

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



**ITEM: 3.37
(ID # 27649)**

MEETING DATE:
Tuesday, June 10, 2025

FROM : HOUSING AND WORKFORCE SOLUTIONS


SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of the Loan Agreement for the Use of Neighborhood Stabilization Program Funds with Viscar Terrace LP for the Viscar Terrace Housing Project Located in the City of Murrieta, District 3. [\$2,785,744 - 100% Neighborhood Stabilization Program (NSP) Funds] [Affirming Finding of No Significant Impacts pursuant to NEPA]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on May 6, 2025 for the Project, concluding that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under the implementing regulations of 24 CFR Parts 50 and 58;
2. Approve the attached form of Loan Agreement for the Use of NSP Program Funds, including all attachments thereto, (NSP Loan Agreement), between the County and Viscar Terrace LP, a California limited partnership, providing a loan derived from the NSP Program in the amount of \$2,685,744 (NSP Loan), to be used to pay a portion of the development and construction costs for a multi-family affordable rental housing project in the City of Murrieta;

Continued on page 2

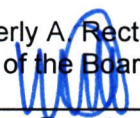
ACTION:Policy


Heidi Marshall, Director 4/22/2025

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: June 10, 2025
xc: HWS

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

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

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached forms of NSP Deed of Trust, Security Agreement and Fixture Filing with Assignment of Rents (NSP Deed of Trust), NSP Promissory Note, Environmental Indemnity, and NSP Covenant Agreement;
4. Approve the allocation of \$100,000 in NSP funds to Housing and Workforce Solutions (HWS) for direct staff costs associated with project management and compliance with NSP Program for Viscar Terrace Apartments;
5. Authorize the Director of the HWS, or designee, to execute the NSP Loan Agreement and NSP Covenant Agreement, each conforming substantially in form and substance to the attached NSP Loan Agreement and NSP Covenant Agreement, subject to approval as to form by County Counsel;
6. Approve the form of the Subordination Agreement with Citibank, N.A., attached hereto;
7. Authorize the Director of the HWS, or designee, to negotiate and execute a Subordination Agreement for the benefit of Citibank, N.A., conforming substantially in form and substance to the attached Subordination Agreement, subordinating the NSP Loan Agreement and NSP Deed of Trust to Citibank's Deed of Trust, securing a permanent loan for the Project for a not to exceed amount of \$31,000,000 subject to approval as to form by County Counsel; and
8. Authorize the Director of the HWS, or designee, to take all necessary steps to implement the NSP Loan Agreement, NSP Covenant Agreement, and Subordination Agreement, including but not limited to, signing subsequent necessary and relevant documents, subject to approval as to form by County Counsel.

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$735,744	\$2,050,000	\$2,785,744	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: Neighborhood Stabilization Program (NSP) Funds (100%)			Budget Adjustment:	No
			For Fiscal Year: 24/25 – 25/26	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Viscar Terrace LP, a California limited partnership (Developer), proposed to utilize \$2,685,744 in Neighborhood Stabilization Program (NSP) funds to pay a portion of the costs to develop and construct Viscar Terrace Apartments, a 170-unit affordable multifamily low-income housing project (Proposed Project). On March 11, 2025 (Minute Order Item 3.19), the Board of Supervisor's approved Resolution 2025-058, approving \$2,685,744 in NSP funds (\$239,167 in NSP1 funds and \$2,446,577 in NSP3 funds) for the Proposed Project.

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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The Proposed Project will be developed on approximately 5.74 acres located at three adjacent parcels at 40475 Vista Murrieta, in the City of Murrieta, also identified as Assessor's Parcel Numbers 949-180-023, 949-180-025, and 949-180-022 (Property). The Proposed Project will consist of 170 affordable rental units and two resident manager units. A total of 68 units will be reserved (6 under NSP1 and 62 under NSP3) as NSP-assisted units restricted to households whose incomes do not exceed 50% of the Riverside County Area Median Income.

Staff recommends approval of \$2,685,744 in NSP funds (\$239,167 in NSP1 funds and \$2,446,577 in NSP3 funds) for the Project to pay a portion of the development and construction costs for the Project and \$100,000 in NSP funds (\$50,000 in NSP1 funds and \$50,000 in NSP3 funds) for direct staff costs associated with project management and compliance with NSP Program as follows:

Viscar Terrace Apartments	\$ 239,167	NSP1 Project Funding
	<u>\$2,446,577</u>	NSP3 Project Funding
	\$2,685,744	Total NSP Project Funding
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Viscar Terrace Apartments	\$ 50,000	NSP1 Direct Staffing
	\$ 50,000	NSP3 Direct Staffing
<hr/>		
Total	\$2,785,744	Total NSP Funding

Construction Sources	
Citibank N.A./Tax-Exempt Bond	\$52,265,807
Citibank N.A./Taxable Bond	\$10,694,896
Hudson Capital - LIHTC Equity	\$11,129,301
US Bank - State Credit Equity	\$18,467,001
Deferred Costs	\$12,884,221
County of Riverside NSP	\$2,685,744
Total	\$108,126,970

Permanent Sources	
Citibank N.A./Perm Loan	\$28,011,686
Hudson Capital - Energy Credit Equity	\$300,427
Deferred Dev Fee	\$10,110,727
Net Operating Income	\$1,865,705
County of Riverside NSP	\$2,685,744
Tax Credit Equity	\$65,152,681
Total	\$108,126,970

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

On May 6, 2025 (Minute Order 3.24), the Board of Supervisors adopted a Finding of No Significant Impact for the Proposed Project and concluded that the Proposed Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under implementing regulations at 24 CFR Parts 50 and 58. Staff recommends that the County Board of Supervisors affirm that the environmental effects of the NSP Loan Agreement will not have a significant effect on the environment.

County Counsel has reviewed and approved as to form the attached form of Loan Agreement for the Use of NSP Funds, including all exhibits (NSP Loan Agreement), the form of the NSP Deed of Trust, the form of the NSP Promissory Note, the form of NSP Covenant Agreement, and the form of the Environmental Indemnity. Staff recommends that the Board of Supervisors approve these forms. Staff further recommends the Board authorize the Director of the Housing and Workforce Solutions (HWS), or designee, to execute a NSP Loan Agreement and a NSP Covenant Agreement, substantially conforming in form and substance to the attached, subject to approval as to form by County Counsel. Staff further recommends that the Board of Supervisors authorize the Director of the HWS, or designee, to negotiate and execute a subordination agreement, as required conditions to the senior lender's permanent financing, subordinating the NSP Loan and NSP Deed of Trust to the deed of trust securing the senior lender's loan as discussed herein, subject to approval as to form by County Counsel. The form of the Subordination Agreement is attached hereto.

Impact on Residents and Businesses

Approving this item will have a positive impact on the citizens and businesses in the County of Riverside. The Proposed Project is expected to generate construction, permanent maintenance, and property management jobs, and provide affordable housing for residents of the County of Riverside.

SUPPLEMENTAL:

Additional Fiscal Information

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

ATTACHMENTS:

- Form of Loan Agreement for the Use of NSP Program Funds, including all exhibits
- Form of NSP Deed of Trust (attached to loan agreement)
- Form of NSP Promissory Note (attached to loan agreement)
- Form of NSP Covenant Agreement (attached to loan agreement)
- Form of Environmental Indemnity
- Form of the Subordination Agreement (Citibank)

SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
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Brianna Lontajo, Principal Management Analyst 6/3/2025


Aaron Gettis, Chief of Deputy County Counsel 5/30/2025

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: Annjanette Aguilar Barreras

13 SPACE ABOVE THIS LINE FOR RECORDERS USE

14 LOAN AGREEMENT FOR THE USE OF
15 NEIGHBORHOOD STABILIZATION PROGRAM FUNDS
16 (Viscar Terrace)

17 This Loan Agreement for the Use of Neighborhood Stabilization Program funds
18 (“Agreement”) is made and entered into this ____ day of _____, 2025 by
19 and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California
20 (“COUNTY”) and Viscar Terrace LP, a California limited partnership (“BORROWER”). The
21 COUNTY and BORROWER may be individually referred to herein as a “Party” and collectively
22 as the “Parties.”

23 WITNESETH:

24 WHEREAS, the Neighborhood Stabilization Program (“NSP”), which was
25 enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008
26 (“HERA”) and appropriated under Community Development Block Grant (“CDBG”), was
27 created under the heading of Emergency Assistance for Redevelopment of Abandoned and
28 Foreclosed Homes for the purpose of assisting in the redevelopment of abandoned or foreclosed
homes. The American Recovery and Reinvestment Act of 2009 (“ARRA”) provided a second
round of NSP funds (NSP2). On October 19, 2010, a third round of NSP funding, NSP3,
provided an additional allocation of funds under Section 1497 of the Wall Street Reform and
Consumer Protection Act of 2010 (“Dodd-Frank Act”). The intent of NSP, NSP2 and NSP3 is
to stabilize neighborhoods in areas with greatest need and stem the decline of house values of

1 neighboring homes;

2 WHEREAS, COUNTY has qualified as an “Urban County” for purposes of
3 receiving CDBG funds, including NSP, NSP2 and NSP3 funds, which are to be used to assist
4 and undertake essential community redevelopment and housing assistance activities pursuant to
5 HERA, ARRA and the Dodd-Frank Act;

6 WHEREAS, NSP, NSP2 and NSP3 (collectively, “NSP”) were designed to
7 stabilize neighborhoods in areas with greatest need and stem the decline of house values of
8 neighboring homes;

9 WHEREAS, on April 25, 2009, the County received \$48,567,786.00 in NSP funds
10 (or “NSP funds”) (B-08-UN-06-0504), and received an additional allocation of \$14,272,400.00
11 (“NSP3 funds”) in 2011;

12 WHEREAS, BORROWER is eligible under NSP to apply and receive NSP funds
13 to perform those activities described herein;

14 WHEREAS, BORROWER collectively managed by RHDCDC Viscar MGP LLC, a
15 California limited liability company as its Managing General Partner, and Viscar Terrace LLC, a
16 California limited liability company as its Administrative General Partner;

17 WHEREAS, BORROWER has proposed to utilize NSP funds to develop and
18 construct a 172-unit multi-family affordable rental housing project, Viscar Terrace Apartments,
19 for low-income family households consisting of 170 affordable rental units and 2 manager units
20 (“Project”) on approximately 5.74 acres located at three adjacent parcels at 40475 Vista Murrieta
21 and 40600 Myers Lane, in the City of Murrieta, also identified as Assessor’s Parcel Numbers
22 949-180-023, 949-180-025, and 949-180-022, as more specifically described in the legal
23 description and depicted on the site map attached hereto as **Exhibit A** and incorporated herein
24 by this reference (“Property”);

25 WHEREAS, a total of sixty-eight (68) units (6 under NSP1 and 62 under NSP3)
26 will be reserved as NSP assisted units restricted to households whose incomes do not exceed
27 50% of the Riverside County Area Median Income (“NSP-Assisted Units”);

28 WHEREAS, construction of the Project is within a designated target area of the

1 County of Riverside as defined in the COUNTY's 2010-2011 One Year Action Plan ("Action
2 Plan") including its amendments;

3 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY
4 to reserve and commit up to Two Million Six Hundred Eighty-Five Thousand Seven Hundred
5 Forty-Four Dollars (\$2,685,744) of NSP funds, to provide financial assistance to BORROWER
6 to pay a portion of development and construction costs related to the Project, as more fully
7 described herein; and

8 WHEREAS, funding for development and construction activities described herein
9 complies with NSP-eligible uses, including redevelopment of demolished or vacant properties,
10 pursuant to NSP regulations set forth under Federal Register Notice, Vol. 75, No. 201, Docket
11 No. FR-5447-N-01, dated October 19, 2010, as amended, and is consistent with the COUNTY's
12 Consolidated Plan.

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

16 1. PURPOSE. The aforementioned Recitals are true and correct and
17 incorporated herein by this reference. COUNTY has agreed to lend a total of Two Million Six
18 Hundred Eighty-Five Thousand Seven Hundred Forty-Four Dollars (\$2,685,744) in NSP funds,
19 comprised of Two Hundred Thirty-Nine Thousand One Hundred Sixty-Seven Dollars
20 (\$239,167) in NSP1 funds and Two Million Four Hundred Forty-Six Thousand Five Hundred
21 Seventy-Seven Dollars (\$2,446,577) in NSP3 funds (collectively, "NSP Loan"), to
22 BORROWER upon the satisfaction of the terms and conditions set forth herein, including but
23 not limited to the conditions to distribution of NSP Loan funds set forth in **Section 11** below.
24 Subject to **Sections 49** and **50** below, BORROWER shall undertake and complete the NSP
25 activities required herein and as set forth in **Exhibit A**, and shall utilize the NSP Loan funds, as
26 required herein and pursuant to the NSP regulations. A total of 68 units (6 under NSP1 and 62
27 under NSP3) floating throughout the Project, shall be reserved as NSP-Assisted Units. During
28 the Affordability Period (as defined in **Section 14** below), the NSP-Assisted Units shall be rented

1 to and occupied by Qualified Very Low Income Households for an affordable rent pursuant to
2 **Sections 18 and 19** below, **Exhibit A** and the Covenant Agreement (“Covenant Agreement”)
3 attached hereto as **Exhibit G** and incorporated herein by this reference.

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

- 7 a. Satisfy the conditions to distribution of NSP Loan funds set forth in
8 **Section 11** below.
- 9 b. Develop the Project in accordance with the timeline set forth in **Exhibit**
10 **A**.
- 11 c. Operate the Project in such a manner so that it will remain affordable
12 to Qualified Very Low Income Households for the Affordability Period
13 as defined in **Section 14** below without regard to (i) the term of the
14 promissory note or (ii) transfer of ownership.
- 15 d. Maintain the Project in compliance with applicable local, state, federal
16 laws, codes and regulations as further described in **Section 17** below
17 until the expiration of the Term of Agreement set forth in **Section 6**
18 below and the Affordability Period set forth in **Section 14** below.
- 19 e. Provide the COUNTY the Data Universal Number as assigned by the
20 Data Universal Number System (“DUNS”) assigned to BORROWER
21 as required by the Federal Funding Accountability and Transparency
22 Act of 2006.
- 23 f. Cooperate with the Riverside County Work Force Development Center
24 (“WDC”) and post all jobs created, if any, as a result of this Project
25 with the WDC. Evidence of posted jobs, if any, shall be submitted to
26 the COUNTY prior to start of construction.

27 3. Reserved.

28 4. NSP Loan. Subject to BORROWER’s satisfaction of the conditions to

1 disbursement of the NSP Loan set forth in **Section 11** below, COUNTY shall provide financing
2 to Borrower in the form of a loan pursuant to the following terms and conditions:

3 a. Term of NSP Loan. The maturity date of the NSP Loan amount shall
4 be the later to occur of (i) July 1, 2082 or (ii) fifty-five (55) years from
5 the recordation of the Notice of Completion in the Official Records for
6 the last building for which construction is completed for the Project
7 (the "NSP Loan Term"). The term "Official Records" used herein shall
8 mean the Official Records of the Recorder's Office of the County of
9 Riverside.

10 b. Principal. The total amount of the NSP Loan shall not exceed
11 \$2,685,744, and shall be evidenced by a Promissory Note, substantially
12 conforming in form and substance to the Promissory Note attached
13 hereto as **Exhibit C** and incorporated herein by this reference ("NSP
14 Note"), which note shall be secured by a Deed of Trust with
15 Assignment of Rents, substantially conforming in form and substance
16 to the Deed of Trust with Assignment of Rents attached hereto as
17 **Exhibit B** and incorporated herein by this reference ("NSP Deed of
18 Trust").

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

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

- 22 1. That the NSP Loan will accrue simple interest at a rate of three
23 percent (3%) per annum, except in the case of an event of
24 default as hereinafter provided wherein a higher default interest
25 rate shall apply as more specifically set forth in the Promissory
26 Note, and shall be repaid on an annual basis from the Project's
27 Residual Receipts (defined in **Section 4(d)(4)** below). Interest
28 shall commence 30 days from the recordation of the Notice of

1 Completion in the Official Records. Repayment of the NSP
2 Loan amount from Project's Residual Receipts with respect to
3 the calendar year in which the Construction Loan is repaid in
4 full shall be calculated based on Project's Residual Receipts
5 from and after the date that the Construction Loan is repaid in
6 full.

- 7 2. The NSP Note shall be repaid to COUNTY as follows:
- 8 i) Fifty percent (50%) of the Project's Residual
9 Receipts shall be used towards the payment of all of
10 the state, city or other municipal loans secured by
11 the Project, including the NSP Loan, which is
12 secured by the NSP Deed of Trust, for the benefit of
13 the COUNTY (collectively, the "Residual Receipts
14 Loans"). The payment shall be prorated based on
15 the percentage of each respective principal loan
16 amount in relation to the total principal amount of
17 all such Residual Receipts Loans, until the NSP
18 Note is repaid in full; and
 - 19 ii) The remaining fifty percent (50%) of the Project's
20 Residual Receipts will be paid to BORROWER.
- 21 3. The Project's Residual Receipts and COUNTY's pro rata share
22 of 50% of the Project's Residual Receipts shall be determined
23 based on an annual review of certified financial statements for
24 the Project. Annual audited financial statements shall be
25 submitted by BORROWER to COUNTY on or before each
26 July 1st following the close of the project fiscal year
27 commencing on July 1st of the first full calendar year following
28 the recordation of the Notice of Completion. All outstanding

1 principal along with accrued interest shall be due upon the
2 expiration of the NSP Loan Term as set forth in **Section 4(a)**.
3 The first payment from BORROWER to COUNTY shall be
4 due on July 1st in the first full calendar year following the date
5 the Construction Loan (defined below) is repaid in full, to the
6 extent of available Residual Receipts from the preceding
7 calendar year, as set forth herein. Subsequent payments shall
8 be made on July 1st thereafter to the extent of available Residual
9 Receipts from the preceding calendar year until the earlier of
10 full repayment of the NSP Loan or the NSP Loan maturity date
11 as set forth above.

12 4. The term “Project’s Residual Receipts” as used herein shall
13 mean gross receipts, not including interest on required reserve
14 accounts, less the following costs reasonably and actually
15 incurred for operation and maintenance of the project:

- 16 i) auditing and accounting fees;
- 17 ii) a reasonable property management fee not to exceed
18 \$45 per unit per month, increased annually by an
19 amount equal to the increase in the Consumer Price
20 Index for Los Angeles-Riverside-Orange County,
21 CA area (“CPI”), provided, however, that in the
22 event of a decrease in the CPI, the property
23 management fee shall remain the same as the
24 immediate preceding year;
- 25 iii) operating expenses (any expense reasonably and
26 normally incurred in carrying out the Project’s day-
27 to-day activities, which shall include, without
28 limitation, mortgage payments, administration, on-

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- site management, resident and social services, utilities, on-site staff payroll, payroll taxes, and maintenance);
- iv) replacement reserves, established in a separate account from Operating Reserves, limited to \$300 per unit per year for all units in the Project, as defined in **Exhibit A or such higher amount as is required by a senior lender**, increased annually by an amount equal to the increase in CPI;
 - v) annual deposits into an Operating Reserve in such amount as required by the BORROWER's limited partner or any senior lender;
 - vi) actual and accrued annual asset management fee paid to BORROWER's limited partner in an amount equal to \$7,500, escalating annually by 3%;
 - vii) annual partnership management fee paid to BORROWER's managing general partner in an amount equal to \$12,000, escalating annually by the Consumer Price Index (CPI), as more specifically discussed in **Section 4**;
 - viii) deferred developer's fee;
 - ix) actual and accrued annual partnership management fee paid to BORROWER's administrative general partner in an amount equal to \$18,000, escalating annually by the CPI;
 - x) COUNTY's Annual Monitoring Fee in the total annual amount of \$17,200 increased annually by an amount equal to the increase of the Consumer Price

1 Index ("CPI"), as more specifically discussed in
2 **Section 28;**

- 3 xi) any adjuster or other payments to the limited partner
4 required under BORROWER's partnership
5 agreement;
- 6 xii) payment of principal or interest on any indebtedness
7 of BORROWER to any affiliate of BORROWER
8 (individual or entity) or partner of BORROWER to
9 repay completion and operating deficit loans
10 relating to the Project; and
- 11 xiii) amounts (reasonably approved by COUNTY)
12 expended to restore the Project after a casualty loss
13 or condemnation.

14 Operating expenses shall not include depreciation,
15 amortization, depletion or other non-cash expenses, any
16 amount expended from a reserve account, and any capital
17 cost associated with development of the Project. The
18 calculation of operating expenses shall be subject to the
19 reasonable approval of the COUNTY's Director of HWS or
20 designee.

- 21 5. Security. Lien priorities during construction, including regulatory
22 agreements, shall be as follows: (a) first priority shall be a City of
23 Murietta Affordable Housing Agreement, Covenants and
24 Restrictions; (b) second priority shall be a California Municipal
25 Finance Authority Regulatory Agreement and Declaration of
26 Restrictive Covenants; (c) third priority shall be a County of
27 Riverside NSP Covenant Agreement, substantially conforming in
28 form and substance to the Covenant Agreement, attached hereto as

1 **Exhibit G;** (d) fourth priority shall be a deed of trust for the benefit
2 of Citibank, N.A. (the “Senior Lender”) securing that certain
3 construction loan for the Project in an amount up to Seventy-Six
4 Million Dollars (\$76,000,000) and any refinance of such loan
5 permitted by this Agreement (the “Construction Loan”); (e) fifth
6 priority shall be this Agreement; (f) sixth priority shall be the NSP
7 Deed of Trust for the benefit of COUNTY; and (g) seventh priority
8 shall be a deed of trust for the benefit of Rio Hondo Community
9 Development Corporation securing a loan of state tax credits.

10 Upon repayment of the Construction Loan, lien priority, including
11 applicable regulatory agreements shall be as follows: (1) first
12 priority shall be a City of Murietta Affordable Housing Agreement,
13 Covenants and Restrictions; (2) second priority shall be a
14 California Municipal Finance Authority Regulatory Agreement
15 and Declaration of Restrictive Covenants; (3) third priority shall be
16 a County of Riverside NSP Covenant Agreement, substantially
17 conforming in form and substance to the Covenant Agreement,
18 attached hereto as Exhibit G; (4) fourth priority shall be a deed of
19 trust for the benefit of the Senior Lender securing that certain
20 permanent loan for the Project in an amount up to Thirty-Three
21 Million Dollars (\$33,000,000) and any refinance of such loan
22 permitted by this Agreement (the “Permanent Loan,” and together
23 with the Construction Loan, the “Senior Loans”); (5) fifth priority
24 shall be this Agreement; (6) sixth priority shall be the NSP Deed of
25 Trust for the benefit of COUNTY; and (7) seventh priority shall be
26 a deed of trust for the benefit of Rio Hondo Community
27 Development Corporation securing a loan of state tax credits.
28 COUNTY agrees to enter into with the Senior Lender and any other

1 approved senior lender a Subordination Agreement, in a form and
2 of substance approved by the COUNTY in its reasonable
3 discretion, which, among other things, grants the COUNTY notice
4 and opportunity to cure events of default under the senior loan
5 documents, which subordination agreement shall be recorded in the
6 Official Records.

- 7 e. Prepayment. Prepayment of principal and/or interest under the NSP
8 Note may occur at any time without penalty; provided, however (i) the
9 requirements of **Section 17**, Compliance with Laws and Regulations,
10 shall remain in full force and effect for the term of the Agreement
11 specified in **Section 6** below; and (ii) the affordability requirements set
12 forth in the Covenant Agreement, attached hereto as **Exhibit G**, shall
13 remain in effect until the expiration of the Affordability Period.

14 5. PRIOR COUNTY APPROVAL.

15 a. Except as otherwise expressly provided in this Agreement,
16 approvals required of COUNTY or BORROWER in this Agreement, including the attachments
17 hereto, shall not be unreasonably withheld or delayed. All approvals shall be in writing. Failure
18 by either party to approve a matter within the time provided for approval of the matter shall not
19 be deemed disapproval, and failure by either party to disapprove a matter within the time
20 provided for approval of the matter shall not be deemed an approval.

21 b. Except as otherwise expressly provided in this Agreement,
22 approvals required of the COUNTY shall be deemed granted by the written approval of the
23 Director for the Department of Housing and Workforce Solutions or designee (“Director/HWS”).
24 Notwithstanding the foregoing, the Director/HWS may, in their sole discretion, refer to the
25 governing body of the COUNTY any item requiring COUNTY approval; otherwise, “COUNTY
26 approval” means and refers to approval by the Director/HWS or designee.

27 c. The Director/HWS or designee shall have the right to make non-
28 substantive changes to this Agreement and/or the attachments to this Agreement, including,

1 without limitation, in order to ensure that all such attachments are consistent with the terms and
2 provisions of this Agreement.

3 6. TERM OF AGREEMENT. This Agreement shall become effective upon
4 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to the
5 terms hereof, shall continue in full force and effect until the later to occur of (i) July 1, 2082 or
6 (ii) fifty-five (55) years from the recordation of the Notice of Completion in the Official Records
7 for the last building for which rehabilitation is completed for the Project (“Term of Agreement”).

8 7. BORROWER’S REPRESENTATIONS. BORROWER represents and
9 warrants to COUNTY as follows:

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

21 b. No Conflict. To BORROWER’s knowledge, BORROWER’s
22 execution, delivery and performance of its obligations under this
23 Agreement will not constitute a default or a breach under contract,
24 agreement or order to which BORROWER is a party or by which
25 it is bound.

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

28 d. Prior to Closing. BORROWER shall upon learning of any fact or

1 condition which would cause any of the warranties and
2 representations in this **Section 7** not to be true in all material
3 respects as of Closing, immediately give written notice of such fact
4 or condition to COUNTY. Such exception(s) to a representation
5 shall not be deemed a breach by BORROWER hereunder, but shall
6 constitute an exception which COUNTY shall have the right to
7 approve or disapprove if such exception would have an effect on
8 the value and/or operation of the Project Site.

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

13 9. FORCE MAJEURE DELAYS. “Force Majeure” or “Force Majeure Event” means
14 any of the following events, provided that it actually delays and interferes with the timely
15 performance of the matter to which it applies and despite the exercise of diligence and good
16 business practices is or would be beyond the reasonable control of the party claiming such
17 interference: war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties;
18 acts of God; acts of the public enemy; epidemics; pandemics; quarantine restrictions; freight
19 embargoes; lack of transportation; governmental restrictions or priority; litigation including
20 litigation challenging the validity of this transaction or any element thereof; unusually severe
21 weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or
22 failure to act of any governmental authority with jurisdiction over the Property and/or Project
23 (except acts or failure to act of the COUNTY shall not excuse performance by the COUNTY);
24 or the imposition of any applicable moratorium by any governmental authority; or any other
25 causes which despite the exercise of diligence and good business practices are or would be
26 beyond the reasonable control of the party claiming such delay and interference.
27 Notwithstanding the foregoing, none of the foregoing events shall constitute a Force Majeure
28 Event unless and until the party claiming such delay and interference delivers to the other party

1 written notice describing the event, its cause, when and how such party obtained knowledge of
2 the event, the date the event commenced, and the estimated delay resulting therefrom. Any party
3 claiming a Force Majeure Delay shall deliver such written notice within fifteen (15) business
4 days after it obtains actual knowledge of the event.

5 “Force Majeure Delay” means any delay in taking any action required by this Agreement,
6 proximately caused by the occurrence of any Force Majeure Event.

7 10. EXTENSION OF TIME. COUNTY may grant an extension to the
8 Implementation Schedule set forth in **Exhibit A** for the purpose of completing BORROWER's
9 activities which cannot reasonably be completed as outlined in **Exhibit A**. BORROWER shall
10 request said extension in writing, stating the reasons therefore, which extension must be first
11 approved in writing by the COUNTY in its reasonable discretion. The Director/HWS or
12 designee, on behalf of the COUNTY and without referring such matter to the County’s Board of
13 Supervisor’s may extend all pending deadlines in the Implementation Schedule on two (2) or
14 fewer occasions, so long as the aggregate duration of such administrative time extensions is no
15 greater than one hundred twenty (120) days. Every term, condition, covenant, and requirement
16 of this Agreement shall continue in full force and effect during the period of any such extension.

17 11. CONDITIONS TO DISTRIBUTION OF NSP LOAN FUNDS. COUNTY,
18 through its Housing and Workforce Solutions (“HWS”), shall: (1) make payments of the NSP
19 Loan funds to BORROWER as designated in **Exhibit A** subject to Borrower’s satisfaction of
20 the conditions set forth below, and (2) monitor the Project to ensure compliance with applicable
21 federal regulations and the terms of this Agreement. COUNTY shall not disburse any NSP Loan
22 funds pursuant to this Agreement until the following conditions have been satisfied:

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

1 assigned by the Date Universal Number System assigned to Borrower
2 as required by the Federal Accountability and Transparency Act of
3 2006;

4 d. BORROWER provides COUNTY with evidence of insurance as
5 required herein;

6 e. BORROWER executes the NSP Deed of Trust, substantially
7 conforming in form and substance to the Deed of Trust with
8 Assignment of Rents attached hereto as **Exhibit B**, in recordable form,
9 and delivers such document to the County of Riverside for recordation
10 in the Official Records;

11 f. BORROWER executes the NSP Note, substantially conforming in
12 form and substance to the Promissory Note attached hereto as **Exhibit**
13 **C** and delivers to COUNTY;

14 g. BORROWER executes the Covenant Agreement, substantially
15 conforming in form and substance to the Covenant Agreement attached
16 hereto as **Exhibit G** and incorporated herein by this reference, in
17 recordable form, and delivers to the County of Riverside for
18 recordation in the Official Records;

19 h. BORROWER has reasonably cooperated with and pays for any
20 recording fees in connection with COUNTY executing and recording
21 the Request for Notice of Default conforming in form and substance to
22 **Exhibit H** attached hereto;

23 i. BORROWER provides, at its expense, an ALTA lender's policy in
24 favor of COUNTY, insuring the NSP Deed of Trust as a **sixth** priority
25 lien against the Property junior only to the Senior Loans identified in
26 **Section 4(d)(5)**;

27 j. BORROWER provides satisfactory evidence that it has all the
28 financing documents required to cause the proceeds of the Senior

1 Loans, when combined with the NSP Loan and Borrower equity, to pay
2 for all development and construction costs for the Project;

3 k. BORROWER is not in default under the terms of this Agreement or
4 any other agreement related to the financing of the Project;

5 l. BORROWER submits evidence that all jobs created, if any, as a result
6 of this project shall be posted with the Riverside County Workforce
7 Development Center (WDC);

8 m. BORROWER provides satisfactory evidence that it has secured any
9 and all land use entitlements, permits, approvals which are required for
10 construction of the Project pursuant to the applicable rules and
11 regulations of COUNTY, or any other governmental agency affected
12 by such construction work. BORROWER shall, without limitation,
13 secure all entitlement, change of zone, lot line adjustment, any and all
14 necessary studies required including but not limited to archaeological,
15 cultural, environmental, traffic studies and lead-based paint surveys, as
16 applicable, and required, and pay all costs, charges and fees associated
17 therewith, all conditions precedent to the issuance of all permits
18 necessary for the construction of the Project and all such permits are
19 available for issuance, other than payment of fees;

20 n. BORROWER provides duly executed documents and instruments
21 evidencing that BORROWER owns fee title to the Property;

22 o. BORROWER consults and complies with concerned Native American
23 tribes pursuant to Section 106 requirements, including entering into a
24 Native American monitoring agreement, and if necessary, a cultural
25 resource treatment and disposition agreement;

26 p. If Davis Bacon and/or prevailing wages are required to be paid,
27 BORROWER hires a qualified professional firm to review and monitor
28 Davis Bacon and/or prevailing wage compliance for all submissions of

1 contractors certified payrolls to COUNTY. In the event that the Project
2 requires prevailing wages, BORROWER shall comply with any
3 applicable labor regulations and all applicable State laws in connection
4 with the construction of the improvements which compromise the
5 Project, including if applicable, requirements relating to prevailing
6 wages. BORROWER agrees and acknowledges that it is the
7 responsibility of BORROWER to obtain legal determination, at
8 BORROWER's sole cost and expense, as to whether prevailing wages
9 must be paid during the construction of the Project. If the Project is
10 subject to prevailing wage, then BORROWER shall be solely
11 responsible to pay its contractors and subcontractors the required
12 prevailing wage rates. BORROWER agrees to indemnify, defend, and
13 hold COUNTY harmless from and against any and all liability arising
14 out of and related to BORROWER's failure to comply with any and all
15 applicable Davis Bacon and/or prevailing wage requirements;

16 q. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
17 BORROWER, and its principals, or any/all persons, contractors,
18 consultants, businesses, etc. ("Developer Associates"), that
19 BORROWER is conducting business with, are not presently debarred,
20 proposed for debarment, suspended, declared ineligible, or voluntarily
21 excluded from participation or from receiving federal contracts or
22 federally approved subcontracts or from certain types of federal
23 financial and nonfinancial assistance and benefits with the Excluded
24 Parties Listing System ("EPLS"). EPLS records are located at
25 www.sam.gov; and

26 r. BORROWER shall search and provide a single comprehensive list of
27 Developer Associates (individuals and firms) and print and maintain
28 evidence of the search results of each Developer Associate as

1 verification of compliance with this requirement as provided in **Exhibit**
2 **I**, Contractor Debarment Certification Form, which is attached hereto
3 and by this reference incorporated herein.

4 s. BORROWER shall provide all of the following upon completion:

- 5 1) Conditional lien release from general contractor;
- 6 2) recorded Notice of Completion;
- 7 3) Permanent Certificate of Occupancy;
- 8 4) architect certification identifying units that are accessible to
9 individuals with mobility impairments and units that are
10 accessible to individuals with sensory impairments in
11 compliance with Section 504 of the Rehabilitation Act of
12 1973, as described in **Section 17(i)**;
- 13 5) final Contract and Subcontract Activity report, Minority
14 Business Enterprise/Women Business Enterprise
15 (“MBE/WBE”) report, HUD form 2516;
- 16 6) submission of documentation that shows compliance with
17 the Uniform Relocation Assistance and Real Property
18 Acquisition Policies Act of 1970 and 24 CFR Part 42, to the
19 extent applicable;
- 20 7) submission of a Project completion report including Tenant
21 Checklist as shown in **Exhibit F** which is attached hereto
22 and by this reference incorporated herein;
- 23 8) Affirmative Fair Housing Marketing Plan – Multifamily
24 Housing, HUD form 935.2A, as described in **Section 17(c)**;
- 25 9) Tenant Selection Policy;
- 26 10) Management Plan;
- 27 11) Certified statement of final development costs; and
28 12) Certified statement of final sources and uses of funds for the

1 project.

2 12. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
3 Construction Start Deadline as set forth in **Section 49(a)**, (2) the Completion Deadline as set
4 forth in **Section 49(b)**, (3) the Lease Deadline as set forth in **Section 19(b)**, or (4) the Project
5 Financing Contingency in **Section 50**, all of which are herein (collectively, the "Performance
6 Deadlines"), subject to the notice and cure periods set forth in **Section 32** herein, the provisions
7 for Force Majeure delays set forth in **Section 9**, and the provisions for extensions set forth in
8 **Section 10**, then the NSP Loan funds allocated, reserved, or placed in a NSP account pursuant
9 to this Agreement may be reallocated by COUNTY after at least sixty (60) days' prior written
10 notice is given to BORROWER. Upon such reallocation and repayment of funds, this
11 Agreement shall be terminated and be of no further force and effect and Borrower shall be
12 released and discharged from any obligations under this Agreement, the NSP Note, the NSP
13 Deed of Trust and the Covenant Agreement (collectively, the "Loan Documents"), except as to
14 those obligations which by their terms survive termination of this Agreement. Upon such
15 termination, the parties shall reasonably cooperate to reconvey or remove the Loan Documents
16 from the title of the Project.

17 13. DISTRIBUTION OF FUNDS. The Disaster Recovery Grant Reporting
18 (DRGR) system was developed by HUD's Office of Community Planning and Development and
19 will be utilized for NSP. The DRGR system is a computerized system which manages, disburses,
20 collects, and reports information on the use of NSP funds in the United States Treasury Account.
21 Disbursement of NSP funds shall occur upon the satisfactory receipt of copies of invoices and
22 conditional (upon receipt of payment) lien releases for construction costs to be paid with the
23 proceeds of the NSP Loan. Any disbursement of funds is expressly conditioned upon the
24 satisfaction of conditions set forth herein, including, but not limited to the conditions set forth in
25 **Section 11** above. Subject to the satisfaction of the required conditions, at Closing COUNTY
26 shall disburse to BORROWER the sum specified in **Section 1** above on a "cost-as-incurred"
27 basis for all eligible approved costs under itemized schedule shown in **Exhibit A**.

28 14. TERMS OF AFFORDABILITY. The COUNTY NSP-Assisted Units shall

1 remain occupied and rented by Qualified Very Low Income Households for an affordable rent
2 pursuant to **Sections 18 and 19** below, **Exhibit A** and the Covenant Agreement attached hereto
3 as **Exhibit G** until the later of (i) fifty-five (55) years from the recordation of the Notice of
4 Completion in the Official Records for the last building for which construction is completed for
5 the Project, or (ii) July 1, 2082 (“Affordability Period”).

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

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

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

9 b. Worker's Compensation Insurance.

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

19 c. Commercial General Liability Insurance.

20 Commercial General Liability insurance coverage, including but
21 not limited to, premises liability, contractual liability, products and
22 completed operations liability, personal and advertising injury, and
23 cross liability coverage, covering claims which may arise from or
24 out of BORROWER'S performance of its obligations hereunder.
25 Policy shall name the Indemnified Parties (defined in **Section 36**
26 below) as Additional Insured. Policy's limit of liability shall not
27 be less than \$2,000,000 per occurrence combined single limit. If
28 such insurance contains a general aggregate limit, it shall apply

1 separately to this agreement or be no less than two (2) times the
2 occurrence limit.

3 d. Vehicle Liability Insurance.

4 If vehicles or mobile equipment are used by BORROWER in the
5 performance of the obligations under this Agreement, then
6 BORROWER shall maintain liability insurance for all owned, non-
7 owned or hired vehicles so used in an amount not less than
8 \$1,000,000 per occurrence combined single limit. If such
9 insurance contains a general aggregate limit, it shall apply
10 separately to this agreement or be no less than two (2) times the
11 occurrence limit. Policy shall name the Indemnified Parties
12 (defined in **Section 36** below) as Additional Insured or provide
13 similar evidence of coverage approved by COUNTY's Risk
14 Manager.

15 e. General Insurance Provisions – All Lines.

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

23 2) BORROWER's insurance carrier(s) must declare its
24 insurance self-insured retentions. If such self-insured retentions
25 exceed \$500,000 per occurrence such retentions shall have the prior
26 written consent of COUNTY Risk Manager before the
27 commencement of operations under this Agreement. Upon
28 notification of self-insured retention unacceptable to COUNTY,

1 and at the election of COUNTY's Risk Manager, BORROWER's
2 carriers shall either: (a) reduce or eliminate such self-insured
3 retention as respects this Agreement with COUNTY, or (b) procure
4 a bond which guarantees payment of losses and related
5 investigations, claims administration, and defense costs and
6 expenses.

7 3) BORROWER shall cause BORROWER's insurance
8 carrier(s) to furnish the County of Riverside with copies of the
9 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
13 is in full force and effect. Further, said Certificate(s) and policies
14 of insurance shall contain the covenant of the insurance carrier(s)
15 that thirty (30) days written notice shall be given to the County of
16 Riverside prior to any material modification, cancellation (except
17 ten (10) days written notice for cancellation for nonpayment),
18 expiration or reduction in coverage of such insurance. In the event
19 of a material modification, cancellation, expiration, or reduction in
20 coverage, this Agreement shall terminate forthwith, unless the
21 County of Riverside receives, prior to such effective date, another
22 Certificate of Insurance and copies of endorsements, including all
23 endorsements and attachments thereto evidencing coverages set
24 forth herein and the insurance required herein is in full force and
25 effect. BORROWER shall not commence operations until
26 COUNTY has been furnished Certificate(s) of Insurance and
27 copies of endorsements and if requested, copies of policies of
28 insurance including all endorsements and any and all other

1 attachments as required in this Section. An individual authorized
2 by the insurance carrier on its behalf shall sign the original
3 endorsements for each policy and the Certificate of Insurance.

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

9 5) If, during the term of this Agreement or any extension
10 thereof, there is a material change in the scope of services; or, there
11 is a material change in the equipment to be used in the performance
12 of the scope of work which will add additional exposures (such as
13 the use of aircraft, watercraft, cranes, etc.) (any of the foregoing, a
14 "Material Change in Scope or Equipment"); or, the term of this
15 Agreement, including any extensions thereof, exceeds five (5)
16 years, COUNTY reserves the right to adjust the types of insurance
17 required under this Agreement and the monetary limits of liability
18 for the insurance coverage's currently required herein, if; in
19 COUNTY Risk Manager's reasonable judgment, the amount or
20 type of insurance carried by BORROWER has become inadequate;
21 provided, however, that (i) COUNTY may only adjust the types of
22 insurance required under this Agreement in the event of a Material
23 Change in Scope or Equipment, and (ii)(a) COUNTY may not
24 increase the monetary limits of liability for the insurance
25 coverage's currently required herein more than once every five (5)
26 years, and (b) no such increase shall exceed the increase in CPI
27 from the Effective Date or from the date of the last such increase,
28 as applicable.

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

4 7) The insurance requirements contained in this Agreement
5 may be met with a program(s) of self-insurance acceptable to
6 COUNTY.

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

10 16. FINANCIAL AND PROJECT RECORDS. BORROWER shall maintain
11 financial, programmatic, statistical, and other supporting records of its operations and financial
12 activities in accordance with the requirements of the NSP, and the regulations as amended and
13 promulgated thereunder, which records shall be open to inspection and audit by authorized
14 representatives of COUNTY, HUD, and the Comptroller General of the United States during
15 regular working hours. COUNTY, HUD, and the Comptroller General, or any of their
16 representatives, have the right of access with at least forty-eight (48) hours prior notice, to any
17 pertinent books, documents, papers, or other records of BORROWER, in order to make audits,
18 examinations, excerpts, and transcripts. Said records shall be retained for such time as may be
19 required by the regulations of NSP, but in no event no less than five (5) years after the Project
20 completion date as evidenced by recordation of the Notice of Completion; except that records of
21 individual tenant income verifications, project rents, and project inspections must be retained for
22 the most recent five (5) year period, until five (5) years after the Affordability Period terminates.
23 If any litigation, claim, negotiation, audit, or other action has been started before the expiration
24 of the regular period specified, the records must be retained until completion of the action and
25 resolution of all issues which arise from it, or until the end of the regular period, whichever is
26 later.

27 17. COMPLIANCE WITH LAWS AND REGULATIONS. By executing this
28 Agreement, BORROWER hereby certifies that it will adhere to and comply with all applicable

1 federal, state and local laws, regulations and ordinances. In particular, BORROWER shall
2 comply with the following as they may be applicable to BORROWER in connection with the
3 loan of funds granted pursuant to the NSP:

4 a. NSP and its implementing regulations set forth in pursuant to the
5 Dodd-Frank Act, as amended, H.R. 4173 and Federal Register
6 Notice, Vol. 75, No. 201, Docket No. FR-5447-N-01, dated
7 October 19, 2010, as amended. Since NSP is a component of the
8 Community Development Block Grant (CDBG) Program, the
9 CDBG regulatory structure is the platform used to implement NSP.
10 The regulations created by the Office of the Assistant Secretary of
11 Community Planning and Development that pertain to Community
12 Development programs are contained within 24 CFR part 570 -
13 Community Development Block Grants. NSP is governed by
14 CDBG regulations except where specifically waived.

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

20 c. Section 92.351 Affirmative marketing and minority outreach
21 program. BORROWER must adopt affirmative marketing
22 procedures and requirements. These must include:

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

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- (2) Requirements and practices that BORROWER must adhere to in order to carry out the affirmative marketing procedures and requirements (e.g., use of commercial media, use of community contacts, use of the Equal Housing Opportunity logotype or slogan, and display of fair housing poster).
- (3) Procedures to be used by BORROWER to inform and solicit applications from persons in the housing market area who are not likely to apply without special outreach (e.g., use of community organizations, employment centers, fair housing groups, or housing counseling agencies).
- (4) Records that will be kept describing actions taken by BORROWER to affirmatively market units and records to assess the results of these actions.
- (5) A description of how BORROWER will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.
- (6) BORROWER must prescribe procedures to establish and oversee a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, including, without limitation, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services, in all contracts entered into by BORROWER with such persons or entities, public and private, in order to facilitate the activities of COUNTY to provide affordable housing authorized under

1 this Act or any other Federal housing law. Section 24 CFR
2 85.36(e) provided affirmative steps to assure that minority
3 business enterprises and women business enterprises are
4 used when possible in the procurement of property and
5 services. The steps include:

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

26 d. Section 92.352 Environmental review. The environmental effects
27 of each activity carried out with NSP funds must be assessed in
28 accordance with the provisions of the National Environmental

1 Policy Act of 1969 (NEPA) (42 U.S.C. 4321) and the related
2 authorities listed in HUD's implementing regulations at 24 CFR
3 Parts 50 and 58.

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

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

18 g. Section 92.354 Labor. Every contract for the construction of
19 housing that includes twelve (12) or more units assisted with NSP
20 funds must contain a provision requiring the payment of not less
21 than the wages prevailing in the locality, as predetermined by the
22 Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C.
23 276a-276a-5), to all laborers and mechanics employed in the
24 development of any part of the housing. Such contracts must also
25 be subject to the overtime provisions, as applicable, of the Contract
26 Work Hours and Safety Standards Act (40 U.S.C. 327-332).
27 BORROWER must apply most current wage rate determination at
28 the date of execution of this Agreement.

1 h. Section 92.356 Conflict of Interest. In the procurement of property
2 and services by BORROWER, the conflict of interest provisions in
3 24 CFR 85.36 and 24 CFR 85.42, respectively shall apply. Section
4 92.356 shall cover all cases not governed by 24 CFR 85.36 and 24
5 CFR 84.42.

6 i. Section 504 of the Rehabilitation Act of 1973; Housing
7 accessibility requirement at 24 CFR Part 8, implementing Section
8 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794). The design
9 and construction of multi-family dwellings as defined at 24 CFR
10 100.201 must comply with the requirements set forth in 24 CFR
11 100.205 implementing the Fair Housing Act. Dwelling units must
12 be designed and constructed in accordance with the Uniform
13 Federal Accessibility Standards (UFAS) will be deemed to comply
14 with the Section 504 regulation.

15 (1) 24 CFR Part 8.22 New construction—housing
16 facilities. For new construction of multi-family
17 projects, 5 percent (5%) of the units (but not less
18 than one unit) must be accessible to individuals with
19 mobility impairments, and an additional 2 percent
20 (2%) of the units (but not less than one unit) must
21 be accessible to individuals with sensory
22 impairments.

23 (2) 24 CFR Part 8.23 Alterations of existing housing
24 facilities. If alterations are undertaken to a project
25 that has 15 or more units and the cost of the
26 alterations is 75 percent or more of the replacement
27 cost of the completed facility, then the provisions of
28 §8.22 shall apply. Alterations to dwelling units in a

1 multifamily housing project shall, to the maximum
2 extent feasible, be made to be readily accessible to
3 and usable by individuals with handicaps. If
4 alterations of single elements or spaces of a
5 dwelling unit, when considered together, amount to
6 an alteration of a dwelling unit, the entire dwelling
7 unit shall be made accessible. Once 5 percent (5%)
8 of the dwelling units in a project are readily
9 accessible to and usable by individuals with
10 mobility impairments, then no additional elements
11 of dwelling units, or entire dwelling units, are
12 required to be accessible under this paragraph.
13 Alterations to common areas or parts of facilities
14 that affect accessibility of existing housing facilities
15 shall, to the maximum extent feasible, be made to
16 be accessible to and usable by individuals with
17 handicaps. For purposes of this paragraph, the
18 phrase to the maximum extent feasible shall not be
19 interpreted as requiring that a recipient make a
20 dwelling unit, common area, facility or element
21 thereof accessible if doing so would impose undue
22 financial and administrative burdens on the
23 operation of the multifamily housing project.

- 24 j. Model Energy Code published by the Council of American
25 Building Officials.
- 26 k. Section 3 of the Housing and Urban Development Act of 1968. To
27 the greatest extent feasible, opportunities for training and
28 employment arising from NSP funds will be provided to low-

1 income persons residing in the program service area. To the
2 greatest extent feasible, contracts for work to be performed in
3 connection with NSP funds will be awarded to business concerns
4 that are located in or owned by persons residing in the program
5 service area as outlined in the Riverside County HWS Section 3
6 Contract Requirements attached hereto as **Exhibit D**. Contracts
7 funded from Section 3 covered funding sources must abide by the
8 Section 3 Clause prescribed at 24 CFR 135.38. All contracts
9 subject to the requirements of Section 3 must include the Section 3
10 Clause verbatim that is contained at 24 CFR 135.38 attached hereto
11 as **Exhibit D-2**, which is attached hereto and by this reference
12 incorporated herein.

- 13 l. Section 106 of the National Historic Preservation Act of 1966
14 (NHPA). Consultation with concerned Native American tribes
15 must continue under HUD regulation 24 CFR Part 50 and 58, and
16 Section 106 of the National Historic Preservation Act and its
17 implementing regulations 36 CFR Part 800 for possible impacts on
18 historic properties. Historic properties include archeological sites,
19 burial grounds, sacred landscapes or features, ceremonial areas,
20 traditional cultural places and landscapes, plant and animal
21 communities, and buildings and structures with significant tribal
22 association.
- 23 m. Section 92.358 Consultant Activities. No person providing
24 consultant services in an employer-employee type relationship
25 shall receive more than a reasonable rate of compensation for
26 personal services paid with NSP funds.
- 27 n. BORROWER shall carry out its activity pursuant to this
28 Agreement in compliance with all federal laws and regulations

1 described in Subpart E of Part 92 of the Code of Federal
2 Regulations, except that:

- 3 (1) BORROWER does not assume COUNTY'S environmental
4 responsibilities described at 24 CFR Part 92.352; and
5 (2) BORROWER does not assume COUNTY's responsibility
6 for initiating the review process under the provisions of 24
7 CFR Part 92.352

8 o. Uniform Administrative Requirements of 24 CFR 92.505 Part 84
9 and 85 “Common Rule”, OMB Circular Nos. A-87 (for
10 government entities), A-122 (for non-profit organizations), and the
11 following §§85.6, 85.12, 85.20, 85.22, 85.26, 85.32 through 85.34,
12 85.36, 85.44, 85.51 and 85.52 (for government entities), and the
13 following §§84.2, 84.5, 84.13 through 84.16, 84.21, 84.22, 84.26
14 through 84.28, 84.30, 84.31, 84.34 through 84.37, 84.40 through
15 84.48, 84.51, 84.60 through 84.62, 84.72, and 84.73 (for non-profit
16 organizations). Federal awards expended as a recipient or a
17 subrecipient, as defined by HUD, would be subject to single audit.
18 The payments received for goods or services provided as a vendor
19 would not be considered Federal awards.

20 p. BORROWER shall include written agreements that include all
21 provisions of **Section 17** if BORROWER provides NSP funds to
22 for-profit owners or developers, non-profit owners or developers,
23 sub-recipients, homeowners, homebuyers, tenants receiving tenant-
24 based rental assistance, or contractors.

25 q. Immigration requirements of Federal Register, Vol. 62, No. 221,
26 Department of Justice Interim Guidance on Verification of
27 Citizenship, Qualified Alien Status and Eligibility Under Title IV
28 of the Personal Responsibility and Work Opportunity

1 Reconciliation Act of 1996 (“PRWORA”). Final Attorney
2 General’s Order issued pursuant to PRWORA is specified under
3 Federal Register Vol. 66, No. 10, Department of Justice Final
4 Specification of Community Programs Necessary for Protection of
5 Life or Safety Under Welfare Reform Legislation.

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

8 18. INCOME TARGETING REQUIREMENTS. BORROWER shall set aside
9 sixty-eight (68) units to be designated as NSP-Assisted Units (6 under NSP1 and 62 under NSP3)
10 which shall be occupied and rented to households whose incomes do not exceed fifty percent
11 (50%) of the area median income for the County of Riverside (“Qualified Very Low Income
12 Households”), adjusted for family size at the time of occupancy as published by HUD.

13 19. RENT LIMITATIONS. Pursuant to the COUNTY’s NSP program, as
14 described in the COUNTY’s Action Plan, BORROWER shall comply with the rent limitations
15 set forth under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME
16 Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-
17 Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C.
18 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the
19 “HOME Program”). A total of 68 units (6 under NSP1 and 62 under NSP3) will be floating
20 throughout the project shall be reserved as NSP-Assisted Units and rented at Low HOME rent
21 levels as published by HUD. The NSP-Assisted Units shall be a “floating” designation on the
22 Property such that the requirements of this Agreement will be satisfied so long as the total
23 number of NSP-Assisted Units and bedroom size remains the same throughout the Affordability
24 Period. COUNTY shall review and approve proposed rents to the extent required under this
25 section. Subject to any increases permitted pursuant to Section 1(d) of the Covenant Agreement,
26 BORROWER shall ensure the NSP-Assisted Units are rented to Qualified Very Low Income
27 Households at the Low HOME rent levels required herein. The maximum monthly allowances
28 for utilities and services (excluding telephone) shall not exceed the utility allowance as described

1 below.

2. Utility Allowance: Owners are required to complete initial Utility Allowance (UA) calculations
3 and submit their calculations for review and approval to the County prior to implementation,
4 annually by June 1st. The following methods below are acceptable methodologies for calculating
5 UA's:

- 6 i. HUD Utility Schedule Model (HUSM), UA based on HUD's model.
- 7 ii. Utility Company Estimate, UA based on estimated obtained from a local utility company
8 for each of the utilities used in the project.
- 9 iii. LIHTC Agency Estimate, UA approved by the LIHTC agency based on its actual usage
10 methodology.
- 11 iv. Energy Consumption Model (Engineer Model), UA based upon on an energy and water
12 and sewage consumption and analysis model prepared by a third party licensed engineer
13 or a qualified professional.

14
15 b. Initial Occupancy of Vacant Units: All sixty-eight (68) NSP-
16 Assisted Units (6 under NSP1 and 62 under NSP3) floating
17 throughout the project shall be occupied and rented by Qualified
18 Very Low Income Households for an affordable rent within twelve
19 (12) months from the recordation of the Notice of Completion in
20 the Official Records ("Lease Deadline"). If by the Lease Deadline
21 a COUNTY NSP-Assisted Unit remains unoccupied or not leased
22 to an eligible tenant, BORROWER must provide to COUNTY
23 information about current marketing efforts and an enhanced plan
24 for marketing the unit so that it is leased promptly.

25 c. Rent Review and Approval: The BORROWER shall submit to the
26 COUNTY for review and written approval of all proposed rents for
27 the NSP-Assisted Units prior to lease-up, which approval
28 COUNTY shall grant if said proposed rents are consistent with the

1 terms of this Agreement. Low HOME rent limitations for
2 COUNTY NSP-Assisted units shall be set forth under 24 CFR
3 92.252 of the HOME program and published by HUD.

4 d.

5 20. TENANT PROTECTIONS. During the Affordability Period,
6 BORROWER shall adhere to the tenant protections and selection standard set forth in 24 CFR
7 92.253, as may be amended from time to time, and the following requirements:

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

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

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

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

- 1 (3) Excusing BORROWER from responsibility. Agreement by
2 the tenant not to hold BORROWER or BORROWER's
3 agents legally responsible for any action or failure to act,
4 whether intentional or negligent.
- 5 (4) Waiver of notice. Agreement of the tenant that
6 BORROWER may institute a lawsuit without notice to the
7 tenant.
- 8 (5) Waiver of legal proceeding. Agreement by the tenant that
9 the BORROWER may evict the tenant or household
10 members without instituting a civil court proceeding in
11 which the tenant has the opportunity to present a defense,
12 or before a court decision on the rights of the parties.
- 13 (6) Waiver of a jury trial. Agreement by the tenant to waive any
14 right to a trial by jury.
- 15 (7) Waiver of right to appeal court decision. Agreement by the
16 tenant to waive the tenant's right to appeal, or to otherwise
17 challenge in court, a court decision in connection with the
18 lease.
- 19 (8) Tenant chargeable with cost of legal actions regardless of
20 outcome. Agreement by the tenant to pay attorneys' fees or
21 other legal costs even if the tenant wins in a court
22 proceeding by BORROWER against the tenant. The tenant,
23 however, may be obligated to pay costs if the tenant loses.
- 24 (9) Mandatory supportive services. Agreement by the tenant
25 (other than a tenant in transitional housing) to accept
26 supportive services that are offered, except to the extent
27 required by applicable law or program requirements.

28 c. Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-

1 4, 127 Stat. 54) (“VAWA 2013”). VAWA 2013 reauthorizes and
2 amends the Violence Against Women Act of 1994, as previously
3 amended, (title IV, sec. 40001–40703 of Pub. L. 103–322, 42 U.S.C.
4 13925 et seq.) VAWA 2013, among other things, bars eviction and
5 termination due to a tenant’s status as a victim of domestic violence,
6 dating violence, or stalking, and requires landlords to maintain
7 survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who
8 is a survivor of domestic violence, dating violence, sexual assault, and
9 stalking from being denied assistance, tenancy, or occupancy rights
10 based solely on criminal activity related to an act of violence
11 committed against them. It extends housing protections to survivors
12 of sexual assault, and adds “intimate partner” to the list of eligible
13 relationships in the domestic violence definition. Protections also now
14 cover an “affiliated individual,” which includes any lawful occupant
15 living in the survivor’s household, or related to the survivor by blood
16 or marriage including the survivor’s spouse, parent, brother, sister,
17 child, or any person to whom the survivor stands in loco parentis.
18 VAWA 2013 allows a lease bifurcation so a tenant or lawful occupant
19 who engages in criminal activity directly relating to domestic
20 violence, dating violence, sexual assault, or stalking against an
21 affiliated individual or other individual, or others may be evicted or
22 removed without evicting or removing or otherwise penalizing a
23 victim who is a tenant or lawful occupant. If victim cannot establish
24 eligibility, BORROWER must give a reasonable amount of time to
25 find new housing or establish eligibility under another covered
26 housing program. A Notice of Rights under VAWA 2013 for tenants
27 must be provided at the time a person applies for housing, when a
28 person is admitted as a tenant of a housing unit, and when a tenant is

1 threatened with eviction or termination of housing benefits. Tenants
2 must request an emergency transfer and reasonably believe that they
3 are threatened with imminent harm from further violence if the tenant
4 remains in the same unit. The provisions of VAWA 2013 that are
5 applicable to HUD programs are found in title VI of VAWA 2013,
6 which is entitled "Safe Homes for Victims of Domestic Violence,
7 Dating Violence, Sexual Assault, and Stalking." Section 601 of
8 VAWA 2013 amends subtitle N of VAWA (42 U.S.C. 14043e et seq.)
9 to add a new chapter entitled "Housing Rights."

10 21. FEDERAL REQUIREMENTS. BORROWER shall comply with all
11 applicable provisions of the NSP Program and any amendments thereto and all applicable federal
12 regulations and guidelines now or hereafter enacted pursuant to the Dodd-Frank Act.

13 22. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.
14 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
15 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
16 which consent shall be conditioned upon COUNTY's receipt of reasonable evidence satisfactory
17 to the COUNTY in its sole discretion, that transferee has assumed in writing and in full, and is
18 reasonably capable of performing and complying with, the BORROWER's duties and obligations
19 under this Agreement, provided, however Borrower shall be released of all obligations hereunder
20 which accrue from and after the date of such sale. Notwithstanding anything to the contrary
21 contained in the Loan Documents, upon written notice to COUNTY, BORROWER may (i) admit
22 limited partners to BORROWER (COUNTY hereby acknowledges that it has received written
23 notice of the admission of Hudson Viscar Terrace LP), and provide for the purchase of any such
24 limited partnership interest or interests by BORROWER's general partner; (ii) remove
25 BORROWER's general partner, and replace with an affiliate of the BORROWER's limited
26 partner, provided that any replacement general partner for BORROWER who is not an affiliate
27 of the BORROWER's limited partner will require the written consent of COUNTY, which
28 consent will not be unreasonably withheld; (iii) lease for occupancy of all or any of the NSP-

1 Assisted Units; (iv) grant easements or permits to facilitate the development of the Property in
2 accordance with this Agreement; (v) enter into laundry leases and solar energy leases, (vi) transfer
3 the Project to Viscar Terrace LP or any affiliates thereof; (vii) permit the withdrawal and/or
4 replacement of any limited partner of BORROWER (it being agreed that notice shall not be
5 required for transfers among affiliates of limited partner), (viii) grant a security instrument in the
6 Property as collateral for a loan to finance the costs of constructing and/or operating the Project,
7 including any refinancing of any such loan provided all of the proceeds of the proposed refinance
8 loan, less (1) any transaction costs, (2) any amounts necessary to pay for Project repairs, (3) any
9 deferred developer fee, and (4) any amounts utilized to repay any completion and/or operating
10 deficit loans to the Project made by any affiliate of BORROWER or partner or BORROWER,
11 must be used to provide financing for the Project, and (ix) transfer the Property and Project
12 pursuant to a foreclosure or deed in lieu of a foreclosure of a security instrument in the Property
13 as collateral for a loan to finance the costs of constructing and/or operating the Project (any of the
14 foregoing, a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable review
15 of documentation by the COUNTY. The parties hereto acknowledge that "affiliate" for purposes
16 of this section means, as to any Person (as defined below), any general partnership, limited
17 partnership, corporation, joint venture, trust, business trust, cooperative, association, limited
18 liability company or individual (collectively, a "Person") that (A) directly or indirectly controls
19 or is controlled by (such as any partnership or limited liability company in which the Person,
20 directly or indirectly, serves as a general partner or managing member, respectively) or is under
21 common control with the specified Person; (B) is an officer or director of, commissioner of,
22 partner in, member of or trustee of, or serves in a similar capacity with respect to, the specified
23 Person or of which the Specified Person is an officer, director, member, partner or trustee, or with
24 respect to which the specified Person serves in a similar capacity; or (C) is the beneficial owner,
25 directly or indirectly, of 10% or more of any class of equity securities of the specified Person or
26 of which the specified Person is directly or indirectly the owner of 10% or more of any class of
27 equity securities. The term "control" (including the term "controlled by" and "under common
28 control with") means the possession, direct or indirect, of the power to direct or cause the direction

1 of the management and policies of a Person, whether through the ownership of voting securities,
2 by contract or otherwise. Notwithstanding anything to the contrary contained above or in any of
3 the Loan Documents, no notice shall be required to be provided to COUNTY in connection with
4 BORROWER's lease of any of the units in the Project that do not constitute "NSP-Assisted
5 Units."

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

10 24. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
11 which requires that no person in the United States shall on the grounds of race, color, national
12 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected
13 to discrimination under any program or activity receiving Federal financial assistance made
14 available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions against
15 discrimination of the basis of age under the Age Discrimination Act and the prohibitions against
16 discrimination of the basis of disability under Section 504 shall apply to programs or activities
17 receiving Federal financial assistance under Title I programs. The policies and procedures
18 necessary to ensure enforcement of Section 109 are codified in 24 CFR Part 6. In addition,
19 BORROWER shall not discriminate on the basis of race, gender, religion, national origin,
20 ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or treatment of
21 any contractors or consultants, to participate in subcontracting/subconsulting opportunities.
22 BORROWER understands and agrees that violation of this clause that is not cured by
23 BORROWER within thirty (30) days after BORROWER's receipt of written notice thereof shall
24 be considered a material breach of this Lease and may result in termination, debarment or other
25 sanctions. This language shall be incorporated into all contracts between BORROWER and any
26 contractor, consultant, subcontractor, subconsultants, vendors and suppliers. BORROWER shall
27 comply with the provisions of the California Fair Employment and Housing Act (Government
28 Code Sections 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), as amended,

1 and all Administrative Rules and Regulations issued pursuant to said Acts and Orders with respect
2 to its use of the Property.

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

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

- 19 a) In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs,
20 executors, administrators, and assigns, and all persons claiming under or through them, that
21 there shall be no discrimination against or segregation of, any person or group of persons
22 on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government
23 Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and
24 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
26 premises herein conveyed, nor shall the grantee or any person claiming under or through
27 him or her, establish or permit any practice or practices of discrimination or segregation
28 with reference to the selection, location, number, use or occupancy of tenants, lessees,

1 subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing
2 covenants shall run with the land.”

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

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

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

1 25. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 2 a. BORROWER and its assigns, employees, agents, consultants, officers
3 and elected and appointed officials shall become familiar with and shall
4 comply with the conflict of interest provisions in OMB Circular A-110,
5 24 CFR 85.36, 24 CFR 84.42, 24 CFR 92.356 and Policy Manual #A-
6 11, attached hereto as **Exhibit E** and by this reference incorporated
7 herein.
- 8 b. BORROWER understands and agrees that no waiver or exception can
9 be granted to the prohibition against conflict of interest except upon
10 written approval of HUD pursuant to 24 CFR 92.356(d). Any request
11 by BORROWER for an exception shall first be reviewed by COUNTY
12 to determine whether such request is appropriate for submission to
13 HUD. In determining whether such request is appropriate for
14 submission to HUD, COUNTY will consider the factors listed in 24
15 CFR 92.356(e).
- 16 c. Prior to any funding under this Agreement, BORROWER shall provide
17 COUNTY with a list of all employees, agents, consultants, officers and
18 elected and appointed officials who are in a position to participate in a
19 decision-making process, exercise any functions or responsibilities, or
20 gain inside information with respect to the NSP activities funded under
21 this Agreement. BORROWER shall also promptly disclose to
22 COUNTY any potential conflict, including even the appearance of
23 conflict that may arise with respect to the NSP activities funded under
24 this Agreement.
- 25 d. Any violation of this section that is not cured by BORROWER within
26 thirty (30) days after BORROWER's receipt of written notice thereof
27 shall be deemed a material breach of this Agreement, and the
28 Agreement shall be immediately terminated by COUNTY.

1 26. RELIGIOUS ACTIVITIES. BORROWER shall adhere to the regulations
2 set forth in 24 CFR 92.257 and 24 CFR 5.109.

3 27. PROJECT MONITORING AND EVALUATION.

4 a. Tenant Checklist. BORROWER shall submit a Tenant Checklist
5 Form to COUNTY, as shown in **Exhibit F** which is attached hereto and by this reference is
6 incorporated herein and may be revised by COUNTY, summarizing the racial/ethnic composition,
7 number and percentage of very low-income and low-income households who are tenants of the
8 COUNTY NSP-Assisted Units. The Tenant Checklist Form shall be submitted upon completion
9 of the construction and thereafter, on a semi-annual basis on or before March 31st and September
10 30th. BORROWER shall maintain financial, programmatic, statistical and other supporting
11 records of its operations and financial activities in accordance with the requirements of NSP under
12 24 CFR 92.508, including the submission of Tenant Checklist Form. Except as otherwise
13 provided for in this Agreement, BORROWER shall maintain and submit records to COUNTY
14 within ten business days of COUNTY's written request which clearly documents BORROWER's
15 performance under each requirement of NSP. A list of document submissions and timeline are
16 shown in **Exhibit A** and such list may be amended from time to time as necessary to comply with
17 HUD and COUNTY reporting requirements.

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

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

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

18 28. MONITORING FEE. BORROWER shall be responsible for paying an
19 annual compliance monitoring fee to the COUNTY in the total annual amount of \$17,200
20 (“Monitoring Fee”). The first Monitoring Fee payment is due on July 1st of each year for the
21 monitoring period of July 1st to June 30th commencing July 1, 2028. The Monitoring Fee will be
22 due on July 1st thereafter and will continue until the expiration of the Affordability Period. The
23 Monitoring Fee is to be adjusted upwards annually, increased by an amount equal to the increase
24 in CPI for the Los Angeles-Riverside-Orange County, CA area. In the event of a decrease in the
25 applicable CPI, the Monitoring Fee currently in effect shall remain the same and shall not
26 decrease.

27 29. ACCESS TO PROJECT SITE. Subject to any rights of tenants, COUNTY
28 and HUD shall have the right to access the Project site at all reasonable times, and upon

1 completion of the Project upon reasonable written notice to BORROWER, to review the operation
2 of the Project in accordance with this Agreement.

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

5 a. Monetary Default. (1) BORROWER's failure to pay within twenty
6 (20) days after BORROWER's receipt of written notice by County
7 any sums payable under this Agreement, the Covenant Agreement,
8 the NSP Note or any advances made by COUNTY under this
9 Agreement; (2) BORROWER's or any agent of BORROWER's
10 use of NSP funds for costs other than those costs permitted under
11 this Agreement or for uses inconsistent with terms and restrictions
12 set forth in this Agreement, following written notice by COUNTY
13 and BORROWER's failure to correct such use within twenty (20)
14 days thereafter ; (3) BORROWER's or any agent of
15 BORROWER's failure to make any other payment of any
16 assessment or tax due under this Agreement within twenty (20)
17 days after BORROWER's receipt of written notice by County, and
18 /or (4) default under the terms of any Senior Loan documents or
19 any other instrument or document secured against the Property
20 following the expiration of applicable notice and cure periods set
21 forth therein;

22 b. Non-Monetary Default. (1) Discrimination by BORROWER or
23 BORROWER's agent(s) on the basis of characteristics prohibited
24 by this Agreement or applicable law that is not cured by
25 BORROWER within thirty (30) days after BORROWER's receipt
26 of written notice thereof; (2) the imposition of any encumbrances
27 or liens on the Project without COUNTY's prior written approval
28 that are prohibited under this Agreement or that have the effect of

1 reducing the priority or invalidating the lien of the NSP Deed of
2 Trust that are not promptly removed following written notice by
3 COUNTY or which BORROWER is not in the process of
4 contesting in good faith; (3) BORROWER's failure to obtain and
5 maintain the insurance coverage required under this Agreement
6 within ten (10) days after BORROWER's receipt of written notice
7 by County; (4) any material default under this Agreement, the NSP
8 Loan Deed of Trust, Covenant Agreement, NSP Note or any
9 document executed by the County in connection with this
10 Agreement following the expiration of any applicable notice and
11 cure periods set forth herein, and /or (5) a default under the terms
12 of any Senior Loan documents or any other instrument or document
13 secured against the Property or the Project following the expiration
14 of applicable notice and cure periods set forth therein;

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

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

27 e. Representations and Warranties. Any of BORROWER's
28 representations or warranties made in this Agreement, any

1 statements made to COUNTY by BORROWER, or any
2 certificates, documents, or schedules supplied to COUNTY by
3 BORROWER were knowingly false in any material respect when
4 made, or that BORROWER knowingly concealed or failed to
5 disclose a material fact to COUNTY.

6 f. Damage to Project. In the event that (i) the Project is materially
7 damaged or destroyed by fire or other casualty, (ii) BORROWER
8 receives an award or insurance proceeds sufficient for the repair or
9 reconstruction of the Project, (iii) Borrower's senior lender
10 authorizes BORROWER to use such award or proceeds to repair or
11 reconstruct the Project, and (iv) BORROWER does not use such
12 award or proceeds to repair or reconstruct the Project.

13 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
14 general partner and co-general partner of BORROWER's (1) filing
15 for bankruptcy, dissolution, or reorganization, or failure to obtain a
16 full dismissal of any such involuntary filing brought by another
17 party before the earlier of final relief or one hundred twenty (120)
18 days after such filing; (2) making a general assignment for the
19 benefit of creditors; (3) applying for the appointment of a receiver,
20 trustee, custodian, or liquidator, or failure to obtain a full dismissal
21 of any such involuntary application brought by another party before
22 the earlier of final relief or one hundred twenty (120) days after
23 such filing; (4) insolvency; or (5) failure, inability or admission in
24 writing of its inability to pay its debts as they become due.

25 31. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
26 notices, demands and communications between the COUNTY and BORROWER shall be deemed
27 sufficiently given if made in writing and dispatched by any of the following methods to the
28 addresses of the COUNTY and BORROWER as set forth below: (i) registered or certified mail,

1 postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on
2 the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by
3 delivery of a "hard" copy via first-class mail, postage prepaid (in which event, the notice shall be
4 deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile
5 confirmation or "kick-out" sheet); or (iii) personal delivery, 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 (in which event, the notice shall be deemed delivered on the documented date of
8 receipt). COUNTY shall give Citibank, N.A. ("Senior Lender") a concurrent copy of each notice
9 given by COUNTY to BORROWER at the address set forth below:

10 If to Senior Lender: Citibank, N.A.
11 388 Greenwich Street, Trading 4th Floor
12 New York, New York 10013
13 Attention: Transaction and Asset Management Group
14 Re: Viscar Terrace Deal ID No. 50013137
15 Facsimile: (212) 723-8209

16 With a copy to: Citibank, N.A.
17 Transaction and Asset Management Group/Post Closing
18 Citi Community Capital
19 3800 Citibank Center
20 Tampa, Florida 33610
21 Re: Viscar Terrace Deal ID No. 50013137

22 Prior to the Conversion Date, with a copy to: Citibank, N.A.
23 388 Greenwich Street, Trading 4th Floor
24 New York, New York 10013
25 Attention: Account Specialist
26 Re: Viscar Terrace Deal ID No. 50013137
27 Facsimile: (212) 723-8209

28 Following the Conversion Date, with a copy to: Citibank N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Re: Viscar Terrace Deal ID No. 50013137
Facsimile: (215) 328-0305

And a copy of any notices of default sent to: Citibank, N.A.
388 Greenwich Street, 17th Floor
New York, New York 10013

1 Attention: General Counsel's Office
2 Re: Viscar Terrace Deal ID No. 50013137
3 Facsimile: (646) 291-5754

4 Notwithstanding any contrary provision herein, Senior Lender shall have the right, but shall not
5 have any obligation, to cure any default until ninety (90) days following Senior Lender's receipt
6 of a notice given by COUNTY.

7 Such written notices, demands and communications may be sent in the same manner to such other
8 addresses as either party may from time to time designate by mail as provided in this **Section 31**.

9 Any notice that is transmitted by electronic facsimile transmission followed by delivery of a
10 "hard" copy, shall be deemed delivered upon its transmission; any notice that is personally
11 delivered (including by means of professional messenger service, courier service such as United
12 Parcel Service or Federal Express, or by U.S. Postal Service), shall be deemed received on the
13 documented date of receipt by the recipient; and any notice that is sent by registered or certified
14 mail, postage prepaid, return receipt required shall be deemed received on the date of delivery
15 thereof. Notwithstanding anything to the contrary contained herein, County hereby agrees that
16 any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a
17 cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by
18 Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to
19 Borrower's limited partner as set forth in Section 54 hereto.

20 a. Subject to the Force Majeure Delay, as provided in **Section 9**, failure or
21 delay by BORROWER to perform any term or provision of this Agreement constitutes a default
22 under this Agreement. BORROWER must immediately commence to cure, correct or remedy
23 such failure or delay and shall complete such cure, correction or remedy with reasonable
24 diligence.

25 b. COUNTY shall give written notice of default to BORROWER, specifying
26 the default complained of by COUNTY. Failure or delay in giving such notice shall not constitute
27 a waiver of any default, nor shall it change the time of default. Except as otherwise expressly
28 provided in this Agreement, any failures or delays by COUNTY in asserting any of its rights and

1 remedies as to any default shall not operate as a waiver of any default or of any such rights or
2 remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive
3 COUNTY of its right to institute and maintain any actions or proceedings which it may reasonably
4 deem necessary to protect, assert or enforce any such rights or remedies.

5 c. If a monetary event of default occurs, prior to exercising any remedies
6 hereunder, COUNTY shall give BORROWER written notice of such default. BORROWER shall
7 have a period of twenty (20) days after such notice is given within which to cure the default prior
8 to exercise of remedies by COUNTY.

9 d. If a non-monetary event of default occurs, prior to exercising any remedies
10 hereunder, COUNTY shall give BORROWER written notice of such default. If the default is
11 reasonably capable of being cured within sixty (60) days, BORROWER shall have such period
12 to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not
13 reasonably capable of being cured within sixty (60) days, and BORROWER (i) initiates corrective
14 action within said period, and (ii) diligently, continually, and in good faith works to effect a cure
15 as soon as reasonably practicable, then BORROWER shall have such additional time as is
16 reasonably necessary to cure the default prior to exercise of any remedies by the injured party. In
17 no event shall COUNTY be precluded from exercising remedies if its security becomes or is about
18 to become materially jeopardized by any failure to cure a default.

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

- 25 a. Terminate this Agreement, in which event the entire NSP Loan amount
26 shall immediately become due and payable to COUNTY at the option
27 of COUNTY.
28 b. Bring an action in equitable relief (1) seeking the specific performance

1 by BORROWER of the terms and conditions of this Agreement, and/or
2 (2) enjoining, abating, or preventing any violation of said terms and
3 conditions, and/or (3) seeking declaratory relief.

4 c. Accelerate the NSP Loan, and demand immediate full payment of the
5 principal payment outstanding and all accrued interest under the NSP
6 Note.

7 d. In the event the Event of Default relates to Borrower's release of
8 hazardous materials in violation of applicable hazardous materials
9 laws, enter the Project and take any remedial actions necessary in its
10 reasonable judgment with respect to hazardous materials that
11 COUNTY deems necessary to comply with applicable hazardous
12 materials laws or to render the Project suitable for occupancy, which
13 costs shall be due and payable by BORROWER to COUNTY.

14 e. Enter upon, take possession of, and manage the Project, either in
15 person, by agent, or by a receiver appointed by a court, and collect rents
16 and other amounts specified in the assignment of rents in the Deed of
17 Trust and apply them to operate the Project or to pay off the NSP Loan
18 or any advances made under this Agreement, as provided for by the
19 NSP 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
23 (1) that it has access to professional advice and support to the extent necessary to enable
24 BORROWER to fully comply with the terms of this Agreement, and to otherwise carry out the
25 Project, (2) that it is duly organized, validly existing and in good standing under the laws of the
26 State of California, (3) that it has the full power and authority to undertake the Project and to
27 execute this Agreement, (4) that the persons executing and delivering this Agreement are
28 authorized to execute and deliver such documents on behalf of BORROWER and (5) that neither

1 BORROWER nor any of its principals is presently debarred, suspended, proposed for debarment,
2 declared ineligible, or voluntarily excluded from participation in connection with the transaction
3 contemplated by this Agreement.

4 35. BORROWER'S CERTIFICATION. BORROWER certifies, to its
5 knowledge and belief, that:

6 a. No federally appropriated funds have been paid or will be paid, by or on
7 behalf of the undersigned, to any person for influencing or attempting
8 to influence an officer or employee of any agency, a member of
9 Congress, an officer or employee of Congress, or an employee of a
10 member of Congress in connection with the awarding of any federal
11 contract, the making of any federal grant, the making of any federal
12 loan, the entering into of any cooperative agreement, and the extension,
13 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
16 will be paid to any person for influencing or attempting to influence an
17 officer or employee of any agency, a member of Congress, an officer or
18 employee of Congress, or an employee of a member of Congress in
19 connection with this federal contract, grant, loan, or cooperative
20 agreement, the undersigned shall complete and submit Standard Form-
21 LLL, "Disclosure Form to Report Lobbying," in accordance with its
22 instructions.

23 c. The undersigned shall require that the language of this certification be
24 included in the award documents for all sub-awards at all tiers
25 (including subcontracts, sub-grants, and contracts under grants, loans,
26 and cooperative agreements) and that BORROWER shall certify and
27 disclose accordingly. This certification is a material representation of
28 fact upon which reliance was placed when this transaction was made or

1 entered into.

2 36. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
3 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
4 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and
5 appointed officials, employees, agents and representatives (collectively the “Indemnified
6 Parties”) from any liability whatsoever, based or asserted upon any services of BORROWER, its
7 officers, employees, subcontractors, agents or representatives arising out of their performance
8 under this Agreement, including but not limited to property damage, bodily injury, or death or
9 any other element of any kind or nature whatsoever arising from the performance of
10 BORROWER, its officers, agents, employees, subcontractors, agents or representatives under this
11 Agreement. BORROWER shall defend, at its sole expense, the Indemnified Parties, from all
12 costs and fees including, but not limited to, attorney fees, cost of investigation, defense and
13 settlements or awards, incurred by the Indemnified Parties in any claim or action based upon such
14 alleged acts or omissions.

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

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

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

27 In the event there is conflict between this clause and California Civil Code Section 2782,
28 this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not

1 relieve BORROWER from indemnifying COUNTY to the fullest extent allowed by law.

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

4 Notwithstanding anything in this Agreement to the contrary, BORROWER shall have no
5 obligation to defend and indemnify the Indemnified Parties to the extent any such liability arises
6 from the willful misconduct or negligence of any of the Indemnified Parties.

7 37. TERMINATION.

8 a. BORROWER. BORROWER may terminate this Agreement prior to
9 disbursement of any NSP Loan funds by COUNTY in accordance with
10 the applicable NSP regulations.

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

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

19 (2) In the event there is a conflict with any federal, state or local
20 law, ordinance, regulation or rule rendering any material
21 provision of this Agreement invalid or untenable.

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

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

6 If this Agreement is terminated after full repayment to COUNTY of the NSP Loan funds disbursed
7 by COUNTY to BORROWER, including any interest, if applicable, and any other amount due to
8 COUNTY as provided herein, the Loan Documents, except for the Covenant Agreement if the
9 Affordability Period has not yet expired, shall also be terminated and the Parties shall reasonably
10 cooperate to reconvey or remove the Loan Documents from the title of the Project.

11 38. AFFORDABILITY RESTRICTIONS. COUNTY and BORROWER, on
12 behalf of its successors and assigns, hereby declare their express intent that the restrictions set
13 forth in this Agreement shall continue in full force and effect during the Affordability Period (as
14 defined in **Section 14** above). Each and every contract, deed or other instrument hereafter
15 executed covering and conveying the Property or any portion thereof shall be held conclusively
16 to have been executed, delivered and accepted subject to such restrictions, regardless of whether
17 such restrictions are set forth in such contract, deed or other instrument. Borrower shall execute
18 and record as a lien against the Property, a Covenant Agreement, substantially conforming in
19 form and substance to the Covenant Agreement attached hereto as **Exhibit G** and incorporated
20 herein by this reference, setting forth the affordability use and income restriction required in this
21 Agreement. The Covenant Agreement shall be recorded in a first (1st) priority lien position
22 superior to the Senior Loans and the respective deeds of trust securing each Senior Loan, and the
23 NSP Deed of Trust. BORROWER acknowledges and agrees that notwithstanding any
24 prepayment of the NSP Loan amount, the Covenant Agreement shall remain in full force and
25 effect until the expiration of the Affordability Period provided for therein.

26 39. Reserved.

27 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
28 lien is filed against the Project or a stop notice affecting the NSP Loan is served on COUNTY,

1 BORROWER must, within thirty (30) calendar days of such filing or service, either pay and fully
2 discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to
3 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
4 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
5 discharged.

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

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

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

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

27 45. JURISDICTION AND VENUE. Any action at law or in equity arising
28 under this Agreement or brought by a Party hereto for the purpose of enforcing, construing or

1 determining the validity of any provision of this Agreement shall be filed in the Superior Court
2 of Riverside County, State of California, and the Parties hereto waive all provisions of law
3 providing for the filing, removal or change of venue to any other court or jurisdiction.

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

7 47. MINISTERIAL ACTS. COUNTY's Director of the County of Riverside
8 Department of Housing and Workforce Solutions or designee(s) are authorized to take such
9 ministerial actions as may be necessary or appropriate to implement the terms, provisions, and
10 conditions of this Agreement as it may be amended from time to time by both Parties.

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

21 49. CONDITIONAL COMMITMENT.

22 a. Construction. Pursuant to 24 CFR 92.2, under the definition of
23 Commitment, all necessary financing has been secured, a budget and schedule have been
24 established, and underwriting has been completed and under which construction is scheduled to
25 start within nine (9) months of the Effective Date of this Agreement ("Construction Start
26 Deadline"). If BORROWER cannot start construction or provide evidence such as construction
27 permits within nine (9) months of the Effective Date, then COUNTY and BORROWER mutually
28 agree that this Agreement will self-terminate and any NSP Loan funds drawn to date shall be

1 returned within thirty (30) calendar days. Upon such termination, the Loan Documents shall
2 become null and void. COUNTY and BORROWER shall be released and discharged respectively
3 from its obligations under the Loan Documents, except for those provisions which by their terms
4 survive termination. Upon such termination, the Parties shall reasonably cooperate to reconvey
5 or remove the Loan Documents from the title of the Project. All cost incurred by each Party on
6 the Project will be assumed respectively.

7 b. Completion. The Project must be completed and a Notice of
8 Completion shall have been recorded in the Official Records no later than three (3) years from
9 the Effective Date of this Agreement (the "Completion Deadline"). BORROWER may request a
10 one year extension of the Completion Deadline from COUNTY ("Extension"), in which may be
11 granted by COUNTY's sole and absolute discretion, if the BORROWER can provide proof that
12 the circumstances that led to the failure to complete the Project by the Completion Deadline were
13 beyond the BORROWER's control; provided, however, that circumstances beyond the
14 BORROWER's control that constitute a Force Majeure Event shall be entitled to extensions
15 pursuant to the terms of Section 9. Extension is subject to COUNTY's approval and not
16 guaranteed. The Director/HWS, or designee, has the authority, at his or her discretion, to consent
17 to such Extension. If BORROWER is unable to meet the condition as required by this **Section**
18 **49** including Extension, then such failure shall be deemed an Event of Default, subject to any
19 applicable notice and cure provisions herein, after which COUNTY shall have the right to
20 exercise all remedies available to it in law and equity, including, but not limited to, termination
21 of this Agreement.

22 c. Tenant Leases. BORROWER shall comply with the initial
23 occupancy requirements set forth in **Section 19(b)** of this Agreement.

24 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
25 conditioned upon BORROWER's delivery to COUNTY, on or prior to the Effective Date of (i)
26 written documentation of such binding loan commitments required to fully finance the
27 development and construction of the Project (less the NSP Loan), on terms and conditions
28 acceptable to BORROWER and COUNTY, including, but not limited any conventional

1 construction and/or permanent financing, including without limitation, a construction and
2 permanent loan from an institutional construction lender. Either COUNTY or BORROWER may
3 elect to terminate this Agreement with ten (10) business days prior written notice to the other
4 Party if BORROWER fails to acquire the project financing as required by this **Section 50**. Upon
5 such termination, this Agreement shall be null and void, and:

- 6 a. If BORROWER has elected to terminate this Agreement,
7 BORROWER shall be released and discharged by COUNTY
8 from its obligations under the Loan Documents; or
9 b. If COUNTY has elected to terminate this Agreement, COUNTY
10 shall be released and discharged by BORROWER from its
11 obligations under the Loan Documents.

12 Upon any such termination, the Parties shall reasonably cooperate to reconvey or
13 remove the Loan Documents from the title of the Project. At that time all cost incurred by each
14 Party on the Project will be assumed respectively, and each Party shall be released from all
15 liability under this Agreement, except those obligations which by their terms survive termination.

16 51. Reserved.

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

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

26 54. NOTICES. All notices, requests, demands and other communication
27 required or desired to be served by either Party upon the other shall be addressed to the respective
28 Parties as set forth below or the such other addresses as from time to time shall be designated by

1 the respective Parties and shall be sufficient if sent by United States first class, certified mail,
2 postage prepaid, or express delivery service with a receipt showing the date of delivery.

3 COUNTY

4 Director, Housing and Workforce Solutions
5 3403 10th Street, Suite 300
6 Riverside, CA 92501

7 BORROWER

8 Viscar Terrace LP
9 c/o Etapes Corporation
10 13681 Newport Ave, Suite 8230
11 Tustin, CA 92780
12 Attn: Tung Tran

13 With copies to:

14 Rutan & Tucker, LLP
15 18575 Jamboree Road, 9th Floor
16 Irvine, CA 92612
17 Attn: Patrick D. McCalla

18 And

19 Hudson Viscar Terrace LP
20 c/o Hudson Housing Capital LLC
21 630 Fifth Avenue, 28th Floor
22 New York, New York 10111
23 Attention: General Counsel

24 Holland & Knight LLP
25 10 St. James Avenue, 12th Floor
26 Boston, MA 02116
27 Attention: Dayna M. Hutchins, Esq.

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

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

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

10 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

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

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

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

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

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

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

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

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

24 63. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

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

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12 [REMAINDER OF PAGE BLANK]
13 [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

VISCAR TERRACE LP,
a California limited partnership

By: form - do not sign
Heidi Marshall, Director

By: RHCDC Viscar MGP LLC,
a California limited liability company,
its Managing General Partner

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

By: form - do not sign
Kenneth Ferreira, Executive Director

By: Viscar Terrace LLC,
a California limited liability company,
its Administrative General Partner

By: TEREDS LLC,
a California limited liability company,
its managing member

By: form - do not sign
Tung V. Tran, Manager

Date: _____, 2025

Date: _____, 2025

(COUNTY and BORROWER signatures need to be notarized)

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

By: 
Amrit P. Dhillon, Deputy County Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT A

Borrower: Viscar Terrace LP
Address: 13681 Newport Ave, Suite 8230
Tustin, CA 92780
Project Title: Viscar Terrace
Location: 40475 Vista Murrieta and 40600 Myers Lane, in Murrieta, CA 92562, in Murrieta, CA 92564.
Riverside County Assessor's Parcel Numbers (APNs) 949-180-023, 949-180-025, and 949-180-022.

Project Description:

Viscar Terrace LP shall develop and construct a multi-family affordable rental housing project consisting of 172-units for low-income family households consisting of 170 affordable rental units and 2 manager units ("Project") on real property located on approximately 5.74 acres located at three adjacent parcels at 40475 Vista Murrieta and 40600 Myers Lane, in the City of Murrieta, also identified as Assessor's Parcel Numbers 949-180-023, 949-180-025, and 949-180-022 ("Property").

A total of 68 units (will be floating throughout project) to be designated as NSP-Assisted Units (6 under NSP1 and 62 under NSP3) shall be rented to and occupied by households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside ("Qualified Very Low Income Households"), adjusted by family size at the time of occupancy as determined and published by HUD, for a period of 55 years. The Project shall be comprised of affordable units in addition to the NSP-Assisted Units restricted by Low Income Housing Tax Credits. The Project shall include a total of 78 one-bedroom units, 48 two-bedroom units, 38 three-bedroom units, and 8 four-bedroom units.

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
1. Permanent Financing Commitment	Effective Date
2. Construction Start Deadline	2 months from date of Agreement
3. Completion Deadline	3 years from date of Agreement
4. Lease Deadline	12 months from Notice of Completion
5. Submission of Final actual project costs and Sources and Uses of Funds	December 2027
6. Submission of income & ethnic characteristics report	June annually

LEGAL DESCRIPTION OF PROPERTY

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

Vista Murrieta property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 2 AND 3 OF PARCEL MAP 17443, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 100, PAGES 95](#) AND 96 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

[APN 949-180-023](#), [APN 949-180-025](#)

Myers Lane Property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 3 OF [PARCEL MAP 11427](#), IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 55, PAGE 7](#) OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[APN: 949-180-022](#)

Permanent Sources and Uses of Funds:

VISCAR TERRACE APARTMENTS						City of Miami 450 N.W. 172nd Street, P.O. Box 199199	
Sources & Uses							
PERMANENT SOURCES	PERCENT	BEGINNING BALANCE		ENDING BALANCE		CONSTRUCTION SOURCES	TOTAL
		TOTAL	PER UNIT	TOTAL	PER UNIT		
Net Investor Equity (Federal)	41%	43,485,341.00	252,822	0	0	Net Investor Equity (Federal)	31,813,415
Certificate of State Credits Purchaser	19%	20,752,062.36	120,852	0	0	Construction Recycled Bond	0
Permanent Loan	28%	29,664,806.00	172,470	25,362,631	147,457	Construction Tax-exempt	52,265,807
Limited Partner (Energy Eff. Tax Incentive)	0%	303,188.35	1,763	0	0	Construction Taxable	6,031,508
County NSP Loan	3%	2,685,744.00	15,616	2,685,744	15,615	County NSP Loan	1,342,872
GP Equity	0%	0.00	0	0	0	GP Equity	0
Loan	0%	0.00	0	0	0	Loan	0
Loan	0%	0.00	0	0	0	Cost Deferred to Conversion	1,918,661
Deferred Dev Fee	9%	9,969,706.56	57,963	0	0	Deferred Costs/Developer Fee	11,460,633
General Partner Equity	0%	0.00	0	0	0	General Partner Equity	0
Land Donation	0%	0.00	0	0	0	Land Donation	0
NOI During Construction	0%	0.00	0	0	0	NOI During Construction	0
TOTAL SOURCES	100%	106,880,848	621,284	28,048,376	163,072	TOTAL SOURCES	104,832,898

USES OF FUNDS	TOTAL	ACQUISITION	NEW OR REHAB COST	ELIGIBLE HISTORIC	ELIGIBLE STATE	NOT ELIGIBLE	TOTAL PER UNIT
Land Cost/Acquisition							
Land Cost at \$794,448 Per Acre or \$18.24 Per SF	4,560,130	0	0	0	0	4,560,130	28,512
Demolition	0	0	0	0	0	0	0
Legal - Acquisition	0	0	0	0	0	0	0
Land Lease Rent Prepayment	0	0	0	0	0	0	0
Existing Improvements Value	0	0	0	0	0	0	0
Off-Site Improvements	0	0	0	0	0	0	0
Predevelopment Interest/Holding Cost	210,341	0	210,341	0	0	0	1,223
Assumed, Accrued Interest on Existing Debt (Rehab/Acq)	0	0	0	0	0	0	0
Excess Purchase Price Over Appraisal	0	0	0	0	0	0	0
Rehabilitation/New Construction	Total HC = 64,176,377.35						
Site Work	13,998,581	0	13,998,581	0	0	0	81,267
Structures	41,578,507	0	41,578,507	0	0	0	241,736
General Requirements	4,193,291	0	4,193,291	0	0	0	24,380
Contractor Overhead	2,000	0	1,998,408	0	0	0	6,850
Contractor Profit	4,000	0	2,390,815	0	0	0	13,900
Prevailing Wages	0.00%	0	0.00	0	0	0	0
General Liability Insurance/P&P	1.29%	819,776	0	819,776	0	0	4,768
Other: Off-site Dedicated Improvements							
Third-Party Construction Management	315,000	0	315,000	0	0	0	1,631
Total Relocation Expenses	0	0	0	0	0	0	0
Architectural Fees	Total A&E = 2,514,303						
Design	771,553.00	0	771,553	0	0	0	4,486
Supervision	0.00	0	0	0	0	0	0
Survey & Engineering	1,742,750.00	0	1,742,750	0	0	0	10,132
Construction Interest & Fees	Total CI&F = 10,087,865						
Construction Interest (6.00701194352307%)	6.83%	7,922,040.38	0	6,370,211.84	0	2,001,829	48,058
Other: Bridge Interest	10.00%	0.00	0	0	0	0	0
Construction Origination Fees	560,550.00	0	860,560	0	0	0	3,259
Credit Enhancement/Application Fee	0.00	0	0	0	0	0	0
Upfront Construction Interest Rate Cap	10,852	0	0	0	0	0	0
Cost of Issuance	300,279.72	0	300,279.72	0	0	0	1,746
Title & Recording (Construction Period)	132,096.00	0	132,096	0	0	0	768
Taxes (Construction Period)	120,000.00	0	120,000	0	0	0	698
Insurance (COIP & Builder's Risk)	2,171	1,584,699.16	0	1,584,699	0	0	8,213
Other: (Bank Inspections)							
Other: Bridge Loan Fees	68,200.00	0	68,200	0	0	0	367
Permanent Financing	Total Perm Fees = 252,487						
Permanent Loan Origination Fees/Costs	252,487.00	0	0	0	0	252,487	1,468
Credit Enhancement/Application Fee	0.00	0	0	0	0	0	0
Title & Recording (Perm Period)	0.00	0	0	0	0	0	0
Taxes (Perm Period)	0.00	0	0	0	0	0	0
Insurance (Perm Period)	0.00	0	0	0	0	0	0
Other: (Specify)							
Legal Fees and Third-Party Consulting Fees	354,214						
Lender Legal Paid by Applicant	70,000.00	0	11,886.67	0	0	58,333	407
Partnership Legal	178,696.22	0	91,477.80	0	0	87,219	1,029
Investor Legal/3rd Party Costs	105,518.00	0	26,278.50	0	0	79,139	613
Other: (Specify)							
Reserves							
Rent Reserves	0.00	0	0	0	0	0	0
Capitalized Rent Reserves	0.00	0	0	0	0	0	0
Required Capitalized Replacement Reserve	0.00	0	0	0	0	0	0
Operating & Debt Service Reserve (6-mo's / debt)	6	1,646,580.00	0	0	0	1,646,580	9,573
Other: (Specify)							
Contingency Costs	Total Cont = 3,808,758						
Hard Cost Contingency	5.00%	3,208,818.87	0	3,208,819	0	0	18,056
Soft Cost Contingency	5.00%	599,939.76	0	599,939	0	0	3,468
Other Project Costs	Total Other Costs = 5,651,428						
TCAC App/Allocation/Monitoring Fees	326,000.00	0	0	0	0	326,000	1,896
Environmental Audit	0.00	0	0	0	0	0	0
Local Development Impact Fees	4,296,286.86	0	4,296,287	0	0	0	24,978
Permit Processing Fees	743,640.80	0	743,641	0	0	0	4,323
Capital Fees	0.00	0	0	0	0	0	0
Marketing	60,000.00	0	0	0	0	60,000	349
Furnishings/Public Arts	150,000.00	0	150,000	0	0	0	872
Market Study	12,700.00	0	12,700	0	0	0	74
Accounting/Reimbursables	25,000.00	0	25,000	0	0	0	145
Appraisal Costs	12,800.00	0	12,800	0	0	0	74
Other (Admin, Reprs. & Reimb.)							
Other (AMFees)	25,000.00	0	25,000	0	0	0	145
Other (Solar/Signage)							
Developer Costs							
Developer Overhead/Profit	12,683,365.07	0	12,683,366	0	0	0	73,740
Construction Management by Developer	0.00	0	0	0	0	0	0
TOTAL USES	106,880,848	0	87,238,132	0	0	9,821,716	621,284

DOCUMENT SUBMISSION SCHEDULE

Documents	Due Date
1. Construction Activities Reporting	Monthly, due by the 5th of each month
2. Liability and Certificate of Workers' Compensation Insurance for Borrower and General Contractor (GC)	BORROWER – At the execution of this Agreement. GC – Before start of construction. Copies of Certificates must be filed and up to date throughout the course of the Project with COUNTY additionally insured.
3. Minority & Women Business Enterprise Report – HUD form 2516, and Section 3 Reporting	Semi-Annually– March 1st & September 15th
4. Section 504 Architect Certification	Beginning of Construction – initial letter End of Construction – final letter
5. Project Site Photos	Bimonthly, due by the 5th of each month
6. The filing of the Notice of Completion	End of Construction
7. Certificate of Occupancy	End of Construction
8. Tenant Checklist Reporting	Close of Project; and Semi-Annually– Sept 30th & March 31st
9. Conditional/Unconditional Release for Final from GC, and if applicable, Sub-contractors	Close of Project
10. Project Completion Report	Close of Project
11. Final Development Cost - Sources and Uses	Close of Project
12. Final Cost Certification by CPA	Close of Project and Audits Completed
13. Final 15/30 Year Cash Flow Projection	Close of Project
14. Affirmative Fair Housing Marketing Plan, HUD form 935.2A	Marketing Stage
15. Management Plan	Marketing Stage
16. Tenant Selection Policy	Marketing Stage
17. Copy of Lease Agreement	Marketing Stage
18. Flyers, Community Contacts, Outreach, Press Releases, Grand Opening info	Marketing Stage
19. Project Operating Budget	Annual submission
20. Audited Yearly Income Expense Report for the Project	Annual submission

EXHIBIT B

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn. Annjanette Aguilar Barreras

SPACE ABOVE THIS LINE FOR RECORDER'S USE

DEED OF TRUST AND ASSIGNMENT OF RENTS

This DEED OF TRUST AND ASSIGNMENT OF RENTS ("Deed of Trust") is made this ____ day of _____, 2025 by Viscar Terrace LP, a California limited partnership, (hereinafter referred to as "Trustor"), whose address is 13681 Newport Avenue, Suite 8230, Tustin, California, 92780. The trustee is First American Title Company ("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) That certain fee interest in the real property in the City of Murrieta, County of Riverside, State of California more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference (such interest in real property is hereafter referred to as the "Subject Property");

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

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

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

(E) all present and future right, title and interest of Trustor in and to all inventory, equipment, fixtures and other goods (as those terms are defined in Division 9 of the California

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

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

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

FOR THE PURPOSE OF SECURING, in such order of priority as Beneficiary may elect, the following (collectively, the "NSP Loan Documents"):

1. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:

- (a) that certain Promissory Note in favor of the Beneficiary executed by Trustor ("Borrower" therein) of even date herewith (the "Note");
- (b) that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds dated _____, 2025 and recorded in the Official Records ("Official Records") of the County of Riverside concurrently herewith, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) (the "NSP Loan Agreement"); and
- (c) that certain Covenant Agreement dated _____, 2025 and recorded concurrently herewith in the Official Records of the Recorder's Office for the County of Riverside, between Trustor ("Borrower" therein) and Beneficiary ("County" therein) ("Covenant Agreement").

2. payment of indebtedness of the Trustor to the Beneficiary not to exceed Two Million Six Hundred Eighty-Five Thousand Seven Hundred Forty-Four Dollars (\$2,685,744) (the "NSP Loan") according to the terms of the Note.

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

The NSP Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the Neighborhood Stabilization Program and the regulations issued thereunder (Title III of Division B of the Housing and Economic Recovery Act of 2008, as amended) (the "NSP Program"). Pursuant to the NSP Loan Agreement, the maturity of the NSP Loan shall be the first to occur of (i) July 1, 2082 or (ii) fifty-five (55) years from and after the recordation of the Notice of Completion for the last building completed as part of the Project (as defined in the NSP (the "NSP Loan Term").

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

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

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

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

4. That 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 NSP Loan Agreement and Covenant Agreement.

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

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

a. Should Trustor fail to make any payment or to do any act herein provided, then Beneficiary or Trustee, but without obligation so to do and upon written notice to or demand upon Trustor and without releasing Trustor from any obligation hereof, may make or do the same in such manner and to such extent as either may in their reasonable discretion 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 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 **Sections 5** and **6** shall be applied: first, to amounts payable under **Section 2**; second, to interest due; third, to principal due; and last, to any late charges due under the Note.

8. **Prior Deeds of Trust; Charge; Liens.** Trustor shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Deed of Trust, subject to applicable cure periods. Trustor shall pay these obligations in the manner provided in **Section 6**, or if not paid in that manner, Trustor shall pay them on time directly to the person owed payment. Trustor shall promptly furnish to Beneficiary all notices of amounts to be paid under this Section. If Trustor makes these payments directly, Trustor shall promptly furnish to Beneficiary receipts evidencing the payments.

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 reasonably 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 reasonable 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 reasonably satisfactory to Beneficiary subordinating the lien to this Deed of Trust. Except for the liens approved herein, if Beneficiary reasonably 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 Position.** The lien priorities during construction and upon repayment of the Construction Loan, including regulatory agreements, shall follow the order of priority as set forth in Section 4 of the NSP Loan Agreement. This Deed of Trust shall be recorded in accordance with such priority, as referenced in the NSP Loan Agreement and shall be subordinate to that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by the Borrower in favor of Governmental Lender and assigned to Citibank, N.A.), in the original maximum principal amount of Seventy-Six Million Dollars (\$76,000,000), executed by Borrower and payable to Citibank, N.A. ("Senior Lender").

Beneficiary hereby agrees to execute any and all documents necessary to effectuate such priority, including, but not limited to subordination agreements first approved as to form and content by Beneficiary and Beneficiary's legal counsel, each in their reasonable discretion, and to execute any further documents necessary to effectuate a subordination in the event that any senior loan is refinanced on substantially similar terms.

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

a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the NSP 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, any senior lien holder, and Beneficiary. Beneficiary may make proof of loss if not made promptly by any senior lien holder, 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 that will not be cured by the restoration or repair of the Project. 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 the 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 any senior lien holder to collect and apply such proceeds in accordance with such senior lien holder's deed of trust.

11. Preservation, Maintenance and Protection of the Property; Trustor's Loan Application; Leaseholds. Trustor shall not destroy, damage or impair the Property, allow the Property to deteriorate, or commit bad faith 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 reasonable 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 reasonable and 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, knowingly gave materially false or inaccurate information or statements to Beneficiary (or knowingly failed to provide Beneficiary with any material information) in connection with the loan evidenced by the Note, including, but not limited to representations concerning Trustor's use of Property for affordable housing.

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

12. **Protection of Beneficiary's Rights in the Property.** If Trustor fails to 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 written notice and expiration of any applicable grace periods or cure periods, Beneficiary may do and pay for whatever is actually necessary to protect the value of the Property and Beneficiary's rights in the Property. Beneficiary's actions may include paying any sums secured by a lien which has priority over this Deed of Trust, appearing in court, paying reasonable attorneys' fees, and entering on the Property to make repairs. Although Beneficiary may take action under this **Section 12**, Beneficiary does not have to do so.

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

13. **Reserved.**

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

15. **Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Beneficiary, subject to the terms of any senior lien holder deed of trust.

a. In the event of any taking of all or any portion 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. Notwithstanding the foregoing, so long as the value of Beneficiary's lien is not impaired, any condemnation proceeds may be used by Trustor for repair and/or restoration of the project.

b. If the Property is abandoned by Trustor for more than sixty (60) consecutive days, 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 whose acquisition was authorized by the NSP Loan Agreement or who was otherwise 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;** 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**.

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

19. **Notices.** Any notice to Trustor provided for in this Deed of Trust shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Trustor's mailing address stated herein or any other address Trustor designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the investment limited partner at the address set forth in the NSP Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a senior lien holder shall be given by first class mail to such other address the senior lien holder designates by notice to the Trustor. Beneficiary shall give Senior Lender a concurrent copy of each notice given by Beneficiary under the NSP Loan Documents. Notwithstanding any contrary provision in the NSP Loan Documents, Senior Lender shall have the right, but shall not have any obligation, to cure any default under the NSP Loan Documents until ninety (90) days following Senior Lender's receipt of a notice given by Beneficiary as a consequence of a default under the NSP Loan Documents. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

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

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

22. **Transfer of the Property or a Beneficial Interest in Trustor.** Except as otherwise allowed under the NSP Loan Agreement, if all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Trustor is sold or transferred and Trustor is not a natural person) without Beneficiary's prior written consent (including a transfer of all or any part of the Property to any person who, at initial occupancy of the Property, does not use the Property for "low-income housing" within the meaning of the NSP Program), following written notice and expiration of the applicable cure period, 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 any of the transfers allowed under the NSP Loan Agreement, including, without limitation, transfer of a limited partnership interest in the Trustor or of a conveyance of an easement interest in the Property for utility purposes.

a. If Beneficiary determines to exercise the aforementioned option, Beneficiary shall give Trustor and the any senior lien holder, prior written notice of acceleration. The notice shall provide a period of not less than sixty (60) days from the date the notice is delivered or mailed within which Trustor must pay all sums secured by this Deed of Trust. If Trustor fails to pay these sums prior to the expiration of this period, Beneficiary may invoke any remedies permitted by this Deed of Trust without further notice or demand on Trustor.

b. Notwithstanding anything to the contrary contained herein, none of the transfers allowed under the NSP Loan Agreement, including, without limitation, the transfer of the limited partner interest to the limited partner or the assignment of that interest to a limited liability company or limited partnership in which an affiliate of the limited partner is the managing member or general partner, respectively, shall constitute a prohibited transfer under this Deed of Trust.

23. **Trustor's Right to Reinstate.** If Trustor meets certain conditions, Trustor shall have the right to have enforcement of this Deed of Trust discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Deed of Trust; or (b) entry of a judgment enforcing this Deed of Trust. Those conditions are that Trustor: (a) pays Beneficiary

all sums which then would be due under this Deed of Trust and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred by Beneficiary in enforcing this Deed of Trust, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Beneficiary may reasonably require to assure that the lien of this Deed of Trust, Beneficiary's rights in the Property and Trustor's obligation to pay the sums secured by this Deed of Trust shall continue unchanged. Upon reinstatement by Trustor, this Deed of Trust and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under **Section 22**.

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

25. **No Assignment.** Except as allowed by the NSP Loan Agreement, the Note and this Deed of Trust shall not be assigned by Trustor without the Beneficiary's prior written consent and the consent of any senior lender(s).

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 in violation of applicable Environmental Law. Trustor shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any applicable 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 with jurisdiction over the Property and/or Project, 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 required by applicable Environmental Law, Trustor shall promptly take all remedial actions required by, and in accordance with, applicable Environmental Law.

b. As used in this **Section 26**, "Hazardous Substances" are those substances defined as toxic or hazardous substances by applicable 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 and safety, to the extent such laws relate to Hazardous Substances, or environmental protection.

27. **Acceleration; Remedies.** Beneficiary shall give written notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which shall not be more than twenty (20) calendar days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than sixty (60) calendar days from the mailing of the notice for a non-monetary default (provided that if the non-monetary default is not reasonably capable of being cured within sixty (60) days and Trustor (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as reasonably practicable, then Trustor shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party; provided that in no event shall Beneficiary be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default; 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 then in effect, 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, any 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. Subject to the rights of any senior lien holder, Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Deed of Trust; and (c) any excess to the person or persons legally entitled to it.

28. **Release.** Upon payment of all sums secured by this Deed of Trust, Beneficiary shall release this Deed of Trust without charge to Trustor. Trustor shall pay any recordation costs.

The lien of the Covenant Agreement shall not be released or reconveyed until the expiration of the term set forth therein notwithstanding the payment of all sums secured by this Deed of Trust.

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

30. **Modification of Senior Loan Documents.** Any agreement or arrangement, in which a senior lender waives, postpones, extends, reduces, or modifies any provisions of a senior lien holder deed of trust or any other senior lender loan documents, including any provisions requiring the payment of money, shall require the prior written approval of Beneficiary.

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

32. **General Partner Change.** Except as otherwise provided in the NSP Loan Agreement, the withdrawal, removal, and/or replacement of a general partner of the Trustor pursuant to the terms of Trustor's partnership agreement shall not constitute a default under any of the Secured Obligations, and any such actions shall not accelerate the maturity of the NSP Loan, provided that any required substitute general partner is (a)(i) an affiliate of Trustor's limited partner, or (ii) reasonably acceptable to Beneficiary, and (b) selected with reasonable promptness. Any proposed General Partner replacement pursuant to clause (a)(ii) above shall have the qualifications and financial responsibility as reasonably determined by Beneficiary necessary and adequate to fulfill the obligations undertaken in the NSP Loan Agreement, as amended.

33. **Removal, Demolition or Alteration of Personal Property and Fixtures.** Except to the extent permitted by the following sentence, no personal property or fixtures shall be removed, demolished or materially altered without the prior written consent of the Beneficiary. Trustor may remove and dispose of, free from the lien of this Deed of Trust, such personal property and fixtures as from time to time become worn out or obsolete, providing that, (a) the same is done in the ordinary course of business, and (2) either (i) at the time of, or prior to, such removal, any such personal property or fixtures are replaced with other personal property or fixtures which are free from liens other than encumbrances permitted hereunder and which have a value or utility 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.

[Signatures on Following Page]

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

TRUSTOR:

VISCAR TERRACE LP,
a California limited partnership

By: RHCDC Viscar MGP LLC,
a California limited liability company,
its Managing General Partner

By: Rio Hondo Community Development Corporation,
a California nonprofit public benefit corporation,
its sole member and manager

By: form - do not sign
Kenneth Ferreira, Executive Director

By: Viscar Terrace LLC,
a California limited liability company,
its Administrative General Partner

By: TEREDS LLC,
a California limited liability company,
its managing member

By: form - do not sign
Tung V. Tran, Manager

(Signature needs to be notarized)

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

Vista Murrieta property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 2 AND 3 OF PARCEL MAP 17443, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 100, PAGES 95](#) AND 96 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

[APN 949-180-023](#), [APN 949-180-025](#)

Myers Lane Property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 3 OF [PARCEL MAP 11427](#), IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 55, PAGE 7](#) OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[APN: 949-180-022](#)

EXHIBIT C

PROMISSORY NOTE (NSP Loan)

\$2,685,744

Murrieta, CA

In installments as hereafter stated, for value received, Viscar Terrace 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 Two Million Six Hundred Eighty-Five Thousand Seven Hundred Forty-Four Dollars (U.S. \$2,685,744.00) (the “NSP Loan” or “Note Amount”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (the “Note”) is given in accordance with that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds executed by COUNTY and Borrower, dated as of _____, 2025 and recorded in the Official Records (“Official Records”) of the County of Riverside (the “NSP Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings established in the NSP Loan Agreement. The Note is secured by a Deed of Trust executed by Borrower for the benefit of the COUNTY recorded on or about the date hereof in the Official Records of the County of Riverside (the “NSP Deed of Trust”). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the NSP Loan Agreement and the following terms:

- (1) The NSP Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the Neighborhood Stabilization Program and the regulations issued thereunder (Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010, as amended) (the "NSP Program"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the NSP Program regulations, the NSP Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records of Riverside County (“Official Records”), between Borrower and County.
- (2) That the NSP Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided wherein a higher default interest rate shall apply as more specifically set forth in this Note, and shall be repaid on an annual basis from the Project’s Residual Receipts as defined in Section 4 of the NSP Loan Agreement. Interest will accrue thirty (30) days from the date of recordation of the Notice of Completion in the Official Records. Repayment of the NSP Loan amount from Project’s Residual Receipts with respect to the calendar year in which the Construction Loan is repaid in full shall be calculated based on Project’s Residual Receipts from and after the date that the Construction Loan is repaid in full.
- (3) The NSP Note shall be repaid to the COUNTY in accordance with the terms and conditions set forth in Section 4 of the NSP Loan Agreement. All payments made under this Note shall be applied as specified in said Section 4, and the BORROWER shall ensure timely repayment in full of the NSP Note as outlined therein.
- (4) The Project’s Residual Receipts and COUNTY’s pro rata share of 50% of the Project’s Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by

BORROWER to COUNTY on or before each July 1st following the close of the project fiscal year commencing on July 1st of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon the expiration of the NSP Loan Term as set forth in Section 4(a) of the NSP Loan Agreement, which shall be the later to occur of (i) July 1, 2082 or (ii) fifty-five (55) years from recordation of the Notice of Completion in the Official Records for the last building for which construction is completed for the Project. The first payment from BORROWER to COUNTY shall be due on July 1st in the first full calendar year following the date the Construction Loan is repaid in full, to the extent of available Residual Receipts from the preceding calendar year, as set forth herein. Subsequent payments shall be made on July 1st thereafter to the extent of available Residual Receipts from the preceding calendar year until the earlier of full repayment of the NSP Loan or the NSP Loan maturity date as set forth above. Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP Loan Agreement.

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

indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Section 8, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, intentional and material misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any intentional misappropriation by Borrower of (I) loan proceeds provided by COUNTY to pay costs as described in the NSP Loan Agreement, (II) rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any intentional misappropriation of rental proceeds by Borrower resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the NSP Loan Agreement and/or Deed of Trust or the indemnification regarding Hazardous Substances pursuant to the NSP Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

- (9) Event of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Note after notice and opportunity to cure pursuant to the terms set forth in the NSP Loan Agreement:

a. Monetary Default. (1) Borrower's failure to pay within twenty (20) days after Borrower's receipt of written notice by County any sums payable under the NSP Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of NSP funds for costs other than those costs permitted under the NSP Loan Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement, following written notice by COUNTY and Borrower's failure to correct such use within twenty (20) days thereafter, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the NSP Loan within twenty (20) days after Borrower's receipt of written notice by County, and /or (4) default past any applicable notice and cure period under the terms of (1) that certain deed of trust for the benefit of Citibank, N.A. securing a construction loan for the Project in an amount up to Seventy-Six Million Dollars (\$76,000,000);

b. Non-Monetary Default - Operation. (1) Knowing 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 NSP Deed of Trust that are not promptly removed following written notice by COUNTY or which Borrower is not in the process of contesting in good faith, (3) Borrower's failure to obtain and maintain the insurance coverage required under the NSP Loan Agreement within ten (10) days after Borrower's receipt of written

notice by COUNTY, (4) any material default under the NSP Loan Agreement, NSP Deed of Trust with Assignment of Rents, Covenant Agreement, or any document executed by the COUNTY in connection with the NSP Loan Agreement, and/or (4) default past any applicable notice and cure period under the terms of (A) that certain deed of trust for the benefit of Citibank, N.A. securing a construction loan for the Project in an amount up to Seventy-Six Million Dollars (\$76,000,000);

c. General Performance of Loan Obligations. Any substantial or continuous or repeated material breach by Borrower or Borrower's agents of any material obligations on Borrower imposed in the NSP Loan Agreement; and

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

(10) Notice of Default and Opportunity to Cure.

COUNTY shall give written notice of default to BORROWER, specifying the default complained of by COUNTY. COUNTY shall give Citibank, N.A. ("Senior Lender") a concurrent copy of each notice given by COUNTY to BORROWER at the address set forth in the NSP Loan Agreement. Notwithstanding any contrary provision herein, Senior Lender shall have the right, but shall not have any obligation, to cure any default until ninety (90) days following Senior Lender's receipt of a notice given by COUNTY. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the time of default. Except as otherwise expressly provided in this Agreement, any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies. Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may reasonably deem necessary to protect, assert or enforce any such rights or remedies.

If a monetary event of default occurs, prior to exercising any remedies hereunder, COUNTY shall give BORROWER written notice of such default. BORROWER shall have a period of twenty (20) days after such notice is given within which to cure the default prior to exercise of remedies by COUNTY.

If a non-monetary event of default occurs, prior to exercising any remedies hereunder, COUNTY shall give BORROWER written notice of such default. If the default is reasonably capable of being cured within sixty (60) days, BORROWER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the default is such that it is not reasonably capable of being cured within sixty (60) days, and BORROWER (i) initiates corrective action within said period, and (ii) diligently, continually, and in good faith works to effect a cure as soon as reasonably practicable, then BORROWER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the injured party. In no event shall COUNTY be precluded from exercising

remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default.

Notwithstanding anything to the contrary contained herein, County hereby agrees that any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to Borrower's limited partner as set forth in the NSP Loan Agreement.

- (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 reasonably 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 NSP Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.

- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) Except for transfers authorized in the NSP Loan Agreement, (i) 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, and (ii) in the absence of specific written agreement by the COUNTY, no assignment or transfer shall be deemed to relieve Borrower or any other party from any obligations under the NSP Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.
- (19) Except as to the permitted deeds of Trust identified herein or otherwise permitted under the Loan Documents (as defined in the NSP Loan Agreement), 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; except that prior written approval for secured financing that is junior to the NSP Loan and does not affect the repayment of the NSP Loan shall not be unreasonably withheld, delayed or conditioned.
- (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 Street, Suite 300, Riverside, California 92501, Attention: Assistant Director of HWS. The facsimile number for the COUNTY's receipt of notices is (951) 352-4852.
- (c) The address(es) of Borrower for purposes of receiving notices pursuant to this Note shall be as stated in the NSP Loan Agreement.

- (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) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.
- (24) The indebtedness evidenced by this Note is and shall be subordinate in right of payment to the prior payment in full of all amounts then due and payable (including, but not limited to, all amounts due and payable by virtue of any default or acceleration or upon maturity) with respect to the indebtedness evidenced by the Note (as defined by that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing by the Borrower in favor of Governmental Lender and assigned to Citibank, N.A.), in the original maximum principal amount of Seventy-Six Million Dollars (\$76,000,000), executed by Borrower and payable to Citibank, N.A. ("Senior Lender"), to the extent and in the manner provided in that certain Subordination and Intercreditor Agreement, dated on or about the same date hereof, between Senior Lender and the holder of this Note (the "Subordination Agreement"). The rights and remedies of the payee and each subsequent holder of this Note shall be deemed, by virtue of such holder's acquisition of this Note, to have agreed to perform and observe all of the terms, covenants and conditions to be performed or observed by the "Junior Lender" under the Subordination Agreement.

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(SIGNATURES ON THE NEXT PAGE)

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

BORROWER:

VISCAR TERRACE LP,
a California limited partnership

By: RHCDC Viscar MGP LLC,
a California limited liability company,
its Managing General Partner

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

By: form - do not sign
Kenneth Ferreira, Executive Director

By: Viscar Terrace LLC,
a California limited liability company,
its Administrative General Partner

By: TEREDS LLC,
a California limited liability company,
its managing member

By: form - do not sign
Tung V. Tran, Manager

Date: _____, 2025

EXHIBIT D

**RIVERSIDE COUNTY
HOUSING AND WORKFORCE SOLUTIONS**

**SECTION 3
24 CFR PART 135**

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY HOUSING AND WORKFORCE SOLUTIONS

I. Section 135.1 Purpose

The purpose of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Section 3) is to ensure that employment and other economic opportunities generated by certain HUD financial assistance shall, to the greatest extent feasible, and consistent with existing Federal, State and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns which provide economic opportunities to low- and very low-income persons.

Section 135.30 Numerical Goals for Meeting the Greatest Extent Feasible Requirement

A. GENERAL

- (1) Recipients and covered contractors may demonstrate compliance with the "greatest extent feasible" requirement of Section 3 by meeting the numerical goals set forth in this Section for providing training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (2) The goals established in this section apply to the entire amount of the Section 3 covered assistance awarded to a recipient in any Federal Fiscal Year (FY) commencing with the first FY following the effective date of this rule - (October 1, 1994).
- (3) For Recipients that do not engage in training, or hiring, but award contracts to contractors that will engage in training, hiring and subcontracting, recipients must ensure that, to the greatest extent feasible, contractors will provide training, employment, and contracting opportunities to Section 3 residents and Section 3 Business Concerns.
- (4) The numerical goals established in this Section represent minimum numerical goals.

B. TRAINING AND EMPLOYMENT

The numerical goals set forth in this Section apply to new hires. The numerical goals reflect the aggregate hires. Efforts to employ Section 3 residents, to the greatest extent feasible, should be made at all levels.

Recipients of Section 3 covered community development assistance, and their contractors and subcontractors may demonstrate compliance with the requirements of this part by committing to employ Section 3 residents as:

- (i) 10 percent of the aggregate number of new hires for the one year period beginning in FY 1995 (October 1, 1994 to September 30, 1995),
- (ii) 20 percent of the aggregate number of the new hires for the one year period beginning in FY 1996 (October 1, 1995 to September 1996); and

- (iii) 30 percent of the aggregate number of new hires for the one year period beginning in FY 1997 and continuing thereafter (October 1, 1996 and thereafter).

C. CONTRACTS

Numerical goals set forth in this Section apply to contracts awarded in connection with all Section 3 covered project and Section 3 covered activities. Each recipient and contractor and subcontractor may demonstrate compliance with the requirements of this part by committing to award to Section 3 Business Concerns:

- (1) At least 10 percent to of the total dollar amount of all Section 3 covered contracts for building trades work arising in connection with housing rehabilitation, housing construction and other public construction; and
- (2) At least three (3) percent of the total dollar amount of all other Section 3 covered contracts.

D. SAFE HARBOR AND COMPLIANCE DETERMINATIONS

- (1) In the absence of evidence to the contrary, a recipient that meets the minimum numerical goals set forth in this section will be considered to have complied with the Section 3 preference requirements.
- (2) In evaluating compliance, a recipient that has not met the numerical goals set forth in this section has the burden of demonstrating why it was not feasible to meet the numerical goals set forth in this section. Such justification may include impediments encountered despite actions taken. A recipient or contractor also can indicate other economic opportunities, such as those listed in Sec. 135.40, which were provided in its efforts to comply with Section 3 and the requirement of this part.

III. SECTION 135.34 Preference for Section 3 Residents in Training and Employment Opportunities.

A. Order of providing preference. Recipients, contractors, and subcontractors shall direct their efforts to provide, to the greatest extent feasible, training and employment opportunities generated from the expenditure of Section 3 covered assistance to Section 3 residents in the order of priority provided in this section.

- (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 residents residing in the Riverside or San Bernardino County (collectively, referred to as category 1 residents); and
 - (ii) Participants in HUD Youth build programs (category 2 residents).
 - (iii) Where the Section 3 project is assisted under the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11301 et seq.), homeless persons residing in the Riverside or San Bernardino County shall be given the highest priority;

- B. Eligibility for Preference: A Section 3 resident seeking the preference in training and employment provided by this part shall certify, or submit evidence to the recipient contractor or subcontractor, if requested, that the person is a Section 3 resident, as defined in Sec. 135.5 (An example of evidence of eligibility for the preference is evidence of receipt of public assistance, or evidence of participation in a public assistance program.)
- C. Eligibility for employment: Nothing in this part shall be construed to require the employment of a Section 3 resident who does not meet the qualifications of the position to be filled.

IV SECTION 135.36 Preference for Section 3 Business Concerns in Contracting Opportunities.

- A. Order of Providing Preference: Recipients, contractors and subcontractors shall direct their efforts to award Section 3 covered contract, to the greatest extent feasible, to Section 3 Business Concerns in the order of priority provided in this section.
 - (1) Housing and community development programs. In housing and community development programs, priority consideration shall be given, where feasible, to:
 - (i) Section 3 business concerns that provide economic opportunities for Section 3 residents in the Riverside or San Bernardino County (category 1 businesses); and
 - (ii) Applicants (as this term is defined in 42 U.S.C. 12899) selected to carry out HUD Youth build programs (category 2 businesses);
 - (iii) Other Section 3 business concerns.
- B. Eligibility for Preference: A Business Concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence, if requested, that the Business Concern is a Section 3 Business Concern as defined in Section 135.5.
- C. Ability to Complete Contract: A Section 3 Business Concern seeking a contract or a subcontract shall submit evidence to the recipient, contractor, or subcontractor (as applicable), if requested, sufficient to demonstrate to the satisfaction of the party awarding the contract that the business concern is responsible and has the ability to perform successfully under the terms and conditions of the proposed contract. (The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to the procurement standards of 24 CFR 85.36 (see 24 CFR 85.36 (b) (8)). This regulation requires consideration of, among other factors, the potential contractor's record in complying with public policy requirements. Section 3 compliance is a matter properly considered as part of this determination.

SECTION 135.38 Section 3 Clause.

All Section 3 covered contracts shall include the following clause (referred to as the Section 3 clause):

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance of HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low-and very low-income persons, particularly persons who are recipients of HUD assistance for housing.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.
- C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate actions, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.
- E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 35 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.
- F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

VI. SECTION 135.40 Providing Other Economic Opportunities

- A. General. In accordance with the findings of the Congress, as stated in Section 3, that other economic opportunities offer an effective means of empowering low-income persons, a recipient is encouraged to undertake efforts to provide to low-income persons economic opportunities other than training, employment, and contract awards, in connection with Section 3 covered assistance.

- B. Other training and employment related opportunities. Other economic opportunities to train and employ Section 3 residents include, but need not be limited to, use of "upward mobility", "bridge" and trainee positions to fill vacancies; hiring Section 3 residents in management and maintenance positions within other housing developments; and hiring Section 3 residents in part-time positions.

- C. Other business related economic opportunities:
 - (1) A recipient or contractor may provide economic opportunities to establish stabilize or expand Section 3 Business Concerns, including micro-enterprises. Such opportunities include, but are not limited to the formation of Section 3 Joint Ventures, financial support for affiliating with franchise development, use of labor only contracts for building trades, purchase of supplies and materials from housing authority resident-owned businesses, purchase of materials and supplies from Public Housing Agency resident-owned businesses. A recipient or contractor may employ these methods directly or may provide incentives to non-Section 3 businesses to utilize such methods to provide other economics opportunities to low-income persons.

 - (2) A Section 3 Joint Venture means an association of Business Concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the Business Concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:
 - (i) Is responsible for clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
 - (ii) Performs at least 25 percent of the work and is contractually entitled to compensation proportionate to its work.

VII. SECTION 135.5 Definitions.

As used in this part:

Applicant means any entity which makes an application for Section 3 covered assistance and includes, but is not limited to, any State, unit of local government, public housing agency, Indian housing authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, developer, limited dividend sponsor, builder, property manager, community housing development organization (CHDO), resident management corporation, resident council, or cooperative association.

Assistant Secretary means the Assistant Secretary for Fair Housing and Equal Opportunity.

Business Concern means a business entity formed in accordance with State law, and which is licensed under State, county or municipal law to engage in the type of business activity for which it was formed.

Contract. See the definition of "Section 3 covered contract" in this section.

Contractor means any entity which contracts to perform work generated by the expenditure of Section 3 covered assistance, or for work in connection with a Section 3 covered project.

Department or HUD means the Department of Housing and Urban Development, including its Field Offices to which authority has been delegated to perform functions under this part.

Employment opportunities generated by Section 3 covered assistance means (with respect to Section 3 covered housing and community development assistance), this term means all employment opportunities arising in connection with Section 3 covered projects (as described in Section 135.3(a) (2)), including management and administrative jobs connected with the Section 3 covered project. Management and administrative jobs, include architectural, engineering or related professional services required to prepare plans, drawings, specifications, or work write-ups; and jobs directly related to administrative support of these activities, e.g., construction manager, relocation specialist, payroll clerk, etc.

Housing and community development assistance means any financial assistance provided or otherwise made available through a HUD housing or community development program through any grant, loan, loan guarantee, cooperative agreement, or contract, and includes community development funds in the form of community development block grants, and loans guaranteed under Section 108 of the Housing and Community Development Act of 1974, as amended. Housing and community development assistance does not include financial assistance provided through a contract of insurance or guaranty.

Housing development means low-income housing owned, developed, or operated by public housing agencies or Indian housing authorities in accordance with HUD's public and Indian housing program regulations codified in 24 CFR Chapter IX.

HUD Youth build Programs means programs that receive assistance under subtitle D of Title IV of the National Affordable Housing Act, as amended by the Housing and Community Development Act of 1992 (42 U.S.C. 12899), and provide disadvantaged youth with opportunities for employment, education, leadership development, and training

in the construction or rehabilitation of housing for homeless individuals and members of low and very low-income families.

Low income person. See the definition of "Section 3 Resident" in this section.

New hires mean full-time employees for permanent, temporary, or seasonal employment opportunities.

Public Housing resident has the meaning given this term in 24 CFR Part 963.

Recipient means any entity which receives Section 3 covered assistance, directly from HUD or from another recipient and includes, but is not limited to, any State, unit or local government, PHA, Indian Housing Authority, Indian tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, owner, PARTICIPANT, developer, limited dividend sponsor, builder, property manager, community development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such entity, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include contractors.

Secretary means the Secretary of Housing and Urban Development.

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

Section 3 Business Concern means a business concern, as defined in this Section:

- (1) That is 51 percent or more owned by Section 3 residents; or
- (2) Whose permanent, full-time employees include persons, at least 30 percent of whom are currently Section 3 residents, or within three years of the date of first employment with the business concern were Section 3 residents; or
- (3) That provides evidence of a commitment to subcontract in excess of 25 percent of the dollar award of all subcontracts to be awarded to business concerns that meet the qualifications set forth in Sections (1) or (2) in this definition of "Section 3 Business Concern"

Section 3 Clause means the contract provisions set forth in Sec. 135.38.

Section 3 covered activity means any activity which is funded by Section 3 covered assistance public and Indian housing assistance.

Section 3 covered assistance means:

- (1) Assistance provided under any HUD housing or community development program that is expended for work arising in connection with:
 - (i) Housing rehabilitation (including reduction and abatement of lead-based paint hazards, but excluding routine maintenance, repair and replacement):
 - (ii) Housing construction; or
 - (iii) Other public construction project (which includes other buildings or improvements regardless of ownership).

Section 3 covered contract means a contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered assistance, or for work arising in connection with a Section 3 covered project. "Section 3 covered contracts" do not include contracts awarded under HUD's procurement program, which are governed by the Federal Acquisition Regulation System (see 48 CFR, Chapter 1). "Section 3 covered contracts" also do not include contracts for the purchase of supplies and materials. However, whenever a contract for materials includes the installation of the materials, the contract constitutes a Section 3 covered contract. For example, a contract for the purchase and installation of a furnace would be a Section 3 covered contract because the contract is for work (i.e., the installation of the furnace) and thus is covered by Section 3.

Section 3 covered project means the construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development assistance.

Section 3 resident means:

- (1) A public housing resident; or
- (2) An individual who resides in the San Bernardino or Riverside County, and who is:
 - (i) A low income person, is defined as families whose incomes do not exceed 80 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (ii) A very low income person, is defined as families whose incomes do not exceed 50 percent of the median income for the Riverside and San Bernardino Counties, as determined by the Secretary, with adjustments for smaller and larger families.
 - (iii) A person seeking the training and employment preference provided by Section 3 bears the responsibility of providing evidence (if requested) that the person is eligible for the preference.

Subcontractor means any entity (other than a person who is an employee of the contractor) which has a contract with a contractor to undertake a portion of the contractor's obligation for the performance of work generated by the expenditure of Section 3 covered assistance, or arising in connection with a Section 3 covered project.

Very low income person. See the definition of "Section 3 resident" in this section.

RIVERSIDE COUNTY HOUSING AND WORKFORCE SOLUTIONS

CONTRACTOR CERTIFICATION

REGARDING STATUS AS A SECTION 3 BUSINESS CONCERN

I, _____, hereby certify that the business
(print name and title)

known as _____
(print business name)

- _____ is not a Section 3 business. (Please complete the bottom section.)
- _____ is a Section 3 business **because** (check one of the following):
- _____ *51 percent or more is owned by Section 3 residents; or*
- _____ *30 percent of the permanent full-time employees are currently Section 3 residents or were Section 3 residents when first hired (if within the past three years); or*
- _____ *The business commits in writing to subcontract over 25 percent of the total dollar amount of all subcontracts to be let to businesses that meet the requirements of Sections 1 and 2 of this definition;*

AND

The business was formed in accordance with state law and is licensed under state, county, or municipal law to engage in the business activity for which it was formed.

A Section 3 Resident is a person living in San Bernardino or Riverside County who is a Public Housing resident or who is low income.

Low-Income Persons mean families (including single persons) whose income does not exceed 80 percent of the median income, as adjusted by HUD, for Riverside and San Bernardino Counties.

Signature _____ Project _____

Date _____

Project _____ \$ _____

HUD Effective April 01, 2024 for FY 2024 – Annual Low-Income Limit

Persons in Household	1	2	3	4	5	6	7	8
Low-Income Family (80% AMI)	57,400	65,600	73,800	82,000	88,600	95,150	101,650	108,250

A new hire is qualified as a Section 3 resident if he/she resides in Riverside or San Bernardino County and his/her total family income is less than the family income shown above for his/her household size.

EXHIBIT D-2

§ 135.38 Section 3 Clause

All section 3 covered contracts shall include the following clause (referred to as the section 3 clause):

A. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (section 3). The purpose of section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

B. The parties to this contract agree to comply with HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

C. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

D. The contractor agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

E. The contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

F. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

G. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also

applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

Prohibition Against Conflicts of Interest

EXHIBIT E

§ 92.356 Conflict of interest.

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

(b) Conflicts prohibited. No persons described in **paragraph (c)** of this section who exercise or have exercised any functions or responsibilities with respect to activities assisted with NSP 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 NSP-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 NSP 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 NSP Investment Partnerships Program and the effective and efficient administration of COUNTY's program or project. An exception may be considered only after the recipient has provided the following:

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

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

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

- d. Whether the exception would provide a significant cost benefit or an essential degree of expertise to the program or project which would otherwise not be available;
- e. Whether the person affected is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted activity, and the exception will permit such person to receive

generally the same interests or benefits as are being made available or provided to the group or class;

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

Owners/Participants and Developers.

- (1) No owner, developer, or sponsor of a project assisted with NSP 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 NSP-assisted affordable housing unit in a project. This provision does not apply to an individual who receives NSP 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 NSP program and the effective and efficient administration of the owner's or developer's NSP-assisted project. In determining whether to grant a requested exception, COUNTY shall consider the following factors:
 - (i) Whether the person receiving the benefit is a member of a group or class of low-income persons intended to be the beneficiaries of the assisted housing, and the exception will permit such person to receive generally the same interests or benefits as are being made available or provided to the group or class;
 - (ii) Whether the person has withdrawn from his or her functions or responsibilities, or the decision making process with respect to the specific assisted housing in question;
 - (iii) Whether the tenant protection requirements of § 92.253 are being observed;
 - (iv) Whether the affirmative marketing requirements of § 92.351 are being observed and followed; and
 - (v) Any other factor relevant to COUNTY's determination, including the timing of the requested exception.

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

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

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

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

EXHIBIT G

Covenant Agreement

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

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn. Annjanette Aguilar Barreras

SPACE ABOVE THIS LINE FOR RECORDERS USE

COVENANT AGREEMENT

(Viscar Terrace)

This Covenant Agreement (Viscar Terrace) (“Covenant”) is made and entered into as of the day of _____, 2025 by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), and VISCAR TERRACE LP, a California limited partnership (“OWNER”).

RECITALS

WHEREAS, OWNER owns those certain real properties located at 40475 Vista Murrieta and 40600 Myers Lane, in the City of Murrieta, also identified as Assessor’s Parcel Numbers 949-180-023, 949-180-025, and 949-180-022, legally described in **Exhibit A** attached hereto and incorporated herein by this reference (the “Property”);

WHEREAS, on _____, 2025, COUNTY and OWNER entered into that certain Loan Agreement for the Use of Neighborhood Stabilization Program Funds recorded in the Official Records (“Official Records”) of the County of Riverside concurrently herewith (the “NSP Loan Agreement”) which provides for, among other things, redevelopment and construction on the Property, “Viscar Terrace,” a portion of which will be for very low-income families (the “Project”). Capitalized terms not defined herein shall have the meaning ascribed to them in the NSP Loan Agreement;

WHEREAS, the Neighborhood Stabilization Program (“NSP”), which was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (“HERA”) and appropriated under Community Development Block Grant (CDBG), was created under the heading of Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes for the purpose of assisting in the redevelopment of abandoned or foreclosed homes. The American Recovery and Reinvestment Act of 2009 provided a second round of NSP funds (“NSP2”). On October 19, 2010, a third round of NSP funding (“NSP3”), provided an additional allocation of funds under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”). The intent of NSP, NSP2 and NSP3 (collectively, “NSP”) is to stabilize neighborhoods in areas with greatest need and stem the decline of house values of neighboring homes;

WHEREAS, pursuant to the NSP Loan Agreement, COUNTY loaned to OWNER \$2,685,744 of NSP funds (“NSP Loan”), to provide financial assistance to OWNER, to pay a portion of the costs related to the Project, as more fully described in the NSP Loan Agreement. The NSP Loan is evidenced by a Promissory Note executed by OWNER, in favor of the COUNTY dated on or about the date hereof (“NSP Loan Note”) and secured by that certain Deed of Trust and Assignment of Rents executed by OWNER, for the benefit of COUNTY and recorded in the Official Records concurrently herewith (“NSP Loan Deed of Trust”); and

WHEREAS, pursuant to the NSP Loan Agreement, OWNER has agreed to redevelop the land and construct a multi-family affordable rental housing project consisting of one hundred seventy (170) affordable rental units and two (2) manager’s units. A total of sixty-eight (68) NSP-Assisted Units (6 under NSP1 and 62 under NSP3) are to be rented to and occupied by qualified very low income households pursuant to the NSP Program (“NSP-Assisted Units”) as set forth more specifically below.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual covenants and agreements of OWNER and COUNTY, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, OWNER, on behalf of itself and its successors, assigns, and each successor in

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

1) RESTRICTIONS. This Covenant shall continue in full force and effect for the later of (i) fifty-five (55) years from the recordation of the Notice of Completion for the last building for which construction is completed for the Project on the Property or (ii) July 1, 2082 (“Term” or “Affordability Period”). For the duration of the Term, Owner, for itself and on behalf of its successors and assigns, agrees that the Property shall be held, sold and conveyed, subject to the following covenants, conditions, and restrictions:

a) Sixty-eight (68) NSP-Assisted Units (6 under NSP1 and 62 under NSP3) shall be limited to households whose incomes do not exceed fifty percent (50%) of the area median income for the County of Riverside (“Qualified Very Low Income Households”), adjusted by family size at the time of occupancy as published by HUD. The NSP-Assisted Units shall be a “floating” designation on the Property such that the requirements of this Agreement will be satisfied so long as the total number of NSP-Assisted Units remains the same throughout the Affordability Period;

b) Pursuant to the COUNTY’s NSP program as set forth in the COUNTY’s 2010-2011 One Year Action Plan (“Action Plan”) including its amendments, BORROWER shall comply with the rent limitations under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the “HOME Program”). A total of 68 units floating (6 under NSP1 and 62 under NSP3) throughout the project, shall be reserved as NSP-Assisted Units and rented at Low HOME rent levels as published by HUD. The NSP-Assisted Units shall be a “floating” designation on the Property such that the requirements of this Agreement will be satisfied so long as the total number of NSP-Assisted Units and bedroom size remains substantially the same throughout the Affordability Period. COUNTY shall review and approve proposed rents to the extent required under this section. BORROWER shall ensure the NSP-Assisted Units are rented to Qualified Very Low Income Households at the Low HOME rent levels required herein. The maximum monthly

allowances for utilities and services (excluding telephone) shall not exceed the utility allowance as described below;

c) Utility Allowance: Owners are required to complete initial Utility Allowance (UA) calculations and submit their calculations for review and approval to the County prior to implementation, annually by June 1st. The following methods below are acceptable methodologies for calculating UA's:

- i. HUD Utility Schedule Model (HUSM), UA based on HUD's model.
- ii. Utility Company Estimate, UA based on estimated obtained from a local utility company for each of the utilities used in the project.
- iii. LIHTC Agency Estimate, UA approved by the LIHTC agency based on its actual usage methodology.
- iv. Energy Consumption Model (Engineer Model), UA based upon on an energy and water and sewage consumption and analysis model prepared by a third party licensed engineer or a qualified professional.

d) Loss or Reduction of Rental Subsidy; Effect of Foreclosure. It is anticipated that the Property will be supported by Project-Based Section 8 rental subsidy payments (the "Rental Subsidy"). If, during the Term, (i)(1) any change in federal law or regulations occurs, (2) any action (or inaction) by Congress or any federal or State agency occurs, or (3) any other circumstances exist which results in a reduction, termination, or nonrenewal of the Rental Subsidy through no fault of OWNER, such that the Rental Subsidy as it exists as of the Effective Date is no longer available (or available in a lesser amount) (any of the foregoing, a "Rental Subsidy Event"), or (ii) a foreclosure or deed in lieu of foreclosure or any other action taken pursuant to the deed of trust or other mortgage security instrument securing a senior loan occurs, OWNER may request approval of COUNTY to (a) allow households whose income does not exceed the income limits published annually by HUD for the HOME Program for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area for a low income household ("Low Income Households"), adjusted for family size at the time of occupancy, to occupy the NSP-Assisted Units, and (b) increase the rent on one or more of the NSP-Assisted Units, to rents that do not exceed the

High HOME Rent Limit published annually by HUD for the Riverside-San Bernardino-Ontario Metropolitan Statistical Area, as outlined herein.

The income limit and rent increases described in subsections (a) and (b) in the foregoing paragraph of this subsection (d) are subject to the following requirements: concurrently with the request, OWNER shall provide COUNTY with (I) evidence of the anticipated reduction, termination, or nonrenewal of the Rental Subsidy (applicable only on the occurrence of a Rental Subsidy Event), (II) a management plan for the Project for the County's approval (such approval not to be unreasonably withheld or delayed), showing the impact of the loss or reduction of the Rental Subsidy (applicable only on the occurrence of a Rental Subsidy Event), (III) a proposed operating budget reflecting the rent increases (the "Operating Budget"), and (IV) a description of OWNER's efforts to obtain alternate sources of rental subsidies (applicable only on the occurrence of a Rental Subsidy Event), and, if the foregoing requirements (as applicable) are completed to COUNTY's reasonable satisfaction, subject to the limitations set forth in the immediately succeeding sentence, COUNTY shall approve OWNER's request to increase the income limits and rent restrictions applicable to the NSP-Assisted Units. The number of NSP-Assisted Units subject to the rent increase and the amount of the proposed increase may not be greater than (1) the number or amount required to ensure that the Project generates sufficient income to cover its operating costs, required deposits to replacement reserves, and debt service payments on approved financing as shown on the Operating Budget (together, the "Minimum Liabilities"), and (2) such amount as is necessary for the Project to maintain a debt service coverage ratio of at least 1.15 to 1.00 (the "Debt Service Coverage Ratio"). As used herein, "Debt Service Coverage Ratio" means, for any period, the ratio of (x) net operating income for such period to (y) all principal and interest payments due and payable during such period, regardless of whether the Project is generating sufficient cash flow.

Upon a Rental Subsidy Event, OWNER hereby agrees to use good faith commercially reasonable efforts to obtain alternative sources of rental subsidies and shall provide COUNTY with quarterly progress reports on efforts to obtain alternative sources of rental subsidies that would allow the rents to be reduced. Upon receipt of any alternative rental subsidies, OWNER

shall reduce the rents as much as possible with the goal of reverting the rents to their original levels as set forth herein to the extent that the alternative rental subsidies provide sufficient income to cover the Minimum Liabilities of the Project as shown on the Operating Budget and to maintain a Debt Service Coverage Ratio of 1:15 to 1.00.

The following additional requirements apply with respect to any rent increases made pursuant to the terms of this Subsection (d):

(i) OWNER shall provide tenants with at least sixty (60) days' prior written notice of any such rent increase and shall notify each tenant that if they have received a tenant-based voucher from the Housing Authority of the County of Riverside or any other governmental entity they may use such voucher to pay the rent for their NSP-Assisted Unit; and

(ii) No later than sixty (60) days prior to the proposed implementation of any such rent increase, OWNER shall submit to the COUNTY a schedule of any proposed rent increase for approval by COUNTY (such approval not to be unreasonably withheld or delayed). COUNTY will disapprove a rent increase if it does not comply with the restrictions set forth herein.

e) OWNER shall comply with the terms of the NSP Loan Agreement, NSP Loan Note, NSP Loan Deed of Trust and any other instrument secured by the Property.

2) SUBORDINATION. During the construction phase, with the exception of the City of Murietta Affordable Housing Agreement, Covenants and Restrictions, which shall be recorded in a first priority position, this Covenant Agreement shall be recorded in a senior position to all other loans and regulatory agreements, which will be recorded in the following positions: (a) a deed of trust for the benefit of Citibank, N.A. securing a construction loan for the Project in an amount up to Seventy-Six Million Dollars (\$76,000,000), and any refinance of such loan permitted by the NSP Loan Agreement (the "Construction Loan") shall be in a third priority lien position. Upon repayment of the Construction Loan and reconveyance of the deed of trust securing the Construction Loan; this Covenant Agreement shall be recorded in a second priority lien position. A deed of trust for the benefit of Citibank, N.A. securing a permanent loan for the Project in an amount up to Thirty-Three Million Dollars (\$33,000,000), and any refinance of such loan permitted by the NSP Loan Agreement (the "Permanent Loan") shall be in a third priority lien

position.

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

a) The Neighborhood Stabilization Program as enacted under Section 1497 of the Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) and Federal Register Notice, Vol. 75, No. 201, Docket No. FR-5447-N-01, dated October 19, 2010, as amended.

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

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

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

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

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

(7) OWNER shall prepare a schedule of records that will be kept describing actions taken by OWNER to affirmatively market units and records to assess the results of these actions.

(8) OWNER shall prepare a description of how OWNER will annually assess the success of affirmative marketing actions and what corrective actions will be taken where affirmative marketing requirements are not met.

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

- (i) Placing qualified small and minority businesses and women's business enterprises on solicitation lists.
- (ii) Assuring that small and minority businesses, and women's business enterprises are solicited whenever they are potential sources.
- (iii) Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by small and minority business, and women's business enterprises.
- (iv) Establishing delivery schedules, where the requirement permits, which encourage participation by small and minority business, and women's business enterprises.
- (v) Using the services and assistance of the Small Business

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

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

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

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

- (1) *Agreement to be sued*. Agreement by the tenant to be sued, to admit guilt or to a judgment in favor of OWNER in a lawsuit brought in connection with the lease.
- (2) *Treatment of property*. Agreements by tenant that OWNER may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however, does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. OWNER may dispose of this personal property in accordance with State law.
- (3) *Excusing OWNER from responsibility*. Agreement by the tenant not to hold OWNER or OWNER's agents legally responsible for any action or failure to act, whether intentional or negligent.
- (4) *Waiver of notice*. Agreement of the tenant that OWNER may institute a lawsuit without notice to the tenant.
- (5) *Waiver of legal proceeding*. Agreement by the tenant that the

OWNER may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties.

- (6) *Waiver of a jury trial.* Agreement by the tenant to waive any right to a trial by jury.
- (7) *Waiver of right to appeal court decision.* Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease.
- (8) *Tenant chargeable with cost of legal actions regardless of outcome.* Agreement by the tenant to pay attorneys' fees or other legal costs even if the tenant wins in a court proceeding by OWNER against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.
- (9) *Mandatory supportive services.* Agreement by the tenant (other than a tenant in transitional housing) to accept supportive services that are offered.

c) Violence Against Women Reauthorization Act of 2013. (Pub. L. 113-4, 127 Stat. 54) ("VAWA 2013"). VAWA 2013 reauthorizes and amends the Violence Against Women Act of 1994, as previously amended, (title IV, sec. 40001-40703 of Pub. L. 103-322, 42 U.S.C. 13925 et seq.) VAWA 2013, among other things, bars eviction and termination due to a tenant's status as a victim of domestic violence, dating violence, or stalking, and requires landlords to maintain survivor-tenant confidentiality. VAWA 2013 prohibits a tenant who is a survivor of domestic violence, dating violence, sexual assault, and stalking from being denied assistance, tenancy, or occupancy rights based solely on criminal activity related to an act of violence committed against them. It extends housing protections to survivors of sexual assault, and adds "intimate partner" to the list of eligible relationships in the domestic violence definition. Protections also now cover an "affiliated individual," which includes any lawful occupant living

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

11) MAINTENANCE OF THE IMPROVEMENTS. OWNER, on behalf of itself and its successors, assigns, and each successor in interest to the Property and Project or any part thereof hereby covenants to and shall protect, maintain, and preserve the Property in compliance with all applicable federal and state law and regulations and local ordinances. In addition, OWNER, its successors and assigns, shall maintain the improvements on the Property in a good condition and repair, consistent with the condition of the Property at the time of the recordation of the Notice of Completion for the Project, reasonable wear and tear excepted. This standard for the quality of maintenance of the Property shall be met whether or not a specific item of maintenance is listed below. However, representative items of maintenance shall include frequent and regular inspection for graffiti or damage or deterioration or failure, and prompt repainting or repair or replacement of all surfaces, fencing, walls, equipment, etc., as necessary; emptying of trash receptacles and removal of litter; sweeping of public sidewalks adjacent to the Property, on-site walks and paved

areas as necessary to maintain clean surfaces; maintenance of all landscaping in a healthy and attractive condition, including trimming, fertilizing and replacing vegetation as necessary; cleaning windows on a regular basis; painting the buildings on a regular program and prior to the deterioration of the painted surfaces; conducting a roof inspection on a regular basis and maintaining the roof in a leak-free and weather-tight condition; maintaining security devices in good working order. In the event OWNER, its successors or assigns fails to maintain the Property in accordance with the standard for the quality of maintenance following written notice to OWNER and expiration of the applicable cure period, the COUNTY or its designee shall have the right but not the obligation to enter the Property upon reasonable notice to OWNER, correct any violation, and hold OWNER, or such successors or assigns responsible for the cost thereof, and such cost, until paid, shall constitute a lien on the Property; provided, however, that COUNTY acknowledges and agrees that the priority of any such lien shall be deemed to be the date such lien is filed, and not the date this Covenant Agreement is recorded.

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

OWNER herein covenants by and for itself, its successors and assigns, and all persons claiming under or through them, that this Covenant is made and accepted upon and subject to the following conditions: There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the

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

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

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

b) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or

group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased.”

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

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

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

a) Worker’s Compensation Insurance. If OWNER has employees as defined by the State of

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

- b) Commercial General Liability Insurance. Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of OWNER's performance of its obligations hereunder. Policy shall name the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives (collectively, the "Indemnitees") as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit.
- c) Vehicle Liability Insurance. If vehicles or mobile equipment are used in the performance of the obligations under this Covenant, then OWNER shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name the Indemnitees as Additional Insured or provide similar evidence of coverage approved by County's Risk Manager ("Risk Manager").
- d) General Insurance Provisions – All Lines.
 - i) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A M BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by Risk

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

- ii) OWNER's insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent of Risk Manager. Upon notification of self-insured retention unacceptable to COUNTY, and at the election of Risk Manager, OWNER's carriers shall either: (a) reduce or eliminate such self-insured retention, or (b) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.
- iii) OWNER shall cause OWNER's insurance carrier(s) to furnish the County of Riverside with copies of the Certificate(s) of Insurance and Endorsements effecting coverage as required herein, and 2) if requested to do so orally or in writing by Risk Manager, provide copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation (except ten (10) days written notice for cancellation for nonpayment), expiration or reduction in coverage of such insurance. OWNER shall not continue operations until COUNTY has been furnished Certificate(s) of Insurance and copies of endorsements and if requested, copies of policies of insurance including all endorsements and any and all other attachments as required herein. An individual authorized by the insurance carrier to do so, on its behalf, shall sign the original endorsements for each policy and the Certificate of Insurance.
- iv) It is understood and agreed to by the parties hereto that OWNER's insurance shall be construed as primary insurance, and COUNTY's insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be

construed as contributory.

- v) If, during the term of this Covenant or any extension thereof, there is a material change in the scope of services or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.) any of the foregoing, a "Material Change in Scope or Equipment", then COUNTY reserves the right to adjust the types of insurance required under this Covenant and the monetary limits of liability for the insurance coverage's currently required herein, if in Risk Manager's reasonable judgment, the amount or type of insurance carried by OWNER has become inadequate; provided, however, that (i) COUNTY may only adjust the types of insurance required under this Covenant in the event of a Material Change in Scope or Equipment, and (ii)(a) COUNTY may not increase the monetary limits of liability for the insurance coverage's currently required herein more than once every five (5) years, and (b) no such increase shall exceed the increase in CPI from the date of this Covenant or from the date of the last such increase, as applicable.
- vi) OWNER shall pass down the insurance obligations contained herein to all tiers of subcontractors.
- vii) OWNER agrees to notify COUNTY in writing of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of the NSP Loan Agreement.

14) HOLD HARMLESS/INDEMNIFICATION. OWNER shall indemnify and hold harmless the Indemnitees from any liability whatsoever, based or asserted upon any services of OWNER, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of OWNER, its officers, employees, subcontractors, agents or representatives under this Agreement. OWNER shall defend, at its sole expense, the Indemnitees, from all costs and fees including, but

not limited, to attorney fees, cost of investigation, defense and settlements or awards, incurred by the Indemnitees in any claim or action based upon such alleged acts or omissions. With respect to any action or claim subject to indemnification herein by OWNER, OWNER shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of COUNTY; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes OWNER's indemnification to Indemnitees as set forth herein. OWNER's obligation hereunder shall be satisfied when OWNER has provided to COUNTY the appropriate form of dismissal relieving COUNTY from any liability for the action or claim involved. The specified insurance limits required in this Agreement shall in no way limit or circumscribe OWNER's obligations to indemnify and hold harmless the Indemnitees herein from third party claims. In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve OWNER from indemnifying the Indemnitees to the fullest extent allowed by law. Notwithstanding anything in this Covenant to the contrary, OWNER shall have no obligation to defend and indemnify the Indemnitees to the extent any such liability arises from the willful misconduct or negligence of any of the Indemnitees.

15) NOTICES. Formal notices, demands and communications between the COUNTY and OWNER shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and OWNER 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).:

COUNTY

Assistant Director, Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501

BORROWER

Viscar Terrace LP
c/o Etapes Corporation
13681 Newport Ave, Suite 8230
Tustin, CA 92780
Attn: Tung Tran

With copies to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attn: Patrick D. McCalla

With copies to:

Hudson Viscar Terrace LP
c/o Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111
Attention: General Counsel

Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, MA 02116
Attention: Dayna M. Hutchins, Esq.

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

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

18) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY shall give OWNER notice of such default pursuant to section 15 above. Any monetary default shall be cured within twenty (20) days of delivery of written notice. Except as otherwise set forth herein, if a non-monetary default is reasonably capable of being cured within sixty (60) days of delivery of such notice of default, OWNER shall have such period to effect a cure prior to exercise of remedies by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured within sixty (60) days of delivery of such notice of default, and OWNER (a) initiates corrective action within said period, and (b) diligently, continually, and in good faith works to effect a cure as soon as reasonably practicable, then OWNER shall have such additional time as is reasonably necessary to cure the default prior to exercise of any remedies by the COUNTY. In no event shall COUNTY be precluded from exercising remedies if its security becomes or is about to become materially jeopardized by any failure to cure a default. COUNTY, upon providing OWNER with any notice of default under this Covenant, shall concurrently provide a copy of such default notice to a Permitted Lender (defined in **Section 23** below) who has given written notice to COUNTY of its interest in the Property and Project. From and after such notice has been delivered to a Permitted Lender, such Permitted Lender shall have the same period for remedying the default complained of as the cure period provided to OWNER pursuant to this Section 18. COUNTY shall accept performance by a Permitted Lender as if the same had been done by OWNER.

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

any later time.

Notwithstanding anything to the contrary contained herein, County hereby agrees that any cure of any default made or tendered by Borrower's limited partner shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower. Copies of all notices which are sent to Borrower hereunder shall also be sent to Borrower's limited partner as set forth in Section 15 hereto.

19) SALE, ASSIGNMENT OR TRANSFER OF THE PROJECT OR PROPERTY. Except as otherwise permitted under the NSP Loan Agreement, OWNER hereby covenants and agrees not to sell, transfer, assign or otherwise dispose of the Project, the Property or any portion thereof, without obtaining the prior written consent of COUNTY, which consent shall not be unreasonably withheld, conditioned or delayed. Any sale, assignment, or transfer of the Project or Property, shall be memorialized an assignment and assumption agreement the form and substance of which have been first approved in writing by the COUNTY in its sole discretion. Such assignment and assumption agreement shall, among other things, provide that the transferee has assumed in writing and in full, and is reasonably capable of performing and complying with OWNER's duties and obligations under the NSP Loan Agreement and this Covenant, provided, however OWNER shall not be released of all obligations under the NSP Loan Agreement and this Covenant as such applied to OWNER prior to any transfer.

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

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

22) BINDING EFFECT. The rights and obligations set forth in this Covenant shall

bind and inure to the benefit of the respective heirs, successors and assigns of the parties.

23) PERMITTED MORTGAGES. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Covenant shall defeat or render invalid or in any way impair the lien or charge of any deed of trust or mortgage permitted by the NSP Loan Agreement or the lien or charge of a deed of trust made by OWNER for the benefit of any lender authorized pursuant to Section 22 of the NSP Loan Agreement or first approved in writing by the COUNTY (each, a “Permitted Lender”) and nothing herein or in the NSP Loan Agreement shall prohibit or otherwise limit the exercise of a Permitted Lender’s rights and remedies thereunder, including a foreclosure or deed-in-lieu of foreclosure and subsequent transfer thereafter.

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

25) PROJECT MONITORING AND EVALUATION.

- a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to COUNTY, as shown in **Exhibit F** of the NSP Loan Agreement, and may be revised by COUNTY, summarizing the racial/ethnic composition, number and percentage of very low-income households who are tenants of the NSP-Assisted Units. The Tenant Checklist Form shall be submitted upon completion of the construction and thereafter, on a semi-annual basis on or before March 31 and September 30. OWNER shall maintain financial, programmatic, statistical and other supporting records of its operations and financial activities in accordance with the requirements of the NSP Program, including the submission of Tenant Checklist Form. Except as otherwise provided for in this Covenant and in the Agreement, OWNER shall maintain and submit records to COUNTY within ten (10) business days of COUNTY’s written request which clearly documents OWNER’s performance under each requirement of the NSP Program.
- b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of affordability, COUNTY must perform on-site inspections of NSP-Assisted rental housing to determine

compliance with the property standards of §92.251 and to verify the information submitted by the owners in accordance with the requirements of §92.252. The inspections must be in accordance with the inspection procedures that the participating jurisdiction establishes to meet the inspection requirements of §92.251. The on-site inspections must occur at least once every 3 years thereafter during the period of affordability. If there are observed deficiencies for any of the inspectable items in the property standards established by COUNTY, in accordance with the inspection requirements of §92.251, a follow-up on-site inspection to verify that deficiencies are corrected must occur within 12 months. COUNTY may establish a list of non-hazardous deficiencies for which correction can be verified by third party documentation (e.g., paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be corrected immediately, in accordance with §92.251. COUNTY must adopt a more frequent inspection schedule for properties that have been found to have health and safety deficiencies. The property owner must annually certify to the COUNTY that each building and all NSP-Assisted Units in the project are suitable for occupancy, taking into account State and local health, safety, and other applicable codes, ordinances, and requirements, and the ongoing property standards established by the participating jurisdiction to meet the requirements of §92.251. Inspections must be based on a statistically valid sample of units appropriate for the size of the Project and the number of NSP-Assisted Units in the Project, as set forth by HUD through notice. For projects with one-to-four COUNTY NSP-assisted units, COUNTY must inspect 100 percent of the COUNTY NSP-assisted units and the inspectable items (site, building exterior, building systems, and common areas) for each building housing NSP-Assisted Units.

26) ACCESS TO PROJECT SITE. Subject to any rights of tenants, representatives of the COUNTY and HUD shall have the right of access to the Property, upon 48 hours' written notice to OWNER (except in the case of an emergency, in which case COUNTY and/or HUD shall provide such notice as may be practical under the circumstances), without charges or fees, during normal business hours to review the operation of the Project in accordance with this Covenant and

the Agreement.

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

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

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[remainder of page intentionally blank]

(SIGNATURES ON THE NEXT PAGE)

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

COUNTY:

BORROWER:

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

VISCAR TERRACE LP,
a California limited partnership

By: form - do not sign
Heidi Marshall, Director

By: RHCDC Viscar MGP LLC,
a California limited liability company,
its Managing General Partner

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

By: form - do not sign
Kenneth Ferreira, Executive Director

By: Viscar Terrace LLC,
a California limited liability company,
its Administrative General Partner

By: TEREDS LLC,
a California limited liability company,
its managing member

By: form - do not sign
Tung V. Tran, Manager

Date: _____, 2025

Date: _____, 2025

(COUNTY and OWNER signatures need to be notarized)

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

By: 
Amrit P. Dhillon, Deputy County Counsel

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

Vista Murrieta property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 2 AND 3 OF PARCEL MAP 17443, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 100, PAGES 95](#) AND 96 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

[APN 949-180-023](#), [APN 949-180-025](#)

Myers Lane Property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 3 OF [PARCEL MAP 11427](#), IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 55, PAGE 7](#) OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[APN: 949-180-022](#)

EXHIBIT H

Request for Notices

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Solutions
3403 10th Street, Suite 300
Riverside, CA 92501
Attn: Annjanette Aguilar Barreras

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 _____, 2025 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by Viscar Terrace LP, a California limited liability partnership, as Trustor in which Citibank, N.A., an California banking association, its successors and assigns is named as Beneficiary, and First American Title Company as Trustee, and describing land therein as all that certain real property situated in the County of Riverside, State of California, described as follows:

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

[INSERT LEGAL DESCRIPTION]

All notices to be mailed to:

Attn: Director
Riverside County HWS
3403 10th Street, Suite 300
Riverside, California 92501

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

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

RIVERSIDE COUNTY
HOUSING AND WORKFORCE SOLUTIONS

Juan Garcia, Deputy Director

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

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

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

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

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

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

- STEP 1: Visit <https://www.sam.gov/>
- 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 NSP 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

SUBORDINATION AND INTERCREDITOR AGREEMENT
(County Loan)

THIS SUBORDINATION AND INTERCREDITOR AGREEMENT (COUNTY LOAN) (this “**Agreement**”) dated as of [June] __, 2025, is made by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California (“**Junior Lender**”) and **CITIBANK, N.A.**, a national banking association (“**Senior Lender**”) and acknowledged by **VISCAR TERRACE 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 Borrower Loan Agreement).

RECITALS:

A. Borrower has applied to the California Municipal Finance Authority, a joint exercise of powers authority duly organized and existing under the laws of the State of California (“**Governmental Lender**”), for a loan (the “**Senior Loan**”) for the acquisition, construction development, equipping and/or operation of a 172-unit multifamily residential project located in the City of Murrieta, Riverside County, California, known or to be known as Viscar Terrace (the “**Property**”).

B. The Senior Loan is evidenced by that (i) that certain Multifamily Note (Tax Exempt), dated as of the Closing Date, in the maximum principal amount of [\$52,264,807] made by Borrower payable to the order of Governmental Lender (the “**Tax Exempt Note**”), (ii) that certain Multifamily Note (Taxable), dated as of the Closing Date in the maximum principal amount of [\$23,000,000] made by Borrower payable to the order of Governmental Lender (the “**Taxable**”, and together with the Tax Exempt Note, as the same may from time to time be extended, consolidated, substituted for, modified, increased, amended and supplemented, the “**Senior Note**”) and (iii) that certain Borrower Loan Agreement, dated as of the date hereof, by and between Borrower and Governmental Lender (the “**Borrower Loan Agreement**”).

C. The Senior Loan is secured by, among other things, that certain Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof, executed by Borrower for the benefit of Governmental 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 shall be recorded concurrently herewith in Riverside County, California (“**Official Records**”) encumbers the Property.

D. The Borrower has requested that Senior Lender enter into that certain Funding Loan Agreement, dated as of the date hereof, by and between Governmental Lender and Senior Lender, pursuant to which Senior Lender will make a loan to Governmental Lender (the “**Funding Loan**”), the proceeds of which will be used to make the Senior Loan to Borrower pursuant to the Borrower Loan Agreement.

E. The Senior Note, the Senior Security Instrument and the Borrower Loan Agreement have each been assigned by Governmental Lender to Senior Lender to secure the Funding Loan. The Borrower and Senior Lender have entered into that certain Construction Funding Agreement

dated as of the date hereof (the “**Construction Funding Agreement**”) regarding the manner in which the improvements at the Property will be completed and paid for.

F. Junior Lender is making a loan (the “**Junior Loan**”) to Borrower in the original principal amount of \$2,685,744, which Junior Loan is evidenced by a certain Promissory Note (NSP Loan) dated as of June [], 2025 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 Neighborhood Stabilization Program Funds (the “**Junior Loan Agreement**”) dated as of the date hereof between Borrower and Junior Lender.

G. 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 Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the making of the Senior Loan and to induce Senior Lender to consent to the Junior Loan and the Junior Security Instrument, Junior Lender hereby agrees as follows:

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

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

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

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

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

“*Enforcement Action*” means any exercise of any of Junior Lender’s remedies under the Junior Security Instrument or any of the other Junior Loan Documents, including, without limitation, any of the following: (i) the acceleration of all or any part of the Junior Indebtedness, (ii) the commencement of any judicial or non-judicial action or proceeding to enforce any

obligation of Borrower under any of the Junior Loan Documents, collect any monies payable to Borrower or have a receiver appointed to collect any monies payable to Borrower, or foreclose the lien(s) created by the Junior Security Instrument, (iii) the filing or joining in the filing of any involuntary Bankruptcy Proceeding against Borrower or any person or entity which owns a direct or indirect interest in Borrower, (iv) the advertising of or commencement of any foreclosure or trustee's sale proceedings, (v) the exercise of any power of sale, (vi) the acceptance of a deed or assignment in lieu of foreclosure or sale, (vii) the collecting of Rents, (viii) the obtaining of or seeking of the appointment of a receiver, (ix) the seeking of default interest, (x) the taking of possession or control of any of the Property, (xi) the commencement of any suit or other legal, administrative, or arbitration proceeding based upon the Junior Note or any other of the Junior Loan Documents, (xii) the exercising of any banker's lien or rights of set-off or recoupment, or (xiii) the taking of any other enforcement action against Borrower, any other party liable for any of the Junior Indebtedness or obligated under any of the Junior Loan Documents, or the Property.

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

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

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

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

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

"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 Viscar Terrace, located in Murrieta, Riverside County, State of California, which Property is more particularly described on Exhibit A attached hereto, and (ii) all furniture, fixtures and equipment located at such apartments and other property, accounts, deposits and rights and interests of Borrower

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

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

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

“*Senior Loan Documents*” means, collectively, the Senior Security Instrument, the Senior Note, the Borrower Loan Agreement, the Construction Funding 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.

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

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

(b) Except as expressly set forth herein, repayment of the Junior Indebtedness, is and shall be 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 written notice of, or (ii) Junior Lender receives, voluntarily or involuntarily, by operation

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

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

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

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

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

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

3. Junior Lender Agreements.

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

(b) Junior Lender hereby agrees that Senior Lender may, at its option (but without any obligation to do so), at any time (including during the pendency of a Bankruptcy Proceeding), purchase the Junior Loan by paying all outstanding principal and accrued interest as required under the Junior Loan Documents (and without liability for any prepayment premiums or liquidated damages set forth in the Junior Loan Documents). Such transfer and assignment of the Junior Loan shall be without representation or

recourse, except that Junior Lender shall represent that it is the sole holder of the Junior Loan, that it has authority to assign and convey the Junior Loan Documents, that, to the best of its actual knowledge, there are no defaults or breaches under the Junior Loan Documents, and as to the total amount then outstanding under the Junior Loan. Junior Lender shall give Senior Lender a concurrent copy of each notice of a Junior Loan Default, Enforcement Action Notice or other material notice given by Junior Lender under the Junior Loan Documents. Notwithstanding any contrary provision in the Junior Loan Documents, Senior Lender shall have the right, but shall not have any obligation, to cure any Junior Loan Default for a period of 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) Senior Lender shall have all approval, consent and oversight rights in connection with any insurance claims relating to the Property, any decisions regarding the use of insurance proceeds after a casualty loss or condemnation awards, the hiring or firing of property managers, or otherwise related in any way to the Property, and Junior Lender shall have no right to object to any such action or approval taken by Senior Lender and shall consent thereto and be bound thereby.

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

(e) Junior Lender shall not commence or join with any other creditor in commencing any Bankruptcy Proceeding involving Borrower, and Junior Lender shall not initiate and shall not be a party to any action, motion or request, in a Bankruptcy Proceeding involving any other person or entity, which seeks the consolidation of some or all of the assets of Borrower into such Bankruptcy Proceeding. In the event of any Bankruptcy Proceeding relating to Borrower or the Property or, in the event of any Bankruptcy Proceeding relating to any other person or entity into which (notwithstanding the covenant in the first sentence of this clause) the assets or interests of Borrower are consolidated, then in either event, the Senior Loan shall first be paid in full before Junior Lender shall be entitled to receive and retain any payment or distribution in respect to the Junior Loan. Junior Lender agrees to ensure that Senior Lender shall first be paid in full before Junior Lender 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), and (ii) the subordination of the Junior Loan and the Junior

Loan Documents shall not be affected in any way by Senior Lender electing, under Section 1111(b) of the federal bankruptcy code, to have its claim treated as being a fully secured claim. In addition, Junior Lender hereby covenants and agrees that, in connection with a Bankruptcy Proceeding involving Borrower, neither Junior Lender nor any of its affiliates shall (i) make or participate in a loan facility to or for the benefit of Borrower on a basis that is senior to or pari passu with the liens and interests held by Senior Lender pursuant to the Senior Loan Documents, (ii) not vote affirmatively in favor of any plan of reorganization or liquidation unless Senior Lender has also voted affirmatively in favor of such plan and (iii) not contest the continued accrual of interest on the Senior Indebtedness, in accordance with and at the rates specified in the Senior Loan Documents, both for periods before and for periods after the commencement of such Bankruptcy Proceedings.

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

applicable law, the lien, operation, and effect of the Junior Security Instrument and other Junior Loan Documents (except as to the County Regulatory Agreement which shall not be extinguished, terminated or cancelled as a result of such foreclosure or any transfer of title and shall remain in a first priority position upon such occurrence) automatically shall terminate with respect to such Property upon Senior Lender's acquisition of title.

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

(h) Junior Lender hereby represents and warrants that, as of the date hereof, the entire 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 maximum principal balance of the Junior Indebtedness is \$2,685,744; (vi) no scheduled monthly payments under the Junior Loan Documents have been or will be prepaid except with the prior written consent of Senior Lender; (vii) none of the rights of Junior Lender under any of the Junior Loan Documents are subject to the rights of any third parties, by way of subrogation, indemnification or otherwise; and (viii) to the best of Junior Lender's knowledge, there are no other Junior Loan Documents other than those listed on Exhibit B hereto. Borrower further represents and warrants that it has provided to Senior Lender a true, complete, and correct copy of all the Junior Loan Documents.

(i) Junior Lender hereby agrees that notwithstanding anything to the contrary in the Junior Loan Documents, for so long as the Senior Loan is outstanding, (i) the maturity date of the Junior Note shall occur no earlier than ninety (90) days after the maturity date of the Senior Note, and (ii) Borrower shall not be obligated to pay more than seventy-five percent (75%) of Excess Cash Flow (as defined herein) in payments under the Junior Note and under other debt subordinate to the Senior Loan. For the purposes hereof, the following definitions shall apply:

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

"Expenses of the Property" shall mean, for any period, the current expenses, paid or accrued, of operation, maintenance and current repair of the Property, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and

expenses properly designated as capital expenditures (e.g. repairs which would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Loan Documents), a management fee (however characterized) not to exceed [___%] of Gross Revenues, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Property shall not include any payments, however characterized, on account of the Junior Loan or any other subordinate financing in respect of the Property or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

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

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

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

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

limitation on the remedies of Junior Lender shall not derogate or otherwise limit Junior Lender's rights, following an event of default under the Junior Loan Documents to (a) compute interest on all amounts due and payable under the Junior Loan at the default rate described in the Junior Loan Documents, (b) compute prepayment premiums and late charges, (c) enforce against any person, other than Borrower and any guarantors or indemnitors under the Senior Loan Documents, any guaranty of the obligations of Borrower under the Junior Loan, and (d) seek specific performance to enforce covenants and agreements of Borrower relating to income, rent or affordability restrictions contained in the County Regulatory Agreement.

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

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

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

5. **Insurance.** Junior Lender agrees that all original policies of insurance required pursuant to the Senior Security Instrument shall be held by Senior Lender. The preceding sentence

shall not preclude Junior Lender from requiring that it be named as a loss payee, as its interest may appear, under all policies of property damage insurance maintained by Borrower 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 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 receipt 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 10th Street, Suite 300
Riverside, California 92501
Attention: Assistant Director of HWS
Facsimile: (951) 352-4852

If to Senior Lender: Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Transaction and Asset Management Group
Re: Viscar Terrace Deal ID No. 50013137
Facsimile: (212) 723-8209

With a copy to: Citibank, N.A.
Transaction and Asset Management Group/Post Closing
Citi Community Capital
3800 Citibank Center
Tampa, Florida 33610
Re: Viscar Terrace Deal ID No. 50013137

Prior to the Conversion Date, with a copy to: Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Account Specialist
Re: Viscar Terrace Deal ID No. 50013137
Facsimile: (212) 723-8209

Following the Conversion Date, with a copy to: Citibank N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Re: Viscar Terrace Deal ID No. 50013137
Facsimile: (215) 328-0305

And a copy of any notices of default sent to: Citibank, N.A.
388 Greenwich Street, 17th Floor
New York, New York 10013
Attention: General Counsel's Office
Re: Viscar Terrace Deal ID No. 50013137
Facsimile: (646) 291-5754

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

9. **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.

10. **Refinancing.** Junior Lender agrees that its agreement to subordinate under this Agreement will extend to any new mortgage debt which is for the purpose of refinancing all or any part of the Senior Indebtedness (including reasonable and necessary costs associated with the closing and/or the refinancing, and any reasonable increase in proceeds for rehabilitation in the context of a preservation transaction), provided, however, that (a) Junior Lender shall be given 30 days' written notice to review any refinancing documentation, (b) collateral security Junior Lender's loan shall not be impaired and the ability of the Borrower to repay the Junior Lender's

note (pursuant to the terms of the note) shall not be impaired, and (c) the outstanding principal amount of the Senior Loan shall not be increased. All terms and covenants of this Agreement will inure to the benefit of any holder of any such refinanced debt, and all references to the Senior Loan Documents and Senior Lender will mean, respectively, the refinance loan documents and the holder of such refinanced debt.

11. Miscellaneous.

(a) Junior Lender shall, within fifteen (15) business days following a written request from Senior Lender, provide Senior Lender with a written statement setting forth the then current outstanding principal balance of the Junior Loan, the aggregate accrued and unpaid interest under the Junior Loan, and stating whether, to the knowledge of Junior Lender, any default or event of default exists under the Junior Loan, and containing such other information with respect to the Junior Indebtedness as Senior Lender may reasonably require. Upon reasonable prior notice from Senior Lender from time to time, Junior Lender shall execute and deliver such additional instruments and documents, subject to the reasonable approval as to form and content by Junior Lender's counsel, and shall take such actions, as are reasonably required by Senior Lender in order to further evidence or effectuate the provisions and intent of this Agreement.

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

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

(d) Borrower shall timely provide Junior Lender with copies of any amendments and/or modifications to the Senior Security Instrument which have the effect of materially amending or modifying any capitalized term that is not defined herein, but rather defined in the Senior Security Instrument.

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

(f) IN ALL RESPECTS, INCLUDING, WITHOUT LIMITATION, MATTERS OF CONSTRUCTION AND PERFORMANCE OF THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER, THIS AGREEMENT HAS BEEN ENTERED INTO AND DELIVERED IN, AND SHALL BE CONSTRUED IN

ACCORDANCE WITH AND GOVERNED BY, THE LAWS OF THE STATE WHERE THE PROPERTY IS LOCATED, WITHOUT GIVING EFFECT TO ANY PRINCIPLES OF CONFLICTS OF LAW.

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

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

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

(j) Borrower hereby acknowledges and consents to the execution of this Agreement, and agrees to be bound by the provisions hereof that are applicable to Borrower. Solely as between Senior Lender and Junior Lender, all of the signatories below hereby agree that to the extent of any conflict between the terms and provisions of this Agreement and the terms and provisions of the Senior Loan Documents and/or the Junior Loan Documents respectively, the terms and provisions of this Agreement shall govern and control. By executing this Agreement in the place provided below, Borrower hereby (i) acknowledges the provisions hereof, (ii) agrees not to take any action inconsistent with Senior Lender's rights or Junior Lender's rights under this Agreement, (iii) waives and relinquishes to the maximum extent permitted by law any and all rights, defenses and claims now existing or hereinafter accruing relating to Junior Lender's forbearance from exercising any rights and remedies pursuant to Section 4 of this Agreement, including, without limitation, any defenses based on the statute of limitations or any equitable defenses, such as laches, and (iv) acknowledges and agrees that (A) this Agreement is entered into for the sole protection and benefit of Senior Lender and Junior Lender (and their respective successors, assigns and participants), and no other person (including Borrower) shall have any benefits, rights or remedies under or by reason of this Agreement, (B) nothing in this Agreement is intended, or shall be construed to, relieve or discharge the obligations or liabilities of any third party (including Borrower under the Senior Loan Documents and the Junior Loan Documents), (C) neither of them nor any of their affiliates shall be, or be deemed to be, beneficiaries of any of the provisions hereof or have any rights hereunder whatsoever, and (D) no provision of this Agreement is intended to, or shall be construed to, give any such third party (including Borrower) any right subrogating to the rights of, or action against, Senior Lender or Junior Lender.

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

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

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

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 Security Instrument).

(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, Junior Lender or the Servicer 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 B-1 – Schedule of Junior Loan Disbursements

Exhibit C – Modifications to Subordination and Intercreditor Agreement

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

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

BORROWER:

VISCAR TERRACE LP,

a California limited partnership

By: RHCDC Viscar MGP LLC, a California limited liability company, its Managing General Partner

By: Rio Hondo Community Development Corporation, a California nonprofit public benefit corporation, its sole member and manager

By: form - do not sign
Name: Kenneth Ferreira
Title: Executive Director

By: Viscar Terrace LLC, a California limited liability company, its Administrative General Partner

By: TEREDS LLC, a California limited liability company, its managing member

By: form - do not sign
Name: Tung V. Tran
Title: Manager

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT A

LEGAL DESCRIPTION

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

Vista Murrieta property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 2 AND 3 OF PARCEL MAP 17443, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 100, PAGES 95](#) AND 96 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

[APN 949-180-023](#), [APN 949-180-025](#)

Myers Lane Property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 3 OF [PARCEL MAP 11427](#), IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 55, PAGE 7](#) OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[APN: 949-180-022](#)

EXHIBIT B

JUNIOR LOAN DOCUMENTS

1. Loan Agreement for the Use of Neighborhood Stabilization Program Funds dated as of [June __], 2025 by and between Borrower and Junior Lender;
2. Promissory Note (NSP Loan) dated as of [June __], 2025 made by Borrower payable to the order of Junior Lender; and
3. Deed of Trust with Assignment of Rents dated as of [June __], 2025 executed by Borrower in favor of Junior Lender.

EXHIBIT B-1

SCHEDULE OF JUNIOR LOAN DISBURSEMENTS

1. Up to fifty percent (50%) of the Junior Loan may be disbursed at Closing.
2. Up to ninety percent (90%) of the Junior Loan shall be disbursed upon fifty-one percent (51%) completion of Project, as certified and documented by the architect/engineer for the Project.
3. Junior Lender shall release and disburse the final draw down of ten percent (10%) of the Junior Loan, including the deferred developer fee (if applicable) following 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.

ENVIRONMENTAL INDEMNITY

THIS ENVIRONMENTAL INDEMNITY (this "Indemnity"), dated as of _____, 2025, is made by VISCAR TERRACE LP, a California limited partnership (referred to as "Indemnitor"), whose address for purposes of giving notices is 13681 Newport Ave, Suite 8230, Tustin, CA 92780, Attn: Tung Tran, in favor of the COUNTY OF RIVERSIDE, a political subdivision of the State of California ("COUNTY" or "County"), whose address for purposes of giving notices is 3403 Tenth Street, Suite #300, Riverside, CA 92501.

WITNESSETH

WHEREAS, Indemnitor is the owner of the real property in the City of Murrieta, County of Riverside, California, as more particularly described on **Exhibit A** attached hereto and made a part hereof, and the real property improvements thereon or to be constructed thereon (collectively referred to as the "Property");

WHEREAS, Indemnitor and COUNTY have entered into that certain Loan Agreement for the Use of Neighborhood Stabilization Program (NSP) Funds, dated as of _____, 2025 (the "Loan Agreement"), pursuant to which COUNTY agreed to loan to Indemnitor, or its assignee, Two Million Six Hundred Eighty-Five Thousand Seven Hundred Forty-Four Dollars (\$2,685,744) of NSP funds (the "NSP Loan") for the purpose of developing a 172-unit multifamily rental affordable housing development, including two manager's unit, and related improvements and amenities on the Property; and

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

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

Section 1. DEFINITIONS

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

U.S.C. Sections 1801, et seq.; and those substances defined as “hazardous waste” in Section 25117 of the California Health and Safety Code, as “infectious waste” in Section 25117.5 of the California Health and Safety Code, or as “hazardous substances” in Section 25316 of the California Health and Safety Code or “hazardous materials” as defined in Section 353 of the California Vehicle Code; and in the regulations adopted and publications promulgated pursuant to said laws. “Hazardous Materials” and “Hazardous Substances” shall expressly exclude substances typically used in the construction, development, operation and maintenance of an apartment complex provided such substances are used in accordance with all applicable laws.

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

Section 2. COVENANTS AND INDEMNITY

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

2.1 Covenants.

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

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

(c) Indemnitor further agrees that Indemnitor shall not release or dispose of any Hazardous Materials at the Property in violation of applicable environmental laws, except for de minimis quantities released or disposed of at the Property in compliance with all applicable environmental laws, without the express written approval of COUNTY and that any such release or disposal shall be affected in strict compliance with all applicable laws.

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

Property to remove, or otherwise to mitigate against the effects of, Hazardous Materials that are in violation of applicable environmental laws, provided, however, that COUNTY may exercise this right only if Indemnitor has failed to commence action to mitigate the effects of the Hazardous Materials within thirty (30) days of receipt of notice from COUNTY.

(e) Indemnitor shall not install, or permit to be installed, on the Property friable asbestos or any substance containing asbestos and deemed hazardous by federal or state regulations respecting such material, and, with respect to any such material currently present in the Property, Indemnitor shall promptly either (i) remove or cause to be removed any material that such regulations deem hazardous and require to be removed, or (ii) otherwise comply with such federal and state regulations, at Indemnitor's sole cost and expense. If Indemnitor shall fail to so do within the cure period permitted under applicable law, regulation, or order, COUNTY may take any reasonably necessary actions to remove said substances from the Property in compliance with applicable environmental laws or to otherwise comply with the applicable law, regulation, or order, and the costs thereof shall be added to the Obligations (as hereinafter defined) of Indemnitor under this Section 2.

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

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

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

Notwithstanding the foregoing, Indemnitor's liability under this Section 2.2 shall not extend to (i) any Hazardous Substance present or released in, on, or around any part of the Property, or in the soil, groundwater, or soil vapor or under the Property that first arise, commence or occur after the actual dispossession of the Property from Indemnitor and all entities which control, are controlled by, or are under common control with Indemnitor, following foreclosure or acquisition of the Property by a deed in lieu of foreclosure, or (ii) any Obligations to the extent arising from the gross negligence or intentional misconduct of COUNTY or any of its Indemnified Parties.

Section 3. INDEMNITOR'S UNCONDITIONAL OBLIGATIONS

3.1 Unconditional Obligations. Indemnitor hereby agrees that the Obligations will be paid and performed strictly in accordance with the terms of this Indemnity, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting the NSP Loan Documents or affecting any of the rights of COUNTY with respect thereto. The obligations of Indemnitor hereunder shall be absolute and unconditional irrespective of:

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

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

3.3 Termination. Notwithstanding the payment (and performance) in full of all of the Obligations and the payment (or performance) in full of all of Indemnitor's obligations under the

NSP Loan Documents, this Indemnity shall not terminate if any of the following shall have occurred:

(a) COUNTY has at any time or in any manner participated in the management or control of, taken possession of (whether personally, by agent or by appointment of a receiver), or taken title to the Property or any portion thereof, whether by foreclosure, deed in lieu of foreclosure, sale under power of sale or otherwise; or

(b) There has been a change, between the date hereof and the date on which all of the Obligations are paid and performed in full, in any Hazardous Materials laws, the effect of which may be to make a lender or mortgagee liable in respect of any of the Obligations, notwithstanding the fact that no event, circumstance, or condition of the nature described in paragraph (a) above ever occurred.

Section 4. WAIVER

Indemnitor hereby waives the following:

(a) Promptness and diligence;

(b) Notice of acceptance and notice of the incurrence of any obligation by Indemnitor;

(c) Notice of any action taken by COUNTY, or any other interested party under the Loan Agreement or under any other agreement or instrument relating thereto;

(d) All other notices, demands, and protests, and all other formalities of every kind, in connection with the enforcement of the Obligations, the omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Indemnitor of its Obligations hereunder;

(e) Any requirement that COUNTY protect, secure, perfect, or insure any security interest or lien in or on any property subject thereto,

(f) Any requirement that COUNTY exhaust any right or take any action against Borrower or any other person or collateral;

(g) Any defense that may arise by reason of:

(1) The incapacity, lack of authority, death or disability of, or revocation hereof by, any person or persons;

(2) The failure of COUNTY to file or enforce any claim against the estate (in probate, bankruptcy, or any other proceedings) of any person or persons; or

(3) Any defense based upon an election of remedies by COUNTY, including, without limitation, an election to proceed by non-judicial foreclosure or which

destroys or otherwise impairs the subrogation rights of COUNTY or any other right of COUNTY to proceed against Indemnitor.

Section 5. NOTICES

Formal notices, demands and communications between the COUNTY and Indemnitor shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Indemnitor as set forth in the first paragraph of this Indemnity, above (or to such other address as the parties hereto, shall designate in writing): (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).

In the case of COUNTY:

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

In the case of Indemnitor:

Viscar Terrace LP
c/o Etapes Corporation
13681 Newport Ave, Suite 8230
Tustin, CA 92780
Attn: Tung Tran

With copies to:

Rutan & Tucker, LLP
18575 Jamboree Road, 9th Floor
Irvine, CA 92612
Attn: Patrick D. McCalla

And

Hudson Viscar Terrace LP
c/o Hudson Housing Capital LLC
630 Fifth Avenue, 28th Floor
New York, New York 10111

Attention: General Counsel

Holland & Knight LLP
10 St. James Avenue, 12th Floor
Boston, MA 02116
Attention: Dayna M. Hutchins, Esq.

Section 6. MISCELLANEOUS

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

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

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

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

6.5 This Indemnity shall (a) be binding upon Indemnitor, and Indemnitor's successors and assigns; and (b) inure, together with all rights and remedies of COUNTY hereunder, to the benefit of COUNTY, its respective directors, officers, employees, and agents, any successors to COUNTY's interest in the Property, any other person who acquires any portion of the Property at a foreclosure sale or otherwise through the exercise of COUNTY's rights and remedies under the NSP Loan Documents, any successors to any such person, and all directors, officers, employees, and agents of all of the aforementioned parties. Without limiting the generality of clause (b) of the immediately preceding sentence, COUNTY may, subject to, and in accordance with, the provisions of the NSP Loan Documents, assign or otherwise transfer all or any portion of its rights and obligations under the NSP Loan Documents, to any other person, and such other person shall thereupon become vested with all of the rights and obligations in respect thereof that were granted to COUNTY herein or otherwise. None of the rights or obligations of Indemnitor

hereunder may be assigned or otherwise transferred without the prior written consent of COUNTY, except as provided in the NSP Loan Documents.

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

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

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

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

[Signatures on the Following Page]

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

INDEMNITOR:

BORROWER:

VISCAR TERRACE LP,
a California limited partnership

By: RHCDC Viscar MGP LLC,
a California limited liability company,
its Managing General Partner

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

By: form - do not sign

Kenneth Ferreira, Executive Director

By: Viscar Terrace LLC,
a California limited liability company,
its Administrative General Partner

By: TEREDS LLC,
a California limited liability company,
its managing member

By: form - do not sign

Tung V. Tran, Manager

Date: _____, 2025

Exhibit A
LEGAL DESCRIPTION

Real Property in the City of Murrieta, County of Riverside, State of California, described as follows:

Vista Murrieta property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

PARCELS 2 AND 3 OF PARCEL MAP 17443, IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 100, PAGES 95](#) AND 96 OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA.

[APN 949-180-023](#), [APN 949-180-025](#)

Myers Lane Property:

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED MURRIETA IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 3 OF [PARCEL MAP 11427](#), IN THE CITY OF MURRIETA, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS SHOWN BY MAP ON FILE IN [BOOK 55, PAGE 7](#) OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

[APN: 949-180-022](#)

WHEN RECORDED MAIL TO:

Citibank, N.A.
Transaction and Asset Management Group/Post Closing
Citi Community Capital
3800 Citibank Center
Tampa, Florida 33610
Re: Viscar Terrace Deal ID No. 50013137

SUBORDINATION AND INTERCREDITOR AGREEMENT
(County Loan)