

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



ITEM: 3.31
(ID # 23075)

MEETING DATE:
Tuesday, April 30, 2024

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of Loan Agreement for the Use of PLHA Funds for Shady Lane Mobile Home Park, in the Unincorporated Community of Thermal, and Authorize the Director of HWS to Execute the PLHA Loan Agreement, Covenant Agreement, and Subsequent Subordination Agreements with California Department of Housing and Community Development (HCD); District 4. [\$1,797,455 - 100% Permanent Local Housing Allocation (PLHA) Funds]; (CEQA Exempt per State CEQA Guidelines Section 15301) (Clerk of the Board to File the Notice of Exemption)

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301;

Continued on Page 2

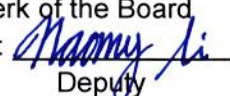
ACTION:Policy


Heidi Marshall, Director 12/19/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Gutierrez 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: April 30, 2024
xc: HWS, Recorder/State Clearinghouse

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

2. Approve the attached form of the Loan Agreement for the Use of Permanent Local Housing Allocation (PLHA) Program Funds, including all attachments thereto (PLHA Loan Agreement), between the County of Riverside and The Caritas Corporation, providing a loan derived from the PLHA Program in the amount of \$1,797,455 (PLHA Loan), to be used to pay a portion of the rehabilitation costs for a mobile home park project in the unincorporated community of Thermal, County of Riverside;
3. Approve the attached forms of PLHA Deed of Trust and Assignment of Rents, PLHA Promissory Note, PLHA Covenant Agreement, and Environmental Indemnity;
4. Approve the allocation of approximately \$89,872.75 derived from PLHA funds to be used to pay direct County staff related and delivery costs for the Project;
5. Authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute a PLHA Loan Agreement and a PLHA Covenant Agreement, each conforming in form and substance to the attached PLHA Loan Agreement and PLHA Covenant Agreement, subject to approval as to form by County Counsel;
6. Authorize the Director of the HWS, or designee, to take all necessary steps to implement the PLHA Loan Agreement and PLHA Covenant Agreement, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel;
7. Authorize the Director of the HWS, or designee, to negotiate and execute subordination agreements subordinating the PLHA Loan Deed of Trust to regulatory agreements or deeds of trust between California Department of Housing and Community Development and The Caritas Corporation, subject to approval as to form by County Counsel; and
8. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk and the State Clearinghouse at the Office of Planning and Research (OPR) within five (5) business days of approval.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$1,797,455	\$ 0	\$1,797,455	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Permanent Local Housing Allocation Funds (100%)			Budget Adjustment:	No
			For Fiscal Year:	23/24

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The Caritas Corporation, a California nonprofit public benefit corporation (Caritas), seek to address affordable housing needs by developing an acquisition program designed to preserve

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the affordability of mobile home parks and to improve the quality of life for its residents. In doing so, Caritas combats community deterioration and eliminates neighborhood blight.

Caritas is proposing to utilize \$1,797,455 in Permanent Local Housing Allocation (PLHA) funds allocated from the California Department of Housing and Community Development PLHA Program (PLHA Loan) to pay a portion of the costs to rehabilitate the park to meet acceptable living standards for qualified households, including low-income migrant farmworkers and their families, located at 54596 Shady Lane, Thermal, CA 92274 in the County of Riverside, also identified as Assessor's Parcel Number 763-230-015. If approved, the PLHA Loan will be evidenced by a Promissory Note in favor of the County (PLHA Loan Note), which would be secured by a Deed of Trust with Assignment of Rents for the benefit of the County (PLHA Loan Deed of Trust). The proposed PLHA Loan Deed of Trust and PLHA Loan Note are exhibits to the Loan Agreement attached hereto.

The proposed project will consist of completing the rehabilitation work of the infrastructure and increasing the number of home sites to 40, by purchasing eight (8) new homes with PHLA funds and thirty-two (32) new homes with Joe Serna Jr. Farmworker Housing funds (Proposed Project). The PLHA affordability covenant will require approximately forty-nine percent (49%) of the units not occupied by a manager or nineteen (19) of the units rehabilitated on the Property shall be restricted to rental to and occupancy by qualified Low and Very Low-Income Households (collectively, "Affordable Units") at an Affordable Rent (as hereinafter defined). The Affordable Units shall consist of nineteen (19) manufactured home rental spaces. At least twenty percent (20%) of the Affordable Units, or four (4) Affordable Units (consisting of manufactured home rental spaces), shall be restricted to occupancy by a Very Low-Income Household. The remaining Affordable Units, or fifteen (15) Affordable Units (consisting of manufactured home rental spaces), shall be rented to and occupied by a Low-Income Household. The use and occupancy of the PLHA-assisted units will be restricted until the later to occur of (i) July 1, 2079, or (ii) 55 years from the recordation of the Notice of Completion for which rehabilitation is completed for the Proposed Project. The aforementioned use, and occupancy restrictions will be set forth in a recorded Covenant Agreement (see attached).

The total development cost for the Proposed Project is estimated to be \$7,585,967 which will be funded in part by the PLHA Loan, \$2,988,512 in HCD Mobile home Park Rehabilitation and Resident Ownership Program (MPRRP) funds, and \$2,800,000 in Joe Serna Jr. Farmworker Housing. The Covenant Agreement may be recorded in senior position to preserve affordability, junior only to HCD documents. The terms of the proposed PLHA Loan and obligations of Caritas and the County are memorialized in the proposed Loan Agreement for the Use of PLHA Program Funds, including all exhibits, attached hereto (PLHA Loan Agreement).

Staff recommends approval of PLHA funds for the Project to pay rehabilitation costs and purchase eight (8) new homes for the Project and direct project staffing and delivery costs in an amount not to exceed 5% of PLHA funds approved for the Project as follows:

Shady Lane MHP Project	\$1,707,582.25	PLHA Project Funding
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Shady Lane MHP Project \$89,872.75 Direct Project Staffing and Delivery Costs (5%)

Total \$1,797,455

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

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

Impact on Citizens and Businesses

The acquisition and rehabilitation of the property at 54596 Shady Lane in the unincorporated community of Thermal will have a positive impact on residents and businesses as it will provide needed affordable housing and mitigate health and safety issues affecting the property making it a decent and safe place for residents to live in the eastern Coachella Valley. The project is also expected to create jobs in construction, property maintenance and property management.

SUPPLEMENTAL:

Additional Fiscal Information

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

Attachments:

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


Eriqenia Lontajo, Principal Management Analyst

4/23/2024


Aaron Gettis, Chief of Deputy County Counsel

4/17/2024



FILED / POSTED

County of Riverside
Peter Aldana
Assessor-County Clerk-Recorder

E-202400464
04/30/2024 03:51 PM Fee: \$ 50.00
Page 1 of 1

Removed: _____ By: _____ Deputy

Notice of Exemption

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

From: Public
Agency: County of Riverside
Address: 4080 Lemon Street, Suite 400
Riverside, CA 92501
Contact: Annjanette Aguilar
Phone: (951) 933-8572

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

Lead Agency (if different from above):
Address: _____
Contact: Juan Garcia
Phone: +19519558126

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

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

Project Title: Loan Agreement for the Use of PLHA for the Shady Lane Mobile Home Park

Project Location (include county): 54596 Shady Lane Mobile Home Park 54596 Shady Lane, Thermal CA 92274 in the County of Riverside, also identified as Assessor's Parcel Number 763-230-015

Project Description: The proposed project will consist of completing the rehabilitation work of the infrastructure using PLHA funds and increasing the number of home sites to 40, by purchasing eight (8) new homes with PHLA funds and thirty-two (32) new homes with Manufactured Housing Opportunity & Revitalization Program ("MORE") (Proposed Project). All 40 units (9 one-bedroom units, 21 two-bedroom units, and 10 three-bedroom units) will be designated as a PLHA-assisted unit pursuant to PLHA regulations that will be restricted for occupancy and rent by households whose incomes do not exceed 50% of the area median income for the County of Riverside. The use and occupancy of the PLHA-assisted units will be restricted until the later to occur of (i) July 1, 2079 or (ii) 55 years from the recordation of the Notice of Completion for which rehabilitation is completed for the Proposed Project. The aforementioned use and occupancy restrictions will be set forth in a recorded Covenant Agreement.

Project Sponsor: County of Riverside

This is to advise that the County of Riverside Board of Supervisors approved the above project on

Lead agency or Responsible Agency

April 30, 2024 and has made the following determinations regarding the above-described project:
(Tentative date)

Find that the Loan Agreement for the Use of Permanent Local Housing Allocation (PLHA) Program Funds does not constitute a project under California Environmental Quality Act (CEQA) and Section 15301, Class 1-Existing Facilities of the CEQA Guidelines in that it does not vest any development rights or result in the physical change in the environment, requires a developer to comply with CEQA and obtain all land use entitlements from the local jurisdiction as the lead agency, and does not commit the lead agency to any definite course of action or foreclose alternatives or mitigation measures that would ordinarily be part of CEQA.

Signature: (Public Agency) Juan Garcia Title: Deputy Director

Date: 4/17/24 Date received for filing at OPR: _____

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

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

12 SPACE ABOVE THIS LINE FOR RECORDERS USE

13 LOAN AGREEMENT FOR THE USE OF PLHA PROGRAM FUNDS
14 (54596 Shady Lane, Thermal, CA)

15 This LOAN AGREEMENT FOR THE USE OF PLHA PROGRAM FUNDS
16 (“Agreement”) is made and entered into this ____ day of _____ 2024 by and between
17 the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”
18 or “County”), and THE CARITAS CORPORATION, a California nonprofit public benefit
19 corporation (“BORROWER”). The COUNTY and BORROWER may be individually referred
20 to herein as a “Party” and collectively as the “Parties.”

21 WITNESSETH:

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

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

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

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

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

9 WHEREAS, pursuant to the PLHA Program, the County and HCD entered into
10 that certain Standard Agreement Amendment (20-PLHA-15541) dated June 17, 2021, including
11 Exhibit E (collectively, the “PLHA Standard Agreement Amendment”), which allocated a total
12 of \$10,207,458 PLHA funding to the County to increase the affordable housing stock;

13 WHEREAS, the PLHA Statutes, Guidelines, NOFA, PLHA Standard Agreement,
14 PLHA Standard Agreement Amendment and all applicable rules and regulations imposed by
15 HCD on PLHA funding recipients shall collectively be referred to herein as the “PLHA
16 Program”;

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

19 WHEREAS, BORROWER desires to perform the following in the County,
20 collectively referred to herein as the “Project”: (i) to pay a portion of the costs to rehabilitate the
21 Shady Lane Manufactured Home Park, consisting of thirty-two (32) rental spaces occupied by
22 manufactured home owners, to meet acceptable living standards and create eight (8) new rental
23 spaces for qualified households located at 54596 Shady Lane, Thermal, CA 92274 in the County
24 of Riverside, also identified as Assessor’s Parcel Number (“APN”) 763-230-015, as more
25 specifically described in the legal description and depicted on the site map attached hereto as
26 **Exhibit A** and incorporated herein by this reference (“Property”) and (ii) purchase eight (8) new
27 Manufactured Home units which will each be installed in a rental space at the Shady Lane
28 Manufactured Home Park and will be sold to eligible households. After rehabilitation, creation

1 of new spaces, purchase and installation of new manufactured homes, the Project will consist of
2 a total of forty (40) rental spaces, each containing an owner-occupied manufactured home (each,
3 a “Unit,” collectively, the “Units”);

4 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY
5 to provide a loan of PLHA funds (consisting of PLHA funds allocated for use in the County
6 pursuant to the PLHA Standard Agreement, as well as other PLHA funds available to the
7 COUNTY for the purposes set forth herein) to BORROWER in the maximum amount of One
8 Million Seven Hundred Ninety-Seven Thousand Four Hundred Fifty-Five Dollars (\$1,797,455)
9 to pay a portion of the rehabilitation costs related to the Project, as more fully described herein;

10 WHEREAS, in consideration of the loan of PLHA funds, BORROWER has
11 agreed to restrict approximately forty nine percent (49%) of the Units in the Project not occupied
12 by a manager or nineteen (19) Units (collectively, the “Affordable Units”) to rental to and
13 occupancy by qualified Low and Very Low Income Households consistent with the PLHA
14 Program requirements and as defined more specifically herein; and

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

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

21 1. PURPOSE. The aforementioned Recitals are incorporated herein by this
22 reference. COUNTY has agreed to lend up to One Million Seven Hundred Ninety-Seven
23 Thousand Four Hundred Fifty-Five Dollars (\$1,797,455) in PLHA funds (“PLHA Loan”) to
24 BORROWER upon the satisfaction of the conditions precedent to distribution of PLHA Loan
25 funds set forth in **Section 12** below. Subject to **Sections 49** and **50** below, BORROWER shall
26 undertake and complete the Project in accordance with all entitlements and the Scope of Work
27 and Project Description set forth in **Exhibit B**, and shall utilize the PLHA Loan funds as required
28 herein and in strict compliance with the PLHA Program. Once the Project is completed, during

1 the Affordability Period (as defined in **Section 15** below), approximately forty nine percent
2 (49%) of the Units not occupied by a manager or nineteen (19) of the Units rehabilitated on the
3 Property shall be restricted to rental to and occupancy by qualified Low and Very Low Income
4 Households (collectively, "Affordable Units") at an Affordable Rent (as hereinafter defined).
5 The Affordable Units shall consist of nineteen (19) manufactured home rental spaces. At least
6 twenty percent (20%) of the Affordable Units, or four (4) Affordable Units (consisting of
7 manufactured home rental spaces), shall be restricted to occupancy by a Very Low-Income
8 Household. The remaining Affordable Units, or fifteen (15) Affordable Units (consisting of
9 manufactured home rental spaces), shall be rented to and occupied by a Low-Income Household.

10 For purposes hereof:

- 11 a. a "Household" is one or more persons occupying an Affordable Unit.
- 12 b. "Low Income" has the meaning set forth in HSC Section 50079.5,
13 which is a Household whose income does not exceed 80% of the area
14 median income, adjusted for actual family size.
- 15 c. "Very Low Income" has the meaning set forth in HSC Section 50105,
16 which is a Household whose income does not exceed 50% of the area
17 median income, adjusted for actual family size.
- 18 d. "area median income" shall refer to the most recent area median
19 family income published by HCD for Riverside County, available at
20 the following link: [https://www.hcd.ca.gov/grants-funding/income-](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml)
21 [limits/state-and-federal-income-limits.shtml](https://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml).
- 22 e. "Qualified Household" means a Low Income Household or a Very
23 Low Income Household.

24 The Affordable Units shall be rented to and occupied by Very Low and
25 Low Income Households at an "Affordable Rent" in compliance with the Multifamily Housing
26 Program guidelines Section 7312 and the Section 7301 definition of "Affordable Rent."
27 COUNTY shall review and approve proposed rents prior to entry into leases for occupancy of the
28 Affordable Units by BORROWER. BORROWER shall ensure the Affordable Units are rented

1 to qualified applicants at the rent levels required herein during the Affordability Period. The
2 maximum monthly allowances for utilities and services (excluding telephone) shall not exceed
3 the utility allowance permitted by a Covenant Agreement entered into by COUNTY and
4 BORROWER substantially in the form attached as **Exhibit H** hereto upon Closing (as defined in
5 **Section 12**).

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

12 This PLHA Loan Agreement, a Promissory Note for the benefit of
13 COUNTY and given by BORROWER upon Closing, substantially in the form attached as
14 **Exhibit F** hereto (the “PLHA Note”), a Deed of Trust for the benefit of COUNTY and given by
15 BORROWER upon Closing, substantially in the form attached as **Exhibit E** hereto (the “PLHA
16 Deed of Trust”), a Covenant Agreement for the benefit of COUNTY and given by BORROWER
17 upon Closing, substantially in the form attached as **Exhibit H** hereto (the “Covenant
18 Agreement”), an Environmental Indemnity for the benefit of COUNTY and given by
19 BORROWER upon Closing, substantially in the form attached as **Exhibit J** hereto (the
20 “Environmental Indemnity”) and any other agreement entered into by COUNTY and
21 BORROWER in connection with the PLHA Loan for the Project shall collectively be referred to
22 herein as the “PLHA Loan Documents.” BORROWER shall comply with the terms and
23 conditions of the PLHA Loan Documents, any other agreements entered into in connection with
24 the development and/or financing for the Project, and any instrument secured against the Property.
25 BORROWER shall strictly comply with all requirements of the PLHA Program.

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

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

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

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

4. PLHA Loan. Subject to the satisfaction of the conditions precedent to disbursement of the PLHA Loan set forth in **Section 12** below, COUNTY shall provide financing

1 to Borrower in the form of a loan in the amount of the PLHA Loan, pursuant to the following
2 terms and conditions:

- 3 a. Term of PLHA Loan. . The maturity date of the PLHA Loan shall be
4 the later to occur of (i) July 1, 2079 or (ii) fifty-five (55) years from the
5 recordation of the Notice of Completion in the Official Records for the
6 building for which rehabilitation is completed for the Project (the
7 “PLHA Loan Term”). The term, “Official Records” used herein shall
8 mean the Official Records of the Recorder’s Office of the County of
9 Riverside.
- 10 b. Principal. The total amount of the PLHA Loan shall not exceed One
11 Million Seven Hundred Ninety-Seven Thousand Four Hundred Fifty-
12 Five Dollars (\$1,797,455), and shall be evidenced by the PLHA Note,
13 which note shall be secured by the PLHA Deed of Trust.
- 14 c. Interest. The interest rate shall be zero percent (0%) simple interest per
15 annum.
- 16 d. Repayment. The terms of the PLHA Note shall be as follows:
17 (1) That the PLHA Loan will accrue simple interest at a rate of zero
18 percent (0%) per annum, as more specifically set forth in the PLHA
19 Note.
20 (2) The PLHA Note shall be deferred and forgiven at the end of the
21 Term of the Agreement if the BORROWER has complied with the
22 terms of the PLHA Loan.
23 (3) Security. The Covenant Agreement, PLHA Deed of Trust and this
24 Agreement shall be respectively in a first, second and third priority
25 lien position, each for the benefit of COUNTY, securing a loan in
26 the amount of \$1,797,455 (“PLHA Loan”).
- 27 e. Prepayment. Prepayment of principal and/or interest under the PLHA Note
28 may occur at any time without penalty; provided, however (i) the

1 requirements of **Section 17**, Compliance with Laws and Regulations, shall
 2 remain in full force and effect for the term of this Agreement specified in
 3 **Section 7** below; and (ii) the affordability requirements set forth in the
 4 Covenant Agreement shall remain in effect until the expiration of the
 5 Affordability Period.

6 5. PRIOR COUNTY APPROVAL. Except as otherwise expressly provided
 7 in this Agreement, approvals required of the COUNTY shall be deemed granted by the written
 8 approval of the Director of Housing and Workforce Solutions (“HWS”). Notwithstanding the
 9 foregoing, the Director may, in their sole discretion, refer to the governing body of the COUNTY
 10 any item requiring COUNTY approval; otherwise, “COUNTY approval” means and refers to
 11 approval by the Director or designee.

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

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

20 8. BORROWER’S REPRESENTATIONS. BORROWER represents and
 21 warrants to COUNTY as follows:

- 22 a. Authority. BORROWER is a duly organized nonprofit public
 23 benefit corporation, validly existing and in good standing under the
 24 laws of the State of California. The copies of the documents
 25 evidencing the organization of BORROWER, which have been
 26 delivered to COUNTY, are true and complete copies of the
 27 originals, as amended to the date of this Agreement. BORROWER,
 28 and the persons executing and delivering the PLHA Loan

1 Documents on its behalf, have full right, power and lawful
2 authority to enter into this Agreement and accept the PLHA Loan
3 funds and undertake development of the Project and all obligations
4 as provided in the PLHA Loan Documents. The execution,
5 performance and delivery of this Agreement by BORROWER has
6 been fully authorized by all requisite actions on the part of
7 BORROWER.

8 b. No Conflict. To the best of BORROWER's knowledge,
9 BORROWER's execution, delivery and performance of its
10 obligations under this Agreement will not constitute a default or a
11 breach under contract, agreement or order to which BORROWER
12 is a party or by which it is bound.

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

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

22 e. Use of PLHA Funds. Borrower represents and warrants that it will
23 use all PLHA funds in a manner consistent and in compliance with
24 all applicable state and federal statutes, rules, regulations, and laws,
25 including without limitation, all rules and laws regarding the PLHA
26 Program, as well as any contracts for the PLHA funds entered into
27 between County and any contracts County may have with HCD.
28

- 1 f. Prior to Closing. BORROWER shall, upon learning of any fact or
2 condition which would cause any of the warranties and
3 representations in this **Section 8** not to be true as of Closing,
4 immediately give written notice of such fact or condition to
5 COUNTY. Such exception(s) to a representation shall not be
6 deemed a breach by BORROWER hereunder but shall constitute
7 an exception which COUNTY shall have the right to approve or
8 disapprove if such exception would have an effect on the value
9 and/or operation of the Project Site.
- 10 g. Applicable Requirements. BORROWER represents and warrants
11 that after Closing, the Property and all improvements located
12 thereon, including any portion thereof, shall comply with all
13 applicable Governmental Requirements (as defined in **Section**
14 **18.b**) and all covenants or restrictions of record (together, the
15 “**Applicable Requirements**”). If the Property and all
16 improvements located thereon do not comply with said Applicable
17 Requirements, BORROWER shall promptly rectify the same at
18 BORROWER’s expense.
- 19 h. CEQA. BORROWER represents and warrants that the Project will
20 be developed in full compliance with all applicable requirements
21 of the California Environmental Quality Act (“CEQA”) concerning
22 this Agreement, including without limitation any challenge to
23 CEQA compliance.
- 24 i. Prevailing Wage and Labor Laws. BORROWER represents and
25 warrants that it shall comply with any applicable labor regulations
26 and all other State laws, including, without limitation, California
27 prevailing wage law, as set forth in Labor Code Section 1720 et
28 seq. and shall pay prevailing wages and remain in compliance with

1 California law in connection with the construction of the
2 improvements which compromise the Project. To the extent
3 permitted by law, BORROWER agrees to indemnify, defend, and
4 hold COUNTY harmless from and against any and all liability
5 arising out of and related to BORROWER's failure to comply with
6 any and all applicable labor regulations and laws.

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

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

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

1 occurrence and continuance of a Force Majeure Delay, BORROWER shall be excused from
2 performance of its obligations under this Agreement to the extent the Force Majeure event
3 prevents BORROWER from performing such obligations. A Force Majeure Delay shall not
4 excuse BORROWER from the timely performance of its payment obligations under the PLHA
5 Loan Documents.

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

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

- 24 a. BORROWER executes this Agreement and delivers to COUNTY for
25 recordation in the Official Records;
- 26 b. Borrower submits written evidence to COUNTY that Borrower has
27 obtained sufficient financing commitments necessary to undertake the
28 acquisition and rehabilitation of the Project as required herein;

- 1 c. BORROWER provides COUNTY with evidence of insurance as
2 required herein;
- 3 d. BORROWER executes the PLHA Deed of Trust, in recordable form,
4 and delivers such document to COUNTY for recordation in the Official
5 Records;
- 6 e. BORROWER executes the PLHA Note, and delivers it to COUNTY;
- 7 f. BORROWER executes the Covenant Agreement, in recordable form,
8 and delivers to the COUNTY for recordation in the Official Records;
- 9 g. BORROWER executes the Environmental Indemnity, and delivers it
10 to COUNTY;
- 11 h. BORROWER has caused the Property to be divided or reconfigured at
12 BORROWER's cost in such a manner that the Project may be financed
13 and obtain title insurance.
- 14 i. BORROWER is not in default under the terms of this Agreement or
15 any other agreement related to the financing of the Project;
- 16 j. BORROWER provides satisfactory evidence that it has secured any
17 and all necessary land use entitlements, permits, and approvals which
18 may be required for construction of the Project pursuant to the
19 applicable rules and regulations of COUNTY, and any other
20 governmental agency with jurisdiction over such construction work.
21 BORROWER shall have secured, without limitation, the following in
22 connection with the Project: all entitlements, changes of zoning, lot line
23 adjustments, any and all necessary studies required including but not
24 limited to archaeological, cultural, and environmental, and traffic
25 studies and lead-based paint surveys. BORROWER shall have paid all
26 costs, charges and fees associated therewith;
- 27 k. BORROWER provides duly executed documents and instruments
28 evidencing that BORROWER owns fee title to the Property;

- 1 l. BORROWER provides satisfactory evidence that it has satisfied all
- 2 conditions precedent to the issuance of all permits necessary for the
- 3 rehabilitation of the Property and all such permits are available for
- 4 issuance, other than payment of fees; and
- 5 m. BORROWER provides satisfactory evidence to COUNTY that it has
- 6 hired a qualified professional firm to review and monitor prevailing
- 7 wage compliance for all submissions of contractors certified payrolls
- 8 to COUNTY.

9 13. OUTSIDE CLOSING DATE. If the Closing fails to occur by December 31,
10 2025 (the “Outside Closing Date”), then this Agreement shall automatically terminate and be of
11 no further force and effect and Borrower shall be released and discharged from any obligations
12 under this Agreement, except as to those obligations which by their terms survive termination of
13 this Agreement. The PLHA Loan funds allocated, reserved, or placed in a PLHA account
14 pursuant to this Agreement may be reallocated by COUNTY.

15 Notwithstanding the foregoing, the Parties hereto acknowledge that many of the
16 potential sources of financing for the Project are subject to competitive awards, and that it is
17 difficult to identify with certainty the period of time needed to obtain financing and entitlements
18 necessary for construction. In light of the foregoing, the Outside Closing Date (i) if applicable,
19 may be automatically extended to such closing date as required by the Tax Credit Allocation
20 Committee pursuant to an award of Low Income Housing Tax Credits for the Project made prior
21 to the Outside Closing Date, or (ii) shall be subject to written extension with the consent of the
22 Director or his or her designee through 2026. The Director shall reasonably consider any request
23 for extensions to the Outside Closing Date based on BORROWER’s updates on progress toward
24 obtaining financing and entitlements. Any extension of the Outside Closing Date past December
25 31, 2026 shall require the consent of the Board of Supervisors.

26 14. DISBURSEMENT OF FUNDS; RETENTION. Upon and after the Closing,
27 COUNTY shall disburse the PLHA Loan Funds in accordance herewith. Disbursement of PLHA
28 Loan funds shall occur upon the receipt of copies of invoices and conditional (upon receipt of

1 payment) lien releases for construction costs to be paid with the proceeds of the PLHA Loan.
2 Any disbursement of funds is expressly conditioned upon the satisfaction of conditions set forth
3 above. COUNTY shall disburse to BORROWER the PLHA Loan funds above on a "cost-as-
4 incurred" basis for all eligible approved costs under itemized schedule shown in **Exhibit C** as
5 follows:

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

- 1 9) Certified statement of final development costs; and
- 2 10) Certified statement of final sources and uses of funds for the
- 3 Project.

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

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

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

18 BORROWER shall cause General Contractor to provide a policy
19 of Builder’s All Risk (Course of Construction) insurance coverage
20 including (if the work is located in an earthquake or flood zone or
21 if required on financed or bond financing arrangements) coverage
22 for earthquake and flood, covering the COUNTY, BORROWER,
23 General Contractor and every subcontractor, of every tier, for the
24 entire Project, including property to be used in the construction of
25 the work while such property is at off-site storage locations or while
26 in transit or temporary off-site storage. Such policy shall include,
27 but not be limited to, coverage for fire, collapse, faulty
28 workmanship, debris removal, expediting expense, fire department

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

22 b. Worker's Compensation.

23 If the BORROWER or General Contractor have employees as
24 defined by the State of California, the BORROWER or General
25 Contractor, as applicable, shall maintain statutory Workers'
26 Compensation Insurance (Coverage A) as prescribed by the laws
27 of the State of California. Policy shall include Employers' Liability
28 (Coverage B) including Occupational Disease with limits not less

1 than \$1,000,000 per person per accident. The policy shall be
2 endorsed to waive subrogation in favor of The County of Riverside.
3 Policy shall name the COUNTY as Additional Insureds.

4 c. Commercial General Liability Insurance.

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

17 d. Vehicle Liability Insurance.

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

26 e. General Insurance Provisions – All Lines.

27 1) Any insurance carrier providing insurance coverage
28 hereunder shall be admitted to the State of California and have an

1 A M BEST rating of not less than A: VIII (A:8) unless such
2 requirements are waived, in writing, by the County Risk Manager.
3 If the County's Risk Manager waives a requirement for a particular
4 insurer such waiver is only valid for that specific insurer and only
5 for one policy term.

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

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

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

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

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

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

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

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

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

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

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

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

11 18. COMPLIANCE WITH LAWS AND REGULATIONS;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 completed at BORROWER's cost in a workmanlike manner and in
2 compliance with all applicable law.

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

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

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

27 "Hazardous Materials" or "Hazardous Substances" shall include,
28 but not be limited to, oil, flammable explosives, asbestos, urea

1 formaldehyde insulation, radioactive materials, hazardous wastes,
2 toxic or contaminated substances or similar materials, including,
3 without limitation, any substances defined as “extremely hazardous
4 substances,” “hazardous substances,” “hazardous materials,”
5 “hazardous waste” or “toxic substances” in the Comprehensive
6 Environmental Response, Compensation and Liability Act of 1980,
7 as amended, including the Superfund Amendments and
8 Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq.
9 (“CERCLA”); the Hazardous Materials Transportation Act, 49
10 U.S.C. §§ 1801, et seq.; the Resource Conservation and Recovery
11 Act of 1976, as amended, 42 U.S.C. §§ 6901, et seq.; the Toxic
12 Substances Control Act, as amended, 15 U.S.C. §§ 2601 et seq.; the
13 Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq.; the Federal
14 Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251 et
15 seq.; the Occupational Safety and Health Act, as amended, 29
16 U.S.C. §§ 651; the Emergency Planning and Community Right-to-
17 Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Mine Safety
18 and Health Act of 1977, as amended, 30 U.S.C. §§ 801 et seq.; the
19 Safe Drinking Water Act, as amended, 42 U.S.C. §§ 300f et seq.;
20 and those substances defined as “hazardous waste” in § 25117 of
21 the California Health and Safety Code, as “infectious waste” in §
22 25117.5 of the California Health and Safety Code, or as “hazardous
23 substances” in § 25316 of the California Health and Safety Code,
24 or “hazardous materials” as defined in § 353 of the California
25 Vehicle Code; waste that exhibits the characteristics set forth in §
26 25141 (b) of the California Health and Safety Code; and in the
27 regulations adopted and orders and publications promulgated
28 pursuant to said laws. Hazardous Materials shall expressly exclude

1 substances typically used in the construction, development,
 2 operation and maintenance of an apartment complex provided such
 3 substances are used in accordance with all applicable laws.

4 19. INCOME TARGETING REQUIREMENTS. BORROWER hereby agrees
 5 to restrict approximately forty nine percent (49%) of the Units not occupied by a manager or
 6 nineteen (19) of the Units rehabilitated on the Property to rental to and occupancy by qualified
 7 Low and Very Low Income Households (collectively, “Affordable Units” or “Restricted Units”)
 8 in accordance herewith. Due to the number of units and rounding, it may be that fewer than 49%
 9 of Units in the Project will constitute Restricted Units. In such event, BORROWER and
 10 COUNTY agree that BORROWER will restrict the maximum number of Units not in excess of
 11 49% as Restricted Units in the Project. At least twenty percent (20%) of the Affordable Units or
 12 four (4) Affordable Unit shall be restricted to occupancy a by Very Low Income Household. The
 13 remaining Affordable Units or fifteen (15) Affordable Unit shall be rented to and occupied by a
 14 Low Income Household.

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

24 a. Initial Occupancy of Vacant Units: All Affordable Units shall be
 25 occupied by and rented to Qualified Households for an Affordable Rent within the time period
 26 set forth in the Schedule of Performance attached to this Agreement (“Lease Deadline”) for the
 27 rehabilitated building(s) of the Project. If an Affordable Unit remains unoccupied or not leased
 28

1 to an eligible tenant, BORROWER must provide to COUNTY information about current
2 marketing efforts and an enhanced plan for marketing the unit so that it is leased promptly.

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

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

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

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

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

- 26 a. Lease Agreement. Provide a written lease agreement for not less than
27 one year, unless by mutual agreement between the tenant and
28 BORROWER. COUNTY shall review the initial form of the lease

1 agreement prior to BORROWER executing any leases and, provided
 2 that BORROWER uses the approved lease form, BORROWER shall
 3 be permitted to enter into residential leases without COUNTY's prior
 4 written consent.

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

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

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

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

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

26 (5) Waiver of legal proceeding. Agreement by the tenant that
 27 the BORROWER may evict the tenant or household
 28 members without instituting a civil court proceeding in

1 which the tenant has the opportunity to present a defense,
2 or before a court decision on the rights of the parties.

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

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

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

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

17 c. Violence Against Women Reauthorization Act of 2013. (Pub. L. 113–
18 4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes and
19 amends the Violence Against Women Act of 1994, as previously
20 amended, (title IV, sec. 40001–40703 of Pub. L. 103–322, 42 U.S.C.
21 13925 et seq.) VAWA 2013, among other things, bars eviction and
22 termination due to a tenant’s status as a victim of domestic violence,
23 dating violence, or stalking, and requires landlords to maintain
24 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
25 is a survivor of domestic violence, dating violence, sexual assault, and
26 stalking from being denied assistance, tenancy, or occupancy rights
27 based solely on criminal activity related to an act of violence
28 committed against them. It extends housing protections to survivors

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

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

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

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

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

22 26. NONDISCRIMINATION. BORROWER shall not discriminate on the
23 basis of race, gender, religion, national origin, ethnicity, sexual orientation, age or disability in
24 the solicitation, selection, hiring or treatment of any contractors or consultants, to participate in
25 subcontracting/subconsulting opportunities. BORROWER understands and agrees that violation
26 of this clause shall be considered a material breach of this Agreement and may result in
27 termination, debarment or other sanctions. This language shall be incorporated into all contracts
28 between BORROWER and any contractor, consultant, subcontractor, subconsultants, vendors

1 and suppliers. BORROWER shall comply with the provisions of the California Fair Employment
2 and Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of
3 1964 (P.L. 88-352), as amended, and all applicable local, state and federal laws with respect to
4 its use of the Property.

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

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

- 22 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,
23 executors, administrators, and assigns, and all persons claiming under or through them, that
24 there shall be no discrimination against or segregation of, any person or group of persons
25 on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government
26 Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and
27 paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government
28 Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the

1 premises herein conveyed, nor shall the grantee or any person claiming under or through
2 him or her, establish or permit any practice or practices of discrimination or segregation
3 with reference to the selection, location, number, use or occupancy of tenants, lessees,
4 subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing
5 covenants shall run with the land.”

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

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

27 In addition to the obligations and duties of BORROWER set forth herein, BORROWER
28 shall, upon notice from County, promptly pay to County all fees and costs, including administrative

1 and attorneys' fees, incurred by County in connection with responding to or defending any
2 discrimination claim brought by any third party and/or local, state or federal government entity,
3 arising out of or in connection with this Agreement or the Covenant Agreement.

4 27. PROHIBITION AGAINST CONFLICTS OF INTEREST:

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

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

14 28. HCD GRANTS. BORROWER has also applied for MPRROP and MORE
15 funding through HCD (collectively, the "HCD Grants"). Notwithstanding anything to the
16 contrary, herein, COUNTY acknowledges that the HCD Grants shall be funded prior to the
17 PLHA Loan, and any documentation and obligations relating to the HCD Grants shall be senior
18 to the documentation described in this Agreement.

19 29. PROJECT MONITORING AND EVALUATION.

20 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist Form
21 to COUNTY, as shown in **Exhibit G** which is attached hereto and by this reference is
22 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic
23 composition, number and percentage of Very Low Income and Low Income Households who
24 are tenants of the COUNTY Affordable Units. The Tenant Checklist Form shall be submitted
25 upon completion of the construction and thereafter, on a semi-annual basis on or before March
26 31st and September 30th. BORROWER shall maintain financial, programmatic, statistical and
27 other supporting records of its operations and financial activities in accordance with the
28 requirements of the PLHA Program, including the submission of Tenant Checklist Form. Except

1 as otherwise provided for in this Agreement, BORROWER shall maintain and submit records to
2 COUNTY within ten business days of COUNTY's request which clearly documents
3 BORROWER's performance under each requirement of the PLHA Program. A list of document
4 submissions and timeline are shown in **Exhibit D** and such list may be amended from time to
5 time subject to HCD and COUNTY reporting requirements.

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

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

26 30. MONITORING FEE. BORROWER shall pay an annual compliance
27 monitoring fee to the COUNTY in the total annual amount of One Hundred Dollars (\$100) per
28 Unit constructed (increased annually by an amount equal to the increase of the Consumer Price

1 Index (CPI) for the Los Angeles-Riverside-Orange County, CA area) ("Monitoring Fee"). The
2 first Monitoring Fee payment is due on July 1st of each year for the monitoring period of July 1st
3 to June 30th commencing on the July 1 following the issuance of a Certificate of Occupancy for
4 the Project and may be pro-rated for a partial first year. The Monitoring Fee will be due on each
5 July 1st thereafter and will continue until the expiration of the Affordability Period. The
6 Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the increase
7 in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of a decrease in the
8 applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not
9 decrease.

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

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

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

1 by this Agreement or applicable law; (2) the imposition of any
2 encumbrances or liens on the Project without COUNTY's prior
3 written approval that are prohibited under this Agreement or that
4 have the effect of reducing the priority or invalidating the lien of
5 the PLHA Deed of Trust; (3) BORROWER's failure to obtain and
6 maintain the insurance coverage required under this Agreement; (4)
7 any material default under this Agreement, the PLHA Deed of
8 Trust, Covenant Agreement, PLHA Note or any document
9 executed by BORROWER in connection with this Agreement;

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

14 d. General Performance of Other Obligations. Any substantial or
15 continuous or repeated breach by BORROWER or BORROWER's
16 agents of any material obligations of BORROWER related to the
17 Project imposed by any other agreement with respect to the
18 financing, development, or operation of the Project; whether or not
19 COUNTY is a party to such agreement; but only following any
20 applicable notice and cure periods with respect to any such
21 obligation;

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

- 1 f. Damage to Project. In the event that the Project is materially
2 damaged or destroyed by fire or other casualty, and BORROWER
3 receives an award or insurance proceeds sufficient for the repair or
4 reconstruction of the Project, and BORROWER does not use such
5 award or proceeds to repair or reconstruct the Project.
- 6 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
7 general partner and co-general partner of BORROWER's (1) filing
8 for bankruptcy, dissolution, or reorganization, or failure to obtain a
9 full dismissal of any such involuntary filing brought by another
10 party before the earlier of final relief or ninety (90) days after such
11 filing; (2) making a general assignment for the benefit of creditors;
12 (3) applying for the appointment of a receiver, trustee, custodian,
13 or liquidator, or failure to obtain a full dismissal of any such
14 involuntary application brought by another party before the earlier
15 of final relief or ninety (90) days after such filing; (4) insolvency;
16 or (5) failure, inability or admission in writing of its inability to pay
17 its debts as they become due.

18 33. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
19 notices, demands and communications between the COUNTY and the BORROWER shall be
20 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
21 requested, or as set forth below, to the principal offices of the COUNTY and the BORROWER,
22 as designated below. Such written notices, demands and communications may be sent in the
23 same manner to such other addresses as either party may from time to time designate by mail
24 as provided in this **Section 33**. Any notice that is transmitted by electronic facsimile
25 transmission followed by delivery of a "hard" copy, shall be deemed delivered upon its
26 transmission; any notice that is personally delivered (including by means of professional
27 messenger service, courier service such as United Parcel Service or Federal Express, or by U.S.
28 Postal Service), shall be deemed received on the documented date of receipt by the recipient;

1 and any notice that is sent by registered or certified mail, postage prepaid, return receipt required
2 shall be deemed received on the date of delivery thereof.

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

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

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

19 d. If a non-monetary event of default occurs, prior to exercising any remedies
20 hereunder, COUNTY shall give BORROWER written notice of such default. If the default is
21 reasonably capable of being cured within thirty (30) days, BORROWER shall have such period
22 to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not
23 reasonably capable of being cured within thirty (30) days, and BORROWER (i) initiates
24 corrective action within said period, and (ii) diligently, continually, and in good faith works to
25 effect a cure as soon as possible, then BORROWER shall have such additional time as is
26 reasonably necessary to cure the default prior to exercise of any remedies by the injured party,
27 but in no event no more than sixty (60) days from the date of the notice of default. In no event
28 shall COUNTY be precluded from exercising remedies if its security becomes or is about to

1 become materially jeopardized by any failure to cure a default or the default is not cured within
2 sixty (60) days after the first notice of default is given.

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

8 a. Terminate this Agreement, in which event the entire PLHA Loan
9 amount as well as any other monies advanced to BORROWER by
10 COUNTY under this Agreement including administrative costs,
11 shall immediately become due and payable to COUNTY at the
12 option of COUNTY.

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

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

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

27 e. Enter upon, take possession of, and manage the Project, either in
28 person, by agent, or by a receiver appointed by a court, and collect

1 rents and other amounts specified in the assignment of rents in the
2 Deed of Trust and apply them to operate the Project or to pay off the
3 PLHA Loan or any advances made under this Agreement, as
4 provided for by the PLHA Deed of Trust.

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

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

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

19 36. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
20 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
21 Districts and Departments, and their respective directors, officers, members, elected and
22 appointed officials, employees, agents and representatives (individually and collectively, the
23 “Indemnified Parties”) from any claim or liability, costs or fees (including, but not limited to,
24 attorneys’ costs and fees), resulting from any act or failure to act of BORROWER, its officers,
25 employees, subcontractors, agents or representatives, in connection with, arising out of, or in any
26 way relating to this Agreement, the PLHA Loan Documents, the Property or the Project, including
27 but not limited to property damage, bodily injury, or death or any other element of any kind or
28 nature whatsoever. BORROWER shall defend the Indemnified Parties, at its sole expense, in any

1 claim or action based upon such alleged acts or omissions. The indemnification obligations of
2 BORROWER set forth in this Agreement shall survive the repayment of the PLHA Loan and the
3 expiration or earlier termination of this Agreement.

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

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

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

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

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

21 37. TERMINATION.

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

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

- 27 (1) In the event BORROWER fails to perform the covenants
28 herein contained at such times and in such manner as

1 provided in this Agreement after the applicable notice and
2 cure provision hereof; or

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

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

10 c. Upon expiration or earlier termination of this Agreement, BORROWER
11 shall transfer to COUNTY any unexpended PLHA funds in its possession at the time of expiration
12 of the Agreement as well as any accounts receivable held by BORROWER which are attributable
13 to the use of PLHA funds awarded pursuant to this Agreement.

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

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

1 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
2 discharged.

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

7 42. AUTHORITY TO EXECUTE. The persons executing this Agreement or
8 exhibits attached hereto on behalf of the parties to this Agreement hereby warrant and represent
9 that they have the authority to execute this Agreement and warrant and represent that they have
10 the authority to bind the respective parties to this Agreement to the performance of its obligations
11 hereunder.

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

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

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

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

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

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

18 49. SCHEDULE OF PERFORMANCE. BORROWER shall use
19 commercially reasonable efforts to satisfy the obligations set forth herein and in the Schedule of
20 Performance in a timely manner and by the dates set forth herein and therein. The Project shall
21 be completed and a Notice of Completion shall have been recorded in the Official Records no
22 later than the date set forth in the Schedule of Performance (the "Completion Deadline").
23 Provided that all construction and permanent financing remains committed to the Project,
24 BORROWER may request an extension of the Completion Deadline from COUNTY
25 ("Extension"), which may be granted if the BORROWER can provide proof that all construction
26 and permanent financing remains committed to the Project and that the circumstances that led to
27 the failure to complete the Project by the Completion Deadline were beyond the BORROWER's
28 control. Extension is subject to COUNTY's reasonable approval, and not guaranteed. The

1 Assistant County Executive Officer/EDA, or designee, has the authority, at his or her discretion,
2 to consent to such Extension.

3 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
4 conditioned upon BORROWER's delivery to COUNTY, on or prior to the date set forth in the
5 Schedule of Performance of written documentation of such binding loan commitments required
6 to fully finance the development, construction and operation of the Project (less the PLHA Loan),
7 on terms and conditions acceptable to BORROWER and COUNTY, including, but not limited
8 any conventional construction and/or permanent financing. Either COUNTY or BORROWER
9 may elect to terminate this Agreement with ten (10) days prior written notice to the other party if
10 BORROWER fails to acquire the project financing as required by this **Section 50**. Upon such
11 termination, this Agreement shall be null and void, and:

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

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

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

26 52. MEDIA RELEASES. BORROWER agrees to allow COUNTY to provide
27 input regarding all media releases regarding the Project. Any publicity generated by
28 BORROWER for the Project must make reference to the contribution of COUNTY in making the

1 Project possible. COUNTY's name shall be prominently displayed in all pieces of publicity
2 generated by BORROWER, including flyers, press releases, posters, signs, brochures, and public
3 service announcements. BORROWER agrees to cooperate with COUNTY in any COUNTY-
4 generated publicity or promotional activities with respect to the Project.

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

10 COUNTY
11 Director, HWS
12 County of Riverside
13 3403 Tenth Street, Suite #300
Riverside, CA 92501

BORROWER
The Caritas Corporation
Attn: Robert R. Redwitz
3 Park Plaza, Suite #1700
Irvine, CA 92614

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

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

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

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

1 58. CONSTRUCTION AND INTERPRETATION OF AGREEMENT. The

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

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

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

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

1 and any riders, exhibits, addenda, and attachments or other documents affixed to or expressly
2 incorporated by reference in this instrument.

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

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

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

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

15 62. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

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

28 (SIGNATURES ON THE NEXT PAGE)

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

3 **COUNTY:**

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

6
7 By: form - do not sign
8 Heidi Marshall, Director
9 Department of Housing
10 and Workforce Solutions

11 Date: _____

12
13
14 **(COUNTY signatures need to be notarized)**

15
16
17 APPROVED AS TO FORM:
18 Minh C. Tran, County Counsel

19 By: 
20 Amrit P. Dhillon, Deputy County Counsel

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BORROWER:

By: The Caritas Corporation,
a California nonprofit public benefit corporation

By: form - do not sign
Name: Robert R. Redwitz
Its: Chief Executive Officer
Date: _____

Caritas Acquisitions III, LLC, as owner of the Property, hereby consents to the execution and recordation of the foregoing Loan Agreement:

By: Caritas Acquisitions III, LLC,
a California limited liability company

By: The Caritas Corporation,
A California nonprofit public benefit corporation
Its Sole Member

By: form - do not sign
Name: Robert R. Redwitz
Its: Chief Executive Officer
Date: _____

(BORROWER and OWNER signatures need to be notarized)

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<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"

Property Legal Description

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

5.00 ACRES IN POR LOT 7 MB 004/053 COACHELLA LAND & WATER CO THAT PORTION OF LOT 7 OF COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, RECORDS OF SAID RIVERSIDE COUNTY, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WESTERLY LINE OF SAID LOT, 165 FEET SOUTHERLY FROM THE NORTHWEST CORNER OF SAID LOT; THENCE EASTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE EASTERLY LINE OF SAID LOT; THENCE SOUTHERLY ON SAID EASTERLY LINE, 165 FEET, THENCE WESTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE WESTERLY LINE OF SAID LOT; THENCE NORTHERLY ON SAID WESTERLY LINE, 165 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. EXCEPTING THEREFROM ANY PORTION INCLUDED IN PUBLIC HIGHWAY SHOWN ON SAID MAP, ALONG THE WEST LINE THEREOF, GRANTED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED NOVEMBER 14, 1906 IN BOOK 233, PAGE 220 OF DEEDS, RIVERSIDE COUNTY RECORDS. Lot 7 Subdivision Name COACHELLA LAND & WATER CO Acres 005.00 Lot Type Lot Rec Map Type Map Book Map Plat B 004 Map Plat P 053 Portion Lot Portion

ASSESSOR'S PARCEL NUMBER: 763-230-015

EXHIBIT "B"**Scope of Work and Project Description**

Borrower: The Caritas Corporation
Address: 3 Park Plaza, Suite #1700, Irvine, CA 92614
Project Title: Shady Lane Mobile Home Park
Location: 54596 Shady Lane, Thermal, CA, Assessor's Parcel Number 763-230-015

Project Description:

The Caritas Corporation, a California nonprofit public benefit corporation, will utilize \$1,797,455 in Permanent Local Housing Allocation (PLHA) funds allocated from the California Department of Housing and Community Development PLHA Program (PLHA Loan) for improvements at the Shady Lane Mobile Home Park "Shady Lane".

Shady Lane is a 32 space manufactured housing community, with rental spaces occupied by manufactured home owners and located at 54596 Shady Lane, Thermal, CA 92274 in the County of Riverside, also identified as Assessor's Parcel Number 763-230-015.

The planned rehabilitation will improve conditions overall thereby meeting acceptable living standards for residents. In addition, eight (8) new rental spaces will be created. New manufactured homes will be installed in the new rental spaces and sold to eligible households. When complete, the Project will consist of 40 rehabilitated and new rental spaces occupied by 40 manufactured home owners (Units).

Approximately forty nine percent (49%) of the Units not occupied by a manager or nineteen (19) of the Units rehabilitated on the Property shall be restricted to rental to and occupancy by qualified Low and Very Low Income Households (collectively, "Affordable Units") at an Affordable Rent (as hereinafter defined). The Affordable Units shall consist of nineteen (19) manufactured home rental spaces. At least twenty percent (20%) of the Affordable Units or four (4) Affordable Units (consisting of manufactured home rental spaces) shall be restricted to occupancy by a Very Low-Income Household. The remaining Affordable Units or fifteen (15) Affordable Units (consisting of manufactured home rental spaces) shall be rented to and occupied by a Low-Income Household.

The **Scope of Work** shall comply with all entitlements for the Project and include CVWD offsite improvements to extended water and sewer service to site. On-site improvements to infrastructure delivery systems: electrical, utilities, roadway, Manufactured Home rental space pad, and stormwater. Replacement of substandard Manufactured Home coaches purchase and installation of new Manufactured Home coaches. All tenants will be housed at a temporary location during rehabilitation work.

EXHIBIT "C"**Sources and Uses of Funds**

Sources	Amount
Permanent Local Housing Allocation ("PLHA")	\$ 1,797,455
Mobilehome Park Rehabilitation and Resident Ownership Program (MPRRP)	\$ 2,988,512
Manufactured Housing Opportunity & Revitalization Program (MORE)	\$ 4,800,000
Total	\$ 9,585,967

Uses	Amount
Rehabilitation	\$ 7,482,513
Architectural Fees & Eng.	\$ 371,326
Const. Int.& Fees	\$ 237,400
Legal Fees	\$ 15,000
Reserves	\$ 10,000
Other	\$ 1,469,728
Total	\$ 9,585,967

EXHIBIT "D"**Schedule of Performance**

1.	<u>Financing.</u> Borrower shall timely submit applications for financing for the Project.	Following COUNTY approval and execution of the Agreement, but in no event later than December 31, 2025.
2.	<u>Additional Financing.</u> If necessary, Borrower shall re-apply for financing for the Project or apply for additional financing.	Following COUNTY approval and execution of the Agreement, but in no event later than January 31, 2026.
3.	<u>Project Budget and Plans.</u> Borrower shall submit to COUNTY the Project Budget and Plans.	A draft Project Budget and Plans shall be submitted not later than 120 days prior to the date proposed for Closing, with a final Project Budget delivered prior to Closing.
4.	<u>Financing Commitments and Documents.</u> Borrower shall submit to COUNTY financing commitments and draft legal agreements for all construction and permanent financing for the Project.	As soon as reasonably practical, but in no event later than 90 days prior to the Closing Date.
5.	<u>Escrow – Purchase of the Property.</u> If applicable, BORROWER shall open Escrow for the purchase of the Property.	At least 90 days prior to the date proposed for Closing but in no event later than 90 days prior to the Outside Closing Date.
6.	<u>Conditions Precedent to the Closing.</u> BORROWER shall satisfy all conditions precedent to Closing.	Not later than the Outside Closing Date.
7.	<u>Closing Date.</u> The Deed of Trust and all liens required for construction financing for the Project shall be recorded in the Official Records of Riverside County provided all conditions precedent in Section 12 of Agreement remain satisfied.	Not later than the Outside Closing Date.
8.	<u>Construction Commencement.</u> Borrower shall commence construction of the Project.	Within 15 days of the Closing Date.
9.	<u>Construction Completion.</u> Borrower shall complete construction of the Improvements for the Project (as shown on the Final Construction Drawings upon which Borrower's building permit is based).	Within eighteen (18) months of the Closing Date.
10.	<u>Leasing.</u> Borrower shall have entered into leases with Qualified Tenants for the Affordable Units.	Within three (3) months from Notice of Completion.
11.	<u>Submission of Final actual project costs and Sources and Uses of Funds</u>	Within four (4) months from Notice of Completion.
12.	<u>Submission of income & ethnic characteristics report</u>	Within four (4) months from Notice of Completion.

DOCUMENT SUBMISSION SCHEDULE

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

Exhibit E

PLHA DEED OF TRUST

EXHIBIT "E"

EXEMPT RECORDING FEE
Government Code Section 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn. Leah Rodriguez

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

PLHA Loan Funds

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING WITH ASSIGNMENT OF RENTS (“Deed of Trust”) is made this __ day of _____, 2024 by THE CARITAS CORPORATION, a California nonprofit public benefit corporation, (hereinafter referred to as “Trustor”), whose address is 3 Park Plaza, Suite #1700, Irvine, CA 92614. The trustee is COUNTY OF RIVERSIDE DEPARTMENT OF HOUSING AND WORKFORCE SOLUTIONS (“Trustee”). The beneficiary is the COUNTY OF RIVERSIDE, a political subdivision of the State of California, (hereinafter called “Beneficiary”), whose address is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

WITNESSETH: That Trustor IRREVOCABLY GRANTS, TRANSFERS AND ASSIGNS to Trustee, its successors and assigns, in Trust, with POWER OF SALE TOGETHER WITH RIGHT OF ENTRY AND POSSESSION the following property (the “Trust Estate”):

(A) That certain fee interest in the real property located at 54596 Shady Lane, in the unincorporated community of Thermal, County of Riverside, State of California more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the “Subject Property”);

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

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

(D) All rents, issues, income, revenues, royalties and profits now or in the future payable with respect to or otherwise derived from the Trust Estate or the Trustorship, use,

management, operation leasing or occupancy of the Trust Estate, including those past due and unpaid (the "Rents");

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

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

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

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

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

- (i) due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note Secured by Deed of Trust (PLHA Loan Funds) in favor of the Beneficiary (“County” therein) executed by Trustor (“Borrower” therein) of even date herewith (the “Note”) in the principal amount of \$1,797,455;
 - (b) that certain Loan Agreement for the Use of PLHA Program Funds dated _____, 2024 and recorded in the Official Records of the County of Riverside (“Official Records”) concurrently herewith, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (the “PLHA Loan Agreement”); and
 - (c) that certain Covenant Agreement (PLHA Loan Funds) dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (“Covenant Agreement”).
- (ii) payment of indebtedness of the Trustor to the Beneficiary in the original principal amount of One Million Seven Hundred Ninety-Seven Thousand Four Hundred Fifty-Five Dollars (\$1,797,455) (the “PLHA Loan”), together with any interest or other amounts due according to the terms of the Note and/or the PLHA Loan Agreement.

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

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

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

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

2. That Trustor shall not permit or suffer the use of any of the Property for any purpose other than the use set forth in the PLHA Loan Agreement and Covenant Agreement.

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

4. That all rents, profits and income from the property covered by this Deed of Trust are hereby assigned to the Beneficiary for the purpose of discharging the debt hereby secured. Permission is hereby given to Trustor so long as no default exists hereunder after the giving of notice and the expiration of any applicable cure period, to collect such rents, profits and income for use in accordance with the provisions of the PLHA Loan Agreement and Covenant Agreement.

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

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

6. **Taxes and Insurance.** Trustor shall pay before delinquency all taxes and assessments affecting said Real Property, including assessments on appurtenant water stock; when due, all encumbrances, charges and liens, with interest, on said property or any part thereof, which appear to be prior or superior hereto; all costs, fees and expenses of this Deed of Trust.

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

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

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

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

9. **Hazard or Property Insurance.** Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the PLHA Loan Agreement. The insurance carrier providing the insurance shall be chosen by Trustor subject to Beneficiary's approval which shall not be unreasonably withheld. If Trustor fails to maintain coverage described above, Beneficiary may, at Beneficiary's option, obtain coverage to protect Beneficiary's rights in the Property in accordance with **Section 12**.

a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the PLHA Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

b. Unless Beneficiary and Trustor otherwise agree in writing and subject to the rights of senior lenders, insurance proceeds shall be applied to restoration or repair of the Property damaged, provided Trustor determines that such restoration or repair is economically feasible and there is no default continuing beyond the expiration of all applicable cure periods. If Trustor determines that

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such restoration or repair is not economically feasible or if a default exists after expiration of all applicable cure periods, the insurance proceeds shall be applied to the sums secured by this Deed of Trust, with the excess, if any, paid to Trustor. If the Property is abandoned by Trustor, or if Trustor fails to respond to Beneficiary within 30 days from the date notice is mailed by Beneficiary to Trustor that the insurance carrier offers to settle a claim for insurance benefits, Beneficiary is authorized to collect and apply the insurance proceeds at Beneficiary's option either to restoration or repair of the Property or to the sums secured by this Deed of Trust.

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

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

10. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Real Property, allow the Real Property to deteriorate, or commit waste on the Real Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Real Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Real Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of the Real Property for affordable housing. If this Deed of Trust is on a leasehold, Trustor shall comply with all provisions of the lease. If Trustor acquires fee title to the Property, the leasehold and the fee title shall not merge unless Beneficiary agrees to the merger in writing.

The Trustor acknowledges that the Real Property is subject to certain use and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), limiting the Property's use to activities that comply with the PLHA Program (as defined in the PLHA Loan Agreement). The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by applicable law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

11. Protection of Beneficiary's Rights in the Property. If Trustor fails to perform the covenants and agreements contained in this Deed of Trust, or there is a legal proceeding that may significantly affect Beneficiary's rights in the Property (such as a proceeding in bankruptcy,

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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 11**, Beneficiary does not have to do so.

Any amounts disbursed by Beneficiary under this **Section 11** 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.

12. **Reserved.**

13. **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.

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

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

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

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

15. **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.

16. **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.

17. **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.

18. **Notices.** Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to any party requested by Trustor in writing, including any the investment limited partner at the address set forth in the PLHA Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a Senior Lien Holder shall be given by first class mail to such other address the Senior Lien Holder designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

19. **Governing Law; Severability.** This Deed of Trust and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of California. Each paragraph and provision of this Deed of Trust is severable from each other provision, and if any provision or part thereof is declared invalid, the remaining provisions shall nevertheless remain in full force and effect. To this end the provisions of this Deed of Trust and

the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Agreement shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

21. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the PLHA Loan Agreement, if all or any part of the Real Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Real Property for activities that comply with the PLHA Loan Agreement) Beneficiary may, at its option, require immediate payment in full of all sums secured by this Deed of Trust. However, this option shall not be exercised by Beneficiary if exercise is prohibited by applicable law as of the date of this Deed of Trust. Nothing in this Deed of Trust shall be deemed to require Beneficiary's approval of a conveyance of an easement interest in the Property for utility purposes.

a. If Beneficiary exercises the aforementioned option, Beneficiary shall give Trustor and the Senior Lien Holder, prior written notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

b. Reserved.

22. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Real Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 26**.

23. **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.

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

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

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

b. As used in this **Section 25**, "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 25**, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

26. **Acceleration; Remedies.** Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than ten (10) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than sixty (60) calendar days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lien Holder has not cured the default within that same period, subject to any non-recourse provisions then in effect, Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in

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pursuing the remedies provided in this **Section 26**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

a. If Beneficiary invokes the power of sale, Beneficiary or Trustee shall mail copies of a notice of sale in the manner prescribed by applicable law to Trustor, the investor limited partner, the Senior Lien Holder and to the other persons prescribed by applicable law. Trustee shall give notice of sale by public advertisement for the time and in the manner prescribed by applicable law. Trustee, without demand on Trustor, shall sell the Property at public auction to the highest bidder for cash at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property to any later time on the same date by public announcement at the time and place of any previously scheduled sale. Beneficiary or its designee may purchase the Property at any sale.

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

27. **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.

28. **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.

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

30. **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

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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.

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

[Remainder of Page Blank]

[Signatures on Following Page]

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

TRUSTOR:

By: The Caritas Corporation,
a California nonprofit public benefit corporation
Its: Sole Member

By: _____ form - do not sign
Name: Robert R. Redwitz
Its: Chief Executive Officer
Date: _____

Caritas Acquisitions III, LLC, as owner of the Property, hereby consents to the execution and recordation of the foregoing Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents):

By: Caritas Acquisitions III, LLC,
a California limited liability company

By: The Caritas Corporation,
A California nonprofit public benefit corporation
Its Sole Member

By: _____ form - do not sign
Name: Robert R. Redwitz
Its: Chief Executive Officer
Date: _____

(TRUSTOR and OWNER signatures need to be notarized)

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "E"

<CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "E"

EXHIBIT "A"

Property Legal Description

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

5.00 ACRES IN POR LOT 7 MB 004/053 COACHELLA LAND & WATER CO THAT PORTION OF LOT 7 OF COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, RECORDS OF SAID RIVERSIDE COUNTY, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WESTERLY LINE OF SAID LOT, 165 FEET SOUTHERLY FROM THE NORTHWEST CORNER OF SAID LOT; THENCE EASTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE EASTERLY LINE OF SAID LOT; THENCE SOUTHERLY ON SAID EASTERLY LINE, 165 FEET, THENCE WESTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE WESTERLY LINE OF SAID LOT; THENCE NORTHERLY ON SAID WESTERLY LINE, 165 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. EXCEPTING THEREFROM ANY PORTION INCLUDED IN PUBLIC HIGHWAY SHOWN ON SAID MAP, ALONG THE WEST LINE THEREOF, GRANTED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED NOVEMBER 14, 1906 IN BOOK 233, PAGE 220 OF DEEDS, RIVERSIDE COUNTY RECORDS. Lot 7 Subdivision Name COACHELLA LAND & WATER CO Acres 005.00 Lot Type Lot Rec Map Type Map Book Map Plat B 004 Map Plat P 053 Portion Lot Portion

ASSESSOR'S PARCEL NUMBER: 763-230-015

Exhibit F

PLHA NOTE

PROMISSORY NOTE SECURED BY DEED OF TRUST

PLHA LOAN FUNDS

\$1,797,455 (“**Loan Amount**”) _____, 2024 (“**Note Date**”)

FOR VALUE RECEIVED, THE CARITAS CORPORATION (“BORROWER”), a California nonprofit public benefit corporation, promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), at 3403 Tenth Street, Suite #300, Riverside, CA 92501, or order, the sum of One Million Seven Hundred Ninety-Seven Thousand Four Hundred Fifty-Five Dollars (\$1,797,455 USD) (the “PLHA Loan” or “Note Amount”) which at the time of payment is due in funds lawful for the payment of public and private debts.

This Promissory Note Secured by Deed of Trust – PLHA Loan Funds (this “Note”) is given in accordance with that certain Loan Agreement for the Use of PLHA Program Funds executed by COUNTY and BORROWER, dated as of _____, 2024 and recorded in the Official Records of the County of Riverside (“Official Records”) on or about the date hereof (the “PLHA Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the PLHA Loan Agreement. The Note is secured by a Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents executed by BORROWER for the benefit of the COUNTY dated _____, 2024 and recorded on or about the date hereof in the Official Records (the “PLHA Deed of Trust” of “Deed of Trust”). This Note, the PLHA Loan Agreement, the Deed of Trust, the Covenant (as hereinafter defined) and all agreements entered into in connection with the foregoing, and any amendments or modifications thereto, shall collectively be referred to herein as the “PLHA Loan Documents.”

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

1. The PLHA Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Permanent Local Housing Allocation (“PLHA”) Program Statutes, Final Guidelines, Notice of Funding Availability, a Standard Agreement and applicable rules and regulations imposed by the Department of Housing and Community Development (“HCD”) on PLHA funding recipients (collectively, the “PLHA Program”). BORROWER agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the PLHA Program regulations, the PLHA Loan Documents and that certain Covenant Agreement dated on or about the date hereof and recorded on or about the date hereof in the Official Records between BORROWER and COUNTY (“Covenant”).
2. That the PLHA Loan will not accrue any interest per annum, and shall be deferred if the Project is in compliance with the PLHA Loan Agreement and forgiven in its entirety at the end of the Term of the PLHA Loan Agreement.

3. 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.
4. Subject to the provisions and limitations of this **Paragraph 4**, the obligation to repay the Note Amount is a nonrecourse obligation of BORROWER. Neither BORROWER nor its shareholders, members or partners shall have any personal liability for repayment of the Note Amount, except as provided in this **Paragraph 4**. The sole recourse of the COUNTY shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the PLHA Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name BORROWER as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against BORROWER; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this **Paragraph 4**, the COUNTY may recover directly from BORROWER or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of BORROWER or any general partner, member, shareholder, officer, director or employee of BORROWER, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the PLHA Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the BORROWER other than in accordance with the Deed of Trust; (e) any and all amounts owing by BORROWER pursuant to any indemnity set forth in the PLHA Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the PLHA Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.
5. The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the PLHA Loan Agreement:

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

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

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

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

6. COUNTY shall give written notice of default to BORROWER, specifying the default complained of by the COUNTY. BORROWER shall have ten (10) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
7. 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.
8. If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of this Note are declared to be severable.

9. 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.
10. Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the PLHA Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
11. 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.
12. 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.
13. 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.
14. In no event shall BORROWER assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve BORROWER or any other party from any obligations under the PLHA Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
15. 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.
16. 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.
17. (a) Formal notices, demands and communications between the COUNTY and BORROWER shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and BORROWER as set forth

below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.

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

(c) The address of BORROWER for purposes of receiving notices pursuant to this Note is 3 Park Plaza, Suite #1700, Irvine, CA 92614, Attention: Robert R. Redwitz, Chief Executive Officer.

18. The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
19. The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
20. This Note shall be binding upon BORROWER and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

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

BORROWER:

By: The Caritas Corporation,
a California nonprofit public benefit corporation

By: _____ form - do not sign
Name: Robert R. Redwitz
Its: Chief Executive Officer
Date: _____

Caritas Acquisitions III, LLC, as owner of the Property, hereby consents to the execution of this Note:

By: Caritas Acquisitions III, LLC,
a California limited liability company

By: The Caritas Corporation,
a California nonprofit public benefit corporation
Its Sole Member

By: _____ form - do not sign
Name: Robert R. Redwitz
Its: Chief Executive Officer
Date: _____

Exhibit H

COVENANT AGREEMENT

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NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103
Order No.
Escrow No.
Loan No.

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501
Attn. Leah Rodriguez

SPACE ABOVE THIS LINE FOR RECORDERS USE

**PLHA PROGRAM
COVENANT AGREEMENT
(54596 Shady Lane, Thermal, CA)**

This PLHA Program Covenant Agreement (54596 Shady Lane) (this “Covenant” or “Agreement”) is made and entered into as of the day of _____, 2024 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and THE CARITAS CORPORATION, a California nonprofit public benefit corporation (“BORROWER”).

RECITALS

WHEREAS, BORROWER owns that certain real property including any improvements located thereon, located at 54596 Shady Lane, Thermal, CA, Assessor’s Parcel Numbers 763-230-015, described in the legal description attached hereto as **Exhibit A** and incorporated herein by this reference (the “Property”);

WHEREAS, COUNTY and BORROWER entered into that certain Loan Agreement for the Use of PLHA Program Funds (54596 Shady Lane) dated _____, 2024 and recorded in the Official Records of the County of Riverside (“Official Records”) concurrently herewith (the “PLHA Loan Agreement” or “Agreement”) which provides for, among other things, rehabilitation on the Property to meet acceptable living standards for qualified households which

1 may include low-income migrant farmworkers and their families, and purchase eight (8) new
2 Manufactured Home units (each, a “Unit,” collectively, the “Units”). The rehabilitation of the
3 Property and purchasing of the Units and such other improvements as specified in the PLHA Loan
4 Agreement shall be referred to herein as the “Project.” Capitalized terms not defined herein shall
5 have the meaning ascribed to them in the PLHA Loan Agreement;

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

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

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

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

22 WHEREAS, pursuant to the PLHA Program, the County and HCD entered into that certain
23 Standard Agreement Amendment (20-PLHA-15541) dated June 17, 2021, including Exhibit E
24 (collectively, the “PLHA Standard Agreement Amendment”), which allocated a total of
25 \$10,207,458 PLHA funding to the County to increase the affordable housing stock;

26 WHEREAS, BORROWER is an experienced developer of affordable housing that has
27 among its purposes the provision of decent housing that is affordable to low income persons; and
28

1 WHEREAS, in consideration of a loan of PLHA funds, BORROWER has agreed to restrict
2 approximately forty nine percent (49%) of the Units in the Project not occupied by a manager or
3 nineteen (19) Units to rental to and occupancy by qualified low- and very low-income households
4 consistent with the PLHA Program requirements and as set forth more specifically below.

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

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

16 a) BORROWER hereby covenants and agrees to restrict approximately forty nine
17 percent (49%) of the Units not occupied by a manager or nineteen (19) of the Units
18 rehabilitated on the Property to rental to and occupancy by qualified Low- and Very
19 Low-Income Households (collectively, “Affordable Units” or “Restricted Units”)
20 in accordance herewith. The Affordable Units shall consist of nineteen (19)
21 manufactured home rental spaces. At least twenty percent (20%) of the Affordable
22 Units or four (4) Affordable Units (consisting of manufactured home rental spaces)
23 shall be restricted to occupancy by a Very Low-Income Household. The remaining
24 Affordable Units or fifteen (15) Affordable Units (consisting of manufactured
25 home rental spaces) shall be rented to and occupied by a Low-Income Household.
26 For purposes hereof:

27 (i) “Household” is one or more persons occupying an Affordable Unit.
28

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

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

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

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

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

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

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

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

15 2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the
16 PLHA Loan Agreement, including any of its attachments, this Covenant shall recorded in a
17 first priority lien position junior only to any deeds of trust or regulatory agreements between
18 BORROWER and HCD as required in any HCD Grants (defined in Section 28 of the
19 Agreement).

20 3) COMPLIANCE WITH LAWS AND REGULATIONS. During the Term of this
21 Covenant, BORROWER, for itself and on behalf of its successors and assigns, shall insure that
22 the Project is constructed in accordance with and operated in compliance with the PLHA
23 Program and all applicable federal, state and local laws, regulations and ordinances, including,
24 but not limited to the following: all laws, ordinances, statutes, codes, rules, resolutions,
25 regulations, policy statements, orders, and decrees (including, without limitation, those relating
26 to land use, subdivision, zoning, environmental, labor relations, prevailing wage, and building
27 and fire codes) of the United States, the State of California, the County or any other political
28

1 subdivision in which the Property is located or which exercises jurisdiction over the
2 BORROWER or the construction, maintenance, management, use, or operation of the Project.

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

5 a) Provide written lease agreement for not less than one year, unless
6 by mutual agreement between the tenant and BORROWER. COUNTY shall review
7 the initial form of the lease agreement prior to BORROWER executing any leases and,
8 provided that BORROWER uses the approved lease form, BORROWER shall be
9 permitted to enter into residential 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 tenant to be sued, to admit
13 guilt or to a judgment in favor of BORROWER in a lawsuit brought in
14 connection with the lease.

15 (2) *Treatment of property*. Agreements by tenant that BORROWER 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 tenant
19 concerning disposition of personal property remaining in the housing
20 unit after the tenant has moved out of the unit. BORROWER may
21 dispose of this personal property in accordance with State law.

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

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

27 (5) *Waiver of legal proceeding*. Agreement by the tenant that the
28 BORROWER may evict the tenant or household members without

1 instituting a civil court proceeding in which the tenant has the
2 opportunity to present a defense, or before a court decision on the rights
3 of the parties.

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

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

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

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

17 c) Violence Against Women Reauthorization Act of 2013. (Pub. L.
18 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the
19 Violence Against Women Act of 1994, as previously amended, (title IV, sec. 40001-
20 40703 of Pub. L. 103-322, 42 U.S.C. 13925 et seq.) VAWA 2013, among other things,
21 bars eviction and termination due to a tenant's status as a victim of domestic violence,
22 dating violence, or stalking, and requires landlords to maintain survivor-tenant
23 confidentiality. VAWA 2013 prohibits a tenant who is a survivor of domestic
24 violence, dating violence, sexual assault, and stalking from being denied assistance,
25 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
27 assault, and adds "intimate partner" to the list of eligible relationships in the domestic
28 violence definition. Protections also now cover an "affiliated individual," which

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

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

27 6) MAINTENANCE OF THE IMPROVEMENTS. BORROWER, on behalf of
28 itself and its successors, assigns, and each successor in interest to the Property and Project or

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

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

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

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

22 BORROWER, its successors and assigns, shall refrain from restricting the rental, sale, or
23 lease of the Property or any portion thereof, on the basis of race, color, creed, religion, sex, sexual
24 orientation, marital status, national origin, or ancestry of any person. Every deed, lease, and
25 contract entered into with respect to the Property, or any portion thereof, after the date of this
26 Agreement shall contain or be subject to substantially the following nondiscrimination or
27 nonsegregation clauses:
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a) In deeds: “The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

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

c) In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926,

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

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

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

20 a) Builder’s All Risk (Course of Construction) Insurance. BORROWER shall
21 cause General Contractor to provide a policy of Builder’s All Risk (Course of
22 Construction) insurance coverage including (if the work is located in an earthquake or flood
23 zone or if required on financed or bond financing arrangements) coverage for earthquake
24 and flood, covering the COUNTY, BORROWER, General Contractor and every
25 subcontractor, of every tier, for the entire Project, including property to be used in the
26 construction of the work while such property is at off-site storage locations or while in
27 transit or temporary off-site storage. Such policy shall include, but not be limited to,
28 coverage for fire, collapse, faulty workmanship, debris removal, expediting expense, fire

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

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

24 c) Commercial General Liability Insurance. BORROWER shall maintain
25 Commercial General Liability insurance coverage, including but not limited to, premises
26 liability, unmodified contractual liability, products and completed operations liability,
27 personal and advertising injury, and cross liability coverage, covering claims which may
28 arise from or out of BORROWER'S performance of its obligations hereunder. Policy shall

1 name the COUNTY as Additional Insured. Policy’s limit of liability shall not be less than
 2 \$2,000,000 per occurrence combined single limit. If such insurance contains a general
 3 aggregate limit, it shall apply separately to this agreement or be no less than two (2) times
 4 the occurrence limit. Policy shall name the COUNTY as Additional Insureds.

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

11 e) General Insurance Provisions – All Lines.

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

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

27 iii) BORROWER shall cause BORROWER’S and General Contractor’s
 28 insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed

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

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

24 v) It is understood and agreed to by the parties hereto that the
25 BORROWER'S or General Contractor's insurance, as applicable, shall be construed as
26 primary insurance, and the COUNTY'S insurance and/or deductibles and/or self-insured
27 retention's or self-insured programs shall not be construed as contributory.
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1 vi) If, during the term of this Agreement or any extension thereof, there
2 is a material change in the scope of services; or, there is a material change in the equipment
3 to be used in the performance of the scope of work; or, the term of this Agreement,
4 including any extensions thereof, exceeds five (5) years; the COUNTY reserves the right
5 to adjust the types of insurance and the monetary limits of liability required under this
6 Agreement, if in the County Risk Management's reasonable judgment, the amount or type
7 of insurance carried by the BORROWER has become inadequate.

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

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

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

15 10) HOLD HARMLESS/INDEMNIFICATION. BORROWER shall indemnify and
16 hold harmless the County of Riverside, its Agencies, Districts, Boards, Special Districts and
17 Departments, their respective directors, officers, elected and appointed officials, employees,
18 agents and representatives (individually and collectively hereinafter referred to as
19 "Indemnitees") from any claim, liability, costs or fees (including, but not limited to, attorneys'
20 fees and costs, costs of investigation, defense and settlements or awards), resulting from any
21 act or failure to act of BORROWER, its officers, employees, subcontractors, agents or
22 representatives, in connection with, arising out of or in any way relating to this Agreement, the
23 PLHA Loan Documents or the Project, including, but not limited to, property damage, bodily
24 injury, death or any other claim or liability of any kind or nature whatsoever. BORROWER
25 shall defend the Indemnitees, at BORROWER's sole expense, in any claim or action based
26 upon such alleged acts or omissions. With respect to any action or claim subject to
27 indemnification herein, BORROWER shall, at its sole cost, have the right to use counsel of its
28 own choice and shall have the right to adjust, settle, or compromise any such action or claim

1 without the prior consent of COUNTY; provided, however, that any such adjustment,
 2 settlement or compromise in no manner whatsoever limits or circumscribes BORROWER's
 3 indemnification obligation to Indemnitees as set forth herein. BORROWER's obligation
 4 hereunder shall be satisfied when BORROWER has provided to COUNTY the appropriate
 5 form of dismissal relieving the Indemnitees from any liability for the action or claim involved.
 6 The specified insurance limits required in this Agreement shall in no way limit or circumscribe
 7 BORROWER's obligations to indemnify and hold harmless the Indemnitees herein from third
 8 party claims. In the event there is conflict between this clause and California Civil Code
 9 Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such
 10 interpretation shall not relieve BORROWER from indemnifying the Indemnitees to the fullest
 11 extent allowed by law. The indemnification set forth in this paragraph shall survive the
 12 expiration or earlier termination of this Covenant.

13 11) NOTICES. All Notices provided for in this Covenant shall be deemed received
 14 when personally delivered, or five (5) days following mailing by certified mail, return receipt
 15 requested. All mailing shall be addressed to the respective parties at their addresses set forth
 16 below, or at such other address as each party may designate in writing and give to the other
 17 party:

COUNTY
Director, HWS
County of Riverside
3403 Tenth Street, Suite #300
Riverside, CA 92501

BORROWER
The Caritas Corporation
Attn: Robert R. Redwitz
3 Park Plaza, Suite #1700
Irvine, CA 92614

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

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

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

1 default complained of as the cure period provided to BORROWER pursuant to this Section 14.
2 COUNTY shall accept performance by a Permitted Lender or limited partner as if the same
3 had been done by BORROWER.

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

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

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

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

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

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

21 20) COVENANT RUNS WITH PROPERTY. In accordance with California Civil
 22 Code Section 1461 et seq., all conditions, covenants and restrictions contained in this Covenant
 23 shall be covenants running with the land. The Housing Authority of the County of Riverside
 24 (“Housing Authority”) and COUNTY shall be deemed the beneficiaries of the covenants,
 25 conditions and restrictions of this Covenant both for and in their own rights and for the
 26 purposes of protecting the interests of the community. The covenants, conditions, and
 27 restrictions shall run in favor of the Housing Authority and COUNTY, without regard to
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1 whether the Housing Authority or COUNTY has been, remains, or is an owner of any land or
2 interest therein in the Property.

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

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

25 23) COMPLIANCE WITH APPLICABLE LAWS. BORROWER shall carry out the
26 design, construction and operation of the Project in conformity with all applicable federal, state
27 and local laws, ordinances, statutes, codes, rules, resolutions, regulations, policy statements,
28 orders, and decrees including without limitation, all applicable labor and employment laws and

1 standards, laws regarding hazardous substances, laws regarding the acceptance or rejection of
2 tenants and/or the termination of any tenancy, zoning and development standards, building,
3 plumbing, mechanical and electrical codes, and all other provisions of the Code of Ordinances
4 of Riverside County, and all applicable disabled and handicapped access requirements,
5 including without limitation the Americans With Disabilities Act, 42 U.S.C. § 12101, et seq.,
6 as currently exists or as may be amended from time to time, Government Code § 4450, et seq.,
7 as currently exists or as may be amended from time to time, Government Code § 11135, et
8 seq., as currently exists or as may be amended from time to time, and the California Building
9 Standards Code, Health and Safety Code § 18900, et seq. as currently exists or as may be
10 amended from time to time.

11 24) PROJECT MONITORING AND EVALUATION.

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

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

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

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

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

11 iii) Provide for:

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

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

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

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

24 d) Income Requirements and Certification. Prior to leasing an Affordable
25 Unit and annually thereafter, BORROWER, at its sole expense, shall or shall cause the
26 Property Manager, if any, engaged to manage the Project to certify the eligibility of each
27 tenant applicant as a Very Low Income Household or Low Income Household in
28 accordance with the PLHA Program. The BORROWER shall complete such certification

1 on forms as may be reasonably required by COUNTY (which may include provision to
2 COUNTY of any reporting forms required by California Tax Credit Allocation Committee
3 (CTCAC)). Gross income calculations for prospective (and continuing) tenants shall be
4 determined in accordance with the PLHA Program and applicable California law.
5 BORROWER shall cause the Property Manager to submit such income certification,
6 verification and such additional information as may reasonably be required by COUNTY,
7 HCD or, if applicable, CTCAC. Such supporting documentation shall include, for each
8 member of the household eighteen (18) years old or older, copies of documentation and
9 verification procedures as required by California law or Section IV of CTCAC's
10 Compliance Online Reference Manual, as may be amended from time to time by CTCAC
11 and currently located at -
12 <https://www.treasurer.ca.gov/ctcac/compliance/manual/manual.pdf>. BORROWER and
13 COUNTY agree and acknowledge that COUNTY may require such additional
14 information, if any, required to comply with the PLHA Program and/or applicable
15 California law regarding affordable housing.

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

24 f) Monitoring Fee. BORROWER covenants and agrees to pay a Monitoring
25 Fee on an annual basis in compliance herewith, and to prepare and submit all reports
26 required by this Covenant or any other PLHA Loan Document no later than April 1 of
27 each year during the Affordability Period, commencing on the first April 1 following the
28 completion of construction of the Project. For purposes hereof, "Monitoring Fee" means

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an annual fee in the amount of One Hundred Dollars (\$100) per Unit (increased annually by an amount equal to the increase of the Consumer Price Index (CPI) for the Los Angeles-Riverside-Orange County, CA area) constructed in the Project, payable on April 1 of each year during the Affordability Period commencing on the first April 1 after the construction of the Project is complete.

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

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

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

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

[remainder of page intentionally blank]
(SIGNATURES ON THE NEXT PAGE)

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

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4 COUNTY:
5 County of Riverside, a political
6 subdivision of the State of California

7
8 By: form - do not sign
9 Heidi Marshall, Director
10 Department of Housing
11 and Workforce Solutions

12 Date: _____

13
14
15 ATTEST:
16 Kimberly Rector
17 Clerk of the Board

18 By: _____

Type text here

19
20 APPROVED AS TO FORM:
21 Minh C. Tran, County Counsel
22 Clerk of the Board

23 By: 
24 Amrit P. Dhillon, Deputy County Counsel

25
26 **(COUNTY Signatures need to be notarized)**

1 **BORROWER:**

2 By: The Caritas Corporation,
3 a California nonprofit public benefit corporation

4 By: _____ form - do not sign
5 Name: Robert R. Redwitz
6 Its: Chief Executive Officer
7 Date: _____
8
9

10 **Caritas Acquisitions III, LLC, as owner of the Property, hereby consents to the execution**
11 **and recordation of the foregoing Covenant Agreement:**

12 By: Caritas Acquisitions III, LLC,
13 a California limited liability company

14 By: The Caritas Corporation
15 a California nonprofit public benefit corporation
16 Its Sole Member

17 By: _____ form - do not sign
18 Name: Robert R. Redwitz
19 Its: Chief Executive Officer
20 Date: _____
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22 **(BORROWER and OWNER signature must be notarized)**
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<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

EXHIBIT "A"
Property Legal Description

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

5.00 ACRES IN POR LOT 7 MB 004/053 COACHELLA LAND & WATER CO THAT PORTION OF LOT 7 OF COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, RECORDS OF SAID RIVERSIDE COUNTY, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WESTERLY LINE OF SAID LOT, 165 FEET SOUTHERLY FROM THE NORTHWEST CORNER OF SAID LOT; THENCE EASTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE EASTERLY LINE OF SAID LOT; THENCE SOUTHERLY ON SAID EASTERLY LINE, 165 FEET; THENCE WESTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE WESTERLY LINE OF SAID LOT; THENCE NORTHERLY ON SAID WESTERLY LINE, 165 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. EXCEPTING THEREFROM ANY PORTION INCLUDED IN PUBLIC HIGHWAY SHOWN ON SAID MAP, ALONG THE WEST LINE THEREOF, GRANTED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED NOVEMBER 14, 1906 IN BOOK 233, PAGE 220 OF DEEDS, RIVERSIDE COUNTY RECORDS. Lot 7 Subdivision Name COACHELLA LAND & WATER CO Acres 005.00 Lot Type Lot Rec Map Type Map Book Map Plat B 004 Map Plat P 053 Portion Lot Portion

ASSESSOR'S PARCEL NUMBER: 763-230-015

Exhibit I

REQUEST FOR NOTICE OF DEFAULT

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 27383

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 20____ and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by _____, a California _____, as Trustor in which _____ is named as Beneficiary, and _____ is named as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

[INSERT LEGAL DESCRIPTION]

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

All notices to be mailed to:

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

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

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

COUNTY OF RIVERSIDE

By: _____
Juan Garcia, Deputy Director

<INSERT CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT HERE>

Exhibit J

ENVIRONMENTAL INDEMNITY

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated as of _____, 2024, is made by THE CARITAS CORPORATION, a California nonprofit public benefit corporation (referred to as "Indemnitor"), whose address for purposes of giving notices is 3 Park Plaza, Suite #1700, Irvine, CA 92614, in favor of the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY" or "County"), whose address for purposes of giving notices is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

RECITALS

WHEREAS, Indemnitor is the owner of the real property located at 54596 Shady Lane, Thermal, County of Riverside, California, as more particularly described on Exhibit A attached hereto and made a part hereof, and the real property improvements thereon or to be constructed thereon (collectively referred to as the "Property");

WHEREAS, Indemnitor and COUNTY have entered into that certain Loan Agreement for the Use of PLHA Program Funds (54596 Shady Lane, Thermal, CA), dated as _____, 2024 (the "Loan Agreement"), pursuant to which COUNTY agreed to loan to Indemnitor, or its assignee, One Million Seven Hundred Ninety-Seven Thousand Four Hundred Fifty-Five Dollars (\$1,797,455) in PLHA Program funds (the "PLHA Loan") for the purpose paying a portion of the costs to rehabilitate the manufactured housing community to meet acceptable living standards for qualified low-income migrant farmworkers and their families, and purchase eight (8) new Manufactured Home units for the Property; and

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

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

Section 1. DEFINITIONS

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

and those substances defined as "hazardous waste" in Section 25117 of the California Health and Safety Code, as "infectious waste" in Section 25117.5 of the California Health and Safety Code, or as "hazardous substances" in Section 25316 of the California Health and Safety Code or "hazardous materials" as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. "Hazardous Materials" and "Hazardous Substances" shall expressly exclude substances typically used in the construction, development, operation and maintenance of an apartment complex provided such substances are used in accordance with all applicable laws.

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

Section 2. COVENANTS AND INDEMNITY

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

2.1 Covenants.

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

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

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

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

(e) Indemnitor shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations

respecting such material, and, with respect to any such material currently present in the Property, Indemnitor shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state regulations, at Indemnitor's sole cost and expense. If Indemnitor shall fail to so do within the cure period permitted under applicable law, regulation, or order, COUNTY may do whatever is necessary to eliminate said substances from the premises or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Indemnitor under this Section 2.

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

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

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

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

Section 3. INDEMNITOR'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Indemnitor hereby agrees that the Obligations will be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting the PLHA Loan

Documents or affecting any of the rights of COUNTY with respect thereto. The obligations of Indemnitor hereunder shall be absolute and unconditional irrespective of:

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

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

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

- (a) COUNTY has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or
- (b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

Section 4. WAIVER

Indemnitor hereby waives the following:

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

Section 5. NOTICES

Any notice, demand, statement, request, or consent made hereunder shall be in writing and shall be personally served, mailed by first-class registered mail, return receipt requested, to the address set forth in the first paragraph of this Indemnity, above, or given by telecopier to the telecopier numbers stated below, with confirmations mailed by first class registered mail, return receipt requested to the address set forth above, of the party to whom such notice is to be given (or to such other address as the Parties hereto, shall designate in writing):

In the case of COUNTY:

County of Riverside
3403 Tenth Street, Suite #300

Riverside, CA 92501
Attn: Leah Rodriguez

In the case of Indemnitor:

The Caritas Corporation
3 Park Plaza, Suite #1700
Irvine, CA 92614
Attn: Robert R. Redwitz

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

Section 6. MISCELLANEOUS

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

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

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

6.4 Any provision of this Indemnity that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining portions hereof and without affecting the validity or enforceability of such provision in any other jurisdiction.

6.5 This Indemnity shall (a) be binding upon Indemnitor, and Indemnitor's successors and assigns; and (b) inure, together with all rights and remedies of COUNTY hereunder, to the benefit of COUNTY, its respective directors, officers, employees, and agents, any successors to COUNTY's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of COUNTY's rights and remedies under the PLHA Loan Documents, any successors to any such person, and all directors, officers, employees,

and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, COUNTY may, subject to, and in accordance with, the provisions of the PLHA Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under the PLHA Loan Documents, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to COUNTY herein or otherwise. None of the rights or obligations of Indemnitor hereunder may be assigned or otherwise transferred without the prior written consent of COUNTY, except as provided in the PLHA Loan Documents.

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

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

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

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

[Signatures on the Following Page]

EXHIBIT "A"

Property Legal Description

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

5.00 ACRES IN POR LOT 7 MB 004/053 COACHELLA LAND & WATER CO THAT PORTION OF LOT 7 OF COACHELLA LAND AND WATER COMPANY'S SUBDIVISION OF SECTION 17, TOWNSHIP 6 SOUTH, RANGE 8 EAST, SAN BERNARDINO BASE AND MERIDIAN, IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN BOOK 4, PAGE 53 OF MAPS, RECORDS OF SAID RIVERSIDE COUNTY, DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WESTERLY LINE OF SAID LOT, 165 FEET SOUTHERLY FROM THE NORTHWEST CORNER OF SAID LOT; THENCE EASTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE EASTERLY LINE OF SAID LOT; THENCE SOUTHERLY ON SAID EASTERLY LINE, 165 FEET, THENCE WESTERLY, PARALLEL WITH THE NORTHERLY LINE OF SAID LOT, 1320 FEET, TO A POINT ON THE WESTERLY LINE OF SAID LOT; THENCE NORTHERLY ON SAID WESTERLY LINE, 165 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. EXCEPTING THEREFROM ANY PORTION INCLUDED IN PUBLIC HIGHWAY SHOWN ON SAID MAP, ALONG THE WEST LINE THEREOF, GRANTED TO THE COUNTY OF RIVERSIDE, BY DEED RECORDED NOVEMBER 14, 1906 IN BOOK 233, PAGE 220 OF DEEDS, RIVERSIDE COUNTY RECORDS. Lot 7 Subdivision Name COACHELLA LAND & WATER CO Acres 005.00 Lot Type Lot Rec Map Type Map Book Map Plat B 004 Map Plat P 053 Portion Lot Portion

ASSESSOR'S PARCEL NUMBER: 763-230-015