICT OF INTEREST CODED  
RIVERSIDE COUNTY  
DEPARTMENT OF HOUSING AND  
WORKFORCE SOLUTIONS  
DATE: MARCH 1999

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

- 1) No employee, officer, or agent of the grantee shall participate in the selection, in the award or in the administration of a contract supported by Federal Funds if a conflict of interest, real or apparent, would be involved.
- 2) Such a conflict will arise when:
  - i) The employee, officer or agent;
  - ii) Any member of the immediate family;
  - iii) His/Her partners; or
  - iv) An organization which employs, or is about to employ any of the above has a financial or other interest in the firm's selection for award.
- 3) The grantee's or sub-grantee's officers, employees or agents will neither solicit nor accept gratuities, favors or anything of monetary value from contractors or parties to sub-agreements except as noted in Section 4.
- 4) A grantee's or sub-grantee's officers, employees or agents will be presumed to have a financial interest in a business if their financial interest exceeds the following:
  - i) Any business entity in which the official has a direct or indirect investment worth one thousand dollars (\$1,000) or more.
  - ii) Any real property in which the official has a direct or indirect interest worth one thousand dollars (\$1,000) or more.
  - iii) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating two hundred fifty dollars (\$250) or more in value provided to, received by or promised to the official within 12 months prior to the time when the decision is made.
  - iv) Any business entity in which the official is a director, officer, partner, trustee, employee, or holds any position of management.
  - v) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating two hundred fifty dollars (\$250) or more in value provided to, received by, or promised to the official within 12 months prior to the time when the decision is made.
- 5) For purposes of **Section 4**, indirect investment or interest means any investment or interest owned by the spouse or dependent child of an official, by an agent on behalf of an official, or by a business entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.





# **EXHIBIT “G”**

Covenant Agreement

1 NO FEE FOR RECORDING PURSUANT  
2 TO GOVERNMENT CODE SECTION 6103

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

6 RECORDING REQUESTED BY AND  
7 WHEN RECORDED MAIL TO:

8 County of Riverside  
9 Housing and  
10 Workforce Development  
11 3403 Tenth St, Suite 300  
12 Riverside, CA 92501  
13 Attn. Nicole Sanchez

14 SPACE ABOVE THIS LINE FOR RECORDERS USE

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**COVENANT AGREEMENT  
(Tripoli Apartments)**

This Covenant Agreement (Tripoli Apartments) (“Covenant”) 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”), Tripoli CIC, LP, a California limited partnership (“OWNER”).

**RECITALS**

WHEREAS, OWNER owns that certain real property located at 51392 Cesar Chavez St in the City of Coachella, also identified as Assessor’s Parcel Number 778-081-001 and 778-081-003, described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference (the “Property”);

WHEREAS, on \_\_\_\_\_ COUNTY and OWNER entered into that certain Loan Agreement for the use of HOME Program Funds (Tripoli Apartments) dated \_\_\_\_\_ and recorded in the Official Records (“Official Records”) of the County of Riverside concurrently herewith (the “HOME Loan Agreement” or “Agreement”) which provides for, among other things, the development and construction on the Property, also known as “Tripoli Apartments,” a multi-family affordable

1 housing project consisting of one hundred eight (108) rental housing units, one (1) unit shall be  
2 designated as a managers unit, and 11 units of which shall be rented to and occupied by very low-  
3 income households (“HOME Assisted Units”) (collectively the “Project”). Capitalized terms not  
4 defined herein shall have the meaning ascribed to them in the HOME Loan Agreement;

5 WHEREAS, the County was qualified by the United States Department of Housing and  
6 Urban Development (“HUD”) as an “Urban County” and an approved participating jurisdiction  
7 that has received funds from HUD pursuant to the HOME Investment Partnerships Program, Title  
8 II of the Cranston-Gonzalez National Affordable Housing Act , as amended (commencing at 42  
9 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively,  
10 the “HOME Program”), for the purposes of providing decent, safe, sanitary, and affordable  
11 housing with primary attention to rental housing, for low-income families; to strengthen public-  
12 private partnerships to carry out affordable housing programs; and to provide for coordinated  
13 assistance to participants in the development of affordable low-income housing;

14 WHEREAS, pursuant to the HOME Loan Agreement, COUNTY loaned to OWNER  
15 \$2,300,000 derived from HOME funds (“HOME Loan”), to pay a portion of the costs to develop  
16 and construct the Project, as more fully described in the HOME Loan Agreement. The HOME  
17 Loan is evidenced by a Promissory Note executed by OWNER, in favor of the COUNTY dated  
18 on or about the date hereof (“HOME Loan Note”) and secured by that certain Deed of Trust and  
19 Assignment of Rents executed by OWNER, for the benefit of COUNTY and recorded in the  
20 Official Records concurrently herewith (“HOME Loan Deed of Trust”); and

21 WHEREAS, pursuant to the HOME Loan Agreement, OWNER has agreed to develop and  
22 construct the Project on the Property and ensure the HOME Assisted Units are rented to and  
23 occupied by qualified very low-income households consistent with the HOME Program  
24 requirements and as set forth more specifically below.

25 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for  
26 other good and valuable consideration, the receipt and sufficiency of which are hereby  
27 acknowledged, OWNER, on behalf of itself and its successors, assigns, and each successor in  
28



1 interest to the Property or any part thereof, hereby declares as follows:

2 (1) RESTRICTIONS. The recitals set forth above are true and correct and incorporated  
3 herein. This Covenant shall continue in full force and effect for the later of (i) fifty-five (55) years  
4 from the recordation of the Notice of Completion for the last building for which construction is  
5 completed for the Project on the Property, or (ii) July 1, 2078 (“Term” or “Affordability Period”).  
6 For the duration of the Term, the Property shall be held, sold and conveyed, subject to the following  
7 covenants, conditions, and restrictions:

8 a) Eleven (11) rental units within the Project consisting of 5 one-bedrooms, 3  
9 two-bedrooms and 3 three-bedrooms shall be designated as floating Low HOME rent units rented  
10 to and occupied by Qualified Very Low Income Households whose incomes do not exceed fifty  
11 percent (50%) of the area median income for the County of Riverside (“VLI households”), adjusted  
12 by family size at the time of occupancy as published by HUD (“HOME-Assisted Units”). The  
13 HOME-Assisted Units shall be a “floating” designation on the Property such that the requirements  
14 of this Covenant will be satisfied so long as the total number of HOME-Assisted Units remains  
15 the same throughout the Affordability Period and the substituted HOME Assisted Unit is  
16 comparable in terms of size, features, and number of bedrooms to the originally designates HOME  
17 Assisted Unit;

18 b) HOME-Assisted Units shall be rented to and occupied by VLI households  
19 that qualify for an affordable rent as defined under 24 CFR 92.252 of the HOME Investment  
20 Partnerships Act and HOME Investment Partnerships (“HOME”) program, which was enacted  
21 under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended  
22 (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part  
23 92) (collectively, the “HOME Program”). Affordable rents including utility allowance for VLI  
24 households, shall be the product of 30 percent times 50 percent of the area median income adjusted  
25 for family size appropriate for the unit. COUNTY shall review and approve proposed rents to the  
26 extent required under this section. BORROWER shall ensure the HOME-Assisted Units are rented  
27 to qualified applicants at the described rent levels herein. The maximum monthly allowances for  
28

1 utilities and services (excluding telephone) shall not exceed the utility allowance as described  
2 below.

3 c) Utility Allowance: Utility Allowance: The Utility Allowance will be  
4 calculated in accordance with 24 CFR part 92.252(d), HOME fires UA Notice Volume 13, Number  
5 2. OWNER is required to complete initial UA calculations and submit their calculations for review  
6 and approval to the HWS prior to implementation, and annually by June 1st. The following  
7 methods below are acceptable methodologies for calculating the Utility Allowance for this Project:  
8 (1) HUD Utility Schedule Model (HUSM) UA based on HUD's model; (2) Utility Company  
9 Estimate UA based on estimated obtained from a local utility company for each of the utilities  
10 used in the project.; (3) LIHTC Agency Estimate UA approved by the LIHTC agency based on its  
11 actual usage methodology.; (4) Energy Consumption Model (Engineer Model) UA based upon on  
12 an energy and water and sewage consumption and analysis model prepared by a third party  
13 licensed engineer or qualified professional; and

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

17 (2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the  
18 HOME Loan Agreement, including any of its attachments, this Covenant Agreement shall have  
19 priority lien position and be senior to the following security instruments: (1) a deed of trust for  
20 the benefit of Banner; (2) a deed of trust for the benefit of the City of Coachella; (3) a deed of  
21 trust for the benefit of the CA Department of Housing and Community Development; (4) a deed  
22 of trust for the benefit of the CA Department of Development Services; and (5) a HOME Deed  
23 of Trust for the benefit of COUNTY.

24 (3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this  
25 Covenant, OWNER, for itself and on behalf of its successors and assigns, shall adhere to and  
26 comply with all federal, state and local laws, regulations and ordinances., including, but not limited  
27 to the following:  
28



1           a.       The HOME Investment Partnership Program as enacted under Title II of  
2 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its  
3 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time, including,  
4 but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR 92.252, 24 CFR  
5 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing regulations  
6 set forth in the Final Rule, as it now exists and may hereafter be amended.

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

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

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

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

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

26           (7)       Records that will be kept describing actions taken by OWNER to affirmatively  
27 market units and records to assess the results of these actions.  
28



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

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

- 14 (i) Placing qualified small and minority businesses and  
15 women's business enterprises on solicitation lists.
- 16 (ii) Assuring that small and minority businesses, and women's  
17 business enterprises are solicited whenever they are  
18 potential sources.
- 19 (iii) Dividing total requirements, when economically feasible,  
20 into smaller tasks or quantities to permit maximum  
21 participation by small and minority business, and women's  
22 business enterprises.
- 23 (iv) Establishing delivery schedules, where the requirement  
24 permits, which encourage participation by small and  
25 minority business, and women's business enterprises.
- 26 (v) Using the services and assistance of the Small Business  
27 Administration, and the Minority Business Development  
28

1 Agency of the Department of Commerce.

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

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

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

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

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

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

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

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

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

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

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

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

18 c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4,  
19 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against  
20 Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42  
21 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due to a  
22 tenant's status as a victim of domestic violence, dating violence, or stalking, and requires  
23 landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a  
24 survivor of domestic violence, dating violence, sexual assault, and stalking from being denied  
25 assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of  
26 violence committed against them. It extends housing protections to survivors of sexual assault,  
27 and adds "intimate partner" to the list of eligible relationships in the domestic violence definition.  
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1 Protections also now cover an "affiliated individual," which includes any lawful occupant living  
2 in the survivor's household, or related to the survivor by blood or marriage including the  
3 survivor's spouse, parent, brother, sister, child, or any person to whom the survivor stands in loco  
4 parentis. VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant who engages in  
5 criminal activity directly relating to domestic violence, dating violence, sexual assault, or  
6 stalking against an affiliated individual or other individual, or others may be evicted or removed  
7 without evicting or removing or otherwise penalizing a victim who is a tenant or lawful occupant.  
8 If victim cannot establish eligibility, OWNER must give a reasonable amount of time to find  
9 new housing or establish eligibility under another covered housing program. A Notice of Rights  
10 under VAWA 2013 for tenants must be provided at the time a person applies for housing, when  
11 a person is admitted as a tenant of a housing unit, and when a tenant is threatened with eviction  
12 or termination of housing benefits. Tenants must request an emergency transfer and reasonably  
13 believe that they are threatened with imminent harm from further violence if the tenant remains  
14 in the same unit. The provisions of VAWA 2013 that are applicable to HUD programs are found  
15 in title VI of VAWA 2013, which is entitled "Safe Homes for Victims of Domestic Violence,  
16 Dating Violence, Sexual Assault, and Stalking." Section 601 of VAWA 2013 amends subtitle N  
17 of VAWA (42 U.S.C. 14043e et seq.) to add a new chapter entitled "Housing Rights."

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

14 12) PARTNERSHIPS. Notwithstanding anything to the foregoing, or anything to the  
15 contrary contained herein, upon written notice to COUNTY, OWNER may (i) admit limited  
16 partners to OWNER, and provide for the purchase of any such limited partnership interest or  
17 interests by OWNER'S general partner or affiliate; (ii) remove for cause any General Partner by a  
18 limited partner of the Borrower, and the replacement thereof, pursuant to the Partnership  
19 Agreement, provided COUNTY receives 5 business days advance written notice of such removal.  
20 Without limiting Borrower's obligation to provide advance notice of such removal for cause of any  
21 General Partner by a limited partner and the replacement thereof set forth in the immediately  
22 preceding sentence, amendments to the Partnership Agreement required to effectuate the Permitted  
23 Transfer set forth in this clause (ii) shall not require the consent of the COUNTY; provided,  
24 however, OWNER shall provide COUNTY with an executed copy of such amended agreement  
25 within 10 business days of execution thereof; (iii) lease for occupancy of all or any of the HOME-  
26 Assisted Units; (iv) the granting of easements or permits to facilitate the development of the  
27 Property in accordance with this Agreement; and (v) the withdrawal and/or replacement of any  
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1 limited partner or interests in any limited partner of OWNER, (collectively a “Permitted  
2 Transfer”). The COUNTY’S consent or written approval of Permitted Transfers shall not be  
3 required; provided however, all Permitted Transfers shall be subject to reasonable review of  
4 documentation related to such Permitted Transfer by the COUNTY, which shall be delivered to  
5 the COUNTY within 10 business days following such Permitted Transfer. Notwithstanding the  
6 foregoing, a foreclosure or deed in lieu of foreclosure of the lien securing the Banner Senior Loan  
7 and the subsequent sale of any property acquired pursuant to such foreclosure (and any financing  
8 obtained in connection therewith), shall not require the consent of COUNTY and shall not be  
9 deemed an event of default under this Covenant.

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

21 OWNER herein covenants by and for itself, its successors and assigns, and all persons  
22 claiming under or through them, that this Covenant is made and accepted upon and subject to the  
23 following conditions: There shall be no discrimination against or segregation of any person or  
24 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the  
25 Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and  
26 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code,  
27 in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Property, nor shall  
28



1 the transferee itself or any person claiming under or through him or her, establish or permit any  
2 such practice or practices of discrimination or segregation with reference to the selection, location,  
3 number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the Property.

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

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

22 b) In leases: "The lessee herein covenants by and for himself or herself, his or  
23 her heirs, executors, administrators, and assigns, and all persons claiming under or through  
24 him or her, and this lease is made and accepted upon and subject to the following  
25 conditions: That there shall be no discrimination against or segregation of any person or  
26 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955  
27 of the Government Code, as those bases are defined in Sections 12926, 12926.1,  
28

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

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

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

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

25 a) Worker’s Compensation Insurance. If OWNER has employees as defined by the State of  
26 California, OWNER shall maintain statutory Workers' Compensation Insurance (Coverage  
27 A) as prescribed by the laws of the State of California. Policy shall include Employers’  
28



1 Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000  
2 per person per accident. The policy shall be endorsed to waive subrogation in favor of the  
3 County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer  
4 Endorsement.

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

15 c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance  
16 of the obligations under this Covenant, then OWNER shall maintain liability insurance for  
17 all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per  
18 occurrence combined single limit. If such insurance contains a general aggregate limit, it  
19 shall apply separately to this agreement or be no less than two (2) times the occurrence  
20 limit. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts,  
21 and Departments, their respective directors, officers, Board of Supervisors, employees,  
22 elected or appointed officials, agents or representatives as Additional Insured or provide  
23 similar evidence of coverage approved by County's Risk Manager ("Risk Manager").

24 d) General Insurance Provisions – All Lines.

25 i) Any insurance carrier providing insurance coverage hereunder shall be  
26 admitted to the State of California and have an A M BEST rating of not less  
27 than A: VIII (A:8) unless such requirements are waived, in writing, by Risk  
28



1 Manager. If Risk Manager waives a requirement for a particular insurer such  
2 waiver is only valid for that specific insurer and only for one policy term.

3 ii) OWNER's insurance carrier(s) must declare its insurance self-insured  
4 retentions. If such self-insured retentions exceed \$500,000 per occurrence such  
5 retentions shall have the prior written consent of Risk Manager. Upon  
6 notification of self-insured retention unacceptable to COUNTY, and at the  
7 election of Risk Manager, OWNER's carriers shall either: (a) reduce or  
8 eliminate such self-insured retention, or (b) procure a bond which guarantees  
9 payment of losses and related investigations, claims administration, and defense  
10 costs and expenses.

11 iii) OWNER shall cause OWNER's insurance carrier(s) to furnish the County of  
12 Riverside with copies of the Certificate(s) of Insurance and Endorsements  
13 effecting coverage as required herein, and 2) if requested to do so orally or in  
14 writing by Risk Manager, provide copies of policies including all Endorsements  
15 and all attachments thereto, showing such insurance is in full force and effect.  
16 Further, said Certificate(s) and policies of insurance shall contain the covenant  
17 of the insurance carrier(s) that thirty (30) days written notice shall be given to  
18 the County of Riverside prior to any material modification, cancellation,  
19 expiration or reduction in coverage of such insurance. OWNER shall not  
20 continue operations until COUNTY has been furnished Certificate(s) of  
21 Insurance and copies of endorsements and if requested, copies of policies of  
22 insurance including all endorsements and any and all other attachments as  
23 required herein. An individual authorized by the insurance carrier to do so, on  
24 its behalf, shall sign the original endorsements for each policy and the  
25 Certificate of Insurance.

26 iv) It is understood and agreed to by the parties hereto that OWNER's insurance  
27 shall be construed as primary insurance, and COUNTY's insurance and/or  
28

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

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

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

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

16 15) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold harmless the  
17 County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective  
18 directors, officers, Board of Supervisors, elected and appointed officials, employees, agents  
19 and representatives (individually and collectively hereinafter referred to as Indemnitees) from  
20 any liability whatsoever, based or asserted upon any services of OWNER, its officers,  
21 employees, subcontractors, agents or representatives arising out of or in any way relating to  
22 this Agreement, including but not limited to property damage, bodily injury, or death or any  
23 other element of any kind or nature whatsoever arising from the performance of OWNER, its  
24 officers, employees, subcontractors, agents or representatives Indemnitors from this  
25 Agreement, except in the event of the gross negligence or willful misconduct of the  
26 Indemnities; provided however, any gross negligence or willful misconduct of the Indemnitees  
27 will only affect Owner's duty to indemnify for the specific act found to be gross negligence or  
28



1 willful misconduct, and will not preclude a duty to indemnify for any act or omission of  
2 Owner. OWNER shall defend, at its sole expense, all costs and fees including, but not limited,  
3 to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in  
4 any claim or action based upon such alleged acts or omissions. With respect to any action or  
5 claim subject to indemnification herein by OWNER shall, at their sole cost, have the right to  
6 use counsel of their own choice and shall have the right to adjust, settle, or compromise any  
7 such action or claim without the prior consent of COUNTY; provided, however, that any such  
8 adjustment, settlement or compromise in no manner whatsoever limits or circumscribes  
9 OWNER's indemnification to Indemnitees as set forth herein. OWNER's obligation hereunder  
10 shall be satisfied when OWNER has provided to COUNTY the appropriate form of dismissal  
11 relieving COUNTY from any liability for the action or claim involved. The specified insurance  
12 limits required in this Agreement shall in no way limit or circumscribe OWNER's obligations  
13 to indemnify and hold harmless the Indemnitees herein from third party claims. In the event  
14 there is conflict between this clause and California Civil Code Section 2782, this clause shall  
15 be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve OWNER  
16 from indemnifying the Indemnitees to the fullest extent allowed by law. The indemnification  
17 set forth in this paragraph 15 shall survive the expiration and earlier termination of this  
18 Covenant.

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

24 COUNTY  
25 Director, Housing and  
26 Workforce Solutions  
27 Riverside County  
28 3403 Tenth St, Suite 300  
Riverside, CA 92501

OWNER  
Tripoli CIC, LP  
6339 Paseo Del Lago  
Carlsbad, CA 92011  
Attn: Cheri Hoffman



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

5           18) TERM. The non-discrimination covenants, conditions and restrictions contained in  
6           **Section 13** of this Covenant shall remain in effect in perpetuity. Every other covenant,  
7 condition and restriction contained in this Covenant shall continue in full force and  
8 effect for the Term, as defined in **Section 1** of this Covenant.

9           19) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY shall  
10 give OWNER notice of such default pursuant to **Section 16** above. Any monetary default shall be  
11 cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein, if a  
12 non-monetary default is reasonably capable of being cured within thirty (30) days of delivery of  
13 such notice of default, OWNER shall have such period to effect a cure prior to exercise of remedies  
14 by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured  
15 within thirty (30) days of delivery of such notice of default, and OWNER (a) initiates corrective  
16 action within said period, and (b) diligently, continually, and in good faith works to effect a cure  
17 as soon as possible, then OWNER shall have such additional time as is reasonably necessary to  
18 cure the default prior to exercise of any remedies by the COUNTY; but in no event no later than  
19 sixty (60) days from delivery of such notice of default. COUNTY, upon providing OWNER with  
20 any notice of default under this Covenant, shall, within a reasonable time, provide a copy of such  
21 default notice to a Permitted Lender who has given written notice to COUNTY of its interest in  
22 the Property and Project. From and after such notice has been delivered to a Permitted Lender and  
23 the Owner's limited partner, such Permitted Lender shall have the same period for remedying the  
24 default complained of as the cure period provided to OWNER pursuant to this **Section 19**.  
25 COUNTY shall accept performance by a Permitted Lender or limited partner of Owner as if the  
26 same had been done by OWNER.

27           If a violation of any of the covenants or provisions of this Covenant remains uncured after  
28

1 the respective time period set forth in this **Section 19**, COUNTY and its successors and assigns,  
2 without regard to whether COUNTY or its successors and assigns is an owner of any land or  
3 interest therein to which these covenants relate, may institute and prosecute any proceedings at  
4 law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel  
5 specific performance by OWNER of its obligations hereunder. No delay in enforcing the  
6 provisions hereof as to any breach or violation shall impair, damage or waive the right of any  
7 party entitled to enforce the provisions hereof or to obtain relief against or recover for the  
8 continuation or repetition of such breach or violations or any similar breach or violation hereof at  
9 any later time.

10 Any cure tendered by Owner's limited partner shall be accepted or rejected on the same  
11 basis as if tendered by OWNER.

12 20) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

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

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

24 22) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be governed  
25 by the laws of the State of California. Any legal action related to the performance or interpretation  
26 of this Covenant shall be filed only in the Superior Court of the State of California located in  
27 Riverside, California, and the parties waive any provision of law providing for a change of venue  
28



1 to another location. In the event any provision in this Covenant is held by a court of competent  
2 jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless  
3 continue in full force without being impaired or invalidated in any way

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

6 24) PERMITTED MORTGAGES. No violation or breach of the covenants, conditions,  
7 restrictions, provisions or limitations contained in this Covenant shall defeat or render invalid or  
8 in any way impair the lien or charge of any deed of trust or mortgage permitted by the HOME  
9 Loan Agreement or the lien or charge of a deed of trust made by OWNER for the benefit Banner,  
10 the CA Department of Development Services, the CA Department of Housing and Community  
11 Development, the City of Coachella or of any lender first approved in writing by the COUNTY  
12 (each, a "Permitted Lender") and nothing herein or in the HOME Loan Agreement shall prohibit  
13 or otherwise limit the exercise of a Permitted Lender's rights and remedies thereunder, including  
14 a foreclosure or deed-in-lieu of foreclosure and subsequent transfer thereafter.

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

19 26) PROJECT MONITORING AND EVALUATION.

20 a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to  
21 COUNTY, as shown in **Exhibit F** of the HOME Loan Agreement, and may be revised by  
22 COUNTY, summarizing the racial/ethnic composition, number and percentage of very low-  
23 income households who are tenants of the HOME-Assisted Units. The Tenant Checklist Form  
24 shall be submitted upon completion of the construction and thereafter, on a semi-annual basis on  
25 or before March 31 and September 30. OWNER shall maintain financial, programmatic,  
26 statistical and other supporting records of its operations and financial activities in accordance  
27 with the requirements of the HOME Program, including the submission of Tenant Checklist  
28



1 Form. Except as otherwise provided for in this Covenant and in the HOME Loan Agreement,  
2 OWNER shall maintain and submit records to COUNTY within ten (10) business days of  
3 COUNTY's request which clearly documents OWNER's performance under each requirement  
4 of the HOME Program.

5           b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of  
6 affordability, COUNTY must perform on-site inspections of HOME-Assisted rental housing to  
7 determine compliance with the property standards of §92.251 and to verify the information  
8 submitted by the owners in accordance with the requirements of §92.252. The inspections must  
9 be in accordance with the inspection procedures that the participating jurisdiction establishes to  
10 meet the inspection requirements of §92.251. The on-site inspections must occur at least once  
11 every 3 years thereafter during the period of affordability. If there are observed deficiencies for  
12 any of the inspectable items in the property standards established by COUNTY, in accordance  
13 with the inspection requirements of §92.251, a follow-up on-site inspection to verify that  
14 deficiencies are corrected must occur within 12 months. COUNTY may establish a list of non-  
15 hazardous deficiencies for which correction can be verified by third party documentation (e.g.,  
16 paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be  
17 corrected immediately, in accordance with §92.251. COUNTY must adopt a more frequent  
18 inspection schedule for properties that have been found to have health and safety deficiencies.  
19 The property owner must annually certify to the COUNTY that each building and all HOME-  
20 Assisted Units in the project are suitable for occupancy, taking into account State and local  
21 health, safety, and other applicable codes, ordinances, and requirements, and the ongoing  
22 property standards established by the participating jurisdiction to meet the requirements of  
23 §92.251. Inspections must be based on a statistically valid sample of units appropriate for the  
24 size of the HOME-Assisted project, as set forth by HUD through notice. COUNTY will inspect  
25 100 percent of the HOME-Assisted Units and the inspectable items (site, building exterior,  
26 building systems, and common areas) for each building housing HOME-Assisted Units.

27           27) ACCESS TO PROJECT SITE. Representatives of the COUNTY and HUD shall have  
28

1 the right of access to the Property, upon 24 hours' written notice to OWNER (except in the case  
2 of an emergency, in which case COUNTY and/or HUD shall provide such notice as may be  
3 practical under the circumstances), without charges or fees, during normal business hours to review  
4 the operation of the Project in accordance with this Covenant and the Agreement.

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

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

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

15 ///

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17 ///

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[SIGNATURES ON THE NEXT PAGE]

18  
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1 IN WITNESS WHEREOF, COUNTY and OWNER have executed this Covenant as of  
2 the dates written below.

3 COUNTY:

OWNER:

4 COUNTY OF RIVERSIDE, a political  
5 Subdivision of the State of California

TRIPOLI CIC, LP,  
a California limited partnership

6 By: Pacific Southwest Community  
7 Development Corporation, a  
8 California nonprofit public benefit  
9 Corporation, its Managing General Partner

10 By: The Coachella Valley Housing Coalition, a  
11 California corporation, its sole  
12 member/manager

13 By: form - do not sign  
14 Heidi Marshall, Director

By: form - do not sign  
Juan P. Arroyo, Executive Vice President

15 Date: \_\_\_\_\_

Date: \_\_\_\_\_

17  
18 APPROVED AS TO FORM:  
19 MINH C. TRAN, County Counsel

20 By:   
21 Amrit P. Dhillon, Deputy County Counsel

22  
23 Date: \_\_\_\_\_

24  
25  
26 (COUNTY and OWNER signatures need to be notarized)  
27  
28



**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

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

STATE OF CALIFORNIA )  
 ) ss:  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2023, before me, \_\_\_\_\_, Notary Public, personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

\_\_\_\_\_  
Signature

## **EXHIBIT "A"**

### LEGAL DESCRIPTION OF PROPERTY

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

#### **PARCEL A:**

##### **PARCEL 1:**

A PORTION OF LOT 11, SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF BAGDAD AVENUE, AND TRIPOLI WAY;

THENCE SOUTH 89° 54' WEST, 272 FEET ALONG THE CENTER LINE OF BAGDAD AVENUE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 54' WEST ALONG THE CENTER LINE OF BAGDAD AVENUE, 356.67 FEET, MORE OR LESS, TO THE EASTERLY LINE OF HIGHWAY 99 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF HIGHWAY 86, 102.88 FEET;

THENCE NORTH 89° 54' EAST, 356.67 FEET;

THENCE SOUTH 00° 06' EAST, 102.88 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 30 FEET FOR ROAD PURPOSES;

ALSO EXCEPTING THEREFROM THE WESTERLY 17.00 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26947 OF OFFICIAL RECORDS.

##### **PARCEL 2:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE STATE HIGHWAY, AS SHOWN ON LICENSED LAND SURVEYOR'S MAP ON FILE IN BOOK 7 PAGE 38 OF RECORD OF SURVEY,

RIVERSIDE COUNTY RECORDS, 102.88 FEET NORTH OF THE SOUTHWEST CORNER OF LOT 11;

THENCE CONTINUING NORTHERLY ON SAID EAST LINE OF 140.20 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JENNY JEFFERY, ET AL, BY DEED RECORDED APRIL 12, 1929 IN BOOK 804 PAGE 423 OF DEEDS;

THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL AND PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 11, 229 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL CONVEYED TO JEFFERY;

THENCE NORTH 36° 04' WEST ALONG THE NORTHEASTERLY LINE OF THE JEFFERY PARCEL, 75 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL CONVEYED TO ROBERT J. FERRAUD BY DEED RECORDED DECEMBER 6, 1972 AS INSTRUMENT NO. 161111;

THENCE NORTH 53° 36' EAST ON THE SOUTHEAST LINE OF SAID PARCEL CONVEYED TO FERRAUD AND ITS NORTHEASTERLY EXTENSION, 159.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST ON SAID SOUTHWESTERLY LINE, 313.43 FEET MORE OR LESS, TO A POINT 142.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11, SAID POINT BEING ON THE NORTH LINE OF THAT CENTER PARCEL CONVEYED TO LEONHARDT SWINGLE AND LEE J. ANDERSON BY DEED RECORDED NOVEMBER 22, 1934 IN BOOK 201 PAGE 555 OF OFFICIAL RECORDS;

THENCE NORTH 89° 54' EAST ON SAID NORTH LINE OF THE LEONHARDT-ANDERSON PARCEL, 40 FEET, MORE OR LESS, TO THE NORTHEAST CORNER BEING A POINT ON THE CENTER LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST TO A POINT WHICH IS 102.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11;

THENCE SOUTH 89° 54' WEST, 566.78 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 20 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26942 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE WELL SITE DESCRIBED AS;

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORDS OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;



THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL 3:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL B:**

THAT PORTION OF LOT 11 IN SECTION 5, T. 6 S., R. 8 E., S.B.B.& M. AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY, ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN REAL PROPERTY DESCRIBED IN DEED TO ROBERT J. FERRAUD RECORDED ON DECEMBER 6, 1972 AS INSTRUMENT NO. 161111, OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;

THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID REAL PROPERTY OF ROBERT J. FERRAUD, SOUTH 36° 04' 00" EAST, 122.89 FEET TO THE MOST EASTERLY CORNER OF SAID REAL PROPERTY OF ROBERT J. FERRAUD;

THENCE NORTH 53° 56' 00" EAST, PARALLEL WITH THE SOUTHEASTERLY LINE OF SIXTH STREET,  
97.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE NORTH 36° 04' 00" WEST, ALONG SAID SOUTHWESTERLY LINE OF TRIPOLI WAY,  
122.89 FEET TO SAID SOUTHEASTERLY LINE OF SIXTH STREET;

THENCE SOUTH 53° 56' 00" WEST, ALONG SAID SOUTHEASTERLY LINE OF SIXTH STREET,  
97.77 FEET TO THE POINT OF BEGINNING.

APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

# **EXHIBIT “H”**

Request for Notices



NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND  
WHEN RECORDED MAIL TO:

County of Riverside  
Housing and Workforce Development  
3403 Tenth St, Suite 300  
Riverside, CA 92501  
Attn: Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDERS USE

**REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE**

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated \_\_\_\_\_, 2023 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by TRIPOLI CIC, LP, a California limited partnership, as Trustor in which Banner Bank is named as First American Title Company as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, and is described as follows:

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

**PARCEL A:**

**PARCEL 1:**

A PORTION OF LOT 11, SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE CENTER LINES OF BAGDAD AVENUE, AND TRIPOLI WAY;

THENCE SOUTH 89° 54' WEST, 272 FEET ALONG THE CENTER LINE OF BAGDAD AVENUE TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 89° 54' WEST ALONG THE CENTER LINE OF BAGDAD AVENUE, 356.67 FEET, MORE OR LESS, TO THE EASTERLY LINE OF HIGHWAY 99 AS SHOWN BY RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTHERLY ALONG SAID EASTERLY LINE OF HIGHWAY 86, 102.88 FEET;

THENCE NORTH 89° 54' EAST, 356.67 FEET;

THENCE SOUTH 00° 06' EAST, 102.88 FEET, MORE OR LESS, TO THE TRUE POINT OF BEGINNING;

EXCEPTING THEREFROM THE SOUTH 30 FEET FOR ROAD PURPOSES;

ALSO EXCEPTING THEREFROM THE WESTERLY 17.00 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26947 OF OFFICIAL RECORDS.

**PARCEL 2:**

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF THE STATE HIGHWAY, AS SHOWN ON LICENSED LAND SURVEYOR'S MAP ON FILE IN BOOK 7 PAGE 38 OF RECORD OF SURVEY, RIVERSIDE COUNTY RECORDS, 102.88 FEET NORTH OF THE SOUTHWEST CORNER OF LOT 11;

THENCE CONTINUING NORTHERLY ON SAID EAST LINE OF 140.20 FEET TO THE SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND CONVEYED TO JENNY JEFFERY, ET AL, BY DEED RECORDED APRIL 12, 1929 IN BOOK 804 PAGE 423 OF DEEDS;

THENCE EASTERLY ALONG THE SOUTHERLY LINE OF SAID PARCEL AND PARALLEL WITH THE SOUTHERLY LINE OF SAID LOT 11, 229 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL CONVEYED TO JEFFERY;

THENCE NORTH 36° 04' WEST ALONG THE NORTHEASTERLY LINE OF THE JEFFERY PARCEL, 75 FEET TO THE MOST SOUTHERLY CORNER OF THAT PARCEL CONVEYED TO ROBERT J. FERRAUD BY DEED RECORDED DECEMBER 6, 1972 AS INSTRUMENT NO. 161111;

THENCE NORTH 53° 36' EAST ON THE SOUTHEAST LINE OF SAID PARCEL CONVEYED TO FERRAUD AND ITS NORTHEASTERLY EXTENSION, 159.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST ON SAID SOUTHWESTERLY LINE, 313.43 FEET MORE OR LESS, TO A POINT 142.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11, SAID POINT BEING ON THE NORTH LINE OF THAT CENTER PARCEL CONVEYED TO LEONHARDT SWINGLE AND LEE J. ANDERSON BY DEED RECORDED NOVEMBER 22, 1934 IN BOOK 201 PAGE 555 OF OFFICIAL RECORDS;

THENCE NORTH 89° 54' EAST ON SAID NORTH LINE OF THE LEONHARDT-ANDERSON PARCEL, 40 FEET, MORE OR LESS, TO THE NORTHEAST CORNER BEING A POINT ON THE CENTER LINE OF TRIPOLI WAY;

THENCE SOUTH 36° 04' EAST TO A POINT WHICH IS 102.88 FEET NORTH OF THE SOUTH LINE OF SAID LOT 11;

THENCE SOUTH 89° 54' WEST, 566.78 FEET TO THE POINT OF BEGINNING.

EXCEPTING THEREFROM THE WESTERLY 20 FEET AS CONVEYED TO THE CITY OF COACHELLA BY DEED RECORDED MARCH 18, 1971 AS INSTRUMENT NO. 26942 OF OFFICIAL RECORDS.

ALSO EXCEPTING THEREFROM THAT PORTION THEREOF INCLUDED WITHIN THE WELL SITE DESCRIBED AS;

THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS,



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COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORDS OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

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THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

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APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

All notices to be mailed to:

Attn: Assistant Director  
County of Riverside  
Housing and Workforce Development  
3403 Tenth St, Suite 300  
Riverside, California 92501

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

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

RIVERSIDE COUNTY  
DEPARTMENT OF HOUSING WORKFORCE  
SOLUTIONS

\_\_\_\_\_  
Heidi Marshall, Director

NO FEE FOR RECORDING PURSUANT  
TO GOVERNMENT CODE SECTION 6103

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WHEN RECORDED MAIL TO:

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RIVERSIDE COUNTY  
DEPARTMENT OF HOUSING AND WORKFORCE  
SOLUTIONS

\_\_\_\_\_  
Heidi Marshall, Director

NO FEE FOR RECORDING PURSUANT  
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THAT PORTION OF LOT 11 IN SECTION 5, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY ON FILE IN BOOK 4 PAGE 53 OF MAPS, RIVERSIDE COUNTY RECORDS, DESCRIBED AS FOLLOWS:

COMMENCING AT A POINT ON THE SOUTHERLY LINE OF SAID LOT 11, 216 FEET EASTERLY FROM THE POINT OF INTERSECTION OF THE WESTERLY PROLONGATION OF SAID SOUTHERLY LINE AND THE CENTER LINE OF THE STATE HIGHWAY AS SHOWN ON RECORD OF SURVEY ON FILE IN BOOK 7 PAGE 38 OF RECORDS OF SURVEY, RIVERSIDE COUNTY RECORDS;

THENCE NORTH 102.88 FEET TO THE POINT OF BEGINNING;

THENCE NORTH 40 FEET;

THENCE EAST 43 FEET;

THENCE SOUTH 40 FEET;

THENCE WEST 43 FEET TO THE POINT OF BEGINNING.

**PARCEL B:**

THAT PORTION OF LOT 11 IN SECTION 5, T. 6 S., R. 8 E., S.B.B.& M. AS SHOWN BY MAP OF LANDS OF COACHELLA LAND AND WATER COMPANY, ON FILE IN BOOK 4, PAGE 53 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY, CALIFORNIA, DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF THAT CERTAIN REAL PROPERTY DESCRIBED IN DEED TO ROBERT J. FERRAUD RECORDED ON DECEMBER 6, 1972 AS INSTRUMENT NO. 161111, OF OFFICIAL RECORDS IN SAID COUNTY RECORDER'S OFFICE;



THENCE ALONG THE NORTHEASTERLY BOUNDARY OF SAID REAL PROPERTY OF ROBERT J. FERRAUD, SOUTH 36° 04' 00" EAST, 122.89 FEET TO THE MOST EASTERLY CORNER OF SAID REAL PROPERTY OF ROBERT J. FERRAUD;

THENCE NORTH 53° 56' 00" EAST, PARALLEL WITH THE SOUTHEASTERLY LINE OF SIXTH STREET,  
97.77 FEET TO THE SOUTHWESTERLY LINE OF TRIPOLI WAY;

THENCE NORTH 36° 04' 00" WEST, ALONG SAID SOUTHWESTERLY LINE OF TRIPOLI WAY,  
122.89 FEET TO SAID SOUTHEASTERLY LINE OF SIXTH STREET;

THENCE SOUTH 53° 56' 00" WEST, ALONG SAID SOUTHEASTERLY LINE OF SIXTH STREET, 97.77 FEET TO THE POINT OF BEGINNING.

APN: 778-081-003 (Affects Parcel A) and 778-081-001 (Affects Parcel B)

All notices to be mailed to:

Attn: Assistant Director  
County of Riverside  
Housing and Workforce Development  
3403 Tenth St, Suite 300  
Riverside, California 92501

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

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

RIVERSIDE COUNTY  
DEPARTMENT OF HOUSING AND WORKFORCE  
SOLUTIONS

\_\_\_\_\_  
Heidi Marshall, Director





# Exhibit I

## Sample

### Contractor Debarment Certification Form

#### Excluded Parties Lists System (EPLS)

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

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

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

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

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

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

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

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DEVELOPER SIGNATURE

3/13/2023, File No. HM4-22-001  
Tripoli Apartments, Coachella, CA