

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



**ITEM: 3.25
(ID # 24811)**

MEETING DATE:
Tuesday, May 21, 2024

FROM : HOUSING AND WORKFORCE SOLUTIONS:

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of the Loan Agreement for the Use of Housing and Homelessness Incentive Program (HHIP) Funds for Beaumont 3 Apartments in the City of Beaumont by and between the County of Riverside and NCRC Beaumont, L.P., a California Limited Partnership, and Approval of All Attachments Thereto, and Authorize the Director of HWS to Execute a Form of the Attached HHIP Loan Agreement, Covenant Agreement, and Subsequent Subordination Agreements; District 5. [\$6,000,000 – 100% HHIP Funds]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve a loan in the amount of \$6,000,000 derived from HHIP funds to pay a portion of the of the development and construction costs of Beaumont 3 Apartments that will provide affordable housing to individuals at risk of homelessness;

Continued on Page 2

ACTION:Policy


Heidi Marshall, Director 4/23/2024

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: May 21, 2024
xc: HWS

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

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STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors:

2. Approve the attached forms of Loan Agreement for the Use of HHIP Funds, including all attachments thereto (HHIP Loan Agreement), the HHIP Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents, HHIP Loan Promissory Note, and HHIP Covenant Agreement;
3. Authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute a HHIP Loan Agreement and a HHIP Covenant Agreement, each conforming in form and substance to the attached HHIP Loan Agreement and HHIP Covenant Agreement, subject to approval as to form by County Counsel;
4. Authorize the Director of HWS, or designee, to negotiate and execute a Subordination Agreement subordinating the HHIP Loan Agreement and HHIP Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents to a Deed of Trust for the benefit of JP Morgan Chase, securing a construction loan for the Project for a not to exceed amount of \$22,000,000 subject to approval as to form by County Counsel;
5. Authorize the Director of the HWS, or designee, to negotiate and execute a Subordination Agreement, conforming in form and substance to the attached Subordination Agreement, subordinating the HOME-ARP Loan Agreement, HOME Deed of Trust and Assignment of Rents to a Deed of Trust for the benefit of the California Department of Housing and Community Development Multifamily Housing Program, securing a permanent loan for the Project for a not to exceed amount of \$8,064,375, subject to approval as to form by County Counsel; and,
6. Authorize the Director of HWS, or designee, to take all necessary steps to implement the HHIP Loan Agreement and any additional Subordination Agreements, including but not limited to, executing any and all subsequent and necessary documents, subject to approval as to form by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$6,000,000	\$ 0	\$6,000,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Housing and Homelessness Incentive Program (HHIP) Funds (100%)			Budget Adjustment: No	
			For Fiscal Year: 23/24	

C.E.O. RECOMMENDATION: Approve

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BACKGROUND:

Summary

On January 10, 2023 (Minute Order 3.15), the Board of Supervisors of the County of Riverside accepted \$35,095,000 in Housing and Homelessness Incentive Program (HHIP) funds from the Inland Empire Health Plan (IEHP) and Molina Healthcare of California to help the County address homelessness and housing insecurity and social determinants of health. On October 3, 2023 (Minute Order 3.17), the Board approved the First Amended and Restated HHIP Agreement (HWSCoC-0004868) with IEHP to accept the Incentive Funding to increase the aggregate contract amount by \$12,000,000 from \$32,600,000 to \$44,600,000. The funding received from IEHP was funding made available by the California Department of Health Care Services (DHCS) initiative to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing health and life trajectory. An allowable use of HHIP funds includes increasing housing for the County's homeless and at-risk of homelessness population.

National Community Renaissance of California, a California non-profit public benefit corporation and affordable housing developer (Developer), has proposed a 48-unit affordable housing development, including permanent supportive housing units for individuals at-risk of homelessness, on approximately 1.26 acres located at 1343 E. 8th Street in the City of Beaumont, identified as Assessor's Parcel Number 419-222-011 (Project). The Developer has formed a limited partnership known as NCRC 3, L.P., a California limited partnership (Partnership), for the purpose of owning, developing, and financing new construction of the Project. The Project will consist of 47 one-bedroom units and 1 two-bedroom manager's unit. A 2,100 square foot community center will be providing on-site supportive services will be provided free of charge to residents. The Project will have a courtyard with inclusive seating areas.

The total development cost for Project is estimated at \$35,106,147. In addition to the HHIP, other sources of permanent financing include:

Permanent Sources	Amount
HCD MHP	\$8,064,375
County of Riverside HHIP Loan	\$6,000,000
Limited Partner	\$21,041,672
TOTAL:	\$35,106,147

The terms of the proposed HHIP Loan and obligations of Developer and the County are memorialized in the proposed form of the Loan Agreement for the Use of HHIP Funds, including all exhibits, attached hereto (HHIP Loan Agreement).

County Counsel has reviewed and approved as to form the attached form of the Loan Agreement for the Use of HHIP Funds, form of the HHIP Leasehold Deed of Trust, Security

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Agreement and Fixture Filing with Assignment of Rents, form of the HHIP Loan Promissory Note, and form of the HHIP Covenant Agreement. Staff recommends that the Board approve forms of the Loan Agreement for the Use of HHIP funds, HHIP Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents, HHIP Loan Promissory Note, and HHIP Covenant Agreement. Staff further recommend authorizing HWS to negotiate and execute Subordination Agreements to finalize the Project.

Impact on Citizens and Businesses

The construction of the Project will have a positive impact on residents and businesses as it will provide needed affordable housing for individuals at risk of homelessness. 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 State HHIP funds awarded to the County by IEHP.

Attachments:

- Form of the Loan Agreement for the Use of HHIP Funds, including all exhibits
- Forms of the HHIP Leasehold Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents, HHIP Loan Promissory Note and HHIP Covenant Agreement
- Form of Subordination and Intercreditor Agreement


Brianra Lontajo, Principal Management Analyst

5/15/2024


Aaron Gettis, Chief of Deputy County Counsel

5/13/2024

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Housing and Workforce Solutions
10 3403 10th Street, Suite 300
11 Riverside, CA 92501
12 Attn: Nicole Sanchez

13 SPACE ABOVE THIS LINE FOR RECORDER'S USE

14 LOAN AGREEMENT FOR THE USE OF
15 HOUSING AND HOMELESSNESS INCENTIVE PROGRAM (HHIP) FUNDS
16 (Beaumont 3 Apartments (1343 E. 8th St))

17 This LOAN AGREEMENT FOR THE USE OF HOUSING AND HOMELESSNESS
18 INCENTIVE PROGRAM ("HHIP") FUNDS (Beaumont 3 Apartments) ("AGREEMENT") is
19 made and entered into effective the _____ day of _____, 2024, by and between the
20 COUNTY OF RIVERSIDE, a political subdivision of the State of California, ("COUNTY") and
21 NCRC Beaumont LP, a California limited partnership, ("BORROWER"). COUNTY and
22 BORROWER are each individually referred to herein as a "Party" and collectively referred to
23 herein as the "Parties."

24 RECITALS:

25 WHEREAS, the Inland Empire Health Plan ("IEHP") is participating in the Housing and
26 Homelessness Incentive Program ("HHIP") implemented by the California Department of
27 Health Care Services ("DHCS") in accordance with the Medi-Cal Home and Community-Based
28 Services ("HCBS") Spending Plan; and

WHEREAS, on November 15, 2022, IEHP announced that the COUNTY was allocated
HHIP Investment Funds from IEHP, earned and awarded through DHCS, in the amount of
\$32,600,000, for the following: (1) Rental assistance and rapid rehousing; (2) Operating
subsidies in new and existing affordable or supportive housing units, emergency shelters, and

1 navigation centers; operating subsidies may include operating reserves; (3) Incentives to
2 landlords, including, but not limited to, security deposits and holding fees; (4) Outreach and
3 coordination, which may include access to job programs, to assist vulnerable populations in
4 accessing permanent housing and to promote housing stability in supportive housing; (5)
5 Systems support for activities necessary to create regional partnerships and maintain a homeless
6 services and housing delivery system particularly for vulnerable populations including families
7 and homeless youth; (6) Delivery of permanent housing and innovative housing solutions such
8 as hotel and motel conversions; (7) Prevention and shelter diversion to permanent housing; and
9 (8) New navigation centers and emergency shelters based on demonstrated need;

10 WHEREAS, on January 10, 2023, via Minute Order 3.15, the Board of Supervisors of the
11 County of Riverside accepted the \$32,095,000 in HHIP funds from IEHP and approved the
12 agreement between the COUNTY and IEHP for the use of HHIP program funds;

13 WHEREAS, on October 3, 2023, via Minute Order 3.17, the Board of Supervisors of the
14 County of Riverside approved the First Amended and Restated HHIP Agreement (HWSCoC-
15 0004868) with IEHP to accept Incentive Funding to increase the aggregate contract amount by
16 \$12,000,000 from \$32,600,000 to \$44,600,000 in HHIP funds;

17 WHEREAS, BORROWER is a California limited partnership and the owner of that
18 certain real property known as 1343 E. 8th Street, Beaumont, California 92223, also identified as
19 APN 419-222-011 and legally described in the Legal Description and depicted on the site map
20 attached hereto and incorporated herein as **Exhibit A** (collectively, the “Property”);

21 WHEREAS, BORROWER is proposing to utilize the HHIP funds to pay a portion of the
22 development and construction of Beaumont 3 Apartments, an multi-family affordable rental
23 housing project consisting of forty-eight (47) affordable rental housing units and one (1)
24 residential manager’s unit to be located on the Property and to provide permanent supportive
25 housing and wrap around services to homeless or those at risk of homelessness, or experiencing
26 housing insecurity (“Project”);

27 WHEREAS, the Project is an eligible use of HHIP funds;

1 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY to
2 provide for the loan of HHIP funds to BORROWER in the maximum amount of Six Million
3 (\$6,000,000) to fund a portion of the costs of the Project, as more fully described herein; and

4 WHEREAS, a total of twenty-three (23) of the units will be reserved as HHIP-Assisted
5 Units (as defined below), and will have a preference for those who are homeless or at risk of
6 homelessness, or experiencing housing insecurity (the “HHIP-Assisted Units”).

7 NOW, THEREFORE, the COUNTY and BORROWER hereby agree as follows:

8 1. PURPOSE. The aforementioned Recitals are true and correct and incorporated
9 herein by this reference. COUNTY has agreed to lend a maximum total amount of SIX
10 MILLION DOLLARS (\$6,000,000) in HHIP funds (“HHIP Loan” or “HHIP funds”) to
11 BORROWER for costs to develop and construct the Project upon the satisfaction of the terms
12 and conditions set forth herein, including but not limited to the conditions precedent to
13 distribution of the HHIP Loan set forth in **Section 11** below. Subject also to **Section 48** below,
14 BORROWER shall undertake and complete the HHIP activities required herein and as set forth
15 in **Exhibits A and A-1**, and shall utilize the HHIP Loan, as required herein and pursuant to the
16 Housing and Homelessness Incentive Program (“HHIP”) implemented by the California
17 Department of Health Care Services (“DHCS”) in accordance with the Medi-Cal Home and
18 Community-Based Services (“HCBS”) Spending Plan.

19 2. BORROWER’S OBLIGATIONS. Upon the commencement of the Effective Date
20 (defined in **Section 55** below), BORROWER hereby agrees to undertake and complete the
21 following activities within the time period(s) set forth herein and in **Exhibit A-1**:

- 22 a. Satisfy the conditions precedent to distribution of the HHIP Loan set forth in
23 **Section 11** below.
- 24 b. Develop and construct the Project in accordance with the timeline set forth in
25 **Exhibit A and A-1**.
- 26 c. Operate the Project in such a manner so that it will remain available to
27 Qualified Populations for the Affordability Period as defined in **Section 14**

1 below without regard to (i) the term of the promissory note or (ii) transfer of
2 ownership.

- 3 d. Maintain the Project in compliance with applicable local, state, federal laws,
4 codes and regulations as further described in **Section 17** below until the
5 expiration of the Term of this Agreement set forth in **Section 6** below, and the
6 Affordability Period set forth in **Section 14** below.

7 3. RESERVED.

8 4. HHIP LOAN. Subject to BORROWER's satisfaction of the conditions precedent
9 to disbursement of the HHIP Loan set forth in **Section 11** below, COUNTY shall provide
10 financing to BORROWER in the form of a loan in the amount of SIX MILLION DOLLARS
11 (\$6,000,000), including all expenses, pursuant to the following terms and conditions:

12 a. Term of HHIP Loan. The maturity date of the HHIP Loan shall be the later to
13 occur of (i) January 1, 2081, or (ii) fifty-five (55) years from the recordation
14 of the Notice of Completion for the Project (the "Notice of Completion) in
15 the Official Records (the "HHIP Loan Term"). The term, "Official Records"
16 used herein shall mean the Official Records of the Recorder's Office of the
17 County of Riverside.

18 b. Principal. The total amount of the HHIP Loan shall not exceed \$6,000,000,
19 and shall be evidenced by a Promissory Note, substantially conforming in form
20 and substance to the Promissory Note attached hereto and incorporated herein
21 as **Exhibit C** ("HHIP Note"), which note shall be secured by a Deed of Trust,
22 Security Agreement and Fixture Filing (with Assignment of Rents),
23 substantially conforming in form and substance to the Deed of Trust, Security
24 Agreement and Fixture Filing (with Assignment of Rents) attached hereto and
25 incorporated herein as **Exhibit B** ("HHIP Deed of Trust").

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

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

2 i. That the HHIP Loan will accrue simple interest at a rate of three percent
3 (3%) per annum, except in the case of an event of default as hereinafter
4 provided wherein a higher default interest rate shall apply as more
5 specifically set forth in the Note and shall be repaid on an annual basis
6 from the Residual Receipts (defined in Section 4 (d)(iv) below).

7 ii. Fifty percent (50%) of the Residual Receipts shall be allocated to the
8 Residual Receipts Loans (as defined in the HHIP Note) (the "Lenders'
9 Share") on a pro rata basis (i.e. allocated to each lender in proportion
10 to such lender's share of the total amount of Residual Receipts Loans
11 currently outstanding for BORROWER), until the HHIP Note is repaid
12 in full, respectively (as defined in Section 5).

13 iii. The remaining fifty percent (50%) of the Residual Receipts will be paid
14 to BORROWER.

15 iv. The Residual Receipts shall be determined based on an annual review
16 of certified financial statements for the Project. Annual audited
17 financial statements shall be submitted by BORROWER to COUNTY
18 within one hundred fifty (150) days following the close of the project
19 fiscal year commencing on May 1st of the first full calendar year
20 following the recordation of the Notice of Completion. All outstanding
21 principal along with accrued interest shall be due upon the maturity
22 date of the HHIP Note and the expiration of the HHIP Loan Term as
23 set forth in Section 4(a). The first payment from BORROWER to
24 COUNTY shall be due on July 1st in the first full calendar year
25 following the date of the Project's recordation of the Notice of
26 Completion, to the extent of available Residual Receipts, as set forth
27 herein. Subsequent payments shall be made on July 1st thereafter to
28

1 the extent of available Residual Receipts until the earlier of full
2 repayment of the HHIP Loan or the HHIP Loan maturity date as set
3 forth above. The term "Residual Receipts" used herein shall mean the
4 gross rental income from all residential and non-residential
5 components of the Project, proceeds from loss of rent insurance, and
6 any other income to the Developer derived from the ownership,
7 operation and management of the Property, not including interest on
8 required reserve accounts, proceeds of loans or capital contributions,
9 and insurance proceeds used for repair or reconstruction of the Project
10 or used to repay senior loans, less operating expenses consistent with
11 the definition of such expenses in the BORROWER'S Amended and
12 Restated Limited Partnership Agreement approved by the COUNTY,
13 provided that in the event of a conflict between this Agreement and the
14 BORROWER'S Amended and Restated Limited Partnership
15 Agreement the BORROWER'S Amended and Restated Limited
16 Partnership Agreement (as approved by the COUNTY) shall control,
17 determination of term Residual Receipts and the following (in no
18 particular priority of payment):

- 19 (1) auditing and accounting fees;
- 20 (2) a reasonable property management fee not to exceed \$79.50 per unit
21 per month, increasing annually by 3% per year;
- 22 (3) Operating Expenses (any expense reasonably and normally incurred in
23 carrying out the Project's day-to-day activities, which shall include
24 administration, on-site management, utilities, on-site staff payroll,
25 payroll taxes, and maintenance);
- 26 (4) replacement reserves, established in a separate account from operating
27 reserves, limited to \$500 per unit per year for all units in the Project;
- 28

- 1 (5) Operating Reserves replenishment;
- 2 (6) developer's fee in the approximate amount of Two Million Two
- 3 Hundred Thousand and 00/100 Dollars \$0;
- 4 (7) a general partner asset management annual fees which shall be in the
- 5 total initial amount of no more than \$25,000, increased by no more than
- 6 3% annually on a cumulative basis if not paid in prior years;
- 7 (8) an annual limited partner asset management fee not to exceed \$8,500,
- 8 which fee shall be increased annually by 3% on a cumulative basis;
- 9 (9) payments of principal and interest on amortized loans and indebtedness
- 10 senior to the HHIP Loan, which have been approved by COUNTY
- 11 (collectively, the "Senior Debt);
- 12 (10) COUNTY's Annual Monitoring Fee in the total annual amount of
- 13 \$4,800 for the County HHIP Loan;
- 14 (11) To pay credit adjusters due to the BORROWER's limited partner and
- 15 to repay loans made by such limited partner to the BORROWER; and
- 16 (12) To repay operating deficit loans, deferred developer fee, and
- 17 development completion loans made by BORROWER's general
- 18 partner to BORROWER in accordance with BORROWER's limited
- 19 partnership agreement.

20 e. Prepayment. Prepayment of principal under the HHIP Note may occur at any
21 time without penalty; provided, however (i) the requirements of **Section 17**,
22 "Compliance with Laws and Regulations", shall remain in full force and effect
23 for the term of the Agreement specified in **Section 7** below; and (ii) the
24 requirements set forth in the Covenant Agreement, attached hereto as **Exhibit**
25 **E**, shall remain in effect until the expiration of the Affordability Period.

26 5. SECURITY. As of the date of this Agreement, lien priority, including applicable
27 regulatory agreements, shall be as follows:

1 (1) first priority shall be County of Riverside HHIP Covenant Agreement for the benefit of the
2 County of Riverside (“County”); (2) second priority shall be a Deed of Trust for the benefit of
3 JPMorgan Chase Bank, N.A (“Chase”) in an amount not to exceed \$22,000,000 (the “Construction
4 Loan”); (3) third priority shall be County HHIP Loan Agreement; (4) fourth priority shall be the
5 County HHIP Deed of Trust; (5) fifth priority shall be the Purchase Option and Right of First
6 Refusal from the BORROWER to National Community Renaissance of California, a California
7 nonprofit public benefit corporation (the “Sponsor”).

8 6. PRIOR COUNTY APPROVAL.

- 9 a. Except as otherwise expressly provided in this Agreement, approvals required
10 of the COUNTY shall be deemed granted by the written approval of the
11 Director of Housing and Workforce Solutions (“HWS”), or designee.
12 Notwithstanding the foregoing, the Director may, in their sole discretion, refer
13 to the governing body of the COUNTY any item requiring COUNTY
14 approval; otherwise, “COUNTY approval” means and refers to approval by
15 the Director of HWS, or designee.
- 16 b. The Director of HWS, or designee, shall have the right to make changes to the
17 attachments to this Agreement in order to ensure that all such attachments are
18 consistent with the terms and provisions of this Agreement.

19 7. TERM OF AGREEMENT. This Agreement shall become effective upon the
20 Effective Date, as defined in **Section 55** below, and unless terminated earlier pursuant to the
21 terms hereof, shall continue in full force and effect until the later to occur of (i) January 1, 2081
22 or (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official
23 Records (“Term of Agreement”).

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

- 26 a. Authority. BORROWER has full right, power and lawful authority to enter
27 into this Agreement and accept the HHIP Loan and undertake all obligations
28

1 as provided herein. The execution, performance, and delivery of this
2 Agreement by BORROWER have been fully authorized by all requisite
3 actions on the part of BORROWER.

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

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

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

17 9. COMPLETION SCHEDULE. BORROWER shall proceed consistent with the
18 Implementation Schedule set forth in **Exhibit A-1**, as such schedule may be amended pursuant
19 to **Section 10**, and subject to Force Majeure Delays as defined in **Section 10**.

20 10. FORCE MAJEURE DELAYS. "Force Majeure" means event(s) beyond the
21 reasonable control of BORROWER, and which could not have been reasonably anticipated,
22 which prevent(s) BORROWER from complying with any of its obligations under this
23 Agreement, including, but not limited to: acts of God, acts of war, acts or threats of terrorism,
24 civil disorders, strikes, labor disputes, pandemics such as COVID-19, flood, fire, explosion,
25 earthquake, acts of the Federal Government, acts of the other party, quarantine restrictions,
26 freight embargoes or other similar acts.

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

17 11. EXTENSION OF TIME. COUNTY may grant an extension to the
18 Implementation Schedule set forth in **Exhibit A-1** for the purpose of completing BORROWER's
19 activities which cannot be completed as outlined in **Exhibit A-1**. BORROWER shall request
20 said extension in writing, stating the reasons therefore, which extension must be first approved
21 in writing by the COUNTY in its reasonable discretion. The Director of HWS, or designee, on
22 behalf of the COUNTY may extend all pending deadlines in the Implementation Schedule on
23 two (2) or fewer occasions, so long as the aggregate duration of such administrative time
24 extensions is no greater than ninety (90) days. Every term, condition, covenant, and requirement
25 of this Agreement shall continue in full force and effect during the period of any such extension.

26 12. CONDITIONS PRECEDENT TO DISTRIBUTION OF HHIP LOAN FUNDS.
27 COUNTY, through HWS, shall: (1) make payments of the HHIP Loan funds to BORROWER
28

1 as designated in **Exhibit A** subject to Borrower's satisfaction of the conditions precedent set
2 forth below, and (2) monitor the Project to ensure compliance with applicable regulations and
3 the terms of this Agreement. COUNTY shall not disburse any HHIP Loan funds pursuant to this
4 Agreement until the following conditions precedent have been satisfied:

- 5 a. BORROWER executes this Agreement and delivers to COUNTY for
6 recordation in the Official Records;
- 7 b. BORROWER provides COUNTY with evidence of insurance as required
8 herein;
- 9 c. BORROWER executes the HHIP Deed of Trust, substantially conforming in
10 form and substance to the Deed of Trust, Security Agreement and Fixture
11 Filing (with Assignment of Rents) attached hereto as **Exhibit B**, in recordable
12 form, and delivers such document to the County of Riverside for recordation
13 in the Official Records;
- 14 d. BORROWER executes the HHIP Note, substantially conforming in form and
15 substance to the Promissory Note attached hereto as **Exhibit C** and delivers to
16 COUNTY;
- 17 e. BORROWER executes the Covenant Agreement, substantially conforming in
18 form and substance to the Covenant Agreement attached hereto and
19 incorporated herein as **Exhibit E**, in recordable form, and delivers to the
20 County of Riverside for recordation in the Official Records;
- 21 f. COUNTY executes and records the Requests for Notice of Default,
22 conforming in form and substance to **Exhibit F** attached hereto;
- 23 g. BORROWER provides, at its expense, an American Land Title Association
24 (ALTA) lender's policy in favor of COUNTY, insuring the Covenant
25 Agreement as a first priority lien against the Property; and
- 26 h. BORROWER is not in default under the terms of this Agreement or any other
27 agreement related to the financing of the Project;

1 i. If Davis Bacon and/or prevailing wages are required to be paid, BORROWER
2 hires a qualified professional firm to review and monitor Davis Bacon and/or
3 prevailing wage compliance for all submissions of contractors certified
4 payrolls to COUNTY. In the event that the Project requires prevailing wages,
5 BORROWER shall comply with, and shall require its contractors and
6 subcontractors performing work on the Project, to pay prevailing wages, use a
7 skilled and trained workforce, and adhere to any applicable labor regulations
8 and all State laws in connection with the construction of the Project, including
9 but not limited to Chapter 1 (commencing with Section 1720) of Part 7 of
10 Division 2 of the Labor Code, and Chapter 2.9 (commencing with Section
11 2600) of Part 1 of Division 2 of the Public Contract Code. BORROWER
12 agrees and acknowledges that it is the responsibility of BORROWER to obtain
13 a legal determination, at BORROWER's sole cost and expense, as to whether
14 prevailing wages must be paid during the construction of the Project. If the
15 Project is subject to prevailing wages, then BORROWER shall be solely
16 responsible to pay its contractors and subcontractors the required prevailing
17 wage rates. BORROWER agrees to indemnify, defend, and hold COUNTY
18 harmless from and against any and all liability arising out of and related to
19 BORROWER's failure to comply with any and all applicable Davis Bacon
20 and/or prevailing wage requirements;

21 j. BORROWER agrees to verify that BORROWER, and its principals, or any/all
22 persons, contractors, consultants, businesses, etc. ("Developer Associates"),
23 that BORROWER is conducting business with respect to the Project, are not
24 presently debarred, proposed for debarment, suspended, declared ineligible, or
25 voluntarily excluded from participation or from receiving federal contracts or
26 federally approved subcontracts or from certain types of federal financial and
27 nonfinancial assistance and benefits with the Excluded Parties Listing System
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1 ("EPLS"). EPLS records are located at www.sam.gov; and

- 2 k. BORROWER shall search and provide a single comprehensive list of
3 Developer Associates (individuals and firms) and print and maintain evidence
4 of the search results of each Developer Associate as verification of compliance
5 with this requirement, as provided in **Exhibit G**, "Contractor Debarment
6 Certification Form", which is attached hereto and incorporated herein by this
7 reference.

8 BORROWER agrees to submit the following documentation to COUNTY, 180 days from
9 the execution of this Agreement:

- 10 1) Resident Service Plan;
11 2) Management Plan; and
12 3) Funding commitments and sources and uses for the construction of the Project.

13 13. DISTRIBUTION OF FUNDS. COUNTY'S Board of Supervisors shall
14 determine the final disbursement and distribution of all funds received by COUNTY under
15 HHIP. Disbursement of HHIP funds shall occur upon the satisfaction of conditions set forth in
16 **Section 12**. COUNTY shall pay BORROWER in the form of funding draw requests with
17 supporting documents which specifically state how such funds will be expended. COUNTY shall
18 promptly review the funding draw request upon the satisfactory receipt of copies of paid invoices
19 with the proceeds of the HHIP Loan. COUNTY may require additional information from
20 BORROWER as may be necessary and appropriate for COUNTY to make its determination as
21 to allowable costs defined herein. COUNTY shall pay to BORROWER the sum specified in
22 **Section 1** above on a "cost-as-incurred" basis for construction hard costs, site work, structures,
23 architecture design and survey & engineering costs ("Allowable Costs") as follows:

- 24 i. Up to ninety percent (90%) of the HHIP Loan at the commencement of
25 construction pursuant to satisfaction of conditions precedent to
26 distribution of HHIP funds as set out in Section 12 of HHIP Loan
27 Agreement.
28 ii. COUNTY shall release final draw down of ten percent (10%) of the HHIP

1 Loan following compliance with conditions precedent listed in **Section**
2 **12.**

3 14. TERMS OF AFFORDABILITY. The Project shall remain occupied and available
4 to Qualified Populations, pursuant to **Section 18** below, **Exhibit A**, and the Covenant Agreement
5 attached hereto as **Exhibit E**, commencing upon lease up and continuing until the later of (i)
6 fifty-five (55) years from the recordation of the Notice of Completion in the Official Records, or
7 (ii) January 1, 2081 (“Affordability Period”).

8 15. INSURANCE. Without limiting or diminishing BORROWER’S obligation to
9 indemnify or hold COUNTY harmless, BORROWER or its general contractor for the Project
10 (“General Contractor”), shall procure and maintain or cause to be maintained, at its sole cost and
11 expense, the following insurance coverages during the Term of this Agreement.

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

11 b. Workers' Compensation Insurance. If BORROWER or General Contractor
12 have employees as defined by the State of California, BORROWER or General
13 Contractor, as applicable, shall maintain statutory Workers' Compensation
14 Insurance (Coverage A) as prescribed by the laws of the State of California.
15 Policy shall include Employers' Liability (Coverage B) including
16 Occupational Disease with limits not less than \$1,500,000 per person per
17 accident. The policy shall be endorsed to waive subrogation in favor of The
18 County of Riverside.

19 c. Commercial General Liability Insurance. Borrower shall maintain
20 Commercial General Liability insurance coverage, including but not limited
21 to, premises liability, contractual liability, products and completed operations
22 liability, personal and advertising injury, and cross liability coverage, covering
23 claims which may arise from or out of BORROWER'S performance of its
24 obligations hereunder. Policy shall name the County of Riverside, its
25 Agencies, Boards, Districts, Special Districts, and Departments, their
26 respective directors, officers, Board of Supervisors, employees, elected or
27 appointed officials, agents or representatives as Additional Insured. Policy's
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1 limit of liability shall not be less than \$2,000,000 per occurrence combined
2 single limit. If such insurance contains a general aggregate limit, it shall apply
3 separately to this agreement or be no less than two (2) times the occurrence
4 limit.

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

16 e. General Insurance Provisions – All Lines.

17 (i) Any insurance carrier providing insurance coverage hereunder shall be
18 admitted to the State of California and have an A M BEST rating of not
19 less than A: VIII (A:8) unless such requirements are waived, in writing,
20 by COUNTY Risk Manager. If COUNTY's Risk Manager waives a
21 requirement for a particular insurer such waiver is only valid for that
22 specific insurer and only for one policy term.

23 (ii) BORROWER, or Borrower on behalf of General Contractor, must
24 declare its insurance self-insured retentions. If such self-insured
25 retentions exceed \$500,000 per occurrence such retentions shall have
26 the prior written consent of COUNTY Risk Manager before the
27 commencement of operations under this Agreement. Upon notification
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1 of self-insured retention unacceptable to COUNTY, and at the election
2 of COUNTY's Risk Manager, BORROWER's or General
3 Contractor's, as applicable, carriers shall either: (a) reduce or eliminate
4 such self-insured retention as respects this Agreement with COUNTY,
5 or (b) procure a bond which guarantees payment of losses and related
6 investigations, claims administration, and defense costs and expenses.

7 (iii) BORROWER shall cause BORROWER's and General Contractor's
8 insurance carrier(s) to furnish the County of Riverside with copies of
9 the Certificate(s) of Insurance and Endorsements effecting coverage as
10 required herein, and 2) if requested to do so orally or in writing by
11 COUNTY Risk Manager, provide copies of policies including all
12 Endorsements and all attachments thereto, showing such insurance is
13 in full force and effect. Further, said Certificate(s) and policies of
14 insurance shall contain the covenant of the insurance carrier(s) that
15 thirty (30) days written notice shall be given to the County of Riverside
16 prior to any material modification, cancellation, expiration or reduction
17 in coverage of such insurance. In the event of a material modification,
18 cancellation, expiration, or reduction in coverage, this Agreement shall
19 terminate forthwith, unless the County of Riverside receives, prior to
20 such effective date, another Certificate of Insurance and copies of
21 endorsements, including all endorsements and attachments thereto
22 evidencing coverages set forth herein and the insurance required herein
23 is in full force and effect. BORROWER shall not commence
24 operations until COUNTY has been furnished Certificate(s) of
25 Insurance and copies of endorsements and if requested, copies of
26 policies of insurance including all endorsements and any and all other
27 attachments as required in this Section. An individual authorized by
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1 the insurance carrier on its behalf shall sign the original endorsements
2 for each policy and the Certificate of Insurance.

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

7 (v) If, during the term of this Agreement or any extension thereof, there is
8 a material change in the scope of services; or, there is a material change
9 in the equipment to be used in the performance of the scope of work
10 which will add additional exposures (such as the use of aircraft,
11 watercraft, cranes, etc.); or, the term of this Agreement, including any
12 extensions thereof, exceeds five (5) years, COUNTY reserves the right
13 to adjust the types of insurance required under this Agreement and the
14 monetary limits of liability for the insurance coverages currently
15 required herein, if, in COUNTY Risk Manager's reasonable judgment,
16 the amount or type of insurance carried by BORROWER has become
17 inadequate.

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

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

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

25 16. FINANCIAL AND PROJECT RECORDS. COUNTY reserves the right to perform
26 or cause to be performed a financial audit. At COUNTY's request, the BORROWER shall

1 provide, at BORROWER's own expense, a financial audit prepared by a certified public
2 accountant. HHIP administrative funds may be used to fund this expense.

- 3 i) If a financial audit is required by COUNTY, the audit shall be performed
4 by an independent certified public accountant.
- 5 ii) The BORROWER shall notify COUNTY of the auditor's name and address
6 immediately after the selection has been made. The contract for the audit
7 shall allow access by COUNTY to the independent auditor's working
8 papers.
- 9 iii) The BORROWER is responsible for the completion of audits and all costs
10 of preparing audits.
- 11 iv) If there are audit findings, the BORROWER must submit a detailed
12 response acceptable to COUNTY for each finding within ninety (90) days
13 from the date of the audit finding report.

14 17. COMPLIANCE WITH STATE AND FEDERAL LAWS, RULES,
15 GUIDELINES, AND REGULATIONS. By executing this Agreement, BORROWER hereby
16 certifies that it will adhere to and comply with all federal, state and local laws, regulations and
17 ordinances. BORROWER shall comply with all regulations and guidelines of the Housing and
18 Homeless Incentive Program, as may be amended from time to time. Additionally, BORROWER
19 shall comply with the following as they may be applicable to BORROWER in connection with
20 the HHIP Loan:

- 21 a. Compliance with Executive Order 11246 of September 24, 1965, entitled
22 "Equal Employment Opportunity", as amended by Executive Order 11375 of
23 October 13, 1967, and as supplemented in Department of Labor Regulations
24 (41 CFR Part 60). The BORROWER will not discriminate against any
25 employee or applicant for employment because of race, color, religion, sex, or
26 national origin. BORROWER shall ensure that all qualified applicants will
27 receive consideration for employment without regard to race, color, religion,
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1 sex or national origin. The BORROWER will take affirmative action to ensure
2 that applicants are employed and the employees are treated during employment,
3 without regard to their race color, religion, sex, or national origin. Such actions
4 shall include, but are not limited to, the following: employment, up-grading,
5 demotion, or transfer; recruitment or recruitment advertising; rates of pay or
6 other forms of compensation; and selection for training, including
7 apprenticeship. The BORROWER agrees to post in a conspicuous place,
8 available to employees and applicants for employment, notices to be provided
9 by the County setting forth the provisions of this non-discrimination clause;

- 10 b. Executive Order 11063, as amended by Executive Order 12259, and
11 implementing regulations at 24 CFR Part 107;
- 12 c. Section 504 of the Rehabilitation Act of 1973 (Pub. L. 93-112), as amended,
13 and implementing regulations;
- 14 d. The Age Discrimination Act of 1975 (Pub. L. 94-135), as amended, and
15 implementing regulations;
- 16 e. The regulations, policies, guidelines and requirements of the Uniform
17 Administrative Requirements, Cost Principles, and Audit Requirements for
18 Federal Awards (2 CFR Part 200) as they relate to the acceptance and use of
19 federal funds under the federally-assigned program;
- 20 f. Title VI of the Civil Rights Act of 1964 (Pub. L. 88-352) and implementing
21 regulations issued at 24 CFR Part 1;
- 22 g. Title VIII of the Civil Rights Act of 1968 (Pub. L. 90-284) as amended;
- 23 h. *Rights to Data and Copyrights*: Contractors and consultants agree to comply
24 with all applicable provisions pertaining to the use of data and copyrights
25 pursuant to 48 CFR Part 27.404-3, Federal Acquisition Regulations (FAR).
- 26 i. *Air Pollution Prevention and Control* (formally known as the *Clean Air Act*)
27 (*42 U.S.C.A. 7401 et seq.*) and the *Federal Water Pollution Control Act* (*33*
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1 *U.S.C.A. Section 1251 et seq.*), as amended: Contracts and subgrants of
2 amounts in excess of \$100,000 shall contain a provision that requires the
3 recipient to agree to comply with all applicable standards, orders or regulations
4 issued pursuant to the *Clean Air Act* (42 U.S.C.A. 7401 *et seq.*) and the *Federal*
5 *Water Pollution Control Act* as amended (33 U.S.C.A. Section 1251 *et seq.*).
6 Violations shall be reported to the Federal awarding agency and the Regional
7 Office of the Environmental Protection Agency (EPA).

8 j. *Anti-Lobbying Certification (31 U.S.C.A. 1352)*: The language of the
9 certification set forth below shall be required in all contracts or subcontracts
10 entered into in connection with this loan activity and all BORROWERS shall
11 certify and disclose accordingly. This certification is a material representation
12 of fact upon which reliance was placed when this transaction was made or
13 entered into. Submission of this certification is a prerequisite for making or
14 entering into this transaction imposed by. Section 1352, Title 31, U.S. code.
15 Any person who fails to file the required certification shall be subject to a civil
16 penalty of not less than \$10,000 and no more than \$100,000 for such failure.

17 “The undersigned certifies, to the best of his or her knowledge or belief, that:
18 No Federal appropriated funds have been paid or will be paid, by or on behalf
19 of it, to any person for influencing or attempting to influence an officer or
20 employee of any agency, a Member of Congress, an officer or employee of
21 Congress, or an employee of a Member of Congress in connection with the
22 awarding of any Federal contract, the making of any Federal grant, the making
23 of any Federal loan, the entering into of any cooperative agreement, and the
24 extension, continuation, renewal, amendment, or modification of any Federal
25 contract, grant, loan, or cooperative agreement;

26 If any funds other than Federal appropriated funds have been paid or will be
27 paid to any person for influencing or attempting to influence an officer or
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1 employee of any agency, a Member of Congress, an officer or employee of
2 Congress, or an employee of a Member of Congress in connection with this
3 Federal contract, grant loan or cooperative agreement, he/she will complete and
4 submit Standard Form – LLL, “Disclosure Form to Report Lobbying,” in
5 accordance with its instructions.”

6 k. *Debarment and Suspension (Executive Orders (E.O.) 12549 and 12689)*: No
7 contract award shall be made to parties listed on the governmentwide exclusions
8 in the System for Award Management (SAM), in accordance with OMB
9 guidelines at 2 CFR 180 that implement Executive Orders (E.O.s) 12549 and
10 12689, “Debarment and Suspension.” SAM Exclusions contains the names of
11 parties debarred, suspended, or otherwise excluded by agencies, as well as
12 parties declared ineligible under statutory or regulatory authority other than
13 E.O. 12549. Contractors with awards that exceed the small purchase threshold
14 shall provide the required certification regarding its exclusion status and that of
15 its principal employees.

16 l. *Drug-Free Workplace Requirements*: The Anti-Drug Abuse Act of 1988 (41
17 U.S.C.A. Section 8101-8103) requires grantees (including individuals) of
18 federal agencies, as a prior condition of being awarded a grant, to certify that
19 they will provide drug-free workplaces. Each potential recipient must certify
20 that it will comply with drug-free workplace requirements in accordance with
21 the Act and with HUD's rules at 2 CFR Part 2424.

22 m. *Access to Records and Records Retention*: The BORROWER or Contractor,
23 and any sub-consultants or sub-contractors, shall allow all duly authorized
24 Federal, State, and/or County officials or authorized representatives access to
25 the work area, as well as all books, documents, materials, papers, and records
26 of the BORROWER or Contractor, and any sub-consultants or sub-contractors,
27 that are directly pertinent to a specific program for the purpose of making
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1 audits, examinations, excerpts, and transcriptions. The BORROWER or
2 Contractor, and any sub-consultants or sub-contractors, further agree to
3 maintain and keep such books, documents, materials, papers, and records, on a
4 current basis, recording all transactions pertaining to this agreement in a form
5 in accordance with generally acceptable accounting principles. All such books
6 and records shall be retained for such periods of time as required by law,
7 provided, however, notwithstanding any shorter periods of retention, all books,
8 records, and supporting detail shall be retained for a period of at least five (5)
9 years after the expiration of the term of this Agreement, or final payment is
10 made, whichever is later.

11 n. *Federal Employee Benefit Clause*: No member of or delegate to the Congress
12 of the United States, and no Resident Commissioner shall be admitted to any
13 share or part of this agreement or to any benefit to arise from the same.

14 o. *Energy Efficiency*: Mandatory standards and policies relating to energy
15 efficiency which are contained in the State energy conservation plan issued in
16 compliance with the Energy Policy and Conservation Act (Pub. L. 94 - 163,
17 Dec. 22, 1975; 42 U.S.C.A. Section 6201, et. seq., 89 Stat.871).

18 p. *Procurement of Recovered Materials (2 CFR 200.322.)*: A non-Federal entity
19 that is a state agency or agency of a political subdivision of a state and its
20 contractors must comply with 42 U.S.C. Section 6002 of the Solid Waste
21 Disposal Act, as amended by the Resource Conservation and Recovery Act.
22 The requirements of Section 6002 include procuring only items designated in
23 guidelines of the Environmental Protection Agency (EPA) at 40 CFR Part 247
24 that contain the highest percentage of recovered materials practicable,
25 consistent with maintaining a satisfactory level of competition, where the
26 purchase price of the item exceeds \$10,000 or the value of the quantity acquired
27 by the preceding fiscal year exceeded \$10,000; procuring solid waste
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1 management services in a manner that maximizes energy and resource
2 recovery; and establishing an affirmative procurement program for
3 procurement of recovered materials identified in the EPA guidelines. The
4 requirements of 2 CFR 200.322, as amended effective November 12, 2020, are
5 hereby included in this Agreement as appropriate and to the extent consistent
6 with law.

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

12 r. Affirmative marketing and minority outreach program. BORROWER must
13 adopt affirmative marketing procedures and requirements. These must include:

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

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

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

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

6 (v) A description of how BORROWER will annually assess the success of
7 affirmative marketing actions and what corrective actions will be taken
8 where affirmative marketing requirements are not met.

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

23 (1) Placing qualified small and minority businesses and women's
24 business enterprises on solicitation lists.

25 (2) Assuring that small and minority businesses, and women's
26 business enterprises are solicited whenever they are potential
27 sources.

- 1 (3) Dividing total requirements, when economically feasible, into
- 2 smaller tasks or quantities to permit maximum participation by
- 3 small and minority business, and women's business enterprises.
- 4 (4) Establishing delivery schedules, where the requirement
- 5 permits, which encourage participation by small and minority
- 6 business, and women's business enterprises.
- 7 (5) Using the services and assistance of the Small Business
- 8 Administration, and the Minority Business Development
- 9 Agency of the Department of Commerce.
- 10 (6) Requiring the prime contractor, if subcontracts are to be let, to
- 11 take the affirmative steps listed in (1) through (5) above of this
- 12 section.

- 13 s. Displacement, relocation, and acquisition. The relocation requirements of
- 14 Title II and the acquisition requirements of Title III of the Uniform Relocation
- 15 Assistance and Real Property Acquisition Policies Act of 1970, and the
- 16 implementing regulations at 24 CFR Part 42. BORROWER must ensure that
- 17 it has taken all reasonable steps to minimize the displacement of persons as a
- 18 result of this Project.
- 19 t. Lead-based paint. The HHIP-Assisted Units are subject to the lead-based paint
- 20 requirements of 24 CFR Part 35 issued pursuant to the Lead-Based Paint
- 21 Poisoning Prevention Act (42 U.S.C. 4821, et seq.). The lead-based paint
- 22 provisions of 24 CFR 982.401 (j), except 24 CFR 982.401 (j)(1)(i), also apply,
- 23 irrespective of the applicable property standard under §92.251.
- 24 u. Labor. Every contract for the construction of housing that includes twelve (12)
- 25 or more units assisted with HHIP funds must contain a provision requiring the
- 26 payment of not less than the wages prevailing in the locality, as predetermined
- 27 by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-
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1 276a-5), to all laborers and mechanics employed in the development of any
2 part of the housing. Such contracts must also be subject to the overtime
3 provisions, as applicable, of the Contract Work Hours and Safety Standards
4 Act (40 U.S.C. 327-332). BORROWER must apply most current wage rate
5 determination at the date of execution of this Agreement.

- 6 v. Model Energy Code published by the Council of American Building Officials.
- 7 w. Consultant Activities. No person providing consultant services in an employer-
8 employee type relationship shall receive more than a reasonable rate of
9 compensation for personal services paid with HHIP funds.
- 10 x. Uniform Administrative Requirements of 2 CFR Part 200 as now in effect and
11 as may be amended from time to time as they relate to the acceptance and use
12 of loaned federal funds under the federally assigned program. Federal awards
13 expended as a recipient or a subrecipient, as defined therein, would be subject
14 to single audit. The payments received for goods or services provided as a
15 vendor would not be considered Federal awards.
- 16 y. BORROWER shall include written agreements that include all provisions of
17 **Section 17** if BORROWER provides HHIP funds to for-profit owners or
18 developers, non-profit owners or developers, sub-recipients, homeowners,
19 homebuyers, tenants receiving tenant-based rental assistance, or contractors.
- 20 z. Immigration requirements of Federal Register, Vol. 62, No. 221, Department
21 of Justice Interim Guidance on Verification of Citizenship, Qualified Alien
22 Status and Eligibility Under Title IV of the Personal Responsibility and Work
23 Opportunity Reconciliation Act of 1996 (“PRWORA”). Final Attorney
24 General’s Order issued pursuant to PRWORA is specified under Federal
25 Register Vol. 66, No. 10, Department of Justice Final Specification of
26 Community Programs Necessary for Protection of Life or Safety Under Welfare
27 Reform Legislation.

1 aa. BORROWER shall comply with all applicable local, state and federal laws in
2 addition to the above-mentioned laws.

3 18. PROJECT REQUIREMENTS. BORROWER shall make the HHIP-Assisted
4 Units available to people that are experiencing homelessness, at risk of homelessness, or
5 experiencing housing insecurity (“Qualified Population”).

6 If BORROWER intends to use the HHIP-Assisted Units for a use other than to provide
7 shelter and services to the Qualified Populations, BORROWER shall utilize the Property for
8 another HHIP-Eligible Activity. BORROWER shall provide COUNTY with sixty (60) days
9 notice of conversion for another HHIP-Eligible Activity. The approval of the alternate HHIP-
10 Eligible Activity shall not be unreasonably withheld by COUNTY. If the HHIP-Assisted Units
11 are not used to provide shelter and services to the Qualified Populations and BORROWER does
12 not intend to use the Property for another HHIP-Eligible Activity, then COUNTY and
13 BORROWER mutually agree that this Agreement will self-terminate and any HHIP Loan funds
14 drawn shall be returned within thirty (30) calendar days. Upon such termination, this Agreement
15 shall become null and void. COUNTY and BORROWER shall be released and discharged
16 respectively from their obligations under this Agreement. All cost incurred by each party on the
17 Project will be assumed respectively.

18 19. INTENTIONALLY OMITTED

19 20. INTENTIONALLY OMITTED.

20 21. FEDERAL REQUIREMENTS. BORROWER shall comply with the provisions of
21 the HHIP and any amendments thereto and all applicable federal regulations and guidelines now
22 or hereafter enacted pursuant to HHIP in addition to the federal provisions attached hereto as
23 **Exhibit H.**

24 22. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
25 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
26 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
27 which consent shall be conditioned upon receipt by the COUNTY of reasonable evidence
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1 satisfactory to the COUNTY in its reasonable discretion, that transferee has assumed in writing
2 and in full, and is reasonably capable of performing and complying with the BORROWER's
3 duties and obligations under this Agreement, provided, however Borrower shall be released of all
4 obligations hereunder which accrue from and after the date of such sale.

5 Notwithstanding the foregoing or anything to the contrary contained herein, the following
6 shall be permitted without COUNTY's consent, but with prior written notice to the COUNTY:

7 (a) admission of limited partners to Borrower and the purchase of any such limited partner
8 interests by Sponsor or an affiliate thereof or otherwise in accordance with that certain Purchase
9 Option and Right of First Refusal between the BORROWER and Sponsor; (b) removal for cause
10 of any general partner of BORROWER by a limited partner of BORROWER, and the replacement
11 thereof, in accordance with BORROWER's Amended and Restated Agreement of Limited
12 Partnership (the "Partnership Agreement"), and amendments to the Partnership Agreement
13 required to effectuate such removal and replacement (or any other Permitted Transfers pursuant
14 to this Section), provided COUNTY receives five (5) business days advance written notice of
15 such removal and an executed copy of any amendment to the Partnership Agreement effectuating
16 such transfer within ten (10) days after execution thereof; (c) lease for occupancy of units in the
17 Project in accordance with the terms of this Agreement; (d) the granting of easements or permits
18 to facilitate the development of the Project in accordance with the terms of this Agreement; and
19 (e) the withdrawal, transfer, and/or replacement of any limited partner interest (or of any interest
20 thereof) in BORROWER (collectively, "Permitted Transfers"). Documents of all Permitted
21 Transfers shall be provided to COUNTY. Notwithstanding the foregoing, the BORROWER shall
22 be permitted to refinance the senior priority loan at its maturity in an amount equal to the then-
23 outstanding principal balance of the senior priority loan plus the costs of such refinancing on
24 terms reasonably satisfactory to the COUNTY (the "Refinanced Loan"), and the COUNTY agrees
25 that the HHIP Deed of Trust and other documents evidencing and/or securing the COUNTY's
26 loan shall remain subordinate to any such Refinanced Loan. BORROWER acknowledges and
27 agrees that the Covenant Agreement shall remain a senior lien priority to maintain the
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1 affordability restrictions for Qualified Populations through the Affordability Period.

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

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

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

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

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

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

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

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

4 25. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 5 a. BORROWER and its assigns, employees, agents, consultants, officers and
6 elected and appointed officials shall become familiar with and shall comply
7 with the conflict of interest provisions in OMB Circular A-110, 24 CFR 85.36,
8 24 CFR 84.42, 24 CFR 92.356 and Policy Manual #A-11, attached hereto as
9 **Exhibit D** and by this reference incorporated herein.
- 10 b. BORROWER understands and agrees that no waiver or exception can be
11 granted to the prohibition against conflict of interest except upon written
12 approval of HUD pursuant to 24 CFR 92.356(d). Any request by BORROWER
13 for an exception shall first be reviewed by COUNTY to determine whether such
14 request is appropriate for submission to HUD in COUNTY's sole discretion.
15 In determining whether such request is appropriate for submission to HUD,
16 COUNTY will consider the factors listed in 24 CFR 92.356(e).
- 17 c. Prior to any funding under this Agreement, BORROWER shall provide
18 COUNTY with a list of all employees, agents, consultants, officers and elected
19 and appointed officials who are in a position to participate in a decision-making
20 process, exercise any functions or responsibilities, or gain inside information
21 with respect to the HHIP activities funded under this Agreement. BORROWER
22 shall also promptly disclose to COUNTY any potential conflict, including even
23 the appearance of conflict that may arise with respect to the HHIP activities
24 funded under this Agreement.
- 25 d. Any violation of this section shall be deemed a material breach of this
26 Agreement, and the Agreement shall be immediately terminated by COUNTY.

27 26. INTENTIONALLY OMITTED.

1 27. PROJECT MONITORING AND EVALUATION.

2 a. Inspections. During the Affordability Period, COUNTY will perform on-site
3 inspections of the Project to determine compliance with the property standards
4 and to verify the information submitted by the owners in accordance with
5 requirements. The on-site inspections must occur within 12 months after
6 Covenant Agreement and at least once every 3 years thereafter during the
7 Affordability Period. If there are observed deficiencies for any of the
8 inspectable items in the property standards established by COUNTY, a follow-
9 up on-site inspection to verify that deficiencies are corrected must occur within
10 12 months. COUNTY may establish a list of non-hazardous deficiencies for
11 which correction can be verified by third party documentation (e.g., paid
12 invoice for work order) rather than re-inspection. Health and safety deficiencies
13 must be corrected immediately. COUNTY must adopt a more frequent
14 inspection schedule for properties that have been found to have health and
15 safety deficiencies.

16 28. MONITORING FEE. BORROWER shall not be required to pay an annual
17 compliance monitoring fee to the COUNTY.

18 29. ACCESS TO PROJECT SITE. COUNTY, state and/or federal awarding agencies
19 shall have the right to access the Project site and the Property at and upon completion of the
20 Project upon written notice to BORROWER, to review the operation of the Project in accordance
21 with this Agreement, subject to the rights of tenants.

22 30. EVENTS OF DEFAULT. The occurrence of any of the following events shall,
23 after the expiration of any applicable notice and cure period, constitute an "Event of Default"
24 under this Agreement:

25 a. Monetary Default. (1) BORROWER's failure to pay when due any sums
26 payable under this Agreement, the Covenant Agreement, the HHIP Note or any
27 advances made by COUNTY under this Agreement; (2) BORROWER's or any
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1 agent of BORROWER's use of HHIP funds for costs other than those costs
2 permitted under this Agreement or for uses inconsistent with terms and
3 restrictions set forth in this Agreement; (3) BORROWER's or any agent of
4 BORROWER's failure to make any other payment of any assessment or tax
5 due under this Agreement, and /or (4) default under the terms of any senior
6 loan documents or any other instrument or document secured against the
7 Property;

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

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

23 d. General Performance of Other Obligations. Any substantial or continuous or
24 repeated breach by BORROWER or BORROWER's agents of any material
25 obligations of BORROWER related to the Project imposed by any other
26 agreement with respect to the financing, development, or operation of the
27 Project; whether or not COUNTY is a party to such agreement; but only
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1 following any applicable notice and cure periods with respect to any such
2 obligation;

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

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

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

24 31. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal notices,
25 demands and communications between the COUNTY and the BORROWER shall be
26 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
27 requested, to the principal offices of the COUNTY and the BORROWER, as designated in
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1 **Paragraph 53**, below. Such written notices, demands and communications may be sent in the
2 same manner to such other addresses as either party may from time to time designate by mail
3 as provided in this **Section 31**. Any notice that is transmitted by electronic facsimile
4 transmission followed by delivery of a “hard” copy, shall be deemed delivered upon its
5 transmission; any notice that is personally delivered (including by means of professional
6 messenger service, courier service such as United Parcel Service or Federal Express, or by U.S.
7 Postal Service), shall be deemed received on the documented date of receipt by the recipient;
8 and any notice that is sent by registered or certified mail, postage prepaid, return receipt required
9 shall be deemed received on the date of delivery thereof.

- 10 a. Subject to the Force Majeure Delay, as provided in **Section 10**, failure or delay
11 by BORROWER to perform any term or provision of this Agreement
12 constitutes a default under this Agreement, subject to the notice and cure
13 periods set forth herein. BORROWER must commence to cure, correct or
14 remedy such failure or delay and shall complete such cure, correction or remedy
15 with reasonable diligence as set forth herein.
- 16 b. COUNTY shall give written notice of default to BORROWER, with a copy to
17 BORROWER’S limited partner at the address set forth below, specifying the
18 default complained of by COUNTY. Failure or delay in giving such notice
19 shall not constitute a waiver of any default, nor shall it change the time of
20 default. Except as otherwise expressly provided in this Agreement, any failures
21 or delays by COUNTY in asserting any of its rights and remedies as to any
22 default shall not operate as a waiver of any default or of any such rights or
23 remedies. Delays by COUNTY in asserting any of its rights and remedies shall
24 not deprive COUNTY of its right to institute and maintain any actions or
25 proceedings which it may deem necessary to protect, assert or enforce any such
26 rights or remedies.

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

21 32. COUNTY REMEDIES. Upon the occurrence of an Event of Default, after notice
22 and opportunity to cure, COUNTY's obligation to disburse HHIP loan funds shall terminate,
23 and COUNTY shall also have the right, but not the obligation to, in addition to other rights and
24 remedies permitted by this Agreement or applicable law, proceed with any or all of the
25 following remedies in any order or combination COUNTY may choose in its sole discretion:

- 26 a. Terminate this Agreement, in which event the entire HHIP Loan amount as
27 well as any other monies advanced to BORROWER by COUNTY under this
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1 Agreement including administrative costs, shall immediately become due and
2 payable to COUNTY at the option of COUNTY.

- 3 b. Bring an action in equitable relief (1) seeking the specific performance by
4 BORROWER of the terms and conditions of this Agreement, and/or (2)
5 enjoining, abating, or preventing any violation of said terms and conditions,
6 and/or (3) seeking declaratory relief.
- 7 c. Accelerate the HHIP Loan and demand immediate full payment of the principal
8 payment outstanding and all accrued interest under the HHIP Note, as well as
9 any other monies advanced to BORROWER by COUNTY under this
10 Agreement.
- 11 d. Enter the Project and take any remedial actions necessary in its judgment with
12 respect to hazardous materials that COUNTY deems necessary to comply with
13 hazardous materials laws or to render the Project suitable for occupancy, which
14 costs shall be due and payable by BORROWER to COUNTY.
- 15 e. Enter upon, take possession of, and manage the Project, either in person, by
16 agent, or by a receiver appointed by a court, and collect rents and other amounts
17 specified in the assignment of rents in the Deed of Trust and apply them to
18 operate the Project or to pay off the HHIP Loan or any advances made under
19 this Agreement, as provided for by the HHIP Deed of Trust.
- 20 f. Pursue any other remedies allowed at law or in equity.

21 33. RESERVED.

22 34. BORROWER'S WARRANTIES. BORROWER represents and warrants (1) that
23 it has access to professional advice and support to the extent necessary to enable BORROWER
24 to fully comply with the terms of this Agreement, and to otherwise carry out the Project, (2)
25 that it is duly organized, validly existing and in good standing under the laws of the State of
26 California, (3) that it has the full power and authority to undertake the Project and to execute
27 this Agreement, (4) that the persons executing and delivering this Agreement are authorized to
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1 execute and deliver such documents on behalf of BORROWER and (5) that neither
2 BORROWER nor any of its principals is presently debarred, suspended, proposed for
3 debarment, declared ineligible, or voluntarily excluded from participation in connection with
4 the transaction contemplated by this Agreement.

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

- 7 a. No federally appropriated funds have been paid or will be paid, by or on behalf
8 of the undersigned, to any person for influencing or attempting to influence an
9 officer or employee of any agency, a member of Congress, an officer or
10 employee of Congress, or an employee of a member of Congress in connection
11 with the awarding of any federal contract, the making of any federal grant, the
12 making of any federal loan, the entering into of any cooperative agreement, and
13 the extension, continuation, review, amendment, or modification of any federal
14 contract, grant, loan, or cooperative agreement.
- 15 b. If any funds other than federally appropriated funds have been paid or will be
16 paid to any person for influencing or attempting to influence an officer or
17 employee of any agency, a member of Congress, an officer or employee of
18 Congress, or an employee of a member of Congress in connection with this
19 federal contract, grant, loan, or cooperative agreement, the undersigned shall
20 complete and submit Standard Form-LLL, "Disclosure Form to Report
21 Lobbying," in accordance with its instructions.
- 22 c. The undersigned shall require that the language of this certification be included
23 in the award documents for all sub-awards at all tiers (including subcontracts,
24 sub-grants, and contracts under grants, loans, and cooperative agreements) and
25 that BORROWER shall certify and disclose accordingly. This certification is a
26 material representation of fact upon which reliance was placed when this
27 transaction was made or entered into.

1 36. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall indemnify
2 and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special Districts and
3 Departments, their respective directors, officers, Board of Supervisors, elected and appointed
4 officials, employees, agents and representatives (collectively the “Indemnified Parties”) from any
5 liability whatsoever, based or asserted upon any services of BORROWER, its officers,
6 employees, subcontractors, agents or representatives arising out of their performance under this
7 Agreement, including but not limited to property damage, bodily injury, or death or any other
8 element of any kind or nature whatsoever arising from the performance of BORROWER, its
9 officers, agents, employees, subcontractors, agents or representatives under this Agreement,
10 except in the event of the gross negligence or willful misconduct of the Indemnified Parties;
11 provided, however, any gross negligence or willful misconduct of the Indemnified Parties will
12 only affect the duty to indemnify for the specific act found to be gross negligence or willful
13 misconduct, and will not preclude a duty to indemnify for any act or omission of BORROWER.
14 BORROWER shall defend, at its sole expense, all costs and fees including, but not limited, to
15 attorney fees, cost of investigation, defense and settlements or awards, the County of Riverside,
16 its Agencies, Districts, Special Districts and Departments, their respective directors, officers,
17 Board of Supervisors, elected and appointed officials, employees, agents and representatives in
18 any claim or action based upon such alleged acts or omissions.

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

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

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

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

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

9 37. TERMINATION.

10 a. BORROWER. BORROWER may terminate this Agreement prior to
11 disbursement of any HHIP Loan funds by COUNTY in accordance with the
12 applicable HHIP regulations.

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

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

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

23 c. In the event the HHIP funding identified in **Section 1** above is terminated or
24 otherwise becomes unavailable. This Agreement may be terminated or funding
25 suspended in whole or in part for cause. Cause shall be based on the failure of
26 BORROWER to materially comply with either the terms or conditions of this
27 Agreement after the expiration of all applicable notice and cure provisions
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1 hereof. Upon suspension of funding, BORROWER agrees not to incur any
2 costs related thereto, or connected with, any area of conflict from which
3 COUNTY has determined that suspension of funds is necessary.

4 d. Upon expiration or earlier termination of this Agreement, BORROWER shall
5 transfer to COUNTY any unexpended HHIP funds in its possession at the time
6 of expiration of the Agreement as well as any accounts receivable held by
7 BORROWER which are attributable to the use of HHIP funds awarded pursuant
8 to this Agreement.

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

20 a. Float-up: Notwithstanding anything to the covenant or this Agreement to the
21 contrary, the Parties agree that the following shall apply to the HHIP-Assisted
22 Units:

23 i. COUNTY agrees that, upon BORROWER's request and COUNTY's
24 written approval, , the maximum tenant household income and maximum
25 annual rent for HHIP-Assisted Units may be increased to amounts
26 necessary to make operation of the Project financially feasible as
27 determined by the BORROWER, including the payment of all required
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1 operating costs and debt service, but in no event may (a) the maximum
2 tenant household income limitation exceed 60 percent of AMI or, (b) the
3 maximum annual rent limitation exceed 30 percent of 60 percent of AMI.

4 ii. In the case of increases due to a foreclosure of any approved financing or
5 deed in lieu thereof, the above increases may continue until such time, if
6 any, that the rental assistance or equivalent operating subsidy is restored.
7 Notwithstanding anything to the contrary in this section, the
8 BORROWER may not displace tenant households and must use good
9 faith efforts to reduce the effect of rent increases permitted to be imposed
10 on existing tenant households by (a) the use of operating and transition
11 reserves to the extent such funds exist and are available, and (b) the use
12 of other subsidy sources available that would mitigate the rent increases.

13 iii. If Rent increases on the HHIP-Assisted Units are necessary, after
14 exhausting all transition reserve funds such increases shall only be
15 permitted to the minimum extent required for financial feasibility, as
16 reasonably determined by BORROWER and approved by COUNTY,
17 which approval shall not, in any event, be increased to an amount in
18 excess of 30 percent of 60 percent of AMI, adjusted by household size
19 for the number of bedrooms. The COUNTY shall be notified at least
20 eighteen (18) months in advance of any Rent increase on the HHIP-
21 Assisted Units.

22 iv. In order to enact an increase in the maximum household income and rents
23 for a HHIP-Assisted Unit for the Project, the BORROWER must submit
24 a written request to the COUNTY which shall outline a plan with an
25 explanation of the fiscal necessity of adjusting the maximum household
26 income and the rents charged for the HHIP-Assisted Units. The plan shall
27 provide the following items along with any additional requirements from
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1 the COUNTY:

2 (i) An explanation of the efforts the Project Owner has
3 made to secure other rental subsidies to sustain overall
4 project operations;

5 (ii) An explanation of the fiscal necessity of adjusting the
6 maximum household income and the rents charged for
7 the HHIP-Assisted Units;

8 (iii) A process for increasing the Project rent for all affected
9 units (HHIP-Assisted Units and non-restricted units)
10 and make reasonable efforts to continue to market and
11 rent Project units to members of the target population
12 originally contemplated, as well as ensuring that
13 any increases to the household income limit are
14 applied, as much as possible, only to vacant units as
15 they become available. This portion of the plan shall
16 discuss changes in both maximum household incomes
17 and rents and;

18 (iv) The plan for continuing, throughout the term of this
19 Agreement, to apply for other subsidies that will allow
20 a return of all project units to members of the target
21 population and rents originally contemplated.

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

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

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

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

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

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

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

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

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

19 48. CONDITIONAL COMMITMENT.

- 20 a. Construction. BORROWER must demonstrate that it is working towards
21 obtaining financing to construct the Project in accordance with the scheduled
22 Completion of Project Deadline consistent with the Implementation Schedule
23 set forth in **Exhibit A-1**. COUNTY acknowledges and agrees that as of the
24 closing of the HHIP Loan, all required financing has been obtained.
- 25 b. Completion. BORROWER shall proceed consistent with the Implementation
26 Schedule set forth in **Exhibit A-1**. If BORROWER is unable to meet the
27 condition as required by this **Section 48** including Extension, subject to Force
28

1 Majeure and notice and cure rights set forth herein, then COUNTY and
2 BORROWER mutually agree that this Agreement will self-terminate and any
3 HHIP Loan funds disbursed to BORROWER to date shall be returned to
4 COUNTY within thirty (30) calendar days of such termination. Upon such
5 termination, this Agreement shall become null and void. COUNTY and
6 BORROWER shall be released and discharged respectively from their
7 obligations under this Agreement, except for those provisions which by their
8 terms survive termination. All costs incurred by each party on the Project will
9 be assumed respectively.

10 49. INTENTIONALLY OMITTED.

11 50. INTENTIONALLY OMITTED.

12 51. EXHIBITS AND ATTACHMENTS. Each of the attachments and exhibits
13 attached hereto is incorporated herein by this reference.

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

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

26 COUNTY
27 Director HWS
28 County of Riverside

BORROWER
NCRC Beaumont LP

1
2 3403 10th Street, Suite 300
3 Riverside, CA 92501

c/o National Community Renaissance of
California
9692 Haven Avenue, Suite 100
Rancho Cucamonga, CA 91730
Attention: CFO
Email: mfinn@nationalcore.org

4
5 With copies to:
6 National Community Renaissance of California
7 9692 Haven Avenue, Suite 100
8 Rancho Cucamonga, CA 91730
9 Attention: General Counsel
10 Email: rdiaz@nationalcore.org

11 Klein Hornig LLP
12 1325 G Street NW, Suite 770
13 Washington, DC 20005
14 Attention: Jed D' Abravanel
15 Email: jdabravanel@kleinhornig.com

16 With copies to Borrower's limited parter:

17 Hudson Housing Capital LLC
18 630 Fifth Avenue, 28th Floor
19 New York, New York 10111
20 Attention: Joseph A. Macari
21 Fax No.: (212) 218-4467

22 With copies to: Bocarsly Emden Cowan Esmail & Arndt LLP
23 633 West Fifth Street, Suite 5880
24 Los Angeles, California 90071
25 Attention: Craig A. Emden
26 Fax No.: (213) 559-0747

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

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

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

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

10 58. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

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

23 b. If any term or provision of this Agreement, the deletion of which would not
24 adversely affect the receipt of any material benefit by any party hereunder, shall
25 be held by a court of competent jurisdiction to be invalid or unenforceable, the
26 remainder of this Agreement shall not be affected thereby and each other term
27 and provision of this Agreement shall be valid and enforceable to the fullest
28

1 extent permitted by law. It is the intention of the parties hereto that in lieu of
2 each clause or provision of this Agreement that is illegal, invalid, or
3 unenforceable, there be added as a part of this Agreement an enforceable clause
4 or provision as similar in terms to such illegal, invalid, or unenforceable clause
5 or provision as may be possible.

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

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

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

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

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

26 61. NO THIRD PARTY BENEFICIARIES. The parties to this Agreement
27 acknowledge and agree that the provisions of this Agreement are for the sole benefit of COUNTY
28

1 and BORROWER, and not for the benefit, directly or indirectly, of any other person or entity,
2 except as otherwise expressly provided herein.

3 62. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

17
18 (SIGNATURES ON THE NEXT PAGE)
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IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of the dates written below.

COUNTY:

BORROWER:

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

NCRC BEAUMONT LP,
a California limited partnership

By: FORM COPY - DO NOT SIGN
Heidi Marshall, Director HWS

By: NCRC Beaumont LLC,
a California limited liability company,
its managing general partner

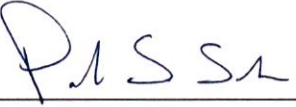
By: National Community Renaissance of California,
a California nonprofit public benefit corporation,
its sole member manager

By: FORM COPY - DO NOT SIGN
Name: Michael Finn
Title: Chief Financial Officer

Date: _____

Date: _____

APPROVED AS TO FORM:
MINH C. TRAN
County Counsel

By: 

Paula S. Salcido
Deputy County Counsel

(Above signatures need to be notarized)

ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA

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

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 2024, before me, _____,

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature of Notary Public

ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA

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

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 2024, before me, _____,

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature of Notary Public

EXHIBIT “A-1”

Borrower: NCRC Beaumont LP
Address: 9692 Haven Avenue, Suite 100 Rancho Cucamonga, CA 91730
Project Title: Beaumont Apartments
Location: 1343 East 8th Street, Beaumont, CA 92223 APN: 419-222-011

Project Description:

NCRC Beaumont LP shall develop Beaumont Apartments, a multi-family affordable rental housing project (Proposed project) consisting of forty-eight (47) affordable rental housing units and one (1) residential manager’s unit (the “Project”). The Project is situated on an approximately 1.26 acres of land located at 1343 East 8th Street, in the City of Beaumont in the County of Riverside, as more particularly described in the legal description set forth below (“Property”).

A total of twenty-three (23) units shall be reserved as HHIP-Assisted Units, of which 23 units will be restricted to households whose incomes do not exceed 30% AMI of Riverside County, of which 23 units will have a preference when vacancies arise after initial occupancy for families who are homeless or at risk of homelessness.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Acquisition of Property	June 10, 2024
2. Construction Start Deadline	June 10, 2024
3. Completion of Project Deadline	December 31, 2026

EXHIBIT A

Legal Description of Property:

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

THE WESTERLY RECTANGULAR 116.50 FEET OF THE EASTERLY RECTANGULAR 361.84 FEET OF LOT 3 IN BLOCK 3, AS SHOWN BY MAP OF THE SUBDIVISION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 9, PAGE 10 OF MAPS, SAN BERNARDINO COUNTY RECORDS. THE WESTERLY LINE THEREOF BEING PARALLEL WITH THE EASTERLY LINE OF SAID LOT.

Assessor's Parcel Number: **419-222-011**

EXHIBIT "B"

DEED OF TRUST

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn. Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This DEED OF TRUST, SECURITY AGREEMENT AND FIXTURE FILING (WITH ASSIGNMENT OF RENTS) is made this ___ day of _____, 2024 by NCRC Beaumont LP, a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 9692 Haven Avenue, Suite 100, Rancho Cucamonga, CA 91730, Attention: General Counsel. The trustee is 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 10th 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) Trustor's interest in the real property in the City of Riverside, 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 Trustor's use,

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

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

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

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

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

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

- i. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note (HHIP Loan) in favor of the Beneficiary (“County” therein) executed by Trustor (“Borrower” therein) of even date herewith (the “HHIP Note”) in the principal amount of \$6,000,000.
 - (b) that certain Loan Agreement for the Use of Housing and Homelessness Incentive Program (HHIP) 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 “HHIP Loan Agreement”); and
 - (c) that certain Covenant Agreement dated _____, 2024 and recorded concurrently herewith in the Official Records, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (“Covenant Agreement”).
- ii. payment of indebtedness of the Trustor to the Beneficiary not to exceed SIX MILLION DOLLARS (\$6,000,000) (the “HHIP Loan”) according to the terms of the HHIP Note.

Said HHIP Note, HHIP Loan Agreement and Covenant Agreement (collectively, referred to as the “Secured Obligations”) and all of their terms are incorporated herein by reference and this conveyance shall secure any and all extensions, amendments, modifications or renewals thereof however evidenced, and additional advances evidenced by any note reciting that it is secured hereby. The HHIP Note, HHIP Loan Agreement and Covenant Agreement as used herein shall mean, refer to and include the HHIP Note, HHIP 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 HHIP Loan Agreement.

The HHIP Loan evidenced by the HHIP Note and secured by this Deed of Trust is being made pursuant to the HHIP Investment Funds from IEHP (“HHIP Funds”). Pursuant to the HHIP Loan Agreement, the maturity date of the HHIP Loan shall be the later to occur of (i) July 1, 2081 or (ii) fifty-five (55) years from recordation of the Covenant Agreement in the Official Records for the Project (as defined in the HHIP Loan Agreement) (“HHIP Loan Term”).

TRUSTOR COVENANTS that the Trustor is lawfully seized of the estate hereby conveyed and has the right to grant and convey Trustor's interest in 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 HHIP Note at the time and in the manner provided therein, and perform the obligations of the Trustor as set forth in the HHIP 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 HHIP Loan Agreement and Covenant Agreement.

3. That the Secured Obligations are incorporated in and made a part of the Deed of Trust. Upon default of 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 HHIP 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 Property described herein and operate same and collect the rents, profits and income therefrom

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

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

a. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof,

Beneficiary or Trustee being authorized to enter upon said property for such purposes; appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; pay, purchase, contest or compromise any encumbrance, charge, or lien which in the judgment of either appears to be prior or superior hereto; and, in exercising any such powers, pay necessary expenses, employ counsel and pay his or her reasonable fees.

7. **Application of Payments.** Unless applicable law provides otherwise, all payments received by Beneficiary under **Section 5** shall be applied: first, to interest due; second, to principal due; and last, to any late charges due under the HHIP 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. Trustor shall pay these obligations in the manner provided in **Section 6**.

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

9. **Priority of HHIP Deed of Trust.** Lien priority, including applicable regulatory agreements, shall be as follows: (1) first priority shall be County of Riverside HHIP Covenant Agreement for the benefit of the County of Riverside ("County"); (2) second priority shall be a Deed of Trust for the benefit of JP Morgan Chase Bank, N.A ("Chase") in an amount not to exceed \$22,000,000 (the "Construction Loan"); (3) third priority shall be County HHIP Loan Agreement; (4) fourth priority shall be the County HHIP Deed of Trust; (5) fifth priority shall be the Purchase Option and Right of First Refusal from the Trustor to National Community Renaissance of California, a California nonprofit public benefit corporation (the "Sponsor").

10. **Hazard or Property Insurance.** Trustor shall keep the improvements now existing or hereafter erected on the Property insured against loss of fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Beneficiary reasonably requires insurance. This insurance shall be maintained in the amounts and for the periods as required in the HHIP 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 reasonably 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 HHIP Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the Senior Lien Holder, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the Senior Lien Holder, if any, or the Trustor.

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

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

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

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application.

a. Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property; normal wear and tear excepted. Trustor shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Beneficiary's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Deed of Trust or Beneficiary's security interest. Trustor may cure such a default and reinstate, as provided in **Section 23**, by causing the action or proceeding to be dismissed with a ruling that, in Beneficiary's good faith determination, precludes forfeiture of the Trustor's interest in the Property or other material impairment of the lien created by this Deed of Trust or Beneficiary's security interest. Trustor shall also be in default if Trustor, during the loan application process, gave materially false or inaccurate information or statements to Beneficiary (or failed to provide Beneficiary with any material information) in connection with the loan

evidenced by the HHIP Note, including, but not limited to representations concerning Trustor's use of the Property for affordable housing.

b. The Trustor acknowledges that the Property is subject to certain use, affordability and occupancy restrictions (which may be further evidenced by a separate agreement recorded in the land records where the Property is located), providing for certain income and rent restrictions. The use and occupancy restrictions may limit the Trustor's ability to rent the Property. The violation of any use and occupancy restrictions may, if not prohibited by federal law, entitle the Beneficiary to the remedies provided in **Section 27** hereof.

12. **Protection of Beneficiary's Rights in the Property.**

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

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

13. **Reserved.**

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

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

a. In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Deed of Trust, whether or not then due, with any excess paid to Trustor. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Deed of Trust immediately before the taking, unless Trustor and Beneficiary otherwise agree in writing, the sums secured by this Deed of Trust shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before

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

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

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

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

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

18. **Loan Charges.** If the loan secured by this Deed of Trust is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceeded permitted limits will be promptly refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the HHIP Note or by making a direct payment to Trustor. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

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

20. **Governing Law; Severability.** This Deed of Trust shall be governed by federal law and the laws of the State of California. In the event that any provision or clause of this Deed of Trust or the HHIP Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the HHIP 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 Court of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

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

22. **Transfer of the Property or a Beneficial Interest in Trustor.**

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

b. 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.

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time

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

24. **Reserved.**

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

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

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

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

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

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

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

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

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

30. **Reserved.**

31. **Reserved.**

32. **Reserved.**

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

34. **Counterparts.** This Deed of Trust 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.

35. **Subordination to Tax Credit Regulatory Agreement.** Trustee and Beneficiary agrees that this Deed of Trust is and shall be subordinate to the “extended low-income housing commitment” (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code of 1986, as amended) recorded against property in favor of the California Tax Credit Allocation Committee (the “Tax Credit Extended Use Agreement”) provided that such Tax Credit Extended Use Agreement, by its terms, terminates upon foreclosure or a transfer of the property by instrument in lieu of foreclosure subject to the restrictions on tenant evictions and rent increases set forth in Section 42(h)(6)(e)(ii) of the Internal Revenue Code of 1986, as amended.

[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.

NCRC BEAUMONT LP,
a California limited partnership

By: NCRC Beaumont LLC,
a California limited liability company,
its managing general partner

By: National Community Renaissance of California,
a California nonprofit public benefit corporation,
its sole member manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

(Signature needs to be notarized)

ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA

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

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 2024, before me, _____,

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature of Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

THE WESTERLY RECTANGULAR 116.50 FEET OF THE EASTERLY RECTANGULAR 361.84 FEET OF LOT 3 IN BLOCK 3, AS SHOWN BY MAP OF THE SUBDIVISION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 9, PAGE 10 OF MAPS, SAN BERNARDINO COUNTY RECORDS. THE WESTERLY LINE THEREOF BEING PARALLEL WITH THE EASTERLY LINE OF SAID LOT.

Assessor's Parcel Number: **419-222-011**

EXHIBIT "C"

PROMISSORY NOTE (HHIP Loan)
CA

\$6,000,000

Beaumont,

For value received, NCRC Beaumont LP, a California limited partnership ("Borrower"), promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY"), or order, at 3403 10th Street, Suite 300, Riverside, CA 92501, the sum of Six Million Dollars (U.S. \$6,000,000) (the "HHIP Loan" or "Note Amount") which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note ("Note") is given in accordance with that certain Loan Agreement for the Use of HHIP 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 "HHIP 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 HHIP 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 "HHIP Deed of Trust" or "Deed of Trust"). This Note, the HHIP Loan Agreement, and the Deed of Trust (as hereinafter defined), and any amendments or modifications thereto, shall collectively be referred to herein as the "HHIP Loan Documents." The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HHIP Loan Agreement and the following terms:

- (1) The HHIP Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to HHIP Investment Funds from IEHP ("HHIP Funds"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on use, affordability and occupancy set forth in the HHIP Rules (as defined in the HHIP Loan Agreement), the HHIP Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Borrower and COUNTY.
- (2) That the HHIP Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project's Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project's Residual Receipts shall be used towards the payment of the HHIP Loan to the Borrower (collectively, "Residual Receipts Loans"). The payment shall be split pro-rata between each Residual Receipts Loan based on the percentage of each respective loan amount according to its share of the total amount of all such loans, until the HHIP Note is repaid in full; and fifty percent (50%) of the Project's Residual Receipts will be paid to Borrower.
- (4) The Project's Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred fifty (150) days following the close of the Project

fiscal year commencing on May 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HHIP Loan Agreement, which shall be the later to occur of (i) January 1, 2081 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion (the "HHIP Loan Term"). The first payment shall be due on July 1st in the first full calendar year following the date of the Project's permanent finance closing, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts until sooner of full repayment of the HHIP Loan or the HHIP Loan maturity date as set forth above.

- (5) The term "Project Residual Receipts" used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the Developer derived from the ownership, operation and management of the Property, not including interest on required reserve accounts, proceeds of loans or capital contributions, and insurance proceeds used for repair or reconstruction of the Project or used to repay senior loans including but not limited to the following operating expenses (in no particular order of payment):
- a) auditing and accounting fees;
 - b) a reasonable property management fee not to exceed \$79.50 per unit per month, increasing annually by 3% per year;
 - c) Operating Expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance);
 - d) replacement reserves, established in a separate account from operating reserves, limited to \$500 per unit per year for all units in the Project,;
 - e) Operating Reserves replenishment;
 - f) developer's fee in the amount of approximately \$2,200,000;
 - g) general partner asset management annual fees which shall be no more than \$25,000, increased by no more than 3% annually on a cumulative bases if not paid in prior years;
 - h) an annual limited partner asset management fee not to exceed \$8,500 which fee shall be increased annually by 3% on a cumulative basis;
 - i) payments of principal and interest on amortized loans and indebtedness senior to the HHIP Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and
 - j) To pay deferred developer fee; and
 - k) COUNTY's Annual Monitoring Fee in the total annual amount of \$4,800 for the County HHIP Loan.
 - l)
 - m) To pay credit adjusters due to the BORROWER's limited partner and to repay loans made by such limited partner to the BORROWER; and
 - n) To repay operating deficit loans and development completion loans made by BORROWER's general partner to BORROWER.

The calculation of operating expenses shall be subject to the reasonable approval of the County's Director HWS or designee, and further provided that in the event of a conflict between this Agreement and the BORROWER'S Amended and Restated Limited Partnership Agreement the

BORROWER'S Amended and Restated Limited Partnership Agreement (as approved by the COUNTY) shall control regarding the definition of "Project Residual Receipts"

Operating expenses shall not include repayment of advances to the Borrower from its limited partner(s), general partner(s), their affiliate(s) and/or third parties, with the exception of deferred developer fee (collectively a "Partnership Loan"); provided, however, inclusion of repayment of such Partnership Loan in operating expenses may be authorized by the County's Director HWS, or designee, in their sole discretion, upon written request received by the County. In considering such Borrower request for approval of inclusion of repayment of a Partnership Loan in operating expenses, County's Director HWS, or designee, will consider the following: (i) whether such request was made pursuant to the terms of the Partnership Agreement, (ii) if a Project deficit exists and written evidence of such deficit is provided to the County's Director HWS, or designee, (iii) Borrower has demonstrated to Authority, in writing, that the requested loan is the only available means of relieving such deficit, (iv) the County's Director HWS, or designee, approves the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The County's Director HWS, or designee, shall retain the right, in its discretion, to defer such approval to the County's Board of Supervisors. Failure by the County's Director HWS, or designee, to respond to such request within 30 days of the County's receipt of such written notice shall be deemed disapproval of such request.

- (6) The HHIP Loan evidenced by this Note is secured by the HHIP Deed of Trust.
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium, provided however notwithstanding such prepayment, Borrower shall be required to adhere to the affordability restrictions contained in the Covenants until the expiration of the term contained therein.
- (8) Subject to the provisions and limitations of this Section 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its officers, members, or partners shall have any personal liability for repayment of the Note Amount, except as provided in this Section 8. The sole recourse of the COUNTY shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HHIP Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this

Section 4, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any actual damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any, officer, director or employee of Borrower; (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 HHIP Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; and (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Property and that are payable or applicable prior to any foreclosure under the Deed of Trust.

(9) The occurrence and continuance 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 HHIP Loan Agreement:

- a. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HHIP Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HHIP funds for costs other than those costs permitted under the HHIP Loan Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement, and/or (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HHIP Loan Agreement;
- b. Non-Monetary Default - Operation. (1) Discrimination by Borrower or Borrower's agent on the basis of characteristics prohibited by this Agreement or applicable law, (2) the imposition of any encumbrances or liens on the Project without COUNTY's prior written approval that are prohibited under this agreement or that have the effect of reducing the priority or invalidating the lien of the HHIP Deed of Trust, (3) Borrower's failure to obtain and maintain the insurance coverage required under the HHIP Loan Agreement, (4) any material default under the HHIP Loan Agreement, HHIP Deed of Trust with Assignment of Rents, Covenant Agreement, HHIP Note, or any document executed by the County in connection with this Agreement beyond the expiration of applicable notice and cure periods, and/or (4) default past any applicable notice and cure period under the terms of the HHIP Deed of Trust or any other instrument or document secured against the Property;
- c. General Performance of Loan Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the HHIP Loan Agreement beyond applicable notice and cure periods; and
- d. General Performance of Other Obligations. Any substantial or continuous or repeated breach by Borrower or Borrower's agents of any material obligations on the Project imposed by any other agreement with respect to the financing, development, or operation of the Project beyond the

applicable notice and cure periods set forth therein; whether or not COUNTY is a party to such agreement.

- (10) COUNTY shall give written notice of default to Borrower, with a copy to Borrower's limited partner, specifying the default complained of by the COUNTY. Borrower shall have thirty (30) calendar days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.
- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.
- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HHIP Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Court of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) Except as otherwise permitted under the HHIP Loan Documents, in no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the HHIP Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (19) Except as to the permitted deeds of trust identified in the HHIP Loan Agreement or the Deed of Trust, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21)
 - (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or "kick-out" sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.
 - (b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 3403 10th St., Suite 300, Riverside, California 92501, Attention: Director HWS. 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 9692 Haven Avenue, CA 91730 Attn: General Counsel

With a copy to:

Klein Hornig LLP
1325 G Street NW, Suite 770
Washington, DC 20005
Attention: Jed D'Abra vanel
Email: jdabra vanel@kleinhornig.com

Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111
Attention: Joseph A. Macari
Fax No.: (212) 218-4467

With copies to: Bocarsly Emden Cowan Esmail & Arndt LLP
633 West Fifth Street, Suite 5880
Los Angeles, California 90071
Attention: Craig A. Emden
Fax No.: (213) 559-0747

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

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

~~BORROWER~~ BORROWER:

~~Young Scholars for Education Empowerment, dba~~
~~TruEvolution Inc,~~ a California limited partnership
a nonprofit public benefit corporation,

By: NCRC Beaumont LLC,
a California limited liability company,
its managing general partner

By: _____ By: National Community Renaissance of California,
Gabriel Maldonado, Chief Executive Officer
a California nonprofit public benefit corporatic
its sole member manager

Date: _____ By: _____
Name: Michael Finn
Title: Chief Financial Officer

EXHIBIT "D"

Prohibition Against Conflicts of Interest

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

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

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

(3) Whether the affected person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted activity in question;

(4) Whether the interest or benefit was present before the affected person was in a position as described in **paragraph (c)** of this section;

(5) Whether undue hardship will result either to COUNTY or the person affected when weighed against the public interest served by avoiding the prohibited conflict;

(6) Any other relevant considerations.

Owners/Participants and Developers.

(1) No owner, developer, or sponsor of a project assisted with HHIP funds (or officer, employee, agent or consultant of the owner, developer, or sponsor) whether private, for profit or non-profit (including a community housing development organization (CHDO) when acting as an owner, developer or sponsor) may occupy a HHIP-Assisted affordable housing unit in a project. This provision does not apply to an individual who receives HHIP funds to acquire or rehabilitate his or her principal residence or to an employee or agent of the owner or developer of a rental housing project who occupies a housing unit as the project manager or maintenance worker.

(2) Exceptions. Upon written request of owner or developer, COUNTY may grant an exception to the provisions of **paragraph (f)(1)** of this section on a case-by-case basis when it determines that the exception will serve to further the purpose of the HHIP and the effective and efficient administration of the owner's or developer's HHIP-Assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:

(i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;

(ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;

(iii) Whether the tenant protection requirements of § 92.253 are being observed;

(iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and

(v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

TOPIC: CONFLICT OF INTEREST CODE
RIVERSIDE COUNTY
Housing & Workforce Solutions
DATE: MARCH 1999

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

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

entity or trust in which the official, the official's agents, spouse, and dependent children own directly, indirectly, or beneficially a 10-percent interest or more.

EXHIBIT “E”

Covenant Agreement

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

8 County of Riverside
9 Housing and Workforce Solutions
10 3403 10th Street, Suite 300
11 Riverside, CA 92501
12 Attn. Nicole Sanchez

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 **COVENANT AGREEMENT**

15 This COVENANT AGREEMENT (“COVENANT AGREEMENT”) is made and entered
16 into as of this _____ day of _____, 2024 by and between the COUNTY OF RIVERSIDE, a
17 political subdivision of the State of California, (“COUNTY”), and NCRC Beaumont LP, a
18 California limited partnership, (“BORROWER”). COUNTY and BORROWER are individually
19 referred to herein as a “Party” and collectively referred to herein as the “Parties.”

20 **RECITALS**

21 WHEREAS, the Inland Empire Health Plan (“IEHP”) is participating in the Housing and
22 Homelessness Incentive Program (“HHIP”) implemented by the California Department of
23 Health Care Services (“DHCS”) in accordance with the Medi-Cal Home and Community-Based
24 Services (“HCBS”) Spending Plan; and

25 WHEREAS, on November 15, 2022, IEHP announced that the COUNTY was allocated
26 HHIP Investment Funds from IEHP, earned and awarded through DHCS, in the amount of
27 \$32,600,000, for the following: (1) Rental assistance and rapid rehousing; (2) Operating
28 subsidies in new and existing affordable or supportive housing units, emergency shelters, and
navigation centers; operating subsidies may include operating reserves; (3) Incentives to
landlords, including, but not limited to, security deposits and holding fees); (4) Outreach and
coordination, which may include access to job programs, to assist vulnerable populations in

1 accessing permanent housing and to promote housing stability in supportive housing; (5)
2 Systems support for activities necessary to create regional partnerships and maintain a homeless
3 services and housing delivery system particularly for vulnerable populations including families
4 and homeless youth; (6) Delivery of permanent housing and innovative housing solutions such
5 as hotel and motel conversions; (7) Prevention and shelter diversion to permanent housing; and
6 (8) New navigation centers and emergency shelters based on demonstrated need;

7 WHEREAS, on January 10, 2023, via Minute Order 3.15, the Board of Supervisors of the
8 County of Riverside accepted the \$32,095,000 in HHIP funds from IEHP and approved the
9 agreement between the COUNTY and IEHP for the use of HHIP program funds;

10 WHEREAS, on October 3, 2023, via Minute Order 3.17, the Board of Supervisors of the
11 County of Riverside approved the First Amended and Restated HHIP Agreement (HWSCoC-
12 0004868) with IEHP to accept Incentive Funding to increase the aggregate contract amount by
13 \$12,000,000 from \$32,600,000 to \$44,600,000 in HHIP funds;

14 WHEREAS, BORROWER has an interest in that certain real property known as 1343
15 East 8th Street, Beaumont, California, 92223 and legally described in the Legal Description
16 attached hereto and incorporated herein as Exhibit "A" (collectively, the "Property");

17 WHEREAS, BORROWER is proposing to utilize the HHIP funds to pay a portion of the
18 development and construction of Beaumont Apartments, a multi-family affordable rental
19 housing project consisting of forty-seven (47) affordable rental housing units and one (1)
20 residential manager's unit to be located on the Property and to provide permanent supportive
21 housing and wrap around services to the homeless, or those at risk of homelessness, or those
22 experiencing housing insecurity ("Project").

23 WHEREAS, the Project is an eligible use of HHIP funds;

24 WHEREAS, the purpose of this Covenant Agreement is, among other things, for
25 COUNTY to provide for the loan of HHIP funds to BORROWER in the maximum amount of
26 Six Million Dollars (\$6,000,000) to fund a portion of the development and construction costs of
27 the Project, as more fully described herein;

1 WHEREAS, a total of twenty-three (23) of the units will be reserved as HHIP-Assisted
2 Units (as defined below), and will have a preference for those who are homeless or at risk of
3 homelessness, or experiencing housing insecurity.

4 NOW, THEREFORE, in consideration of the mutual covenants and agreements, and for
5 other good and valuable consideration, the receipt and sufficiency of which are hereby
6 acknowledged, OWNER, on behalf of itself and its successors, assigns, and each successor in
7 interest to the Property or any part thereof, hereby declares as follows:

8 1) RESTRICTIONS. The recitals set forth above are true and correct and incorporated
9 herein. This Covenant Agreement shall continue in full force and effect for the later of (i) fifty-
10 five (55) years from the recordation of the Notice of Completion , or (ii) January 1, 2081 (“Term”
11 or “Affordability Period”). For the duration of the Term, the Property shall be held, sold and
12 conveyed, subject to the following covenants, conditions, and restrictions:

13 a) 23 units at the Project shall be restricted as HHIP-Assisted Units provided
14 to homeless individuals or individuals at risk of homelessness whose incomes do not exceed 30%
15 of the area median income for the County of Riverside, as published by HUD, at the time of initial
16 occupancy; provided, however, that in the event that the Project’s rental subsidy is terminated, not
17 renewed, or materially reduced through no fault of OWNER, the rent and income restrictions for
18 the HHIP-Assisted Units may be increased up to 60% of the area median income for the County
19 of Riverside, but in no event greater than the amount required to ensure that the Project generates
20 sufficient income to cover its operating expenses and debt service and as is necessary to maintain
21 the financial stability of the Project all in accordance with Section 38(a) of the HHIP Loan
22 Agreement .

23 b) OWNER shall comply with the terms of HHIP, the HHIP Loan Agreement,
24 HHIP Loan Note, HHIP Loan Deed of Trust and any other instrument secured against the Property.

25 2) SENIOR PRIORITY. Lien priority, including applicable regulatory agreements,
26 shall be as follows: (1) first priority shall be County of Riverside HHIP Covenant Agreement for
27 the benefit of the County of Riverside (“County”); (2) second priority shall be a Deed of Trust for
28

1 the benefit of JP Morgan Chase Bank, N.A (“Chase”) in an amount not to exceed \$22,000,000 (the
2 “Construction Loan”); (3) third priority shall be County HHIP Loan Agreement; (4) fourth priority
3 shall be the County HHIP Deed of Trust; (5) fifth priority shall be the Purchase Option and Right
4 of First Refusal from the Trustor to National Community Renaissance of California, a California
5 nonprofit public benefit corporation (the “Sponsor”).

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

10 a) Housing and Homelessness Incentive Program guidelines, as may be
11 amended from time to time.

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

16 c) Affirmative marketing and minority outreach program. OWNER must
17 adopt affirmative marketing procedures and requirements. These must include:

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

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

26 (3) Procedures to be used by OWNER to inform and solicit applications
27 from persons in the housing market area who are not likely to apply without special outreach (e.g.,
28

1 use of community organizations, employment centers, fair housing groups, or housing counseling
2 agencies).

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

5 (5) A description of how OWNER will annually assess the success of
6 affirmative marketing actions and what corrective actions will be taken where affirmative
7 marketing requirements are not met.

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

18 (i) Placing qualified small and minority businesses and women's
19 business enterprises on solicitation lists.

20 (ii) Assuring that small and minority businesses, and women's
21 business enterprises are solicited whenever they are potential sources.

22 (iii) Dividing total requirements, when economically feasible, into
23 smaller tasks or quantities to permit maximum participation by small and minority business, and
24 women's business enterprises.

25 (iv) Establishing delivery schedules, where the requirement permits,
26 which encourage participation by small and minority business, and women's business enterprises.

27 (v) Using the services and assistance of the Small Business
28

1 Administration, and the Minority Business Development Agency of the Department of
2 Commerce.

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

25 5) NONDISCRIMINATION. OWNER shall not discriminate on the basis of race,
26 gender, religion, national origin, ethnicity, sexual orientation, age or disability in the solicitation,
27 selection, hiring or treatment of any contractors or consultants, to participate in

1 subcontracting/subconsulting opportunities. OWNER understands and agrees that violation of this
2 clause shall be considered a material breach of this Covenant Agreement and may result in
3 termination, debarment or other sanctions. This language shall be incorporated into all contracts
4 between OWNER and any contractor, consultant, subcontractor, subconsultants, vendors and
5 suppliers. OWNER shall comply with the provisions of the California Fair Employment and
6 Housing Act (Government Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964
7 (P.L. 88-352), as amended, and all Administrative Rules and Regulations issued pursuant to said
8 Acts and Orders with respect to its use of the Property.

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

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

25 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her
26 heirs, executors, administrators, and assigns, and all persons claiming under or through them, that
27 there shall be no discrimination against or segregation of, any person or group of persons on
28

1 account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as
2 those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of
3 subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease,
4 sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall
5 the grantee or any person claiming under or through him or her, establish or permit any practice or
6 practices of discrimination or segregation with reference to the selection, location, number, use or
7 occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed.
8 The foregoing covenants shall run with the land.”

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

21 c) In contracts: “There shall be no discrimination against or segregation of any
22 person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
23 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m)
24 and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government
25 Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the land, nor
26 shall the transferee itself or any person claiming under or through him or her, establish or permit
27 any such practice or practices of discrimination or segregation with reference to the selection,
28

1 location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees of the
2 land.”

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

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

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

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

27 c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the
28

1 performance of the obligations under this Covenant, then OWNER shall maintain liability
2 insurance for all owned, non-owned or hired vehicles so used in an amount not less than
3 \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate
4 limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence
5 limit. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and
6 Departments, their respective directors, officers, Board of Supervisors, employees, elected or
7 appointed officials, agents or representatives as Additional Insured or provide similar evidence of
8 coverage approved by County's Risk Manager ("Risk Manager").

9 d) General Insurance Provisions – All Lines.

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

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

21 (3) OWNER shall cause OWNER's insurance carrier(s) to furnish the
22 County of Riverside with copies of the Certificate(s) of Insurance and Endorsements effecting
23 coverage as required herein, and 2) if requested to do so orally or in writing by Risk Manager,
24 provide copies of policies including all Endorsements and all attachments thereto, showing such
25 insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall
26 contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given
27 to the County of Riverside prior to any material modification, cancellation, expiration or reduction
28

1 in coverage of such insurance. OWNER shall not continue operations until COUNTY has been
2 furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of
3 policies of insurance including all endorsements and any and all other attachments as required
4 herein. An individual authorized by the insurance carrier to do so, on its behalf, shall sign the
5 original endorsements for each policy and the Certificate of Insurance.

6 (4) It is understood and agreed to by the parties hereto that OWNER's
7 insurance shall be construed as primary insurance, and COUNTY's insurance and/or deductibles
8 and/or self-insured retention's or self-insured programs shall not be construed as contributory.

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

16 (6) OWNER shall pass down the insurance obligations contained herein to
17 all tiers of subcontractors.

18 (7) OWNER agrees to notify COUNTY in writing of any claim by a third
19 party or any incident or event that may give rise to a claim arising from the performance of the
20 Agreement.

21 9) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold
22 harmless the County of Riverside, its Agencies, Districts, Special Districts and Departments, their
23 respective directors, officers, Board of Supervisors, elected and appointed officials, employees,
24 agents and representatives (individually and collectively hereinafter referred to as Indemnitees)
25 from any liability whatsoever, based or asserted upon any services of OWNER, its officers,
26 employees, subcontractors, agents or representatives arising out of or in any way relating to this
27 Agreement, including but not limited to property damage, bodily injury, or death or any other
28

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

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

1 COUNTY
2 Director HWS
3 County of Riverside
4 3404 10th Street
5 Riverside, CA 92501

BORROWER
 NCRC Beaumont LP
 c/o National CORE
 9692 Haven Avenue, Suite 100
 Rancho Cucamonga, CA 91730
 Attn: General Counsel

 With a copy to:

 Klein Hornig LLP
 1325 G Street NW, Suite 770
 Washington, DC 20005
 Attention: Jed D' Abravanel
 Email: jdabravanel@kleinhornig.com

 Hudson Housing Capital LLC

 630 Fifth Avenue, 28th Floor
 New York, New York 10111
 Attention: Joseph A. Macari
 Fax No.: (212) 218-4467

 With copies to:

 Bocarsly Emden Cowan Esmail & Arndt LLP
 633 West Fifth Street, Suite 5880
 Los Angeles, California 90071
 Attention: Craig A. Emden
 Fax No.: (213) 559-0747

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

21 12) TERM. The non-discrimination covenants, conditions and restrictions contained in
22 Section 6 of this Covenant Agreement shall remain in effect in perpetuity. Every other covenant,
23 condition and restriction contained in this Covenant Agreement shall continue in full force and
24 effect for the Term, as defined in **Section 1** of this Covenant Agreement.

25 13) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY
26 shall give OWNER notice of such default pursuant to **Section 10** above. Any monetary default
27 shall be cured within thirty (30) days of delivery of written notice. Except as otherwise set forth

1 herein, if a non-monetary default is reasonably capable of being cured within thirty (30) days of
2 delivery of such notice of default, OWNER shall have such period to effect a cure prior to exercise
3 of remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of
4 being cured within thirty (30) days of delivery of such notice of default, and OWNER (a) initiates
5 corrective action within said period, and (b) diligently, continually, and in good faith works to
6 effect a cure as soon as possible, then OWNER shall have such additional time as is reasonably
7 necessary to cure the default prior to exercise of any remedies by the COUNTY; but in no event
8 no later than one hundred twenty (120) days from delivery of such notice of default, subject to
9 force majeure (including government restrictions, pandemics, and acts of God). COUNTY, upon
10 providing OWNER with any notice of default under this Covenant, shall, within a reasonable time,
11 provide a copy of such default notice to a Permitted Lender (as defined herein) who has given
12 written notice to COUNTY of its interest in the Property and Project. From and after such notice
13 has been delivered to a Permitted Lender and the Owner's limited partner, such Permitted Lender
14 and limited partner shall have the same period for remedying the default complained of as the cure
15 period provided to OWNER pursuant to this Section 18. COUNTY shall accept performance by
16 a Permitted Lender or limited partner of Owner as if the same had been done by OWNER.

17 14) If a violation of any of the covenants or provisions of this Covenant remains
18 uncured after the respective time period set forth herein, COUNTY and its successors and assigns,
19 without regard to whether COUNTY or its successors and assigns is an owner of any land or
20 interest therein to which these covenants relate, may institute and prosecute any proceedings at
21 law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel
22 specific performance by OWNER of its obligations hereunder. No delay in enforcing the
23 provisions hereof as to any breach or violation shall impair, damage or waive the right of any party
24 entitled to enforce the provisions hereof or to obtain relief against or recover for the continuation
25 or repetition of such breach or violations or any similar breach or violation hereof at any later time.

26 15) Any cure tendered by Owner's limited partner shall be accepted or rejected on the
27 same basis as if tendered by OWNER.

1 16) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY.

2 Except as otherwise provided under the HHIP Loan Agreement, OWNER hereby covenants and
3 agrees not to sell, transfer, assign or otherwise dispose of the Project, the Property or any portion
4 thereof, without obtaining the prior written consent of COUNTY, in its sole discretion. Any sale,
5 assignment, or transfer of the Project or Property, shall be memorialized in an assignment and
6 assumption agreement the form and substance of which have been first approved in writing by the
7 COUNTY in its sole discretion. Such assignment and assumption agreement shall, among other
8 things, provide that the transferee has assumed in writing and in full, and is reasonably capable of
9 performing and complying with OWNER's duties and obligations under the HHIP Loan
10 Agreement and this Covenant, provided, however OWNER shall be released of all obligations
11 under the HHIP Loan Agreement and this Covenant Agreement accruing from and after the date
12 of such sale, assignment or transfer. Notwithstanding anything to the contrary contained herein,
13 upon written notice to COUNTY, OWNER may (i) lease for occupancy of all or any of the HHIP
14 Assisted Units in accordance with terms of this Covenant Agreement; (ii) grant easements or
15 permits to facilitate the development of the Property in accordance with this Covenant Agreement;
16 (iii) transfer and encumber the OWNER'S limited partnership interest in the Borrower and transfer
17 any interests in the OWNER'S limited partner; (iv) remove and replace the OWNER'S general
18 partner(s) for cause in accordance with OWNER'S amended and restated agreement of limited
19 partnership; and (v) make transfers pursuant to that certain Purchase Option and Right of First
20 Refusal Agreement (collectively a "Permitted Transfer")

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

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

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

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

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

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

18 22) PROJECT MONITORING AND EVALUATION.

19 a) Reserved.

20 b) Inspections. During the Affordability Period, COUNTY must perform on-
21 site inspections of HHIP-Assisted Units to determine compliance with the property standards.
22 The on-site inspections shall occur within 12 months after the effective date of this Covenant and
23 at least once every 3 years thereafter during the Affordability Period. If there are observed
24 deficiencies for any of the inspectable items in the property standards established by COUNTY,
25 a follow-up on-site inspection to verify that deficiencies are corrected must occur within 12
26 months. COUNTY may establish a list of non-hazardous deficiencies for which correction can be
27 verified by third party documentation (e.g., paid invoice for work order) rather than re-inspection.

1 Health and safety deficiencies must be corrected immediately. COUNTY must adopt a more
2 frequent inspection schedule for properties that have been found to have health and safety
3 deficiencies. The property owner must annually certify to the COUNTY that each building and
4 all HHIP Assisted-Units in the Project are suitable for occupancy, taking into account State and
5 local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing
6 property standards established by the participating jurisdiction.

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

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

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

17 26) This Covenant Agreement sets forth and contains the entire understanding and
18 agreement of the parties hereto. There are no oral or written representations, understandings, or
19 ancillary covenants, undertakings or agreements, which are not contained or expressly referred to
20 within this Covenant Agreement, including all amendments and modifications to this Covenant
21 Agreement.

22 ///

23 ///

24 [Remainder of Page Intentionally Blank]

25 [SIGNATURES ON THE NEXT PAGE]

26

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28

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

COUNTY:

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

NCRC BEAUMONT LP,
a California limited partnership

By: FORM COPY - DO NOT SIGN
Heidi Marshall, Director HWS

By: NCRC Beaumont LLC,
a California limited liability company,
its managing general partner


By: National Community Renaissance of California,
a California nonprofit public benefit corporation,
its sole member manager

By: FORM COPY - DO NOT SIGN
Name: Michael Finn
Title: Chief Financial Officer

Date: _____

Date: _____

APPROVED AS TO FORM:
MINH C. TRAN
County Counsel

By: 
Paula S. Salcido
Deputy County Counsel

(Above signatures need to be notarized)

ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA

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

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 2024, before me, _____,
personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature of Notary Public

ALL-PURPOSE ACKNOWLEDGMENT NOTARY FOR CALIFORNIA

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

STATE OF CALIFORNIA
COUNTY OF _____

On _____, 2024, before me, _____,

personally appeared _____,

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

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

WITNESS my hand and official seal.

Signature of Notary Public

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

THE WESTERLY RECTANGULAR 116.50 FEET OF THE EASTERLY RECTANGULAR 361.84 FEET OF LOT 3 IN BLOCK 3, AS SHOWN BY MAP OF THE SUBDIVISION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 9, PAGE 10 OF MAPS, SAN BERNARDINO COUNTY RECORDS. THE WESTERLY LINE THEREOF BEING PARALLEL WITH THE EASTERLY LINE OF SAID LOT.

Assessor's Parcel Number: **419-222-011**

EXHIBIT “F”

Request for Notices

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn: Nicole Sanchez

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2024, and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by NCRC Beaumont LP, a California Limited Partnership, as Trustor in which JP Morgan Chase Bank, N.A. is named as Beneficiary, and Commonwealth Land Title Insurance Company as Trustee, and describing land referred to in this Request for Notice is situated in the County of Riverside, City of Beaumont, State of California, and is described as follows:

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

THE WESTERLY RECTANGULAR 116.50 FEET OF THE EASTERLY RECTANGULAR 361.84 FEET OF LOT 3 IN BLOCK 3, AS SHOWN BY MAP OF THE SUBDIVISION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 9, PAGE 10 OF MAPS, SAN BERNARDINO COUNTY RECORDS. THE WESTERLY LINE THEREOF BEING PARALLEL WITH THE EASTERLY LINE OF SAID LOT.

Assessor's Parcel Number: **419-222-011**

All notices to be mailed to:

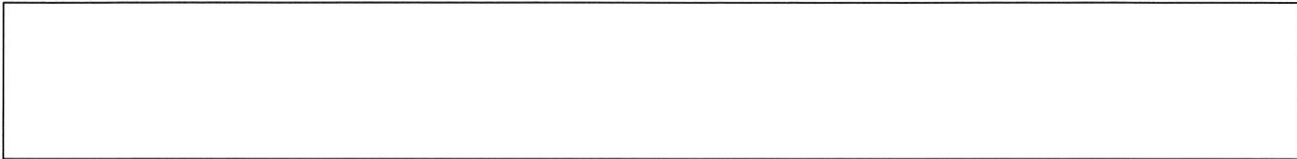
Attn: Director HWS
County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501

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 DEPARTMENT OF HOUSING
AND WORKFORCE SOLUTIONS

Juan Garcia, Deputy Director, HWS



NO FEE FOR RECORDING PURSUANT TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn: Nichole Sanchez

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2024, and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by NCRC Beaumont LP, a California Limited Partnership, as Trustor in which California Department of Housing and Community Development is named as Beneficiary, and Commonwealth Title Insurance Company as Trustee, and describing land referred to in this Request for Notice is situated in the County of Riverside, City of Beaumont, State of California, and is described as follows:

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

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Assessor's Parcel Number: **419-222-011**

All notices to be mailed to:

Attn: Director HWS
County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501

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COUNTY OF RIVERSIDE DEPARTMENT OF HOUSING
AND WORKFORCE SOLUTIONS

Juan Garcia, Deputy Director HWS

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn: Nichole Sanchez

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code, Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2024, and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by NCRC Beaumont LP, a California Limited Partnership, as Trustor in which City of Beaumont is named as Beneficiary, and Commonwealth Title Land Insurance Company, and describing land referred to in this Request for Notice is situated in the County of Beaumont, City of Riverside, State of California, and is described as follows:

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

THE WESTERLY RECTANGULAR 116.50 FEET OF THE EASTERLY RECTANGULAR 361.84 FEET OF LOT 3 IN BLOCK 3, AS SHOWN BY MAP OF THE SUBDIVISION OF SECTION 11, TOWNSHIP 3 SOUTH, RANGE 1 WEST, SAN BERNARDINO BASE AND MERIDIAN, IN THE CITY OF BEAUMONT, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, RECORDED IN BOOK 9, PAGE 10 OF MAPS, SAN BERNARDINO COUNTY RECORDS. THE WESTERLY LINE THEREOF BEING PARALLEL WITH THE EASTERLY LINE OF SAID LOT.

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COUNTY OF RIVERSIDE DEPARTMENT OF HOUSING
AND WORKFORCE SOLUTIONS

Juan Garcia, Deputy Director HWS

Exhibit “G”

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

The purpose of EPLS is to provide a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts or federally approved subcontracts and from certain types of federal financial and nonfinancial assistance and benefits.

The EPLS was established to ensure that agencies solicit offers from, award contracts, grants, or financial or non-financial assistance and benefits to, and consent to subcontracts with responsible contractors/vendors only and not allow a party to participate in any affected program if any Executive department or agency has debarred, suspended, or otherwise excluded (to the extent specified in the exclusion action) that party from participation in an affected program.

In July 2012, all records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to the System for Award Management (SAM). SAM is a Federal Government owned and operated free web site that consolidates the capabilities in CCR/FedReg, ORCA, and EPLS.

The County of Riverside requires that each contractor/vendor hold the required federal/state/local license for the service provided.

Please complete the following verification process for each contractor/vendor:

- STEP 1: Visit <https://www.sam.gov/>
- STEP 2: Under “Search”, enter the company name and press enter.
- STEP 3: Click “Print” on the Search Results page.
- STEP 4: Repeat steps 2 & 3 for variations of the name of contractor/vendor (individual last name or firm).
- STEP 5: Attach print out of search results to this certification as supporting documentation.
- STEP 6: Attach to this certification as supporting documentation a copy of contractor/vendor license for the service provided.

By signing below HHIP Recipient, developer name, has verified the contractor/vendor known as, name of contractor/vendor, was not listed in the Excluded Parties Lists System and has the required contractor/vendor license as of date of verification.

DEVELOPER SIGNATURE

Exhibit "H"

1. **ORDERS OF LOCAL, STATE OR FEDERAL HEALTH OFFICIALS; EXECUTIVE ORDERS.** County and Contractor mutually acknowledge that local, state, or federal authorities may issue official orders related to the COVID-19 epidemic, or take other official actions, subsequent to the execution of this Agreement that Parties to this Agreement cannot presently predict. County and Contractor mutually acknowledge and agree that this Agreement shall be subject to the provisions of any such official action or order, particularly but not limited to Executive Orders of the Governor of the State of California and Orders of the County Public Health Officer, and the like ("Official Actions"), and if the provisions of any such Official Actions materially impact the terms of this Agreement, the provisions of those Official Actions shall govern.

a. In the event that such Official Actions make the services provided to the County under this Agreement illegal, unlawful, or contrary to public policy, County shall provide written notice to Contractor in the manner described herein, and County and Contractor mutually agree that this Agreement shall terminate as of the date of that Official Action, at no penalty to County. In such an event, County shall pay outstanding fees to due to Contractor pro-rated from the date of the Official Action, along with all other remaining sums due to Contractor, within thirty (30) calendar days from the date of that Official Action.

b. The parties acknowledge that Contractor is providing the services for emergency purposes at the request of the County under the California Emergency Services Act (the "Act" (California Government Code §§ 8550 et seq.)). Pursuant to California Government Code §8655, the County and as such, is subject to certain immunities with respect thereto and shall not be liable for any claim based upon the exercise or performance, or the failure to exercise or perform, a discretionary function or duty on the part of the County or any employee of the County in carrying out the provisions of the Act.

c. **CONTRACTOR** acknowledges and agrees that this Agreement is subject to the federal Uniform Administrative Requirements, Cost principles and Audit Requirements for Federal Awards (**2 C.F.R. Part 200**), including the federal provisions attached hereto, and incorporated herein. Should there be any conflict between the provisions of this Agreement and Exhibit H, the terms and conditions in Exhibit H shall govern, unless the more restrictive provision herein is otherwise required to control as a condition of FEMA funding.

d. Should funding be allocated through American Rescue Plan Act (HHIP) (Title VI of the Social Security Act Section 602 et seq.), the COUNTY will administer and distribute those funds in accordance with HHIP. HHIP requires that payments from the Coronavirus Fiscal Recovery Fund be used to respond to the public health emergency or its negative economic impacts, to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay, provide government services to the extent the reduction of revenue due to COVID-19 public health emergency, and to make necessary investments in water, sewer or broadband infrastructure. It is effective beginning May 17, 2021 and ends on December 31, 2024.

2. **NON-DISCRIMINATION.** Contractor shall not be discriminate in the provision of services, allocation of benefits, accommodation in facilities, or employment of personnel on the basis of ethnic group identification, race, religious creed, color, national origin,

ancestry, physical handicap, medical condition, marital status or sex in the performance of this Agreement; and, to the extent they shall be found to be applicable hereto, shall comply with the provisions of the California Fair Employment and Housing Act (Gov. Code 12900 et. seq), the Federal Civil Rights Act of 1964 (P.L. 88-352), the Americans with Disabilities Act of 1990 (42 U.S.C. S1210 et seq.) and all other applicable laws or regulations.

3. **EQUAL EMPLOYMENT OPPORTUNITY/ FAIR EMPLOYMENT PRACTICES/ FEDERAL PROVISIONS.** During the performance of this Agreement, the Contractor shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Contractor shall ensure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

- a. Contractor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 11000 et seq.), the provisions of Executive Order 11246 of Sept. 23, 1965 and of the rules, regulations, and relevant orders of the Secretary of Labor, the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.8), and of the rules, regulations or standards adopted by the County to implement such article.

- b. The Contractor shall comply with the provisions of the Copeland "Anti-Kickback" Act, 18 U.S.C. § 874, 40 U.S.C. § 3145, and the requirements of 29 C.F.R. pt. 3 as may be applicable, which are incorporated by reference into this Agreement.

4. **OTHER FEDERAL PROVISIONS.** Contractor acknowledges and agrees that this Agreement is subject to the federal requirements for seeking FEMA reimbursements, including the federal provisions provided below.

4.1 CLEAN AIR ACT.

The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. Section 7401 et seq.

The Contractor agrees to report each violation to the County and understands and agrees that the County will, in turn, report each violation as required to assure notification to the California Governor's Office of Emergency Services, Federal Emergency Management Agency (FEMA), and the appropriate Environmental Protection Agency Regional Office.

The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA.

4.2. FEDERAL WATER POLLUTION CONTROL ACT

The Contractor agrees to comply with all applicable standards, orders, or regulations issued pursuant to the Federal Water Pollution Control Act, as amended, 33 U.S.C. Sections 1251 et seq.

The Contractor agrees to report each violation to the County and understands and agrees that the County will, in turn, report each violation as required to assure notification to the Federal Emergency Management Agency (FEMA), and the appropriate Environmental Protection Agency Regional Office.

The Contractor agrees to include these requirements in each subcontract exceeding \$150,000 financed in whole or in part with Federal assistance provided by FEMA.

4.3. DEBARMENT AND SUSPENSION CLAUSE

This Agreement is a covered transaction for purposes of 2 C.F.R. pt. 180 and 2 C.F.R. pt. 3000. As such the Contractor is required to verify that none of the Contractor, its principals (defined at 2 C.F.R. § 180.995), or its affiliates (defined at 2 C.F.R. § 180.905) are excluded (defined at 2 C.F.R. § 180.940) or disqualified (defined at 2 C.F.R. § 180.935).

The Contractor must comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C and must include a requirement to comply with these regulations in any lower tier covered transaction it enters into.

This certification is a material representation of fact relied upon by the County. If it is later determined that the Contractor did not comply with 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C, in addition to remedies available to the County, the Federal Government may pursue available remedies, including but not limited to suspension and/or debarment.

The bidder or proposer agrees to comply with the requirements of 2 C.F.R. pt. 180, subpart C and 2 C.F.R. pt. 3000, subpart C while this offer is valid and throughout the period of any contract that may arise from this offer. The bidder or proposer further agrees to include a provision requiring such compliance in its lower tier covered transactions.

4.4. BYRD ANTI- LOBBYING AMENDMENT, 31 U.S.C. § 1352 (AS AMENDED)

Contractors who apply or bid for an award of \$100,000 or more shall file the required certification. Each tier certifies to the tier above that it will not and has not used Federal appropriated funds to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant, or any other award covered by 31 U.S.C. § 1352. Each tier shall also disclose any lobbying with non-Federal funds that takes place in connection with obtaining any Federal award. Such disclosures are forwarded from tier to tier up to the recipient who in turn will forward the certification(s) to the County.

APPENDIX A, 44 C.F.R. PART 18- CERTIFICATION REGARDING LOBBYING

The undersigned [Contractor] certifies, to the best of his or her knowledge, that:

A. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or

employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

B. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

C. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by 31, U.S.C. § 1352 (as amended by the Lobbying Disclosure Act of 1995). Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

The Contractor certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Contractor understands and agrees that the provisions of 31 U.S.C. § 3801 et seq., apply to this certification and disclosure, if any.

CONTRACTOR

By _____
Date _____

4.5. PROCUREMENT OF RECOVERED MATERIALS

In the performance of this Agreement, the Contractor shall make maximum use of products containing recovered materials that are EPA-designated items unless the product cannot be acquired—

- i. Competitively within a timeframe providing for compliance with the contract performance schedule;
- ii. Meeting contract performance requirements; or
- iii. At a reasonable price.

Information about this requirement, along with the list of EPA-designated items, is available at EPA's Comprehensive Procurement Guidelines web site, <https://www.epa.gov/smm/comprehensive-procurement-guideline-cpg-program>

The Contractor also agrees to comply with all other applicable requirements of Section 6002 of the Solid Waste Disposal Act.

4.6. ACCESS TO RECORDS

The following access to records requirements apply to this Agreement:

- i. The Contractor agrees to provide the County, the FEMA Administrator, the Comptroller General of the United States, or any of their authorized representatives access to any books, documents, papers, and records of the Contractor which are directly pertinent to this Agreement for the purposes of making audits, examinations, excerpts, and transcriptions.
- ii. The Contractor agrees to permit any of the foregoing parties to reproduce by any means whatsoever or to copy excerpts and transcriptions as reasonably needed.
- iii. The Contractor agrees to provide the FEMA Administrator or his or her authorized representatives access to construction or other work sites pertaining to the work being completed under the contract.
- iv. In compliance with the Disaster Recovery Act of 2018, the County and the Contractor acknowledge and agree that no language in this contract is intended to prohibit audits or internal reviews by the FEMA Administrator or the Comptroller General of the United States.

4.7. DEPARTMENT OF HOMELAND SECURITY SEAL, LOGO, FLAGS

The Contractor shall not use the DHS seal(s), logos, crests, or reproductions of flags or likenesses of DHS agency officials without specific FEMA pre-approval.

4.8. COMPLIANCE WITH FEDERAL LAW, REGULATIONS, AND EXECUTIVE ORDERS

This is an acknowledgement that FEMA financial assistance will be used to fund all or a portion of the contract. The Contractor will comply with all applicable Federal law, regulations, executive orders, FEMA policies, procedures, and directives.

4.9. NO OBLIGATION BY FEDERAL GOVERNMENT

The Federal Government is not a party to this Agreement and is not subject to any obligations or liabilities to the non-Federal entity, contractor, or any other party pertaining to any matter resulting from the contract.

4.10. PROGRAM FRAUD AND FALSE OR FRAUDULENT STATEMENTS OR RELATED ACTS

The Contractor acknowledges that 31 U.S.C. Chapter 38 (Administrative Remedies for False Claims and Statements) applies to the Contractor's actions pertaining to this Agreement.

4.11 FEDERAL PREVAILING WAGE

DAVIS-BACON ACT COMPLIANCE (applicable to construction contracts in excess of \$2,000 awarded by grantees and subgrantees when required by Federal grant program legislation)

To the extent required by any Federal grant programs applicable to expected funding or reimbursement expenses incurred in connection with the services provided under this Agreement, Contractor agrees to comply with the Davis-Bacon Act (40 U.S.C. §§ 3141-3144 and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5) as set forth below.

A. The Contractor shall be bound to the provisions of the Davis-Bacon Act, and agrees to be bound by all the provisions of Labor Code section 1771 regarding prevailing wages. All labor on this project shall be paid neither less than the greater of the minimum wage rates established by the U.S. Secretary of Labor (Federal Wage Rates), or by the State of California Director of Department of Industrial Relations (State Wage Rates). Current DIR requirements may be found at <http://www.dir.ca.gov/lcp.asp>. Additionally, wages are required to be paid not less than once a week.

B. The general prevailing wage rates may be accessed at the Department of Labor Home Page at www.wdol.gov. Under the Davis Bacon heading, click on "Selecting DBA WDs." In the drop down menu for State, select, "California." In the drop down menu for County, select "Riverside." In the drop down menu for Construction Type, make the appropriate selection. Then, click Search.

The Federal minimum wage rates for this project are predetermined by the United States Secretary of Labor. If there is a difference between the minimum wage rates predetermined by the Secretary of Labor and the general prevailing wage rates determined by the Director of the California DIR for similar classifications of labor, the Contractor and subcontractors shall pay not less than the higher wage rate. The County will not accept lower State wage rates not specifically included in the Federal minimum wage determinations. This includes "helper" (or other classifications based on hours of experience) or any other classification not appearing in the Federal wage determinations. Where Federal wage determinations do not contain the State wage rate determination otherwise available for use by the Contractor and subcontractors, the Contractor and subcontractors shall pay not less than the Federal minimum wage rate which most closely approximates the duties of the employees in question.

4.12. CONTRACT WORK HOURS AND SAFETY STANDARDS (applicable to all contracts in excess of \$100,000 that involve the employment of mechanics or laborers, but not to purchases of

supplies or materials or articles ordinarily available on the open market, or contracts for transportation or transmission of intelligence)

- A. Compliance: Contractor agrees that it shall comply with Sections 3702 and 3704 of the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 3701–3708) as supplemented by Department of Labor regulations (29 CFR Part 5), which are incorporated herein.
- B. Overtime: No contractor or subcontractor contracting for any part of the work under this Agreement which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.
- C. Violation; liability for unpaid wages; liquidated damages: In the event of any violation of the provisions of paragraph B of this section, the Contractor and any subcontractor responsible therefore shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph B, in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by paragraph B.
- D. Withholding for unpaid wages and liquidated damages: Contractor shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the contractor or subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set for in paragraph C of this section.
- E. Subcontracts: The contractor or subcontractor shall insert in any subcontracts the clauses set forth in paragraphs A through D of this section and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs A through D of this section.

4.13. RIGHTS TO INVENTIONS MADE UNDER A CONTRACT OR AGREEMENT— Contracts or agreements for the performance of experimental, developmental, or research work shall provide for the rights of the Federal Government and the recipient in any resulting invention in accordance with 37 CFR part 401, “Rights to Inventions Made by Nonprofit Organizations and Small Business Firms Under Government Grants, Contracts and Cooperative Agreements,” and any implementing regulations issued by HUD.

414. RIGHTS TO DATA AND COPYRIGHTS – Contractors and consultants agree to comply with all applicable provisions pertaining to the use of data and copyrights pursuant to 48 CFR Part 27.4, Federal Acquisition Regulations (FAR).

4.15. PROHIBITION ON CONTRACTING FOR COVERED TELECOMMUNICATIONS EQUIPMENT OR SERVICES

(a) Definitions. As used in this clause, the terms backhaul; covered foreign country; covered telecommunications equipment or services; interconnection arrangements; roaming; substantial or essential component; and telecommunications equipment or services have the meaning as defined in FEMA Policy, #405-143-1 Prohibitions on Expending FEMA Award Funds for Covered Telecommunications Equipment or Services As used in this clause—

(b) Prohibitions.

(1) Section 889(b) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. No. 115-232, and 2 C.F.R. § 200.216 prohibit the head of an executive agency on or after Aug.13, 2020, from obligating or expending grant, cooperative agreement, loan, or loan guarantee funds on certain telecommunications products or from certain entities for national security reasons.

(2) Unless an exception in paragraph (c) of this clause applies, the contractor and its subcontractors may not use grant, cooperative agreement, loan, or loan guarantee funds from the Federal Emergency Management Agency to:

(i) Procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;

(ii) Enter into, extend, or renew a contract to procure or obtain any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology of any system;

(iii) Enter into, extend, or renew contracts with entities that use covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system; or (iv) Provide, as part of its performance of this contract, subcontract, or other contractual instrument, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. Page 9

(c) Exceptions.

(1) This clause does not prohibit contractors from providing—

a. A service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

b. Telecommunications equipment that cannot route or redirect user data traffic or permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(2) By necessary implication and regulation, the prohibitions also do not apply to:

a. Covered telecommunications equipment or services that:

i. Are not used as a substantial or essential component of any system;

and

ii. Are not used as critical technology of any system.

b. Other telecommunications equipment or services that are not considered covered telecommunications equipment or services.

(d) Reporting requirement.

(1) In the event the contractor identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, or the contractor is notified of such by a subcontractor at any tier or by any other source, the contractor shall report the information in paragraph (d)(2) of this clause to the recipient or subrecipient, unless elsewhere in this contract are established procedures for reporting the information.

(2) The Contractor shall report the following information pursuant to paragraph (d)(1) of this clause:

(i) Within one business day from the date of such identification or notification: The contract number; the order number(s), if applicable; supplier name; supplier unique entity identifier (if known); supplier Commercial and Government Entity (CAGE) code (if known); brand; model number (original equipment manufacturer number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.

ii) Within 10 business days of submitting the information in paragraph (d)(2)(i) of this clause: Any further available information about mitigation actions undertaken or recommended. In addition, the contractor shall describe the efforts it undertook to prevent use or submission of covered telecommunications equipment or services, and any additional efforts that will be incorporated to prevent future use or submission of covered telecommunications equipment or services. Page 10

(e) Subcontracts. The Contractor shall insert the substance of this clause, including this paragraph (e), in all subcontracts and other contractual instruments.

4.16 REPORTING OF MATTERS RELATED TO RECIPIENT INTEGRITY AND PERFORMANCE

1. General Reporting Requirement

If the total value of your currently active grants, cooperative agreements, and procurement contracts from all Federal awarding agencies exceeds \$10,000,000 for any period of time during the period of performance of this Federal award, then you as the recipient during that period of

time must maintain the currency of information reported to the System for Award Management (SAM) that is made available in the designated integrity and performance system (currently the Federal Awardee Performance and Integrity Information System (FAPIIS)) about civil, criminal, or administrative proceedings described in paragraph 2 of this award term and condition. This is a statutory requirement under section 872 of [Public Law 110-417](#), as amended ([41 U.S.C. 2313](#)). As required by section 3010 of [Public Law 111-212](#), all information posted in the designated integrity and performance system on or after April 15, 2011, except past performance reviews required for Federal procurement contracts, will be publicly available.

2. Proceedings About Which You Must Report

Submit the information required about each proceeding that:

- a. Is in connection with the award or performance of a grant, cooperative agreement, or procurement contract from the Federal Government;
- b. Reached its final disposition during the most recent five-year period; and
- c. Is one of the following:
 - (1) A criminal proceeding that resulted in a conviction, as defined in paragraph 5 of this award term and condition;
 - (2) A civil proceeding that resulted in a finding of fault and liability and payment of a monetary fine, penalty, reimbursement, restitution, or damages of \$5,000 or more;
 - (3) An administrative proceeding, as defined in paragraph 5. of this award term and condition, that resulted in a finding of fault and liability and your payment of either a monetary fine or penalty of \$5,000 or more or reimbursement, restitution, or damages in excess of \$100,000; or
 - (4) Any other criminal, civil, or administrative proceeding if:
 - (i) It could have led to an outcome described in paragraph 2.c.(1), (2), or (3) of this award term and condition;
 - (ii) It had a different disposition arrived at by consent or compromise with an acknowledgment of fault on your part; and
 - (iii) The requirement in this award term and condition to disclose information about the proceeding does not conflict with applicable laws and regulations.

3. Reporting Procedures

Enter in the SAM Entity Management area the information that SAM requires about each proceeding described in paragraph 2 of this award term and condition. You do not need to submit the information a second time under assistance awards that you received if you already provided the information through SAM because you were required to do so under Federal procurement contracts that you were awarded.

4. Reporting Frequency

During any period of time when you are subject to the requirement in paragraph 1 of this award term and condition, you must report proceedings information through SAM for the most recent five year period, either to report new information about any proceeding(s) that you have not reported previously or affirm that there is no new information to report. Recipients that have Federal contract, grant, and cooperative agreement awards with a cumulative total value greater than \$10,000,000 must disclose semiannually any information about the criminal, civil, and administrative proceedings.

5. Definitions

For purposes of this award term and condition:

a. Administrative proceeding means a non-judicial process that is adjudicatory in nature in order to make a determination of fault or liability (*e.g.*, Securities and Exchange Commission Administrative proceedings, Civilian Board of Contract Appeals proceedings, and Armed Services Board of Contract Appeals proceedings). This includes proceedings at the Federal and State level but only in connection with performance of a Federal contract or grant. It does not include audits, site visits, corrective plans, or inspection of deliverables.

b. Conviction, for purposes of this award term and condition, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon a verdict or a plea, and includes a conviction entered upon a plea of *nolo contendere*.

c. Total value of currently active grants, cooperative agreements, and procurement contracts includes -

(1) Only the Federal share of the funding under any Federal award with a recipient cost share or match; and

(2) The value of all expected funding increments under a Federal award and options, even if not yet exercised.

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO:

KMO Partners, LLP
3777 Long Beach Blvd.
Suite 280
Long Beach, CA 90807
Attention: John Opgenorth

THIS SPACE FOR RECORDER'S USE ONLY

SUBORDINATION AND INTERCREDITOR AGREEMENT

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (this “**Agreement**”) dated as of May 1, 2024, is made by and between **COUNTY OF RIVERSIDE**, a political subdivision of the State of California (“**Junior Lender**”) and **JPMORGAN CHASE BANK, N.A.**, a national banking association (“**Senior Lender**”), and acknowledged by **NCRC BEAUMONT LP**, a California limited partnership (“**Borrower**”). The date of this Agreement as set forth above is for reference purposes only, and this Agreement will not be effective and binding until the Closing Date (as defined in the Loan Agreement).

RECITALS:

A. Senior Lender has agreed to make a loan to Borrower in the original maximum principal amount of up to \$[22,000,000] *[amount not approved and subject to change – final loan amount anticipated to be lower]* (the “**Senior Loan**”) for the acquisition, construction, development and operation of a multifamily project located in the County of Riverside, California known or to be known as Beaumont Apartments (the “**Property**”).

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

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

D. Junior Lender is making a loan (the “**Junior Loan**”) to Borrower in the original principal amount of \$6,000,000, which Junior Loan is evidenced by that certain Promissory Note (HHIP Loan) dated as of [____], 2024 made by Borrower to Junior Lender (the “**Junior Note**”) and secured by, the Junior Security Instrument (as hereinafter defined) encumbering the

Property, and will be advanced to Borrower pursuant to that certain Loan Agreement for the Use of Housing and Homelessness Incentive Program Funds (the “**Junior Loan Agreement**”) dated as of [____], 2024 between Borrower and Junior Lender to be recorded substantially concurrently herewith. In connection with the Junior Loan, Borrower and Junior Lender shall execute that certain Covenant Agreement dated [____], 2024 to be recorded substantially concurrently herewith (the “**the Covenant Agreement**”). For avoidance of doubt the Covenant Agreement shall not be deemed to be a Junior Loan Document (as hereinafter defined) and its priority shall not be affected by this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

"Junior Loan Documents" means, collectively, the Junior Note, the Junior Security Instrument, the Junior Loan Agreement, and all other documents evidencing, securing or delivered in connection with the Junior Loan, other than the Covenant Agreement, all of which are listed on Exhibit B attached hereto, together with such modifications, amendments and supplements thereto as are approved in writing by Senior Lender prior to their execution.

"Junior Security Instrument" means that certain Deed of Trust, Security Agreement and Fixture Filing (With Assignment of Rents) to be recorded substantially concurrently herewith, made by Borrower for the benefit of Junior Lender, as the same may from time to time be extended, consolidated, substituted for, modified, amended or supplemented upon receipt of the consent of Senior Lender.

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

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

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

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

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

“*Senior Loan Default*” means any act, failure to act, event, condition, or occurrence which constitutes, or which with the giving of notice or the passage of time, or both, would constitute, a “Default” as defined in the Loan Agreement.

“*Senior Note*” means that certain Promissory Note dated as of the Closing Date in the maximum principal amount of \$[22,000,000] ***[amount not approved and subject to change – final loan amount anticipated to be lower]***, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented.

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

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

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be postponed and subordinated to repayment in full of the Senior Loan. Prior to a Senior Loan Default (regardless of whether such Senior Loan Default occurs prior to or during the pendency of a Bankruptcy Proceeding), Junior Lender shall be entitled to receive and retain payments made pursuant to and in accordance with the terms of the Junior Loan Documents; provided, however, that no such payment is made more than ten (10) days in advance of the due date thereof. Junior Lender agrees that from and after such time as it has received from either Senior Lender or Borrower written notice that a Senior Loan Default then exists (which has not been expressly waived in writing by Senior Lender) or otherwise has actual knowledge of such a Senior Loan Default, Junior Lender shall not receive or accept any payments under the Junior Loan. If (i) Junior Lender receives any payment, property, or asset of any kind or in any form on account of the Junior Indebtedness (including, without limitation, any proceeds from any Enforcement Action) after a Senior Loan Default of which Junior Lender has actual

knowledge or has been given notice of, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation of law or otherwise, any payment, property, or asset in or in connection with any Bankruptcy Proceeding, such payment, property, or asset will be received and held in trust for Senior Lender. Junior Lender will promptly remit, in kind and properly endorsed as necessary, all such payments, properties, and assets to Senior Lender. Senior Lender shall apply any payment, asset, or property so received from Junior Lender to the Senior Indebtedness in such order, amount (with respect to any asset or property other than immediately available funds), and manner as Senior Lender shall determine in its sole and absolute discretion.

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

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

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

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

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

(h) Reserved.

(i) Junior Lender hereby acknowledges and agrees that Senior Lender may, without the consent or approval of Junior Lender, agree with Borrower to extend, consolidate, modify, increase or amend any or all the Senior Loan Documents and otherwise act or fail to act with respect to any matter set forth in any Senior Loan Document (including, without limitation, the exercise of any rights or remedies, waiver, forbearance or delay in enforcing any rights or remedies, the declaration of acceleration, the declaration of defaults or events of default, the release, in whole or in part, of any collateral or other property, and any consent, approval or waiver), and all such extensions, consolidations, modifications, amendments acts and omissions shall not release, impair or otherwise affect Junior Lender's obligations and agreements hereunder.

3. **Junior Lender Agreements.**

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

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan at par (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default, Enforcement Action Notice or other material notice given by Junior Lender under the Junior Loan Documents. Notwithstanding any contrary provision in the Junior

Loan Documents, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default until ninety (90) days following Senior Lender's receipt of an Enforcement Action Notice given by Junior Lender as a consequence of the Junior Loan Default. Senior Lender shall not be subrogated to the rights of Junior Lender under the Junior Loan Documents by reason of Senior Lender having cured any Junior Loan Default. However, Junior Lender acknowledges that all amounts advanced or expended by Senior Lender to cure a Junior Loan Default shall be added to and become a part of the Senior Indebtedness pursuant to the terms of the Senior Security Instrument.

(c) In the event and to the extent that each of Senior Lender and Junior Lender have under their respective loan documents certain approval or consent rights over the same subject matters (regardless of whether the obligations or rights are identical or substantially identical), Junior Lender agrees that Senior Lender shall exercise such approval rights on behalf of both Senior Lender and Junior Lender, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby. Without limiting the generality of the foregoing, Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

(d) Junior Lender agrees that in any action commenced to enforce the obligation of Borrower to pay any portion of the Junior Indebtedness, the judgment shall not be enforceable personally against Borrower or Borrower's assets, and the recourse of Junior Lender for the collection of the Junior Indebtedness shall be limited to actions against the Property and the rents, profits, issues, products, and income from the Property.

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees that (i) Senior Lender shall receive all payments and distributions of every kind or character in respect of the Junior Loan to which Junior Lender would otherwise be entitled, but for the subordination provisions of this Agreement (including without limitation, any payments or distributions during the pendency of a Bankruptcy Proceeding involving Borrower or the Property), the subordination of the Junior Loan and the Junior Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy

code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior Lender has also voted affirmatively in favor of such plan, and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

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

(g) Junior Lender acknowledges that it entered into the transactions contemplated by the Junior Loan Documents and made the Junior Loan to Borrower without reliance upon any information or advice from Senior Lender. Junior Lender made its own underwriting analysis in connection with the Junior Loan, its own credit review of Borrower, and investigated all matters pertinent, in Junior Lender's judgment, to its determination to make the Junior Loan to Borrower. Junior Lender acknowledges that it is a sophisticated, experienced commercial lender, and was represented by competent counsel in connection with this Agreement.

(h) Junior Lender hereby represents and warrants that, as of the date hereof, 50% of the proceeds of the Junior Loan have been disbursed to Borrower. Junior Lender hereby further represents and warrants that: (i) Junior Lender is now the owner and holder of the Junior Loan Documents; (ii) the Junior Loan Documents are now in full force and effect; (iii) the Junior Loan Documents have not been modified or amended; (iv) no default or event which, with the passing of time or giving of notice would constitute a default, under the Junior Loan Documents has occurred; (v) the current outstanding principal balance of the Junior Indebtedness is \$[0]; (vi) no scheduled monthly payments under the Junior Loan Documents have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; and (viii) there are no other Junior Loan Documents other than those listed on Exhibit B hereto. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

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

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

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

(c) Junior Lender shall have the right, but shall have no obligation, to cure any Senior Loan Default; provided, if Junior Lender shall elect to cure any such Default, it shall so notify Senior Lender and shall commence and complete such curing within any applicable notice or grace period, if any, as Borrower is permitted by the terms of the Senior Loan Documents to cure such Senior Loan Default. Junior Lender shall not be subrogated to the rights of Senior Lender under the Senior Loan Documents by reason of Junior Lender having cured any Senior Loan Default. However, Senior Lender acknowledges that, to the extent so provided in the Junior Loan Documents, amounts advanced or expended by Junior Lender to cure a Senior Loan Default may be added to and become a part of the Junior Indebtedness.

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

(e) Junior Lender acknowledges that any conveyance or other transfer of title to the Property pursuant to a foreclosure of the Junior Security Instrument (including a conveyance or other transfer of title pursuant to the exercise of a power of sale contained in the Junior Security Instrument), or any deed or assignment in lieu of foreclosure or similar arrangement, shall be subject to the transfer provisions of the Senior Loan Documents; and the person (including Junior Lender) who acquires title to the Property pursuant to the foreclosure proceeding (or pursuant to the exercise of a power of sale contained in the Junior Security Instrument) shall not be deemed to be automatically approved by Senior Lender.

(f) Notwithstanding the transfer restrictions set forth in Section 16 of the Covenant Agreement, Junior Lender hereby agrees that a transfer resulting from a foreclosure or deed in lieu of foreclosure of the Senior Security Instrument, a resyndication, refinancing or securitization of the Senior Loan following the expiration of the tax credit compliance period shall not require Junior Lender's consent and shall not be prohibited by the provisions of the Covenant Agreement.

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

proceeds of property damage insurance under the Senior Security Instrument, or that it be named as an additional insured under all policies of liability insurance maintained by Borrower with respect to the Property.

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

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

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

To Junior Lender: County of Riverside
3403 Tenth Street, Suite 300
Riverside, California 92501
Attn: Director, Housing and Workforce Solutions

If to Senior Lender: JPMorgan Chase Bank, N.A.
300 South Grand Avenue, Suite 300
Los Angeles, CA 90071
Attention: Chase Community Development Banking

With a copy to: JPMorgan Chase Bank, N.A.
4 New York Plaza, 19th Floor
Mail Code: NY1-E092
Attn: CDRE Counsel
New York, NY 10004

or at such other addresses or to the attention of such other persons as may from time to time be designated by the party to be addressed by written notice to the other in the manner herein provided. Notices, demands and requests given in the manner aforesaid shall be deemed

sufficiently served or given for all purposes hereunder when received or when delivery is refused or when the same are returned to sender for failure to be called for.

9. **WAIVER OF TRIAL BY JURY.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF THE PARTIES HERETO (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL. IF FOR ANY REASON THIS WAIVER IS DEEMED TO BE UNENFORCEABLE, ALL SUCH DISPUTES SHALL BE RESOLVED BY JUDICIAL REFERENCE PURSUANT TO THE PROVISIONS OF SECTION 7.11 OF THE LOAN AGREEMENT.

10. **Term.** The term of this Agreement shall commence on the date hereof and shall continue until the earliest to occur of the following events: (i) the payment of all of the principal of, interest on and other amounts payable under the Senior Loan Documents; (ii) the payment of all of the principal of, interest on and other amounts payable under the Junior Loan Documents, other than by reason of payments which Junior Lender is obligated to remit to Senior Lender pursuant to the terms hereof; (iii) the acquisition by Senior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Senior Security Instrument; or (iv) the acquisition by Junior Lender of title to the Property pursuant to a foreclosure, or a deed in lieu of foreclosure, of (or the exercise of a power of sale contained in) the Junior Security Instrument, but only if such acquisition of title does not violate any of the terms of this Agreement.

11. **Miscellaneous.**

(a) Junior Lender shall, within ten (10) business days following a request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may require. Upon notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, and shall take such actions, as are required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement after being given an opportunity to review, comment upon and approve any such instrument or document.

(b) This Agreement shall bind and inure to the benefit of all successors and assigns of Junior Lender and Senior Lender. Senior Lender may assign its interest in the Senior Loan Documents without notice to or consent of Junior Lender. Junior Lender may only assign its rights and interests hereunder following the prior written consent of

Senior Lender, which consent may be withheld or conditioned in its sole and absolute discretion.

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

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

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

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

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

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

(i) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's

forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (c) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

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

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

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

12. **Disbursement Provisions.**

(a) Junior Lender will disburse the proceeds of the Junior Loan (the "Junior Loan Proceeds") only in accordance with, and subject to the terms and conditions of, the budget, as approved by Senior Lender (the "Budget") and the Junior Loan Agreement. Senior Lender will approve disbursement of the proceeds of the Senior Loan and the Junior Loan only in accordance with, and subject to the terms and conditions of, the Budget and the Loan Agreement. Except as specifically provided herein, this Agreement does not amend, modify, waive or limit any provision, term or condition of the Junior Loan Documents or the Senior Loan Documents.

(b) Junior Lender agrees that Junior Lender shall not make any disbursement of Junior Loan Proceeds without the prior written approval of Senior Lender, which shall not be unreasonably withheld. However, if required by the Junior Loan Agreement, Junior Lender may retain an amount equal to not more than ten percent (10%) of the Junior Loan Proceeds allocated to hard construction costs.

(c) Provided that no Junior Loan Default exists and remains uncured and Borrower's request for disbursements of Junior Loan is made in accordance with the Junior Loan Documents and the Budget, Junior Lender shall make the disbursement of Junior Loan Proceeds that has been approved by Senior Lender by the later of: (a) five (5)

days after notice of approval by Senior Lender, or (b) ten (10) business days after Borrower makes the request for such disbursement. Junior Lender agrees that it shall not withhold approval of the disbursement of Junior Loan Proceeds requested by Borrower unless a Junior Loan Default exists and remains uncured or the request for such disbursement is not made in accordance with the Budget and the Junior Loan Documents or the conditions precedent to the making of such disbursement have not been satisfied or waived.

(d) In the event that Junior Lender fails to make a disbursement of Junior Loan Proceeds that has been requested by Borrower and approved by Senior Lender (as a result of a Junior Loan Default or otherwise), Senior Lender shall have the right, but not the obligation, to make such disbursement to Borrower from Senior Lender's own funds pursuant to the Senior Loan Documents. Any and all amounts paid by Senior Lender to Borrower shall be deemed to have been advanced by Senior Lender pursuant to, and shall be secured by the lien of, the Senior Security Instrument and shall accrue interest at the Default Rate (as defined in the Senior Note).

(e) The parties agree that subject to the provisions of the Junior Loan Documents, the Junior Loan Proceeds shall be disbursed in approximately such amounts and at approximately such times as set forth on Exhibit B-1 attached hereto and made a part hereof. Borrower and Junior Lender agree that Junior Lender's failure to disburse Junior Loan Proceeds that have been requested by Borrower and approved by Senior Lender in approximately such amounts and at approximately such times as set forth on Exhibit B-1 shall constitute an Event of Default under the Senior Security Instrument and Senior Lender shall have the right to exercise all rights or remedies under the Senior Security Instrument in the same manner as in the case of any other Event of Default under the Senior Security Instrument.

(f) Any amounts so retained by Junior Lender must be disbursed upon the completion of construction in accordance with the Junior Loan Documents and in any event prior to or concurrently with Senior Lender's approval of the final disbursement of proceeds of the Senior Loan pursuant to the Loan Agreement.

(g) If the Junior Loan Documents include a contingency amount allocated from the Junior Loan Proceeds for either hard costs or soft costs for the improvements shown in the Budget, Junior Lender must disburse such contingency allocation prior to the disbursement of any proceeds of the Senior Loan.

(h) Borrower must deliver simultaneously to Junior Lender and Senior Lender all requests for funds together with copies of any other forms for construction-related or non-construction-related disbursements submitted by Borrower in connection with the Junior Loan. Each request for disbursement of Junior Loan Proceeds shall be given to both lenders and must be approved in writing by both lenders. Each lender may approve or disapprove a draw request for Junior Loan Proceeds in its sole and independent judgment. Under no circumstances shall Junior Lender's consent or approval be required as a condition to disbursements of proceeds of the Senior Loan.

(i) All disbursements of proceeds of the Senior Loan and Junior Loan Proceeds must be made in accordance with the Budget. No change may be made to the "hard cost" portion of the Budget without the approval of all of the parties to this Agreement. Reallocation of funds from the contingency reserve to other line items does not constitute a change to the Budget.

(j) Senior Lender, Borrower and Junior Lender agree that all Borrower's equity funds which have been deposited with Senior Lender or Junior Lender will be disbursed fully prior to any disbursement of either the Junior Loan Proceeds or the proceeds of the Senior Loan.

13. **Attached Exhibits.**

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

Exhibit A – Legal Description

Exhibit B – Junior Loan Documents

Exhibit C – Modifications to Subordination and Intercreditor Agreement

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

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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


JUNIOR LENDER:

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

By: FORM COPY - DO NOT SIGN
Name: Heidi Marshall, Director HWS

APPROVED AS TO FORM:

Minh C. Tran
County Counsel

By: 
Name: Paula S. Salcido,
Deputy County Counsel

SENIOR LENDER:

JPMORGAN CHASE BANK, N.A.

By: _____
Name: Rosalind Ross
Title: Authorized Officer

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

BORROWER:

NCRC BEAUMONT LP,
a California limited partnership

By: NCRC Beaumont LLC,
a California limited liability company,
its general partner

By: National Community Renaissance of California,
a California nonprofit public benefit corporation,
its manager

By: _____
Name: Michael Finn
Title: Chief Financial Officer

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

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

STATE OF CALIFORNIA

COUNTY OF _____

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A

LEGAL DESCRIPTION

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

[_____]

EXHIBIT B

JUNIOR LOAN DOCUMENTS

1. Junior Loan Agreement
2. Junior Security Instrument
3. Junior Note
4. Requests for Notice

EXHIBIT B-1

SCHEDULE OF JUNIOR LOAN DISBURSEMENTS

1. Up to ninety percent (90%) of the Junior Loan shall be disbursed at the commencement of construction pursuant to satisfaction of conditions precedent to distribution of HHIP funds as set out in Section 12 of Junior Loan Agreement.
2. Remaining ten percent (10%) of the Junior Loan shall be disbursed following Junior Lender's receipt of all of the items listed in Section 11 of the Junior Loan Agreement.

EXHIBIT C

**MODIFICATIONS TO
SUBORDINATION AND INTERCREDITOR AGREEMENT**

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

None.

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