

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



**ITEM: 3.21
(ID # 30008)**

MEETING DATE:
Tuesday, March 24, 2026

FROM : HOUSING AND WORKFORCE SOLUTIONS

SUBJECT: HOUSING AND WORKFORCE SOLUTIONS (HWS): Approve the Form of Loan Agreement for the Use of HOME Funds for 6th Street Seniors Apartments and All Attachments Thereto, in the City of Coachella, and Authorize the Director of HWS to Execute the HOME Loan Agreement, Covenant Agreement, and Subordination Agreements; District 4. [\$1,575,000 - 100% HOME Investment Partnerships Act Funds] [Affirming Finding of No Significant Impacts pursuant to NEPA]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Affirm the Finding of No Significant Impact adopted by the Board of Supervisors on March 10, 2026 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 the Loan Agreement for the Use of HOME Program Funds (6th Street Seniors Apartments), including all attachments thereto, (HOME Loan Agreement), between the 6th Street Seniors CIC LP, a California limited partnership (Partnership), providing a loan derived from the HOME Investment Partnerships Program in the amount of \$1,500,000 (HOME Loan), to be used to pay a portion of the development costs for a multi-family affordable rental housing project in the City of Coachella;

Continued on Page 2

ACTION:Policy


Heidi Marshall, Director 3/12/2026

MINUTES OF THE BOARD OF SUPERVISORS

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

Ayes: Medina, Spiegel, Washington, and Gutierrez
Nays: None
Absent: None
Recused: Perez
Date: March 24, 2026
xc: HWS

Kimberly A. Rector
Clerk of the Board

By: 
Deputy

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STATE OF CALIFORNIA**

RECOMMENDED MOTION: That the Board of Supervisors:

3. Approve the attached forms of HOME Loan Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents), HOME Loan Promissory Note, and HOME Covenant Agreement;
4. Approve the allocation of \$75,000 for direct staff costs associated with management of the 6th Street Senior Apartments by Housing and Workforce Solutions (HWS) staff;
5. Authorize the Director of Housing and Workforce Solutions (HWS), or designee, to execute a HOME Loan Agreement and a HOME Covenant Agreement, each conforming in form and substance to the attached HOME Loan Agreement and HOME Covenant Agreement, subject to approval as to form by County Counsel;
6. Authorize the Director of HWS, or designee, to negotiate and execute a Subordination Agreement for the benefit of County, subordinating the HOME Loan Agreement, HOME Deed of Trust and Assignment of Rents to a Deed of Trust for US Bank, senior lender, securing a construction loan for the Project for a not to exceed amount of \$40,000,000, subject to approval as to form by County Counsel;
7. Authorize the Director of HWS, or designee, to negotiate and execute Subordination Agreements for the benefit of County, subordinating the HOME Loan Agreement, HOME Deed of Trust and Assignment of Rents to a Deed of Trust for Permanent Senior Lenders securing a loan for the Project for a not to exceed amount of \$40,000,000, subject to approval as to form by County Counsel; and
8. Authorize the Director of HWS, or designee, to take all necessary steps to implement the HOME Loan Agreement, the HOME Covenant Agreement, and Subordination Agreements, 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	\$787,500	\$787,500	\$1,575,000	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: 100% HOME Investment Partnerships Act Funds			Budget Adjustment: No	
			For Fiscal Year: 25/26-26/27	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

On June 25, 2024 (Minute Order 3.36), the County of Riverside Board of Supervisors approved Resolution No. 2024-137, which allocated \$1,500,000 in HOME Investment Partnerships Act Funds (HOME Loan) to Chelsea Investment Corporation, a California Real Estate Corporation

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(Developer). The funds will be used to pay a portion of the costs to develop and construct 6th Street Seniors Apartments, an affordable multifamily low-income housing development located in the City of Coachella (Project). Resolution No. 2024-137 allocated funds subject to the satisfaction of certain conditions contained therein and supported the submission of a low-income housing tax credit application by 6th Street Seniors CIC, LP, a California limited partnership (Partnership), formed by Developer for the purpose of developing and financing Project, to the California Tax Credit Allocation Committee (CTCAC) for the Project.

On March 10, 2026 (Minute Order 3.9), the Board of Supervisors adopted a Finding of No Significant Impact for the Project and concluded that the Project is not an action which may affect the quality of the environment pursuant to the provisions of the National Environmental Policy Act of 1969 (NEPA) and under implementing regulations at 24 CFR Parts 50 and 58. Staff recommends that the County Board of Supervisors affirm that the environmental effects of the HOME Loan Agreement will not have a significant effect on the environment.

The Project was awarded tax credit allocations by CTCAC and has satisfied all funding conditions set forth in Resolution No. 2024-137. The loan of \$1,500,000 derived from HOME Program funds will be used to pay a portion of the development and construction costs for the Project. The HOME Loan will be evidenced by a Promissory Note which will be secured by a Deed of Trust encumbering the Project. If there are any realized cost savings to the project, any remaining HOME funds will not be disbursed.

The Project will consist of a newly constructed 53-unit affordable rental housing complex including one resident manager's unit for low-income seniors. The Project will consist of 46 one-bedroom units, 6 two-bedroom units, and a two-bedroom unit for a resident manager's unit. The Project is located on approximately .86 acres of land located on 6th Street between Date Ave and Tripoli Way, in the City of Coachella, identified as Assessor Parcel Numbers 778-113-001 and 778-113-002 (Property). Of the 53 units, 11 units in the Project will be subject to HOME Program occupancy and use restrictions and will be rented to and occupied by seniors whose income does not exceed 30% of the area median income for the County. The California Department of Developmental Services (DDS) via Inland Regional Center (IRC) will be restricting 10 units for individuals with developmental disabilities.

Under the County's HOME program, a total of 11 units consisting of 10 one-bedrooms and 1 two-bedrooms shall be reserved as HOME-Assisted Units for individuals whose incomes do not exceed 30% of the area median income for the County of Riverside. The HOME-assisted units will be regulated by the HOME Covenant Agreement and restricted for a period of at least 55 years from the recordation of the Notice of Completion.

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

6th Street Seniors Apartments \$1,500,000 HOME Project Funding

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6th Street Seniors Apartments \$ 75,000 HOME Direct Staffing (5%)
Total \$1,575,000

Source	Est. Amount
US Bancorp Community Development Finance (US Bank)- Federal LIHTC Equity	\$15,453,750
US Bank Impact Finance- Perm Loan	\$2,960,000
City of Coachella- Deferred Impact Fee Loan	\$1,179,044
City of Coachella- Community Facilities District	\$8,290,441
County of Riverside - HOME Loan	\$1,500,000
Strategic Growth Council (SGC) Transformative Climate Communities (TCC)	\$7,668,176
CA Dept of Developmental Services (DDS) via Inland Regional Center (IRC)- CRDP Loan	\$1,000,000
Deferred Developer Fee	\$293,008
Total:	\$38,344,419

County Counsel has reviewed the form of Loan Agreement for the Use of HOME Funds, form of Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents), form of Promissory Note, and form of Covenant Agreement. Staff recommends that the Board of Supervisors approve the attached form of Loan Agreement for the Use of HOME Funds, form of Deed of Trust, Security Agreement and Fixture Filing (with Assignment of Rents), form of Promissory Note, and form of Covenant Agreement.

Staff recommends that the Board of Supervisors authorize the Director of HWS, or designee, to execute the Loan Agreement for the Use of HOME Funds and Covenant Agreement. Staff further recommends that the Board of Supervisors authorize the Director of HWS, or designee, to negotiate and execute subordination agreements, as required conditions to senior lender financing, subordinating the HOME Loan Deed of Trust for the benefit of a construction and permanent senior lender loans for the Project, each for a not to exceed amount of \$40,000,000, subject to approval as to form by County Counsel.

Impact on Residents and Businesses

The development of 6th Street Seniors Apartments in the City of Coachella will have a positive impact on the citizens and businesses within the County of Riverside. The Project is expected to generate construction, permanent maintenance, and property management jobs, as well as provide affordable housing for seniors of the County of Riverside.

SUPPLEMENTAL:

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Additional Fiscal Information

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

Attachments:

- Form of Loan Agreement for the Use of HOME funds, including all exhibits
- Form of HOME Deed of Trust and Promissory Note
- Form of HOME Covenant Agreement



Stacey Pena, EO Management Analyst 3/19/2026



Aaron Gettis, Chief Deputy County Counsel 3/18/2026

1 Kutak Rock Comments
2 Developer Comments

3 NO FEE FOR RECORDING PURSUANT
4 TO GOVERNMENT CODE SECTION 6103

5 Order No.
6 Escrow No.
7 Loan No.

8 RECORDING REQUESTED BY AND
9 WHEN RECORDED MAIL TO:

10 County of Riverside
11 Housing & Workforce Solutions
12 3403 Tenth St, Suite 300
13 Riverside, CA 92501
14 Attn: Nicole Sanchez

15 SPACE ABOVE THIS LINE FOR RECORDERS USE

16 LOAN AGREEMENT FOR THE USE OF
17 HOME PROGRAM FUNDS

18 This LOAN AGREEMENT FOR THE USE OF HOME PROGRAM FUNDS (“Agreement”)
19 is made and entered into this _____ day of _____, 2026 by and
20 between the COUNTY OF RIVERSIDE, a political subdivision of the State of California
21 (“COUNTY”) and 6TH STREET SENIORS CIC, LP, a California limited partnership
22 (“BORROWER”). The COUNTY and BORROWER may be individually referred to herein as
23 a “Party” and collectively as the “Parties.”

24 RECITALS

25 WHEREAS, the COUNTY was qualified by the United States Department of
26 Housing and Urban Development (“HUD”) as an “Urban County” and an approved participating
27 jurisdiction that has received funds from HUD pursuant to the HOME Investment Partnerships
28 (“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”).
The purpose of the HOME Program is to expand the supply of decent, safe, sanitary, and
affordable housing with primary attention to rental housing, for very low-income and low-

1 income families; to strengthen public-private partnerships to carry out affordable housing
2 programs; and to provide for coordinated assistance to participants in the development of
3 affordable low-income housing;

4 WHEREAS, BORROWER has proposed to utilize HOME funds to pay a portion
5 of the costs to develop and construct a multi-family affordable rental housing project consisting
6 of fifty three (53) rental housing units including one (1) residential manager's unit to be rented
7 and occupied by very low income seniors whose income does not exceed fifty percent (50%) of
8 the area median income for the County of Riverside ("Project"), on approximately .86 acres of
9 vacant land situated on 51392 Cesar Chavez Street, in the City of Coachella, also identified as a
10 portion of APN 778-113-001 and 778-113-002 as more specifically described in the legal
11 description and depicted on the site map attached hereto as **Exhibit A** and incorporated herein
12 by this reference ("Property");

13 WHEREAS, a total of eleven (11) units will be reserved as HOME assisted units to
14 be rented to and occupied by qualified very low income seniors aged 62 years and older whose
15 incomes do **not exceed 30% of the** area median income for the County of Riverside as determined
16 ("HOME-Assisted Units");

17 WHEREAS, the purpose of this Agreement is, among other things, for COUNTY
18 to provide financial assistance to BORROWER in the maximum amount of One Million Five
19 Hundred Thousand Dollars (\$1,500,000) consisting of HOME funds, to pay a portion of
20 development and construction costs related to the Project, as more fully described herein; and

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

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

27 1. PURPOSE. The aforementioned Recitals are true and correct and
28 incorporated herein by this reference. COUNTY has agreed to lend no more than a maximum

1 total amount of ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (\$1,500,000) in
2 HOME funds (“HOME Loan”) to BORROWER upon the satisfaction of the terms and conditions
3 set forth herein, including but not limited to the conditions precedent to distribution of HOME
4 Loan funds set forth in **Section 12** below. Subject to **Sections 49** and **50 below**, BORROWER
5 shall undertake and complete the HOME activities required herein and as set forth in **Exhibit A**,
6 and shall utilize the HOME Loan funds, as required herein and pursuant to the HOME Program
7 regulations. A total of 11 units consisting of 10 one-bedrooms and 1 two-bedroom shall be
8 reserved as HOME-Assisted Units. The HOME-Assisted Units shall be a “floating” designation
9 on the Property such that the requirements of this Agreement will be satisfied so long as the total
10 number of HOME-Assisted Units and bedroom size remains the same throughout the
11 Affordability Period. During the Affordability Period (as defined in **Section 15** below), the
12 HOME-Assisted Units shall be rented to and occupied by households that qualify as very low
13 income households pursuant to 24 CFR Section 92.2 (“Qualified Very Low Income Households”)
14 for an affordable rent pursuant to 24 CFR Section 92.252, **Sections 19** and **20** below, **Exhibit A**,
15 and the Covenant Agreement attached hereto as **Exhibit G** and incorporated herein by this
16 reference. To remain a Qualified Very Low Income Household, such household shall occupy their
17 respective unit within the Project as their principal residence.

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

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

- 1 d. Maintain the Project in compliance with applicable local, state, federal
2 laws, codes and regulations as further described in **Section 18** below
3 until the expiration of the Term of this Agreement set forth in **Section 7**
4 below and the Affordability Period set forth in **Section 15** below.
- 5 e. Provide the COUNTY the Data Universal Number as assigned by the
6 Data Universal Number System (DUNS) assigned to BORROWER as
7 required by the Federal Funding Accountability and Transparency Act
8 of 2006.
- 9 f. Cooperate with COUNTY and post all jobs created, if any, as a result of
10 this Project with the COUNTY. Evidence of posted jobs, if any, shall be
11 submitted to the COUNTY prior to start of construction.

12 3. Reserved.

13 4. HOME Loan. Subject to BORROWER's satisfaction of the conditions
14 precedent to disbursement of the HOME Loan set forth in **Section 12** below, COUNTY shall
15 provide financing to Borrower in the form of a loan in the amount of \$1,500,000 ("HOME
16 Loan"), pursuant to the following terms and conditions:

- 17 a. Term of HOME Loan. The maturity date of the HOME Loan shall be March
18 31, 2081 (the "HOME Loan Term"). The term, "Official Records" used
19 herein shall mean the Official Records of the Recorder's Office of the
20 County of Riverside.
- 21 b. Principal. The total amount of the HOME Loan shall not exceed \$1,500,000,
22 and shall be evidenced by a Promissory Note, substantially conforming in
23 form and substance to the Promissory Note attached hereto as **Exhibit C**
24 and incorporated herein by this reference ("HOME Note"), which note shall
25 be secured by a Deed of Trust and Assignment of Rents, substantially
26 conforming in form and substance to the Deed of Trust and Assignment of
27 Rents attached hereto as **Exhibit B** and incorporated herein by this reference
28 ("HOME Deed of Trust").

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

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

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

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

14 i) Fifty percent (50%) of the Project's Residual Receipts shall be
15 used towards the payment of the Residual Receipts
16 Loans. Until the HOME Note is repaid in full, the
17 payment of 50% of the Residual Receipts shall be
18 allocated as follows: 1) 25.1% of the Project's Residual
19 Receipts shall be used towards the payment of that
20 certain CFD/DIF loan from the City of Coachella to
21 BORROWER in the amount of \$9,469,485 ("City of
22 Coachella's CFD/DIF loan"); 2) 20.9% of the Project's
23 Residual Receipts shall be used towards the payment of
24 that certain transformative climate communities loan
25 from the City of Coachella to the Borrower in the amount
26 of \$7,668,176 and, 3) 4.0% of the Project's Residual
27 Receipts shall be used towards the payment of the
28 HOME Loan; and

1 Riverside- Orange County, CA area (“CPI”), provided,
2 however, that in the event of a decrease in the CPI, the
3 property management fee shall remain the same as the
4 immediate preceding year;

- 5 iii) Operating Expenses (any expense reasonably and normally
6 incurred in carrying out the Project’s day-to-day activities,
7 which shall include administration, on-site management,
8 utilities, on-site staff payroll, payroll taxes, and
9 maintenance);
- 10 iv) replacement reserves, established in a separate account from
11 operating reserves, limited to \$500 per unit per year for all
12 units in the Project, as defined in **Exhibit A**;
- 13 v) Operating Reserves replenishment in an amount up to
14 \$154,000 or such greater amount required by the Project
15 lenders or investor;
- 16 vi) deferred developer’s fee in an approximate amount not to
17 exceed \$802,816, including payment of accrued interest
18 thereon;
- 19 vii) a managing general partner asset management annual fee
20 which shall be in the total initial amount of \$5,000, increased
21 by no more than 3% annually;
- 22 viii) an annual limited partner asset management fee not to
23 exceed \$5000, which fee shall be increased annually by 10%
24 every fifth anniversary during each year of the tax credit
25 compliance period for the Project, and thereafter any further
26 increases shall not be permitted without the written approval
27 of the County’s Executive Director in their discretion);
- 28 ix) payments of principal and interest on amortized loans and

1 indebtedness senior to the HOME Loan, which have been
2 approved by COUNTY (collectively, the “Senior Debt”);
3 and

4 x) The COUNTY’s annual monitoring fee.

5 The calculation of operating expenses shall be subject to the reasonable approval
6 by the County’s Department of Housing & Workforce Solutions (“HWS”) Director or designee.

7 Operating expenses shall not include repayment of advances to the Borrower from
8 general partner(s), their affiliate(s) and/or third parties (including without limitation, any
9 advances or reimbursements for any portion of the Deferred Developer’s Fee to pay any
10 construction cost overruns) (collectively a “Partnership Loan”); provided, however, such
11 Partnership Loan may be authorized by the County’s Director, or designee, in his/her reasonable
12 discretion, upon written request received by the County. In considering such Borrower request
13 for approval of a Partnership Loan, County’s Director, or designee, will consider the following:

14 (i) whether such request was made pursuant to the terms of the Partnership Agreement , (ii) if a
15 Project deficit exists and written evidence of such deficit is provided to the County’s Director, or
16 designee, (iii) Borrower has demonstrated to County, in writing, that the requested loan is the
17 only available means of relieving such deficit, (iv) the County’s Director, or designee, approves
18 the loan terms, including, but not limited to the loan amount, interest rate, and maturity date. The
19 County’s Director, or designee, shall retain the right, in its discretion, to defer such approval to
20 the County’s Board of Supervisors. Failure by the County’s Director, or designee, to respond to
21 such request within 30 days of the County’s receipt of such written notice shall be deemed
22 disapproval of such request.

23 5. SECURITY. During the construction and permanent phases, the HOME Deed of
24 Trust shall be in a fourth lien position and this Agreement shall be in a seventh priority lien
25 position. Lien priority during construction and upon conversion shall be as follows: (1) first
26 priority deed of trust for the benefit of U.S. Bank National Association (“USB”) securing a
27 construction and permanent loan for the Project in an approximate amount up to \$[15,976,535]
28 during the construction phase and up to \$3,500,000 during the permanent phase (“USB Senior

1 Loan”); (2) second priority deed of trust for the benefit of the City of Coachella securing a loan
2 in an amount up to \$9,469,485 (“City CFD/DIF Loan”); (3) third priority deed of trust for the
3 benefit of the City of Coachella securing a loan in an approximate amount of \$7,668,176 (“City
4 TCC Loan”); (4) fourth priority deed of trust for the benefit of the HOME Loan secured by the
5 HOME Deed of Trust for the benefit of COUNTY securing the HOME Loan and the terms of this
6 Agreement, and (6) fifth priority deed of trust for the benefit of California Department of
7 Development Services securing a loan in an amount up to \$1,000,000 (“DDS Loan”). The USB
8 Senior Loan, City CFD/DIF Loan, City TCC Loan shall be collectively referred to herein as the
9 “Senior Loan” or “Senior Loans”. The Senior Loans shall be recorded in a lien position junior to
10 the HOME Covenant Agreement.

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

17 6. PRIOR COUNTY APPROVAL.

18 a. Except as otherwise expressly provided in this Agreement,
19 approvals required of the COUNTY shall be deemed granted by the written approval of the
20 Director for the HWS or designee (“Director”). Notwithstanding the foregoing, the Director may,
21 in their discretion, refer to the governing body of the COUNTY any item requiring COUNTY
22 approval; otherwise, “COUNTY approval” means and refers to approval by the Director or
23 designee.

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

27 7. TERM OF AGREEMENT. This Agreement shall become effective upon
28 the Effective Date, as defined in **Section 56** below, and unless terminated earlier pursuant to the

1 terms hereof, shall continue in full force and effect until March 31, 2081 (“Term of Agreement”).

2 8. BORROWER’S REPRESENTATIONS. BORROWER represents and
3 warrants to COUNTY as follows:

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

16 b. No Conflict. To the best of BORROWER’s knowledge,
17 BORROWER’s execution, delivery and performance of its
18 obligations under this Agreement will not constitute a default
19 or a breach under contract, agreement or order to which
20 BORROWER is a party or by which it is bound.

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

23 d. Prior to Closing. BORROWER shall upon learning of any fact
24 or condition which would cause any of the warranties and
25 representations in this **Section 8** not to be true as of Closing,
26 immediately give written notice of such fact or condition to
27 COUNTY. Such exception(s) to a representation shall not be
28 deemed a breach by BORROWER hereunder, but shall

1 constitute an exception which COUNTY shall have the right
2 to approve or disapprove if such exception would have an
3 effect on the value and/or operation of the Project Site.

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

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

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

1 BORROWER from performing such obligations.

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

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

- 18 a. BORROWER executes this Agreement and delivers to
19 COUNTY for recordation in the Official Records;
- 20 b. Borrower submits written evidence to COUNTY that
21 Borrower has obtained sufficient financing commitments
22 necessary to undertake the acquisition, construction and
23 rehabilitation of the project as required herein;
- 24 c. BORROWER provides COUNTY with the Data Universal
25 Number as assigned by the Date Universal Number System
26 assigned to Borrower as required by the Federal
27 Accountability and Transparency Act of 2006;
- 28 d. BORROWER provides COUNTY with evidence of insurance

1 as required herein;

2 e. BORROWER executes the HOME Deed of Trust,
3 substantially conforming in form and substance to the Deed of
4 Trust and Assignment of Rents attached hereto as **Exhibit B**,
5 in recordable form, and delivers such document to the County
6 of Riverside for recordation in the Official Records;

7 f. BORROWER executes the HOME Note, substantially
8 conforming in form and substance to the Promissory Note
9 attached hereto as **Exhibit C** and delivers to COUNTY;

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

16 h. COUNTY executes and records the Requests for Notice of
17 Default conforming in form and substance to **Exhibit I**
18 attached hereto;

19 i. BORROWER provides, at its expense, an ALTA lender's
20 policy in favor of COUNTY, insuring the HOME Deed of
21 Trust as a fourth priority lien against the Property junior only
22 to the Senior Loans identified in **Section 5**;

23 j. BORROWER provides satisfactory evidence that it has all the
24 financing documents required to cause the proceeds of the
25 Senior Loans, when combined with the HOME Loan, to pay
26 for all development and construction costs for the Project;

27 k. BORROWER is not in default under the terms of this
28 Agreement or any other agreement related to the financing of

1 the Project;

- 2 1. BORROWER submits evidence that all jobs created, if any, as
3 a result of this project shall be posted with the COUNTY;
- 4 m. BORROWER provides satisfactory evidence that it has
5 secured any and all land use entitlements, permits, approvals
6 which may be required for construction of the Project pursuant
7 to the applicable rules and regulations of COUNTY, or any
8 other governmental agency affected by such construction
9 work. BORROWER shall, without limitation, secure all
10 entitlement, change of zone, lot line adjustment, any and all
11 necessary studies required including but not limited to
12 archaeological, cultural, environmental, traffic studies and
13 lead-based paint surveys, as applicable, and required, and pay
14 all costs, charges and fees associated therewith, all conditions
15 precedent to the issuance of all permits necessary for the
16 construction of the Project and all such permits are available
17 for issuance, subject only to the payment of fees;
- 18 n. BORROWER provides duly executed documents and
19 instruments evidencing that BORROWER owns fee title to the
20 Property;
- 21 o. BORROWER provides satisfactory evidence that it has
22 satisfied all conditions precedent to the issuance of all permits
23 necessary for the construction of the development and all such
24 permits are available for issuance, subject only to the payment
25 of fees;
- 26 p. BORROWER consults and complies with concerned Native
27 American tribes pursuant to Section 106 requirements;
- 28 q. If Davis Bacon and/or prevailing wages are required to be

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

- 21 r. Pursuant to 24 CFR, Part 5, BORROWER agrees to verify that
22 BORROWER, and its principals, or any/all persons,
23 contractors, consultants, businesses, etc. ("Developer
24 Associates"), that BORROWER is conducting business with,
25 are not presently debarred, proposed for debarment,
26 suspended, declared ineligible, or voluntarily excluded from
27 participation or from receiving federal contracts or federally
28 approved subcontracts or from certain types of federal

1 financial and nonfinancial assistance and benefits with the
2 Excluded Parties Listing System (“EPLS”). EPLS records are
3 located at www.sam.gov; and

4 s. BORROWER shall search and provide a single
5 comprehensive list of Developer Associates (individuals and
6 firms) and print and maintain evidence of the search results of
7 each Developer Associate as verification of compliance with
8 this requirement as provided in **Exhibit I**, Contractor
9 Debarment Certification Form, which is attached hereto and
10 by this reference incorporated herein. COUNTY shall retain
11 ten percent (10%) of the total HOME Loan amount and release
12 final draw down of HOME funds until COUNTY receives all
13 of the following:

- 14 1) Conditional lien release from general contractor;
- 15 2) recorded Notice of Completion;
- 16 3) Permanent Certificate of Occupancy;
- 17 4) architect certification identifying units that are
18 accessible to individuals with mobility impairments
19 and units that are accessible to individuals with
20 sensory impairments in compliance with Section
21 504 of the Rehabilitation Act of 1973, as described
22 in **Section 18(i)**;
- 23 5) final Contract and Subcontract Activity report,
24 Minority Business Enterprise/Women Business
25 Enterprise (“MBE/WBE”) report, HUD form 2516;
- 26 6) submission of documentation that shows
27 compliance with the Uniform Relocation Assistance
28 and Real Property Acquisition Policies Act of 1970

1 and 24 CFR Part 42;

2 7) submission of a Project completion report including
3 Tenant Checklist as shown in **Exhibit F** which is
4 attached hereto and by this reference incorporated
5 herein;

6 8) Affirmative Fair Housing Marketing Plan –
7 Multifamily Housing, HUD form 935.2A, as
8 described in **Section 18(c)**;

9 9) Tenant Selection Policy;

10 10) Management Plan;

11 11) Certified statement of final development costs; and

12 12) Certified statement of final sources and uses of
13 funds for the project.

14 13. REALLOCATION OF FUNDS. If Borrower fails to meet (1) the
15 Construction Start Deadline as set forth in **Section 49(a)**, (2) the Completion Deadline as set forth
16 in **Section 49(b)**, (3) the Lease Deadline as set forth in **Section 20(c)**, or (4) the Project Financing
17 Contingency in **Section 50**, all of which are herein (collectively, the “Performance Deadlines”),
18 subject to the notice and cure periods set forth in **Section 32** herein, then the HOME Loan funds
19 allocated, reserved, or placed in a HOME Investment Trust Fund account pursuant to this
20 Agreement may be reallocated by COUNTY after at least thirty (30) days’ prior written notice is
21 given to BORROWER. Upon such reallocation and repayment of funds, this Agreement shall be
22 terminated and be of no further force and effect and Borrower shall be released and discharged
23 from any obligations under this Agreement, except as to those obligations which by their terms
24 survive termination of this Agreement.

25 14. DISTRIBUTION OF FUNDS. The HOME Investment Trust Fund account
26 established in the United States Treasury is managed through HUD, Integrated Disbursement and
27 Information System (IDIS) for the HOME Investment Partnerships Program. The IDIS System is
28 a computerized system which manages, disburses, collects, and reports information on the use of

1 HOME funds in the United States Treasury Account. Disbursement of HOME funds shall occur
2 upon the satisfactory receipt of copies of invoices and conditional (upon receipt of payment) lien
3 releases for construction costs to be paid with the proceeds of the HOME Loan. Any disbursement
4 of funds is expressly conditioned upon the satisfaction of conditions set forth in **Section 12**.
5 COUNTY shall pay to BORROWER the sum specified in **Section 1** above on a "cost-as-incurred"
6 basis for all eligible approved costs under itemized schedule shown in **Exhibit A** as follows:

- 7 a. Up to ninety percent (90%) of the HOME Loan at the
8 commencement of construction for costs incurred.
- 9 b. c. COUNTY shall release final draw down of ten percent
10 (10%) of the HOME Loan following receipt of all of the items
11 listed in **Section 12**.

12 15. TERMS OF AFFORDABILITY. The COUNTY HOME-Assisted Units
13 shall remain occupied and rented to Qualified Very Low Income Households for an affordable
14 rent pursuant to **Sections 19** and **20** below, **Exhibit A** and the Covenant Agreement attached
15 hereto as **Exhibit G** until (i) March 1, 2081 or (ii) fifty-five years from the recordation of Notice
16 of Completion ("Affordability Period"), subject to the provision of **Section 39** hereof.

17 16. INSURANCE. Without limiting or diminishing BORROWER'S
18 obligation to indemnify or hold COUNTY harmless, BORROWER shall procure and maintain
19 or cause to be maintained, at its sole cost and expense, the following insurance coverage's during
20 the Term of this Agreement.

- 21 a. Builder's All Risk (Course of Construction) Insurance.
22 BORROWER shall provide a policy of Builder's All Risk
23 (Course of Construction) insurance coverage including (if the
24 work is located in an earthquake or flood zone or if required
25 on financed or bond financing arrangements) coverage for
26 earthquake and flood, covering the COUNTY, BORROWER
27 and every subcontractor, of every tier, for the entire Project,
28 including property to be used in the construction of the work

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

23 b. Worker's Compensation Insurance.

24 If BORROWER has employees as defined by the State of
25 California, BORROWER shall maintain statutory Workers'
26 Compensation Insurance (Coverage A) as prescribed by the
27 laws of the State of California. Policy shall include
28 Employers' Liability (Coverage B) including Occupational

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

6 c. Commercial General Liability Insurance.

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

22 d. Vehicle Liability Insurance.

23 If vehicles or mobile equipment are used in the performance
24 of the obligations under this Agreement, then BORROWER
25 shall maintain liability insurance for all owned, non-owned or
26 hired vehicles so used in an amount not less than \$1,000,000
27 per occurrence combined single limit. If applicable, and if such
28 insurance contains a general aggregate limit, it shall apply

1 separately to this agreement or be no less than two (2) times
2 the occurrence limit. Policy shall name the County of
3 Riverside, its Agencies, Boards, Districts, Special Districts,
4 and Departments, their respective directors, officers, Board of
5 Supervisors, employees, elected or appointed officials, agents
6 or representatives as Additional Insured or provide similar
7 evidence of coverage approved by COUNTY's Risk Manager.

8 e. General Insurance Provisions – All Lines.

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

17 2) BORROWER's insurance carrier(s) must declare its
18 insurance self-insured retentions. If such self-
19 insured retentions exceed \$500,000 per occurrence
20 such retentions shall have the prior written consent
21 of COUNTY Risk Manager before the
22 commencement of operations under this
23 Agreement. Upon notification of self-insured
24 retention unacceptable to COUNTY, and at the
25 election of COUNTY's Risk Manager,
26 BORROWER's carriers shall either: (a) reduce or
27 eliminate such self-insured retention as respects this
28 Agreement with COUNTY, or (b) procure a bond

1 which guarantees payment of losses and related
2 investigations, claims administration, and defense
3 costs and expenses.

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

1 Insurance and copies of endorsements and if
2 requested, copies of policies of insurance including
3 all endorsements and any and all other attachments
4 as required in this Section. An individual authorized
5 by the insurance carrier on its behalf shall sign the
6 original endorsements for each policy and the
7 Certificate of Insurance.

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

14 5) If, during the term of this Agreement or any
15 extension thereof, there is a material change in the
16 scope of services; or, there is a material change in
17 the equipment to be used in the performance of the
18 scope of work which will add additional exposures
19 (such as the use of aircraft, watercraft, cranes, etc.);
20 or, the term of this Agreement, including any
21 extensions thereof, exceeds five (5) years COUNTY
22 reserves the right to adjust the types of insurance
23 required under this Agreement and the monetary
24 limits of liability for the insurance coverage's
25 currently required herein, if; in COUNTY Risk
26 Manager's reasonable judgment, the amount or type
27 of insurance carried by BORROWER has become
28 inadequate.

1 Agreement, BORROWER hereby certifies that it will adhere to and comply with all applicable
2 federal, state and local laws, regulations and ordinances. In particular, BORROWER shall
3 comply with the following as they may be applicable to BORROWER in connection with the
4 loan of funds granted pursuant to the HOME Program:

5 a. HOME Program and its implementing regulations set forth in
6 pursuant to Title III of Division B of the Housing and
7 Economic Recovery Act of 2008, as amended, Public Law
8 110-289 (“Act”) and Federal Register Notice, Vol. 73, No.
9 194, Docket No. FR– 5255–N–01, dated October 6, 2008, as
10 amended. Since HOME is a component of the Community
11 Development Block Grant (CDBG) Program, the CDBG
12 regulatory structure is the platform used to implement HOME.
13 The regulations created by the Office of the Assistant
14 Secretary of Community Planning and Development that
15 pertain to Community Development programs are contained
16 within 24 CFR part 570 - Community Development Block
17 Grants. HOME is governed by CDBG regulations except
18 where specifically waived.

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

25 c. Section 92.351 Affirmative marketing and minority outreach
26 program. BORROWER must adopt affirmative marketing
27 procedures and requirements. These must include:

28 (1) Methods for informing the public, owners, and

1 potential tenants about Federal fair housing laws
2 and the affirmative marketing policy (e.g., the use
3 of the Equal Housing Opportunity logotype or
4 slogan in press releases and solicitations for owners,
5 and written communication to fair housing and
6 other groups).

7 (2) Requirements and practices that BORROWER must
8 adhere to in order to carry out the affirmative
9 marketing procedures and requirements (e.g., use of
10 commercial media, use of community contacts, use
11 of the Equal Housing Opportunity logotype or
12 slogan, and display of fair housing poster).

13 (3) Procedures to be used by BORROWER to inform
14 and solicit applications from persons in the housing
15 market area who are not likely to apply without
16 special outreach (e.g., use of community
17 organizations, employment centers, fair housing
18 groups, or housing counseling agencies).

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

22 (5) A description of how BORROWER will annually
23 assess the success of affirmative marketing actions
24 and what corrective actions will be taken where
25 affirmative marketing requirements are not met.

26 (6) BORROWER must prescribe procedures to
27 establish and oversee a minority outreach program
28 to ensure the inclusion, to the maximum extent

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

- 17 (i) Placing qualified small and minority
18 businesses and women's business
19 enterprises on solicitation lists.
- 20 (ii) Assuring that small and minority
21 businesses, and women's business
22 enterprises are solicited whenever
23 they are potential sources.
- 24 (iii) Dividing total requirements, when
25 economically feasible, into smaller
26 tasks or quantities to permit
27 maximum participation by small
28 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.

(vi) Requiring the prime contractor, if subcontracts are to be let, to take the affirmative steps listed in (i) through (v) above of this section.

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

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

1 with HOME Funds.

2 f. Section 92.354 Lead-based paint. Housing assisted with
3 HOME funds is subject to the lead-based paint requirements
4 of 24 CFR Part 35 issued pursuant to the Lead-Based Paint
5 Poisoning Prevention Act (42 U.S.C. 4821, et seq.). The lead-
6 based paint provisions of 24 CFR 982.401 (j), except 24 CFR
7 982.401 (j)(1)(i), also apply, irrespective of the applicable
8 property standard under §92.251.

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

21 h. Section 92.356 Conflict of Interest. In the procurement of
22 property and services by BORROWER, the conflict of interest
23 provisions in 24 CFR 85.36 and 24 CFR 85.42, respectively
24 shall apply. Section 92.356 shall cover all cases not governed
25 by 24 CFR 85.36 and 24 CFR 84.42.

26 i. Section 504 of the Rehabilitation Act of 1973. Housing
27 accessibility requirement at 24 CFR Part 8, implementing
28 Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

1 The design and construction of multi-family dwellings as
2 defined at 24 CFR 100.201 must comply with the requirements
3 set forth in 24 CFR 100.205 implementing the Fair Housing
4 Act. Dwelling units must be designed and constructed in
5 accordance with the Uniform Federal Accessibility Standards
6 (UFAS) will be deemed to comply with the Section 504
7 regulation.

8 (1) 24 CFR Part 8.22 New construction—
9 housing facilities. For new construction of
10 multi-family projects, 5 percent (5%) of the
11 units (but not less than one unit) must be
12 accessible to individuals with
13 mobility impairments, and an additional 2
14 percent (2%) of the units (but not less than
15 one unit) must be accessible to individuals
16 with sensory impairments.

17 (2) 24 CFR Part 8.23 Alterations of existing
18 housing facilities. If alterations are
19 undertaken to a project that has 15 or more
20 units and the cost of the alterations is 75
21 percent or more of the replacement cost of the
22 completed facility, then the provisions of
23 §8.22 shall apply. Alterations to dwelling
24 units in a multifamily housing project shall,
25 to the maximum extent feasible, be made to
26 be readily accessible to and usable by
27 individuals with handicaps. If alterations of
28 single elements or spaces of a dwelling unit,

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

23 j. Model Energy Code published by the Council of American
24 Building Officials.

25 k. Section 3 of the Housing and Urban Development Act of 1968.
26 To the greatest extent feasible, opportunities for training and
27 employment arising from HOME funds will be provided to
28 low-income persons residing in the program service area. To

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

- 13 1. 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,
16 and Section 106 of the National Historic Preservation Act and
17 its implementing regulations 36 CFR Part 800 for possible
18 impacts on historic properties. Historic properties include
19 archeological sites, burial grounds, sacred landscapes or
20 features, ceremonial areas, traditional cultural places and
21 landscapes, plant and animal communities, and buildings and
22 structures with significant tribal 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 HOME 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
4 environmental responsibilities described at
5 24 CFR Part 92.352; and
 - 6 2. BORROWER does not assume COUNTY's
7 responsibility for initiating the review
8 process under the provisions of 24 CFR Part
9 92.352.
- 10 o. Uniform Administrative Requirements of 24 CFR 92.505 and
11 24 CFR Part 200 as now in effect and as may be amended from
12 time to time. Federal awards expended as a recipient or a
13 subrecipient, as defined by HUD, would be subject to single
14 audit. The payments received for goods or services provided
15 as a vendor would not be considered Federal awards.
- 16 p. BORROWER shall include written agreements that include all
17 provisions of **Section 18** if BORROWER provides HOME
18 funds to for-profit owners or developers, non-profit owners or
19 developers, sub-recipients, homeowners, homebuyers, tenants
20 receiving tenant-based rental assistance, or contractors.
- 21 q. Immigration requirements of Federal Register, Vol. 62, No.
22 221, Department of Justice Interim Guidance on Verification
23 of Citizenship, Qualified Alien Status and Eligibility Under
24 Title IV of the Personal Responsibility and Work Opportunity
25 Reconciliation Act of 1996 ("PRWORA"). Final Attorney
26 General's Order issued pursuant to PRWORA is specified
27 under Federal Register Vol. 66, No. 10, Department of Justice
28 Final Specification of Community Programs Necessary for

1 Protection of Life or Safety Under Welfare Reform
2 Legislation.

3 r. Buy America, Buy America Act (“BABAA”) Pursuant to the
4 Build America, Buy America Act (BABA), enacted as part of the
5 Infrastructure Investment and Jobs Act (IIJA). Pub. L. 117-58, 41
6 U.S.C. § 8301 note, the Federal Financial Assistance used to fund
7 this infrastructure project is required to apply a domestic content
8 procurement preference (the “Buy America Preference” or
9 “BAP”) for all construction, alteration, maintenance, or repair of
10 infrastructure, including buildings and real property, unless
11 application of the BAP has been waived by HUD. Additional
12 details on fulfilling the BABA requirements can be found at
13 <https://www.hud.gov/baba> and is incorporated herein by reference
14 as “**Exhibit J**”.

15 s. BORROWER shall comply with all applicable local, state and
16 federal laws in addition to the above mentioned laws.

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

22 20. RENT LIMITATIONS. BORROWER shall comply with the rent
23 limitations set forth under 24 CFR 92.252 of the HOME Investment Partnerships Act and HOME
24 Investment Partnerships (“HOME”) program, which was enacted under Title II of the Cranston-
25 Gonzalez National Affordable Housing Act (the “Act”), as amended (commencing at 42 U.S.C.
26 12701 et seq.), and the implementing regulations thereto (24 CFR Part 92) (collectively, the
27 “HOME Program”). A total of 11 units consisting of 10 one-bedrooms, and 1 two-bedroom ,
28 shall be reserved as HOME-Assisted Units and rented at Low HOME rent levels as published by

1 HUD. The HOME-Assisted Units shall be a “floating” designation on the Property such that the
2 requirements of this Agreement will be satisfied so long as the total number of HOME-Assisted
3 Units and bedroom size remains the same throughout the Affordability Period. COUNTY shall
4 review and approve proposed rents to the extent required under this section. BORROWER shall
5 ensure the HOME-Assisted Units are rented to Qualified Very Low Income Households at the
6 Low HOME rent levels required herein. The maximum monthly allowances for utilities and
7 services (excluding telephone) shall not exceed the utility allowance as described below.

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

24 b. Tenant Selection: Pursuant to 24 CFR part 92.253(d) and
25 subject to 24 CFR Section 92.350, BORROWER shall adopt,
26 with the approval of COUNTY, written tenant selection
27 policies and criteria with respect to the HOME-Assisted Units
28 that give priority, to the extent allowed by law, to agricultural

1 worker households whose incomes do not exceed fifty percent
2 (50%) of the area median income for the County of Riverside.

- 3 c. Initial Occupancy of Vacant Units: All eleven (11) HOME-
4 Assisted Units consisting of 10 one-bedrooms and 1 two-
5 bedroom shall be occupied by and rented to Qualified Very
6 Low Income Households for an affordable rent within six (6)
7 months from the recordation of the Notice of Completion in
8 the Official Records (“Lease Deadline”) for the last building
9 constructed as part of the Project. If a COUNTY HOME-
10 Assisted Unit remains unoccupied or not leased to an eligible
11 tenant, BORROWER must provide to COUNTY information
12 about current marketing efforts and an enhanced plan for
13 marketing the unit so that it is leased promptly.

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

25 The amount of HOME funds to be repaid is based on the HOME Loan, defined in
26 **Section 1**, prorated by the number of COUNTY HOME-Assisted Units that are or are not rented
27 to eligible tenants. If all COUNTY HOME-Assisted Units are not rented to eligible tenants, then
28 COUNTY and BORROWER mutually agree that this Agreement will self-terminate and any

1 HOME Loan funds drawn shall be returned within thirty (30) calendar days. Upon such
2 termination, this Agreement shall become null and void. COUNTY and BORROWER shall be
3 released and discharged respectively from their obligations under this Agreement. All cost
4 incurred by each party on the Project will be assumed respectively.

5 d. HOME Rent Limitations: Effective June 1, 2025, HUD
6 published HOME Rent Limits for the County of Riverside. In
7 order to calculate net rent to be charged, an applicable utility
8 allowance must be subtracted from the gross rents listed. The
9 BORROWER shall use the Utility Allowance described in
10 **Section 20(a)**.

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

24 f. Float-up: Notwithstanding any other covenant or the Covenant
25 Agreement to the contrary the Parties agree that the following
26 shall apply to the HOME-Assisted Units:

- 27 1. COUNTY agrees that, upon BORROWER'S request and
28 County's written approval, which will not be

1 unreasonably withheld, the maximum tenant household
2 income and maximum annual rent for HOME-Assisted
3 Units may be increased to amounts allowed under the
4 HUD HOME program necessary to make operation of the
5 Project financially feasible as determined by the
6 BORROWER, including the payment of all required
7 operating costs and debt service, but in no event may (a)
8 the maximum tenant income limitation exceed 60 percent
9 of AMI or, (b) the maximum annual rent limitation exceed
10 30 percent of 60 percent of AMI.

11 2. In the case of increases due to a foreclosure of any
12 approved financing or deed in lieu thereof, the above
13 increases may continue until such time, if any, that the
14 rental assistance or equivalent operating subsidy is
15 restored. Notwithstanding anything to the contrary in this
16 section, the BORROWER may not displace tenant
17 households and must use good faith efforts to reduce the
18 effect of rent increases permitted to be imposed on
19 existing tenant households by (a) the use of operating and
20 transition reserves to the extent such funds exist and are
21 available, and (b) the use of other subsidy sources
22 available that would mitigate the rent increases.

23 3. If Rent increases on the HOME-Assisted Units are
24 necessary, after exhausting all transition reserve funds
25 such increases shall only be permitted to the minimum
26 extent required for financial feasibility, as reasonably
27 determined by BORROWER and approved by COUNTY,
28 which approval shall not, in any event, be increased to an

1 amount in excess of 30 percent of 60 percent of AMI,
2 adjusted for household size for the number of bedrooms.
3 The COUNTY shall be notified at least three (3) months
4 in advance of any Rent increase the HOME-Assisted
5 Units.

6 4. In order to enact an increase in the maximum household
7 income and rents for a Restricted Unit for the Project, the
8 BORROWER must submit a written request to the
9 COUNTY which shall outline a plan with an explanation
10 of the fiscal necessity of adjusting the maximum
11 household income and the rents charged for the HOME-
12 Assisted Units. The plan shall provide the following items
13 along with any additional requirements from the
14 COUNTY:

15 A. An explanation of the efforts the BORROWER has
16 made to secure other rental subsidies to sustain
17 overall project operations;

18 B. An explanation of the fiscal necessity of adjusting the
19 maximum household income and the rents charged
20 for the HOME-Assisted Units;

21 C. A process for increasing the Project rent for all
22 affected units (both HOME-Assisted Units and non-
23 restricted units) and make reasonable efforts to
24 continue to market and rent Project units to members
25 of the target population originally contemplated, as
26 well as ensuring that any increases to the household
27 income limit are applied, as much as possible, only
28 to vacant units as they become available. This

1 portion of the plan shall discuss changes in both
2 maximum household incomes and rents and;

- 3 D. The plan for continuing, throughout the Compliance Period, to
4 apply for other subsidies that will allow a return to all Project
5 Units to members of the target population and Rents originally
6 contemplated.

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

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

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

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

23 (2) Treatment of property. Agreements by tenant
24 that BORROWER may take, hold, or sell
25 personal property of household members
26 without notice to the tenant and a court
27 decision on the rights of the parties. This
28 prohibition, however, does not apply to an

1 agreement by the tenant concerning
2 disposition of personal property remaining in
3 the housing unit after the tenant has moved
4 out of the unit. BORROWER may dispose of
5 this personal property in accordance with
6 State law.

7 (3) Excusing BORROWER from responsibility.

8 Agreement by the tenant not to hold
9 BORROWER or BORROWER's agents
10 legally responsible for any action or failure to
11 act, whether intentional or negligent.

12 (4) Waiver of notice. Agreement of the tenant

13 that BORROWER may institute a lawsuit
14 without notice to the tenant.

15 (5) Waiver of legal proceeding. Agreement by

16 the tenant that the BORROWER may evict
17 the tenant or household members without
18 instituting a civil court proceeding in which
19 the tenant has the opportunity to present a
20 defense, or before a court decision on the
21 rights of the parties.

22 (6) Waiver of a jury trial. Agreement by the

23 tenant to waive any right to a trial by jury.

24 (7) Waiver of right to appeal court decision.

25 Agreement by the tenant to waive the tenant's
26 right to appeal, or to otherwise challenge in
27 court, a court decision in connection with the
28 lease.

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

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

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

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

27 22. FEDERAL REQUIREMENTS. BORROWER shall comply with the
28 provisions of the HOME Program and any amendments thereto and all applicable federal

1 regulations and guidelines now or hereafter enacted pursuant to the Act.

2 23. SALE, ASSIGNMENT OR OTHER TRANSFER OF THE PROJECT.

3 BORROWER hereby covenants and agrees not to sell, assign, transfer or otherwise dispose of
4 the Project or any portion thereof, without obtaining the prior written consent of the COUNTY,
5 which consent shall be conditioned upon (a) receipt by the COUNTY of reasonable evidence
6 satisfactory to the COUNTY in its sole discretion, that transferee has assumed in writing and in
7 full, and is reasonably capable of performing and complying with the BORROWER's duties and
8 obligations under this Agreement. Notwithstanding anything to the contrary contained herein,
9 upon written notice to COUNTY, BORROWER may (i) admit limited partners to BORROWER,
10 and provide for the purchase of any such limited partnership interest or interests by
11 BORROWER's general partner or affiliate; (ii) remove for cause any General Partner by a
12 limited partner of the Borrower, and the replacement thereof, pursuant to the Partnership
13 Agreement, provided County receives 5 business days advance written notice of such removal.
14 Without limiting Borrower's obligation to provide advance notice of such removal for cause of
15 any General Partner by a limited partner and the replacement thereof set forth in the immediately
16 preceding sentence, amendments to the Partnership Agreement required to effectuate the
17 Permitted Transfer set forth in this clause (ii) shall not require the consent of the County;
18 provided, however, Borrower shall provide County with an executed copy of such amended
19 agreement within thirty (30) days of execution thereof; (iii) lease for occupancy of all or any of
20 the HOME-Assisted Units; (iv) the granting of easements or permits to facilitate the development
21 of the Property in accordance with this Agreement; and (v) the withdrawal, transfer and/or
22 replacement of any limited partner or any interests in any limited partner of BORROWER,
23 (collectively a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable
24 review of documentation by the COUNTY, but shall not require the consent of COUNTY. The
25 parties hereto acknowledge that "affiliate" for purposes of this section means, as to any Person
26 (as defined below), any general partnership, limited partnership, corporation, joint venture, trust,
27 business trust, cooperative, association, limited liability company or individual (collectively, a
28 "Person") that (A) directly or indirectly controls or is controlled by (such as any partnership or

1 limited liability company in which the Person, directly or indirectly, serves as a general partner
2 or managing member, respectively) or is under common control with the specified Person; (B)
3 is an officer or director of, commissioner of, partner in, member of or trustee of, or serves in a
4 similar capacity with respect to, the specified Person or of which the Specified Person is an
5 officer, director, member, partner or trustee, or with respect to which the specified Person serves
6 in a similar capacity; or (C) is the beneficial owner, directly or indirectly, of 10% or more of any
7 class of equity securities of the specified Person or of which the specified Person is directly or
8 indirectly the owner of 10% or more of any class of equity securities. The term “control”
9 (including the term “controlled by” and “under common control with”) means the possession,
10 direct or indirect, of the power to direct or cause the direction of the management and policies
11 of a Person, whether through the ownership of voting securities, by contract or otherwise.

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

16 25. NONDISCRIMINATION. Borrower shall abide by 24 CFR 570.602
17 which requires that no person in the United States shall on the grounds of race, color, national
18 origin, religion, or sex be excluded from participation in, be denied the benefits of, or be
19 subjected to discrimination under any program or activity receiving Federal financial assistance
20 made available pursuant to the Act. Under the Act, Section 109 directs that the prohibitions
21 against discrimination of the basis of age under the Age Discrimination Act and the prohibitions
22 against discrimination of the basis of disability under Section 504 shall apply to programs or
23 activities receiving Federal financial assistance under Title I programs. The policies and
24 procedures necessary to ensure enforcement of Section 109 are codified in 24 CFR Part 6. In
25 addition, BORROWER shall not discriminate on the basis of race, gender, religion, national
26 origin, ethnicity, sexual orientation, age or disability in the solicitation, selection, hiring or
27 treatment of any contractors or consultants, to participate in subcontracting/subconsulting
28 opportunities. BORROWER understands and agrees that violation of this clause shall be

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

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

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

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

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

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

1 practice or practices of discrimination or segregation with
2 reference to the selection, location, number, use, or occupancy,
3 of tenants, lessees, sublessees, subtenants, or vendees in the
4 premises herein leased.”

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

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

24 26. PROHIBITION AGAINST CONFLICTS OF INTEREST:

- 25 a. BORROWER and its assigns, employees, agents, consultants,
26 officers and elected and appointed officials shall become
27 familiar with and shall comply with the conflict of interest
28 provisions in OMB Circular A-110, 24 CFR 85.36, 24 CFR

1 84.42, 24 CFR 92.356 and Policy Manual #A-11, attached
2 hereto as **Exhibit E** and by this reference incorporated herein.

3 b. BORROWER understands and agrees that no waiver or
4 exception can be granted to the prohibition against conflict of
5 interest except upon written approval of HUD pursuant to 24
6 CFR 92.356(d). Any request by BORROWER for an
7 exception shall first be reviewed by COUNTY to determine
8 whether such request is appropriate for submission to HUD. In
9 determining whether such request is appropriate for
10 submission to HUD, COUNTY will consider the factors listed
11 in 24 CFR 92.356(e).

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

22 d. Any violation of this section shall be deemed a material breach
23 of this Agreement, and the Agreement shall be immediately
24 terminated by COUNTY.

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

27 28. PROJECT MONITORING AND EVALUATION.

28 a. Tenant Checklist. BORROWER shall submit a Tenant

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

- 22 b. Inspections. Pursuant to 24 CFR 92.504(d)(ii), during the
23 Affordability Period, COUNTY must perform on-site
24 inspections of COUNTY HOME-assisted rental housing to
25 determine compliance with the property standards of §92.251
26 and to verify the information submitted by the owners in
27 accordance with the requirements of §92.252. The inspections
28 must be in accordance with the inspection procedures that the

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

1 building exterior, building systems, and common areas) for
2 each building housing COUNTY HOME assisted units.

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

9 29. MONITORING FEE. BORROWER shall be responsible for paying an
10 annual compliance monitoring fee to the COUNTY in the total annual amount of Five Thousand
11 Three Hundred Dollars (\$5,300) (“Monitoring Fee”). The first Monitoring Fee payment shall
12 cover the monitoring period of July 1st to June 30th, commencing with the first July 1st following
13 recordation of the Notice of Completion. The Monitoring Fee will be due on July 1st thereafter
14 and will continue until the expiration of the Affordability Period. The Monitoring Fee is to be
15 adjusted upwards annually, increased by an amount equal to the increase in CPI for the Los
16 Angeles-Riverside-Orange County, CA area. In the event of a decrease in the applicable CPI,
17 the Monitoring Fee currently in effect shall remain the same and shall not decrease.

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

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

- 24 a. Monetary Default. (1) BORROWER’s failure to pay when due
25 any sums payable under this Agreement, the Covenant
26 Agreement, the HOME Note or any advances made by
27 COUNTY under this Agreement; (2) BORROWER’s or any
28 agent of BORROWER’s use of HOME funds for costs other

1 than those costs permitted under this Agreement or for uses
2 inconsistent with terms and restrictions set forth in this
3 Agreement; (3) BORROWER's or any agent of
4 BORROWER's failure to make any other payment of any
5 assessment or tax due under this Agreement, and /or (4) default
6 under the terms of any Senior Loan documents or any other
7 instrument or document secured against the Property and the
8 expiration of all applicable notice and cure periods;

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

26 c. General Performance of Loan Obligations. Any substantial or
27 continuous or repeated breach by BORROWER or
28 BORROWER's agents of any material obligations of

1 BORROWER under this Agreement;

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

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

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

24 g. Bankruptcy, Dissolution and Insolvency. BORROWER's or
25 general partner and co-general partner of BORROWER's (1)
26 filing for bankruptcy, dissolution, or reorganization, or failure
27 to obtain a full dismissal of any such involuntary filing brought
28 by another party before the earlier of final relief or ninety (90)

1 days after such filing; (2) making a general assignment for the
2 benefit of creditors; (3) applying for the appointment of a
3 receiver, trustee, custodian, or liquidator, or failure to obtain a
4 full dismissal of any such involuntary application brought by
5 another party before the earlier of final relief or ninety (90)
6 days after such filing; (4) insolvency; or (5) failure, inability
7 or admission in writing of its inability to pay its debts as they
8 become due.

9 32. NOTICE OF DEFAULT AND OPPORTUNITY TO CURE. Formal
10 notices, demands and communications between the COUNTY and the BORROWER shall be
11 sufficiently given if dispatched by registered or certified mail, postage prepaid, return receipt
12 requested, to the principal offices of the COUNTY and the BORROWER and BORROWER's
13 limited partner, as designated below. Such written notices, demands and communications may
14 be sent in the same manner to such other addresses as either party may from time to time
15 designate by mail as provided in this **Section 32**. Any notice that is transmitted by electronic
16 facsimile transmission followed by delivery of a "hard" copy, shall be deemed delivered upon
17 its transmission; any notice that is personally delivered (including by means of professional
18 messenger service, courier service such as United Parcel Service or Federal Express, or by U.S.
19 Postal Service), shall be deemed received on the documented date of receipt by the recipient;
20 and any notice that is sent by registered or certified mail, postage prepaid, return receipt required
21 shall be deemed received on the date of delivery thereof.

22 a. Subject to the Force Majeure Delay, as provided in this
23 **Section 10**, failure or delay by BORROWER to materially
24 perform any term or provision of this Agreement constitutes
25 a default under this Agreement. BORROWER must
26 immediately commence to cure, correct or remedy such
27 failure or delay and shall complete such cure, correction or
28 remedy with reasonable diligence.

- 1 b. COUNTY shall give written notice of default to
2 BORROWER, specifying the default complained of by
3 COUNTY. Failure or delay in giving such notice shall not
4 constitute a waiver of any default, nor shall it change the
5 time of default; provided, however, the time to tender a cure
6 as required hereunder shall not commence until notice of
7 such default is provided to BORROWER by COUNTY.
8 Except as otherwise expressly provided in this Agreement,
9 any failures or delays by COUNTY in asserting any of its
10 rights and remedies as to any default shall not operate as a
11 waiver of any default or of any such rights or remedies.
12 Delays by COUNTY in asserting any of its rights and
13 remedies shall not deprive COUNTY of its right to institute
14 and maintain any actions or proceedings which it may deem
15 necessary to protect, assert or enforce any such rights or
16 remedies.
- 17 c. If a monetary event of default occurs, prior to exercising
18 any remedies hereunder, COUNTY shall give
19 BORROWER written notice of such default. BORROWER
20 shall have a period of ten (10) business days after such
21 notice is given within which to cure the default prior to
22 exercise of remedies by COUNTY.
- 23 d. If a non-monetary event of default occurs, prior to
24 exercising any remedies hereunder, COUNTY shall give
25 BORROWER written notice of such default. If the default
26 is reasonably capable of being cured within thirty (30)
27 business days, BORROWER shall have such period to
28 effect a cure prior to exercise of remedies by COUNTY. If

1 the default is such that it is not reasonably capable of being
2 cured within thirty (30) business days, and BORROWER
3 (i) initiates corrective action within said period, and (ii)
4 diligently, continually, and in good faith works to effect a
5 cure as soon as possible, then BORROWER shall have such
6 additional time as is reasonably necessary to cure the
7 default prior to exercise of any remedies by the injured
8 party, but in no event no more than ninety (90) business
9 days from the date of the notice of default. In no event shall
10 COUNTY be precluded from exercising remedies if its
11 security becomes or is about to become materially
12 jeopardized by any failure to cure a default or the default is
13 not cured within ninety (90) business days after the first
14 notice of default is given.

15 e. Borrower's limited partner shall have the right, but not the
16 obligation to tender any cure on behalf of Borrower. Any cure
17 tendered by Borrower's limited partner shall be accepted or
18 rejected on the same basis as if tendered by Borrower.

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

25 a. Terminate this Agreement, in which event the entire HOME
26 Loan amount as well as any other monies advanced to
27 BORROWER by COUNTY under this Agreement including
28 administrative costs, shall immediately become due and

1 payable to COUNTY at the option of COUNTY.

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

7 i) Accelerate the HOME Loan, and
8 demand immediate full payment of
9 the principal payment outstanding
10 and all accrued interest under the
11 HOME Note, as well as any other
12 monies advanced to BORROWER
13 by COUNTY under this
14 Agreement.

15 ii) Enter the Project and take any
16 remedial actions necessary in its
17 judgment with respect to hazardous
18 materials that COUNTY deems
19 necessary to comply with hazardous
20 materials laws or to render the
21 Project suitable for occupancy,
22 which costs shall be due and
23 payable by BORROWER to
24 COUNTY.

25 iii) Enter upon, take possession of, and
26 manage the Project, either in
27 person, by agent, or by a receiver
28 appointed by a court, and subject to

1 the rights of any Senior Lender,
2 collect rents and other amounts
3 specified in the assignment of rents
4 in the Deed of Trust and apply them
5 to operate the Project or to pay off
6 the HOME Loan or any advances
7 made under this Agreement, as
8 provided for by the HOME Deed of
9 Trust.

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

12 34. RESERVED.

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

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

25 a. No federally appropriated funds have been paid or will be paid,
26 by or on behalf of the undersigned, to any person for
27 influencing or attempting to influence an officer or employee
28 of any agency, a member of Congress, an officer or employee

1 of Congress, or an employee of a member of Congress in
2 connection with the awarding of any federal contract, the
3 making of any federal grant, the making of any federal loan,
4 the entering into of any cooperative agreement, and the
5 extension, continuation, review, amendment, or modification
6 of any federal contract, grant, loan, or cooperative agreement.

7 b. If any funds other than federally appropriated funds have been
8 paid or will be paid to any person for influencing or attempting
9 to influence an officer or employee of any agency, a member
10 of Congress, an officer or employee of Congress, or an
11 employee of a member of Congress in connection with this
12 federal contract, grant, loan, or cooperative agreement, the
13 undersigned shall complete and submit Standard Form-LLL,
14 "Disclosure Form to Report Lobbying," in accordance with its
15 instructions.

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

24 37. HOLD HARMLESS AND INDEMNIFICATION. BORROWER shall
25 indemnify and hold harmless the County of Riverside, its Agencies, Boards, Districts, Special
26 Districts and Departments, their respective directors, officers, Board of Supervisors, elected and
27 appointed officials, employees, agents and representatives (collectively the "Indemnified
28 Parties") from any liability whatsoever, based or asserted upon any services of BORROWER,

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

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

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

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

26 In the event there is conflict between this clause and California Civil Code Section
27 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall
28 not relieve BORROWER from indemnifying COUNTY to the fullest extent allowed by law.

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

3 **38. TERMINATION.**

4 a. BORROWER. BORROWER may terminate this Agreement
5 prior to disbursement of any HOME Loan funds by COUNTY
6 in accordance with the applicable HOME Program
7 regulations.

8 b. COUNTY. Notwithstanding the provisions of **Section 38(a)**,
9 COUNTY may suspend or terminate this Agreement upon
10 written notice to BORROWER of the action being taken and
11 the reason for such action in the event one of the following
12 events occur:

13 1. In the event BORROWER fails to materially
14 perform the covenants herein contained at
15 such times and in such manner as provided in
16 this Agreement after the applicable notice
17 and cure provisions hereof; or

18 2. In the event there is a conflict with any
19 federal, state or local law, ordinance,
20 regulation or rule rendering any material
21 provision, in the reasonable judgment of
22 COUNTY of this Agreement invalid or
23 untenable; or

24 3. In the event the HOME funding from HUD
25 identified in **Section 1** above is terminated or
26 otherwise becomes unavailable.

27 c. This Agreement may be terminated or funding suspended in
28 whole or in part for cause. Cause shall be based on the failure

1 of BORROWER to materially comply with either the terms or
2 conditions of this Agreement after the expiration of all
3 applicable notice and cure provisions hereof. Upon suspension
4 of funding, BORROWER agrees not to incur any costs related
5 thereto, or connected with, any area of conflict from which
6 COUNTY has determined that suspension of funds is
7 necessary.

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

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

25 40. MECHANICS LIENS AND STOP NOTICES. If any claim of mechanics
26 lien is filed against the Project or a stop notice affecting the HOME Loan is served on COUNTY,
27 BORROWER must, within thirty (30) business days of such filing or service, either pay and
28 fully discharge the lien or stop notice, obtain a release of the lien or stop notice by delivering to

1 COUNTY a surety bond in sufficient form and amount, or provide COUNTY with other
2 assurance reasonably satisfactory to COUNTY that the lien or stop notice will be paid or
3 discharged.

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

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

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

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

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

1 providing for the filing, removal or change of venue to any other court or jurisdiction.

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

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

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

19 49. CONDITIONAL COMMITMENT.

- 20 a. Construction. Pursuant to 24 CFR 92.2, under the definition of
21 Commitment, all necessary financing has been secured, a
22 budget and schedule have been established, and underwriting
23 has been completed and under which construction is scheduled
24 to start within the earlier of six (6) months from the Effective
25 Date of this Agreement, or such date as may be required by
26 TCAC ("Construction Start Deadline"). If BORROWER
27 cannot start construction or provide evidence such as
28 construction permits within four (4) months of the Effective

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

10 b. Completion. The Project must be completed and a Notice of
11 Completion shall have been recorded in the Official Records
12 no later than two (2) years from the Effective Date of this
13 Agreement (the "Completion Deadline"). BORROWER may
14 request a one year extension of the Completion Deadline from
15 COUNTY ("Extension"), which may be granted in
16 COUNTY's sole and absolute discretion, if the BORROWER
17 can provide proof that the circumstances that led to the failure
18 to complete the Project by the Completion Deadline were
19 beyond the BORROWER's control. Extension is subject to
20 COUNTY's approval and not guaranteed. The Director,
21 Housing, Homelessness Prevention and Workforce Solutions,
22 or designee, has the authority, at his or her discretion, to
23 consent to such Extension. If BORROWER is unable to meet
24 the condition as required by this **Section 49** including
25 Extension, then COUNTY and BORROWER mutually agree
26 that this Agreement will self terminate and any HOME Loan
27 funds disbursed to BORROWER to date shall be returned to
28 COUNTY within thirty (30) calendar days of such

1 termination. Upon such termination, this Agreement shall
2 become null and void. COUNTY and BORROWER shall be
3 released and discharged respectively from their obligations
4 under this Agreement, except for those provisions which by
5 their terms survive termination. All costs incurred by each
6 party on the Project will be assumed respectively.

- 7 c. Tenant Leases. BORROWER shall comply with the tenant
8 selection requirements set forth in **Section 20(b)** and the initial
9 occupancy requirements set forth in **Section 20(c)** of this
10 Agreement.

11 50. PROJECT FINANCING CONTINGENCY. This Agreement is expressly
12 conditioned upon BORROWER's delivery to COUNTY, on or prior to **April 10, 2026** of (i)
13 written documentation of such binding loan commitments required to fully finance the
14 development and construction of the Project (less the HOME Loan), on terms and conditions
15 acceptable to BORROWER and COUNTY, including, but not limited to any conventional
16 construction and/or permanent financing, including without limitation, a construction and
17 permanent loan from an institutional construction lender. Either COUNTY or BORROWER may
18 elect to terminate this Agreement with ten (10) business days prior written notice to the other
19 party if BORROWER fails to acquire the project financing as required by this **Section 50**. Upon
20 such termination, this Agreement shall be null and void, and:

- 21 a. If BORROWER elects to terminate this Agreement,
22 BORROWER shall be released and discharged by COUNTY
23 from its obligations under this Agreement; or
24 b. If COUNTY elects to terminate this Agreement, COUNTY
25 shall be released and discharged by BORROWER from its
26 obligations under this Agreement.

27 At that time all cost incurred by each party on the Project will be assumed
28 respectively, and each party shall be released from all liability under this Agreement, except

1 those obligations which by their terms survive termination.

2 51. Reserved.

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

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

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

17 COUNTY

BORROWER

18 Director, Housing

6th Street Seniors CIC, LP

19 Workforce Solutions

6339 Paseo Del Lago

20 3403 Tenth St, Suite 300

Carlsbad, CA 92011

21 Riverside, CA 92501

Attn: Cheri Hoffman

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

25	U.S.	Bancorp	Impact	Finance
26	505 North Seventh Street,	10th Floor,	Mail Code:	SL-MO-T10F
27	St. Louis,		MO	63101

28 USB Project No. 35964

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

4 56. EFFECTIVE DATE. The effective date of this Agreement is the date the
5 parties execute the Agreement (“Effective Date”). If the parties execute the Agreement on more
6 than one date, then the last date the Agreement is executed by a party shall be the Effective Date.

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

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

16 59. CONSTRUCTION AND INTERPRETATION OF AGREEMENT.

- 17 a. The language in all parts of this Agreement shall in all cases
18 be construed simply, as a whole and in accordance with its
19 fair meaning and not strictly for or against any party. The
20 parties hereto acknowledge and agree that this Agreement
21 has been prepared jointly by the parties and has been the
22 subject of arm’s length and careful negotiation over a
23 considerable period of time, that each party has been given
24 the opportunity to independently review this Agreement
25 with legal counsel, and that each party has the requisite
26 experience and sophistication to understand, interpret, and
27 agree to the particular language of the provisions hereof.
28 Accordingly, in the event of an ambiguity in or dispute

1 regarding the interpretation of this Agreement, this
2 Agreement shall not be interpreted or construed against the
3 party preparing it, and instead other rules of interpretation
4 and construction shall be utilized.

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

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

22 d. References in this instrument to this Agreement mean, refer
23 to and include this instrument as well as any riders, exhibits,
24 addenda and attachments hereto (which are hereby
25 incorporated herein by this reference) or other documents
26 expressly incorporated by reference in this instrument. Any
27 references to any covenant, condition, obligation, and/or
28 undertaking “herein,” “hereunder,” or “pursuant hereto” (or

1 language of like import) means, refer to, and include the
2 covenants, obligations, and undertakings existing pursuant
3 to this instrument and any riders, exhibits, addenda, and
4 attachments or other documents affixed to or expressly
5 incorporated by reference in this instrument.

- 6 e. As used in this Agreement, and as the context may require,
7 the singular includes the plural and vice versa, and the
8 masculine gender includes the feminine and vice versa.

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

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

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

18 63. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS.

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

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

- 28 c. All waivers of the provisions of this Agreement must be in

1 writing and signed by the appropriate authorities of the
2 COUNTY or the BORROWER, and all amendments hereto
3 must be in writing and signed by the appropriate authorities of
4 the COUNTY and the BORROWER. This Agreement and any
5 provisions hereof may be amended by mutual written
6 agreement by the BORROWER and the COUNTY.

7
8 (SIGNATURES ON THE NEXT PAGE)
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1 IN WITNESS WHEREOF, COUNTY and BORROWER have executed this Agreement as of
2 the dates written below.

3 COUNTY:

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

BORROWER:

6th STREET SENIORS CIC, LP,
a California limited partnership

By: CIC 6th Street Seniors, LLC,
a California limited liability company,
its Administrative General Partner

8 By: _____
9 Heidi Marshall, Director, HWS

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

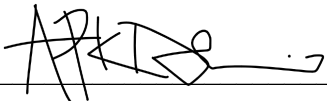
10 By: _____
11 Cheri Hoffman
12 President

13 Date: _____

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

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

By: _____
18 Robert Laing
19 President/Executive Director

20 By: 
21 Amrit P. Dhillon, Deputy County
22 Counsel

23 Date: _____

24
25 (Signatures need to be notarized)
26
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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 _____, 2026, 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: 6th Street Seniors CIC, LP
Address: 6339 Paseo Del Lago, Carlsbad, CA 92011
Project Title: 6th Street Seniors
Location: 6th Street between Date Ave and Tripoli Way, in the City of Coachella, also identified as a portion of APN 778-113-001 and a portion of APN 778-113-002

Project Description:

6th Street Seniors CIC, LP shall develop a multi-family affordable rental housing project consisting of 53 units to be occupied by extremely low, very low and low- income seniors age 62+ whose incomes do not exceed sixty percent (40%) of the area median income for the County of Riverside (Project). On site amenities will include a 1,290 square foot community center. The community room will be equipped with a kitchen to accommodate events, computer room and a manager's office. The Project will be located on a .86-acre parcel of vacant land located at 51392 Cesar Chavez Street, in the City of Coachella, identified as a portion of Assessor's Parcel Number 778-113-001 and a portion of Assessor's Parcel Number 778-113-002 (Project Site).

A total of 11 units will be subject to HOME program occupancy and use restrictions and will be rented to and occupied by individuals whose income does not exceed 30% of the area median income for the County and shall have a "floating" designation. The Project includes the use of 8 Housing Choice Voucher Program (HCVP) Project Based Vouchers (PBVs) that will serve as a rental subsidy for clients on the Housing Authority of the County of Riverside HCVP waiting list for the Project. The Project shall include a total of 53 units as follows:

- 46- 1 Bedroom Units (578 sq. ft.)
- 7- 2 Bedroom Units (733 sq. ft./includes one manager's unit)

IMPLEMENTATION SCHEDULE

Milestone	Completion Date
Financing Commitment	As provided for in Section 50 of the HOME Loan Agreement
Construction Start Deadline	April 30, 2026
Completion Deadline	As defined in Section 49(b) of the Agreement
Lease Deadline	As defined in Section 20(c) of the Agreement
Submission of Final actual project costs and Sources and Uses of Funds	July 31, 2028
Submission of income & ethnic characteristics report	July 31, 2028

LEGAL DESCRIPTION OF PROPERTY

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

Parcel 1:

All that portion of Lot(s) 11 in Section 5, Township 6 South, Range 8 East San Bernardino Base and Meridian, of the COACHELLA LAND AND WATER COMPANY, as shown by map on file in Book 4 Page(s) 53, of Maps, records of Riverside County, California, described as follows:

Beginning at a point on the Northwesterly line of said Lot 11, a distance thereon South 53°56' West 433.17 feet from the most Northerly corner of said Lot 11, said point being the intersection of the Northwesterly line of said lot and the Southwesterly line of a strip(s) of land 66.14 feet wide, conveyed to the County of Riverside, for road purposes by deed recorded in Book 466 Page 550 of Official Records; thence continuing in the Northwesterly line of said Lot 11, South 53°56' West 200 feet; thence South 36°4' East, on a line parallel with the Northeasterly line of said Lot 11, 117.5 feet; thence North 53°56' East on a line parallel with the Northwesterly line of said Lot 11, 200 feet, more or less, to the Southwesterly line of said 66.34 foot strip conveyed to the County of Riverside, by deed recorded in Book 466 Page 550 of Official Records; thence Northwesterly on the Southwesterly line of the land so conveyed 117.5 feet, more or less, to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

Parcel 2:

That portion of Lot 11 of COACHELLA LAND AND WATER COMPANY, subdivision of Section 5, Township 6 South, Range 8 East, San Bernardino Base and Meridian, in the City of Coachella, County of Riverside, State of California, as shown by map on file in Book 4, Page 53 of Maps, records of Riverside County, California described as follows:

Beginning at a point on the Northwesterly line of said Lot 11 distant thereon South 53°56' West, 633.17 feet from the most Northerly corner of said lot, said Point of Beginning being the most Westerly corner of land conveyed to Lester E. True and wife by deed recorded March 25, 1948 in Book 901, Page 315, Official Records; thence along said Northwesterly line of Lot 11 South 53°56' West, 100 feet to the Northeasterly line of land described in Parcel 5 of a deed to the County of Riverside recorded July 9, 1940 in Book 466, Page 550, Official Records; thence South 36° 00' East along said Northeasterly line, 117.5 feet to the Northwesterly line of land described in Parcel 1 of a deed to the City of Coachella recorded October 20, 1953 in Book 1518, Page 84, Official Records; thence North 53° 56' East along said Northwesterly line, 100 feet to the most Southerly corner of the aforesaid land conveyed to true; thence North 36° 04' West along the Southwesterly line of said land, 117.5 feet to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

APN: 778-113-001 (Affects Parcel 1) and 778-113-002 (Affects Parcel 2)

Permanent Sources and Uses of Funds:

[TO BE CONFIRMED UPON FINALIZATION OF BUDGET]

Sources:

County of Riverside HOME Loan	\$1,500,000
US Bank Perm Loan	\$2,950,000
City of Coachella CFD Loan	\$8,290,000
City of Coachella TCC Loan	\$7,668,176
Department of Developmental Services	\$1,000,000
City of Coachella DIF Loan	\$1,179,044
Priority Deferred Developer Fee	\$730,917
Limited Partner Tax Credit Equity	\$15,453,750
Total Sources	\$38,772,328

Uses:

Land	\$725,932
Direct Construction Costs	\$20,966,322
Development Impact Fees	\$9,674,697
Architecture & Engineering	\$1,532,675
Financing Fees and Interest	\$1,635,908
Developer Fee	\$2,500,00
Other Soft Costs	\$1,736,794
Total Uses	\$38,772,328

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

EXHIBIT “B”

EXEMPT RECORDING FEE CODE 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDER'S USE

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

This deed of trust is the fourth in lien priority with respect to the five deeds of trust recording concurrently herewith.

This DEED OF TRUST AND ASSIGNMENT OF RENTS is made this ____ day of _____, 2026 by 6th Street Seniors CIC, LP, a California limited partnership, (hereinafter referred to as “Trustor”), whose address is 6339 Paseo Del Lago, Carlsbad, CA 92011. The trustee is First American Title Company (“Trustee”). The beneficiary is the County of Riverside, a political subdivision of the State of California, (hereinafter called “Beneficiary”), whose address is 3404 Tenth St, Suite 300, Riverside, CA 92501.

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

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

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

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

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

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

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

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

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

- i. due, prompt and complete observance, performance and discharge of each and every condition, obligation, covenant and agreement contained herein or contained in the following:
 - (a) that certain Promissory Note in favor of the Beneficiary (“County” therein) executed by Trustor (“Borrower” therein) of even date herewith (the “Note”) in the principal amount of \$1,500,000;
 - (b) that certain Loan Agreement for the Use of HOME Program Funds dated _____, 2026 and recorded in the Official Records (“Official Records”) of the County of Riverside concurrently herewith, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (the “HOME Loan Agreement”); and
 - (c) that certain Covenant Agreement dated _____, 2026 and recorded concurrently herewith in the Official Records, between Trustor (“Borrower” therein) and Beneficiary (“County” therein) (“Covenant Agreement”).
- ii. payment of indebtedness of the Trustor to the Beneficiary not to exceed ONE MILLION FIVE HUNDRED THOUSAND DOLLARS (the “HOME Loan”) according to the terms of the Note.

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

The HOME Loan evidenced by the Note and secured by this Deed of Trust is being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Pursuant to the HOME Loan Agreement, the maturity date of the HOME Loan shall be March 1, 2081 (as defined in the HOME Loan Agreement)(“HOME Loan Term”)

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

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

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

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

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

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

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

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

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

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

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

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

to the person owed payment. Trustor shall pay these obligations in the manner provided in **Section 6.**

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

9. Priority of HOME Deed of Trust. During the construction phase and at conversion lien priority shall be: (1) first priority deed of trust for the benefit of U.S. Bank National Association ("USB") securing a construction and permanent loan for the Project in the maximum principal amount of up to \$[15,976,535] ("USB Senior Loan"); (2) second priority deed of trust for the benefit of the City of Coachella securing a loan in an amount up to \$9,469,485 ("City CFD/DIF Loan"); (3) third priority deed of trust for the benefit of the City of Coachella securing a loan in an approximate amount of \$7,868,176 ("City TCC Loan"); (4) fourth priority deed of trust for the benefit of the HOME Loan secured by the HOME Deed of Trust for the benefit of COUNTY securing the HOME Loan and the terms of this Agreement, (5) fifth priority deed of trust for the benefit of the CA Department of Development Services securing a loan in an amount up to \$1,000,000 ("DDS Loan"). The USB Senior Loan, City CFD/DIF Loan, and City TCC Loans shall be collectively referred to herein as the "Senior Loan" or "Senior Loans". The Senior Loans shall be recorded in a lien position junior to the HOME Covenant Agreement.

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

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

a. All insurance policies and renewals shall be acceptable to Beneficiary and shall include a standard mortgagee clause. All requirements hereof pertaining to insurance shall be deemed satisfied if the Trustor complies with the insurance requirements under this Deed of Trust and the HOME Loan Agreement. Trustor shall promptly give to Beneficiary certificates of insurance showing the coverage is in full force and effect and that Beneficiary is named as additional insured. In the event of loss, Trustor shall give prompt notice to the insurance carrier, the holder of any

Senior Lien, if any, and Beneficiary. Beneficiary may make proof of loss if not made promptly by the holder of any Senior Lien, if any, or the Trustor.

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

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

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

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

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

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

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

13. **Reserved.**

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

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

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

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

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

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

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

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

19. **Notices.** Any notice to Trustor and Trustor's limited partner 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 and Trustor's limited partner's respective mailing address stated herein or any other address Trustor and/or Trustor's limited partner designates by notice to Beneficiary. All such notices to Trustor shall also be provided to the Trustor's limited partner at the address set forth in the HOME Loan Agreement. Any notice to Beneficiary shall be given by first class mail to Beneficiary's address stated herein or any other address Beneficiary designates by notice to Trustor. Any notice required to be given to a Senior Lender shall be given by first class mail to such other address the Senior Lender designates by notice to the Trustor. Any notice provided for in this Deed of Trust shall be deemed to have been given to Trustor or Beneficiary when given as provided in this Section.

20. **Governing Law; Severability.** This Deed of Trust shall be governed by federal law and the laws of the State of California. In the event that any provision or clause of this Deed of Trust or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Deed of Trust or the Note which can be given effect without the conflicting provision. To this end the provisions of this Deed of Trust and the Note are declared to be severable. Any action at law or in equity arising under this Deed of Trust or brought by a party hereto for the purpose of

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

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

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

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

b. Notwithstanding anything to the contrary contained herein, upon written notice to Beneficiary, Trustor may (i) admit limited partners to Trustor, and provide for the purchase of any such limited partnership interest or interests by Trustor's general partner; (ii) remove for cause any General Partner by a limited partner of the Trustor, and the replacement thereof, pursuant to the Partnership Agreement, provided Beneficiary receives 5 business days advance written notice of such removal. Without limiting Trustor's obligation to provide advance notice of such removal for cause of any General Partner by a limited partner and the replacement thereof set forth in the immediately preceding sentence, amendments to the Partnership Agreement required to effectuate the Permitted Transfer set forth in this clause (ii) shall not require the consent of the Beneficiary; provided, however, Trustor shall provide Beneficiary with an executed copy of such amended agreement within thirty (30) days of execution thereof; (iii) the lease for occupancy of all or any of the HOME-Assisted Units (as defined in the HOME Loan Agreement); (iv) the granting of easements or permits to facilitate the development of the Property in accordance with the HOME Loan Agreement; and (v) the withdrawal and/or replacement of any limited partner or interests of any limited partner of Trustor, (collectively a "Permitted Transfer"). All Permitted Transfers shall be subject to reasonable review of documentation by the Beneficiary.

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

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

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

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

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

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

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

27. **Acceleration; Remedies.** Beneficiary shall give notice to Trustor prior to acceleration following Trustor's breach of any covenant or agreement in this Deed of Trust. The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, which

shall not be more than ten (10) business days from the date of the mailing of the notice for a monetary default, or a date, which shall not be more than thirty (30) business days from the mailing of the notice for a non-monetary default, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Deed of Trust and sale of the Property. The notice shall further inform Trustor of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Trustor to acceleration and sale. If the default is not cured by the Trustor on or before the date specified in the notice, and the Senior Lender or the investor limited partner have not cured the default within that same period, subject to any non-recourse provisions set forth in Section 8 of the Note, then Beneficiary at its option may require immediate payment in full of all sums secured by this Deed of Trust without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Beneficiary shall be entitled to collect all expenses incurred in pursuing the remedies provided in this **Section 27**, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

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

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

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

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

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

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

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

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

[Remainder of Page Blank]

[Signatures on Following Page]

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

TRUSTOR:

6th STREET SENIORS CIC, LP,
a California limited partnership

By: CIC 6th Street Seniors, LLC,
a California limited liability company,
its Administrative General Partner

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

By:

Cheri Hoffman
President

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

By:

Robert Laing
President/Executive Director

Date: _____

(Signature needs to be notarized)

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

Parcel 1:

All that portion of Lot(s) 11 in Section 5, Township 6 South, Range 8 East San Bernardino Base and Meridian, of the COACHELLA LAND AND WATER COMPANY, as shown by map on file in Book 4 Page(s) 53, of Maps, records of Riverside County, California, described as follows:

Beginning at a point on the Northwesterly line of said Lot 11, a distance thereon South 53°56' West 433.17 feet from the most Northerly corner of said Lot 11, said point being the intersection of the Northwesterly line of said lot and the Southwesterly line of a strip(s) of land 66.14 feet wide, conveyed to the County of Riverside, for road purposes by deed recorded in Book 466 Page 550 of Official Records; thence continuing in the Northwesterly line of said Lot 11, South 53°56' West 200 feet; thence South 36°4' East, on a line parallel with the Northeasterly line of said Lot 11, 117.5 feet; thence North 53°56' East on a line parallel with the Northwesterly line of said Lot 11, 200 feet, more or less, to the Southwesterly line of said 66.34 foot strip conveyed to the County of Riverside, by deed recorded in Book 466 Page 550 of Official Records; thence Northwesterly on the Southwesterly line of the land so conveyed 117.5 feet, more or less, to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

Parcel 2:

That portion of Lot 11 of COACHELLA LAND AND WATER COMPANY, subdivision of Section 5, Township 6 South, Range 8 East, San Bernardino Base and Meridian, in the City of Coachella, County of Riverside, State of California, as shown by map on file in Book 4, Page 53 of Maps, records of Riverside County, California described as follows:

Beginning at a point on the Northwesterly line of said Lot 11 distant thereon South 53°56' West, 633.17 feet from the most Northerly corner of said lot, said Point of Beginning being the most Westerly corner of land conveyed to Lester E. True and wife by deed recorded March 25, 1948 in Book 901, Page 315, Official Records; thence along said Northwesterly line of Lot 11 South 53°56' West, 100 feet to the Northeasterly line of land described in Parcel 5 of a deed to the County of Riverside recorded July 9, 1940 in Book 466, Page 550, Official Records; thence South 36° 00' East along said Northeasterly line, 117.5 feet to the Northwesterly line of land described in Parcel 1 of a deed to the City of Coachella recorded October 20, 1953 in Book 1518, Page 84, Official Records; thence North 53° 56' East along said Northwesterly line, 100 feet to the most Southerly corner of the aforesaid land conveyed to true; thence North 36° 04' West along the Southwesterly line of said land, 117.5 feet to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

APN: 778-113-001 (Affects Parcel 1) and 778-113-002 (Affects Parcel 2)

EXHIBIT “C”

PROMISSORY NOTE (HOME Loan)

\$1,500,000

Riverside, CA

In installments as hereafter stated, for value received, 6th Street Seniors CIC, LP, a California limited partnership (“Borrower”), promises to pay the COUNTY OF RIVERSIDE, a political subdivision of the State of California (“COUNTY”), or order, at 3403 Tenth St, Suite 300, Riverside, CA 92501, the sum of One Million Five Hundred Thousand Dollars and No/100 Dollars (U.S. \$1,500,000.00) (the “HOME Loan” or “Note Amount”) which at the time of payment is lawful for the payment of public and private debts.

This Promissory Note (“Note”) is given in accordance with that certain Loan Agreement for the Use of HOME program funds executed by COUNTY and Borrower, dated as of _____, 2026 and recorded in the Official Records (“Official Records”) of the County of Riverside on or about the date hereof (the “HOME Loan Agreement”). Except to the extent otherwise expressly defined in this Note, all capitalized terms shall have the meanings ascribed to such terms in the HOME Loan Agreement. The Note is secured by a Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County dated _____, 2026 and recorded on or about the date hereof in the Official Records (the “HOME Deed of Trust” or “Deed of Trust”). The rights and obligations of the Borrower and COUNTY under this Note shall be governed by the HOME Loan Agreement and the following terms:

- (1) The HOME Loan evidenced by this Note and secured by the Deed of Trust are being made pursuant to the HOME Investment Partnerships Program and the regulations issued thereunder (Title II, the Cranston-Gonzales National Affordable Housing Act, Public Law No. 101-625, 104 Stat. 4079 (1990), (24 C.F.R. Part 92) (the "HOME Program"). Borrower agrees for itself, its successors and assigns, that the use of the Property shall be subject to the restrictions on rent and occupancy set forth in the HOME Program regulations, the Home Loan Agreement and that certain Covenant Agreement dated on or about the date hereof and recorded concurrently herewith in the Official Records, between Borrower and County.
- (2) That the HOME Loan will accrue simple interest at a rate of three percent (3%) per annum, except in the case of default as hereinafter provided, and shall be repaid on an annual basis from the Project’s Residual Receipts as defined herein. Interest will accrue 30 days from the date of recordation of the Notice of Completion in the Official Records.
- (3) This Note shall be repaid according to the following: Fifty percent (50%) of the Project’s Residual Receipts shall be used towards the payment of the Residual Receipts Loans. Until the HOME Note is repaid in full, 4.0% of the Residual Receipts shall be used to repay this Note as set forth in the HOME Loan Agreement.
- (4) The Project’s Residual Receipts shall be determined based on an annual review of certified financial statements for the Project. Annual audited financial statements shall be submitted by BORROWER within one hundred twenty (120) days following the close of the project fiscal year commencing on April 1 of the first full calendar year following the recordation of the Notice of Completion. All outstanding principal along with accrued interest shall be due upon maturity of the HOME Loan Agreement, which shall be March 1, 2081 (the “HOME Loan Term”). The first payment shall be due on July 1st in the first full calendar year following the date of the recordation of the Notice of Completion for the Project, to the extent of available Residual Receipts, as set forth herein. Subsequent payments shall

be made on July 1st thereafter to the extent of available Residual Receipts until sooner of full repayment of the HOME Loan or the HOME Loan maturity date as set forth above.

- (5) The term "Project Residual Receipts" used herein shall mean the gross rental income from all residential and non-residential components of the Project, proceeds from loss of rent insurance, and any other income to the Developer derived from the ownership, operation and management of the Property, not including interest on required reserve accounts, less the following operating expenses:
- a) auditing and accounting fees;
 - b) a reasonable property management fee not to exceed \$60 per unit per month, increased annually by an amount equal to the increase in the Consumer Price Index for Los Angeles-Riverside-Orange County, CA area ("CPI"), provided, however, that in the event of a decrease in the CPI, the property management fee shall remain the same as the immediate preceding year;
 - c) Operating Expenses (any expense reasonably and normally incurred in carrying out the Project's day-to-day activities, which shall include administration, on-site management, utilities, on-site staff payroll, payroll taxes, and maintenance);
 - d) replacement reserves, established in a separate account from operating reserves, limited to \$500 per unit per year for all units in the Project, as defined in Exhibit A;
 - e) Operating Reserves replenishment in an amount up to approximately \$154,000;
 - f) deferred developer's in amount not to exceed of \$2,500,000;
 - g) a managing general partner asset management annual fee which shall be in the total initial amount of \$ 5,000, increased by no more than 3% annually;
 - h) an annual limited partner asset management fee not to exceed \$5,000 which fee shall be increased annually by 10% every fifth anniversary during tax credit compliance period for the Project, and thereafter any further increases shall not be permitted without the written approval of the County's HWS Director in their discretion;
 - i) payments of principal and interest on amortized loans and indebtedness senior to the HOME Loan, which have been approved by COUNTY (collectively, the "Senior Debt"); and
 - j) COUNTY's Annual Monitoring Fee in the total annual amount of \$5,300.

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

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

such approval to the County's Board of Supervisors. Failure by the County's Executive Director, or designee, to respond to such request within 30 days of the County's receipt of such written notice shall be deemed disapproval of such request.

- (6) The HOME Loan evidenced by this Note is secured by that certain HOME Deed of Trust and Assignment of Rents executed by Borrower for the benefit of the County, dated on or about the date hereof and recorded in the Official Records of the County of Riverside on or about the date hereof (“Deed of Trust”).
- (7) This Note may be prepaid in whole or in part by the undersigned at any time without prepayment penalty or premium, provided however notwithstanding such prepayment, Borrower shall be required to adhere to the affordability restrictions contained in the Covenants until the expiration of the term contained therein.
- (8) Subject to the provisions and limitations of this Paragraph 8, the obligation to repay the Note Amount is a nonrecourse obligation of Borrower and its partners. Neither Borrower nor its partners shall have any personal liability for repayment of the Note Amount, except as provided in this Paragraph 8. The sole recourse of the County shall be the exercise of its rights against the Property (or any portion thereof) and any related security for the HOME Loan; provided, however, that the foregoing shall not (i) constitute a waiver of any other obligation evidenced by this Note or the Deed of Trust; (ii) limit the right of the COUNTY to name Borrower as a party defendant in any action or suit for judicial foreclosure and sale under this Note and the Deed of Trust or any action or proceeding hereunder so long as no judgment in the nature of a deficiency judgment shall be asked for or taken against Borrower; (iii) release or impair either this Note or the Deed of Trust; (iv) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, any other remedy against the mortgaged Property or any other instrument securing this Note or as prescribed by law or in equity in case of default; (v) prevent or in any way hinder the COUNTY from exercising, or constitute a defense, an affirmative defense, a counterclaim or other basis for relief in respect of the exercise of, its remedies in respect of any deposits, insurance proceeds, condemnation awards or other monies or other collateral or letters of credit securing this Note; or (vi) affect in any way the validity of any guarantee or indemnity from any person of all or any of the obligations evidenced and secured by this Note and the Deed of Trust. Notwithstanding the first sentence of this Paragraph 8, the COUNTY may recover directly from Borrower or, unless otherwise prohibited by any applicable law, from any other party: (a) any damages, costs and expenses incurred by the COUNTY as a result of fraud, misrepresentation or any criminal act or acts of Borrower or any general partner, shareholder, officer, director or employee of Borrower, or of any member or general partner of Borrower, or of any general partner of such member or general partner; (b) any damages, costs and expenses incurred by the COUNTY as a result of any misappropriation of funds provided to pay costs as described in the HOME Loan Agreement, rents and revenues from the operation of the Project, or proceeds of insurance policies or condemnation proceeds; (c) any misappropriation of rental proceeds resulting in the failure to pay taxes, assessments, or other charges that could create statutory liens on the Project and that are payable or applicable prior to any foreclosure under the Deed of Trust; (d) the fair market value of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the Deed of Trust; (e) any and all amounts owing by Borrower pursuant to any indemnity set forth in the HOME Loan Agreement and/or Deed of Trust or the indemnification regarding

Hazardous Substances pursuant to the HOME Loan Agreement and/or Deed of Trust, and (f) all court costs and attorneys' fees reasonably incurred in enforcing or collecting upon any of the foregoing exceptions.

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

a. Monetary Default. Monetary Default. (1) Borrower's failure to pay when due any sums payable under the HOME Note or any advances made by COUNTY under this Agreement, (2) Borrower's or any agent of Borrower's use of HOME funds for costs other than those costs permitted under the HOME Loan Agreement or for uses inconsistent with terms and restrictions set forth in this Agreement, (3) Borrower's or any agent of Borrower's failure to make any other payment of any assessment or tax due under the HOME Loan Agreement, and /or (4) default past any applicable notice and cure period under the terms of (i) that certain Deed of Trust executed by Borrower for the benefit of U.S. Bank securing a construction to permanent loan in a principal amount up to \$[15,976,535], (ii) that certain Deed of Trust for the benefit of the City of Coachella securing a loan in an amount up to \$9,469,485, (iii) that certain Deed of Trust for the benefit of the City of Coachella securing a loan in an amount up to \$7,868,176, and(iv) that certain Deed of Trust for the benefit of CA Department of Development Services securing a loan in a principal amount up to \$1,000,000 and (v) any other instrument or document secured against the Property;

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

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

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

- (10) COUNTY shall give written notice of default to Borrower, specifying the default complained of by the COUNTY. Borrower shall have ten (10) business days from the mailing of the notice for a monetary default, by which such action to cure must be taken. Delay in giving such notice shall not constitute a waiver of any default nor shall it change the time of default.

- (11) Any failures or delays by COUNTY in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies.

Delays by COUNTY in asserting any of its rights and remedies shall not deprive COUNTY of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert, or enforce any such rights or remedies.

- (12) If the rights created by this Note shall be held by a court of competent jurisdiction to be invalid or unenforceable as to any part of the obligations described herein, the remaining obligations shall be completely performed and paid. In the event that any provision or clause of this Note conflicts with applicable law, such conflict will not affect other provisions of this Note which can be given effect without the conflicting provision, and to this end the provisions of the Note are declared to be severable.
- (13) Borrower hereby waives diligence, presentment, protest and demand, notice of protest, dishonor and nonpayment of this Note, and expressly agrees that, without in any way affecting the liability of Borrower hereunder, the COUNTY may extend any maturity date or the time for payment of any installment due hereunder, accept additional security, release any party liable hereunder and release any security now or hereafter securing this Note. Borrower further waives, to the full extent permitted by law, the right to plead any and all statutes of limitations as a defense to any demand on this Note, or on any deed of trust, security agreement, guaranty or other agreement now or hereafter securing this Note.
- (14) Should default be made in payment of principal and interest when due and such default shall continue beyond the applicable notice and cure period provided in the HOME Loan Agreement, the whole sum of principal and interest shall become immediately due at the option of the holder of this Note. Principal and interest are payable in lawful money of the United States. If action be instituted on this Note, the undersigned promises to pay such sums as the Court may fix as attorney's fees.
- (15) This Note has been negotiated and entered in the State of California, and shall be governed by, construed and enforced in accordance with the internal laws of the State of California, applied to contracts made in California by California domiciliaries to be wholly performed in California. Any action at law or in equity arising under this Note or brought by a party hereto for the purpose of enforcing, construing or determining the validity of any provision of this Note shall be filed in the Superior Courts of Riverside County, State of California, and the parties hereto waive all provisions of law providing for the filing, removal or change of venue to any other court or jurisdiction.
- (16) No modification, rescission, waiver, release or amendment of any provision of this Note shall be made except by a written agreement executed by Borrower and the duly authorized representative of the COUNTY.
- (17) The COUNTY may, in its sole and absolute discretion, assign its rights under this Note and its right to receive repayment of the Note Amount without obtaining the consent of Borrower.
- (18) In no event shall Borrower assign or transfer any portion of this Note or any rights herein without the prior express written consent of the COUNTY, which consent the COUNTY may give or withhold in its sole and absolute discretion. In the absence of specific written agreement by the COUNTY, no unauthorized assignment or transfer, or approval thereof by the COUNTY, shall be deemed to relieve Borrower or any other party from any obligations under the HOME Loan Agreement or this Note. This provision shall not affect or diminish the COUNTY's assignment rights under this Note.

- (19) Except as to the permitted deeds of trust identified herein, Borrower shall not encumber the Property for the purpose of securing financing either senior or junior in priority or subordinated to the Deed of Trust without the prior written approval of the COUNTY in its sole and absolute discretion.
- (20) The relationship of Borrower and the COUNTY pursuant to this Note is that of debtor and creditor and shall not be, or be construed to be, a joint venture, equity venture, partnership or other relationship.
- (21) (a) Formal notices, demands and communications between the County and Borrower shall be deemed sufficiently given if made in writing and dispatched by any of the following methods to the addresses of the COUNTY and Borrower as set forth below: (i) registered or certified mail, postage prepaid, return receipt requested (in which event, the notice shall be deemed delivered on the date of receipt thereof); (ii) electronic facsimile transmission, followed on the same day by delivery of a “hard” copy via first-class mail, postage prepaid (in which event, the notice shall be deemed delivered on the date of its successful facsimile transmission as evidenced by a facsimile confirmation or “kick-out” sheet); or (iii) personal delivery, including by means of professional messenger service, courier service such as United Parcel Service or Federal Express, or by U.S. Postal Service (in which event, the notice shall be deemed delivered on the documented date of receipt). Such written notices, demands and communications may be sent in the same manner to such other addresses as either party may from time to time designate by mail.
- (b) The address of the COUNTY for purposes of receiving notices pursuant to this Note shall be 3403 10th Street, Suite 300, Riverside, California 92501, Attention: Director of Housing, Homelessness Prevention & Workforce Solutions.
- (c) The address of Borrower for purposes of receiving notices pursuant to this Note is 6339 Paseo Del Lago, Carlsbad, CA 92011, Attention: President, with a copy to Borrower's limited partner, U.S. Bancorp Impact Finance, 505 North Seventh Street, 10th Floor, Mail Code: SL-MO-T10F, St. Louis, MO 63101, USB Project No. 35964 Attention: Director of LIHTC Asset Management.
- (22) The captions and headings in this Note are for convenience only and are not to be used to interpret or define the provisions hereof.
- (23) The undersigned, if comprising more than one person or entity, shall be jointly and severally liable hereunder.
- (24) This Note shall be binding upon Borrower and its heirs, successors and assigns, and shall benefit the COUNTY and its successors and assigns.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

[SIGNATURES ON FOLLOWING PAGE]

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

TRUSTOR:

6th STREET SENIORS CIC, LP,
a California limited partnership

By: CIC 6th Street Seniors, LLC,
a California limited liability company,
its Administrative General Partner

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

By:

Cheri Hoffman
President

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

By:

Robert Laing
President/Executive Director

Date: _____

EXHIBIT “D”

RIVERSIDE COUNTY

SECTION 3

24 CFR PART 75

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

CONTRACT REQUIREMENTS

RIVERSIDE COUNTY

Section 75.1 Purpose

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

Section 75.3 Applicability

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

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

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

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

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

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

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

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

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

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

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

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

Section 75.5 Definitions.

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

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

Contractor means any entity entering into a contract with:

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

(2) A subrecipient for work in connection with a Section 3 project.

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

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

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

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

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

Public housing project is defined in 24 CFR 905.108.

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

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

Section 3 business concern means:

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

- (i) It is at least 51 percent owned and controlled by low- or very low-income persons;
- (ii) Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
- (iii) It is a business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

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

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

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

Section 3 worker means:

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

- (i) The worker's income for the previous or annualized calendar year is below the income limit established by HUD.
- (ii) The worker is employed by a Section 3 business concern.
- (iii) The worker is a YouthBuild participant.

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

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

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

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

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

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

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

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

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

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

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

§75.19 Requirements.

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

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

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

(ii) Participants in YouthBuild programs.

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

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

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

(ii) YouthBuild programs.

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

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

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

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

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

(ii) A YouthBuild participant.

(b) [Reserved]

§75.23 Section 3 safe harbor.

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

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

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

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

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

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

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

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

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

§75.25 Reporting.

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

(i) The total number of labor hours worked;

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

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

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

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

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

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

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

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

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

(2) Provided training or apprenticeship opportunities.

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

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

(5) Held one or more job fairs.

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

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

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

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

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

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

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

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

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

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

§75.27 Contract provisions.

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

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

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

§75.29 Multiple funding sources.

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

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

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

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

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

§75.31 Recordkeeping.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

§75.33 Compliance.

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

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

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

SECTION 3 COMPLIANCE REPORT FORM
(Housing and Community Development Financial Assistance Programs)

REPORT DATE: _____

VENDOR NAME	PROJECT DESCRIPTION	HWS CONTRACT NUMBER
Point of Contact / Title	Telephone	E-mail
Work /Project Start Date	Work/Project End Date	Notes

This form should be completed by all vendors, contractors and service providers who have a contract with Riverside County's Housing and Workforce Solutions CHD CDBG and HOME unit that is subject to Section 3 requirements per 24 CFR Part 75 and/or HWS's Section 3 Policy and Compliance Plan (v3). **Complete this form in its entirety, and attach the following supporting documentation:** Section 3 Worker and Targeted Section 3 Worker Certification forms, payroll information supporting labor hour benchmark data, certification that you followed order of hiring priority, evidence of qualitative efforts made to comply with Section 3 and other supporting documents as applicable.

You may attach a letter to this report if needed to further state your efforts, achievements or obstacles encountered.

Submit this form at completion of your work or by January 5th of each contract year for multi-year contracts, unless agreed otherwise with the Section 3 Compliance Administrator. Questions and assistance with requirements and reporting can be sent to HWS-section3@RivCo.org.

GENERAL GUIDANCE AND DEFINITIONS

Section 3 of the Housing and Urban Development Act of 1968 (codified at 12 U.S.C. 1701u and implemented at 24 CFR Part 75, hereinafter, "Section 3"), as amended, requires that economic opportunities, most importantly employment, generated by certain U.S. Department of Housing and Urban Development ("HUD") financial assistance shall be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, or residents of the community in which the Federal assistance is spent.

Section 3 Worker means;

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

1. The worker’s income for the previous or annualized calendar year is below the income limit established by HUD. (Note: Income is considered for the worker only and not based on household)
2. The worker is employed by a Section 3 business concern.
3. The worker is a YouthBuild participant.

A Targeted Section 3 Worker for housing and community development financial assistance means a Section 3 Worker as defined in 24 CFR Part 75.21, as may be amended from time to time, and means a worker documented through self-certification or other means acceptable to HUD, who is:

1. A worker employed by a Section 3 Business Concern; or
2. A worker who currently fits or when hired fit at least one of the following categories, as documented within the past five years:
 - i. Living within the service area or the neighborhood of the project*, as defined in §75.5; or
 - ii. A YouthBuild participant.

**Section 3 Compliance Administrator will provide further guidance on the service area or the neighborhood of the project for the specific project.*

BENCHMARK GOALS

1. **25 percent** or more of the total number of labor hours worked by all workers on the project are **Section 3 Workers**; and
2. **5 percent** or more of the total number of labor hours worked by all workers on the project are **Targeted Section 3 Workers**.
3. **30 percent** of all New Hires are **Section 3 Workers**

HUD INCOME LIMITS

Low- and very low-income limits are defined in Section 3(b)(2) of the Housing Act of 1937 and are determined annually by HUD. These limits are typically established at 80 percent and 50 percent of the area median individual income. Most recent HUD income limits may be obtained from: <https://www.huduser.gov/portal/datasets/il/il2021/2021summary.odn>

Income Eligibility Guideline: Riverside County HUD Income Limits

Low (80%) Income Limit	<i>Note: a Section 3 worker can be either a very low or low-income individual.</i>
------------------------	--

HIRING PRIORITIES

Employment and training opportunities created by **housing and community development programs** shall be given to Section 3 Workers in the following order of priority:

- **P1:** Section 3 Workers residing within the service area or the neighborhood of the project; and
- **P2:** Participants in YouthBuild programs.

Part I: WORKFORCE COMPOSITION

Total Number of <u>All Workers</u> who worked on the Project	Total Number of <u>Section 3 Workers</u> who worked on the Project	Total Number of <u>Targeted Section 3 Workers</u> who worked on the Project

Part II: LABOR HOUR BENCHMARKS (25% and 5% goal)

Report labor hours worked on this project broken down by ALL Workers, Section 3 Workers and Targeted Section 3 Workers.

Labor Hours on the Project for <u>ALL Workers</u> (includes existing and new hires who worked on the project)	Labor Hours on the Project for <u>Section 3 Workers</u> (includes existing and new hires who worked on the project)	Labor Hours on the Project for <u>Targeted Section 3 Workers</u> (includes existing and new hires who worked on the project)

Attach documents supporting the data provided in this section and check the boxes below:

- LCP Tracker report certifying labor hours worked
- Other salary-based or time-and-attendance payroll records certifying labor hours

Part III: NEW HIRE BENCHMARKS (30% new hire goal)

Did you hire Section 3 Workers and/or Targeted Section 3 Workers in relation to this contract?

- YES NO

If Yes, please complete below tables, if No, move to Part III.

Total Number of All New Hires	Total Number of <u>Section 3 Worker New Hires</u>	Total Number of <u>Targeted Section 3 Worker New Hires</u>

Did you follow the order of hiring priority when hiring new workers?

- YES NO

ADDITIONAL GUIDANCE FOR CONTRACTORS AND VENDORS RECORDKEEPING:

24 CFR Part 75.31

Contractors, subcontractors and other recipients or sub-recipients must maintain documentation to ensure that workers meet the definition of a Section 3 Worker or Targeted Section 3 Worker as follows:

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

1. A worker's self-certification that their income is below the income limit from the prior calendar year;
2. A worker's self-certification of participation in a means-tested program such as public housing or Section 8-assisted housing;
3. Certification from a PHA, or the owner or property manager of project-based Section 8-assisted housing, or the administrator of tenant-based Section 8-assisted housing that the worker is a participant in one of their programs;
4. An employer's certification that the worker's income from that employer is below the income limit when based on an employer's calculation of what the worker's wage rate would translate to if annualized on a full-time basis; or
5. An employer's certification that the worker is employed by a Section 3 business concern.

For a worker to qualify as a Targeted Section 3 worker under Housing and Community Development Programs, one of the following must be maintained:

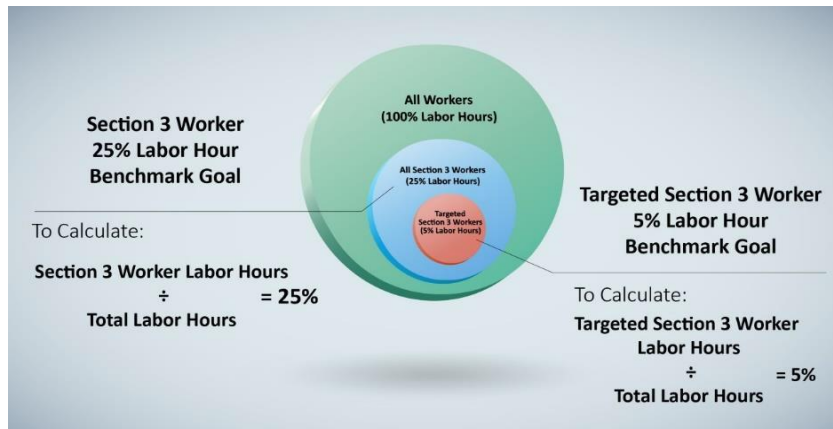
1. An employer's confirmation that a worker's residence is within one mile of the work site or, if fewer than 5,000 people live within one mile of a work site, within a circle centered on the work site that is sufficient to encompass a population of 5,000 people according to the most recent U.S. Census;
2. An employer's certification that the worker is employed by a Section 3 business concern; or
3. A worker's self-certification that the worker is a YouthBuild participant.

OTHER

- A contractor/vendor may report on Section 3 workers and Targeted Section 3 workers for five years from when their certification as a Section 3 worker or Targeted Section 3 worker is established.
- Income limits are individual and not household.
- HWS's Section 3 Worker Certification Form can be used to establish eligibility as a Section 3 Worker and Targeted Section 3 Worker.

HWS maintains a Section 3 Resident Registry database and can assist contractors/vendors in outreach and recruitment efforts.

- We can identify and refer qualified Section 3 Workers and Targeted Section 3 Workers for your new hire needs. Submit a Job Order notifying us of your hiring needs.
- To calculate the labor hour benchmarks, see the graphics below:



- See HUD's Section 3 Regulation confided at 24 CFR Part 75, Labor Hour Benchmarks and FAQ at [https://rivcohws.org/ community-and-housing-development/cdbg-program/section-3](https://rivcohws.org/community-and-housing-development/cdbg-program/section-3). Questions about HWS's Section 3 program or completing this form can be directed to HWS's Section 3 Compliance Administrator at HWS-section3@RivCo.org

Prohibition Against Conflicts of Interest

EXHIBIT "E"

§ 92.356 Conflict of interest.

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

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

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

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

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

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

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

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

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

Owners/Participants and Developers.

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

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

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

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

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

Exhibit F: Sample Tenant Checklist

Project Name:

Address:

Insert a check mark for each item that is relevant to the family below

Unit No.	Tenant Name	Move In Date	Move Out Date	Rent Amount	Family Size	No. of BRs	Utility Allowance	Tenant Portion	Section 8 Subsidy	Recert. Date	Tenant Income	% of Median	Non-Hisp.	Hisp.	Am. Ind (AIAN)	Asn	Blk	N.Haw Pc Islan	WHT	AIAN & WHT	ASN & WHT	BLK & WHT	AIAN & BLK	Two or more Races	

Prepared by:

Title:

Phone Number:

Problems or questions please call, Nicole Sanchez at 760.863.2825

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

EXHIBIT “G”

Covenant Agreement

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

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

6 RECORDING REQUESTED BY AND
7 WHEN RECORDED MAIL TO:

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

14 SPACE ABOVE THIS LINE FOR RECORDERS USE

15 **COVENANT AGREEMENT**
16 **(6th Street Seniors)**

17 This Covenant Agreement (6th Street Seniors) (“Covenant”) is made and entered into as of the
18 day of _____, 2026 by and between the COUNTY OF RIVERSIDE,
19 a political subdivision of the State of California (“COUNTY”), 6TH STREET SENIORS CIC,
20 LP, a California limited partnership (“OWNER”).

21 **RECITALS**

22 WHEREAS, OWNER owns that certain real property located at 6th Street at Date Avenue
23 and Tripoli Way in the City of Coachella, also identified as Assessor’s Parcel Number 778-113-
24 001 and 778-113-002, described in the legal description attached hereto as **Exhibit A** and
25 incorporated herein by this reference (the “Property”);

26 WHEREAS, on _____, 2026 COUNTY and
27 OWNER entered into that certain Loan Agreement for the use of HOME Program Funds (6th
28 Street Seniors) dated _____, 2026 and recorded in the Official
Records of the County of Riverside (“Official Records”) concurrently herewith (the “HOME Loan
Agreement” or “Agreement”) which provides for, among other things, the development and
construction on the Property, also known as “6th Street Senior Apartments,” a multi-family

1 affordable housing project consisting of fifty three (53) rental housing units, one (1) unit shall be
2 designated as a managers unit, and 11 units of which shall be rented to and occupied by very low-
3 income seniors age 62+ (“HOME Assisted Units”) (collectively the “Project”). Capitalized terms
4 not defined herein shall have the meaning ascribed to them in the HOME Loan Agreement;

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

14 WHEREAS, pursuant to the HOME Loan Agreement, COUNTY loaned to OWNER
15 \$1,500,000 derived from HOME funds (“HOME Loan”), to pay a portion of the costs to develop
16 and construct the Project, as more fully described in the HOME Loan Agreement. The HOME
17 Loan is evidenced by a Promissory Note executed by OWNER, in favor of the COUNTY dated
18 on or about the date hereof (“HOME Loan Note”) and secured by that certain Deed of Trust and
19 Assignment of Rents executed by OWNER, for the benefit of COUNTY and recorded in the
20 Official Records concurrently herewith (“HOME Loan Deed of Trust”); and

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

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

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

2 (1) RESTRICTIONS. The recitals set forth above are true and correct and incorporated
3 herein. This Covenant shall continue in full force and effect (i) March 1, 2081 or (ii) fifty-five (55)
4 years from recordation of Notice of Completion (“Term” or “Affordability Period”). For the
5 duration of the Term, the Property shall be held, sold and conveyed, subject to the following
6 covenants, conditions, and restrictions:

7 a) Eleven (11) rental units within the Project consisting of 10 one-bedrooms
8 and 1 two-bedrooms shall be designated as floating Low HOME rent units rented to and occupied
9 by Qualified Very Low Income Households whose incomes do not exceed thirty percent (30%) of
10 the area median income for the County of Riverside (“VLI households”), adjusted by family size
11 at the time of occupancy as published by HUD (“HOME-Assisted Units”). The HOME-Assisted
12 Units shall be a “floating” designation on the Property such that the requirements of this Covenant
13 will be satisfied so long as the total number of HOME-Assisted Units remains the same throughout
14 the Affordability Period and the substituted HOME Assisted Unit is comparable in terms of size,
15 features, and number of bedrooms to the originally designates HOME Assisted Unit;

16 b) HOME-Assisted Units shall be rented to and occupied by VLI households
17 that qualify for an affordable rent as defined under 24 CFR 92.252 of the HOME Investment
18 Partnerships Act and HOME Investment Partnerships (“HOME”) program, which was enacted
19 under Title II of the Cranston-Gonzalez National Affordable Housing Act (the “Act”), as amended
20 (commencing at 42 U.S.C. 12701 et seq.), and the implementing regulations thereto (24 CFR Part
21 92) (collectively, the “HOME Program”). Affordable rents including utility allowance for VLI
22 households, shall be the product of 30 percent times 50 percent of the area median income adjusted
23 for family size appropriate for the unit. COUNTY shall review and approve proposed rents to the
24 extent required under this section. BORROWER shall ensure the HOME-Assisted Units are rented
25 to qualified applicants at the described rent levels herein. The maximum monthly allowances for
26 utilities and services (excluding telephone) shall not exceed the utility allowance as described
27 below.

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

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

15 (2) SENIOR PRIORITY. Notwithstanding anything to the contrary contained in the
16 HOME Loan Agreement, including any of its attachments, this Covenant Agreement shall have
17 priority lien position and be senior to the following security instruments: (1) a deed of trust for
18 the benefit of U.S. Bank National Association; (2) two deeds of trust for the benefit of the City of
19 Coachella; (3) a deed of trust for the benefit of the California Department of Development
20 Services; and (4) a HOME Deed of Trust for the benefit of COUNTY.

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

25 a. The HOME Investment Partnership Program as enacted under Title II of
26 the Cranston Gonzalez National Affordable Housing Act (42 USC 12701 et seq.) and its
27 implementing regulations, 24 CFR Part 92, as both shall be amended from time to time, including,
28

1 but not limited to, 24 CFR 92.356, 24 CFR 92.358, 24 CFR 92.253, 24 CFR
2 92.255, 24 CFR 92.256, 24 CFR 92.350, Subpart F, Subpart H, and its implementing regulations
3 set forth in the Final Rule, as it now exists and may hereafter be amended.

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

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

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

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

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

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

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

28

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

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

26 10) TENANT PROTECTIONS. OWNER shall provide protection to the tenants of the COUNTY
27 HOME Assisted Units in accordance with the requirements set forth at 24 CFR 92.253 and
28

1 described as follows:

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

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

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

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

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

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

24 (5) *Waiver of legal proceeding*. Agreement by the tenant that the
25 OWNER may evict the tenant or household members without
26 instituting a civil court proceeding in which the tenant has the
27 opportunity to present a defense, or before a court decision on the
28

1 rights of the parties.

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

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

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

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

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

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

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

11 12) PARTNERSHIPS. Notwithstanding anything to the foregoing, or anything to the
12 contrary contained herein, upon written notice to COUNTY, OWNER may (i) admit limited
13 partners to OWNER, and provide for the purchase of any such limited partnership interest or
14 interests by OWNER'S general partner or affiliate; (ii) remove for cause any General Partner by a
15 limited partner of the Borrower, and the replacement thereof, pursuant to the Partnership
16 Agreement, provided COUNTY receives 5 business days advance written notice of such removal.
17 Without limiting Borrower's obligation to provide advance notice of such removal for cause of any
18 General Partner by a limited partner and the replacement thereof set forth in the immediately
19 preceding sentence, amendments to the Partnership Agreement required to effectuate the Permitted
20 Transfer set forth in this clause (ii) shall not require the consent of the COUNTY; provided,
21 however, OWNER shall provide COUNTY with an executed copy of such amended agreement
22 within thirty (30) days of execution thereof; (iii) lease for occupancy of all or any of the HOME-
23 Assisted Units; (iv) the granting of easements or permits to facilitate the development of the
24 Property in accordance with this Agreement; and (v) the withdrawal, transfer and/or replacement
25 of any limited partner or interests in any limited partner of OWNER, (collectively a "Permitted
26 Transfer"). The COUNTY'S consent or written approval of Permitted Transfers shall not be
27 required; provided however, all Permitted Transfers shall be subject to reasonable review of
28

1 documentation related to such Permitted Transfer by the COUNTY, which shall be delivered to
2 the COUNTY within thirty (30) days following such Permitted Transfer. Notwithstanding the
3 foregoing, a foreclosure or deed in lieu of foreclosure of the lien securing the USB Senior Loan
4 and the subsequent sale of any property acquired pursuant to such foreclosure (and any financing
5 obtained in connection therewith), shall not require the consent of COUNTY and shall not be
6 deemed an event of default under this Covenant.

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

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

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

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

19 b) In leases: “The lessee herein covenants by and for himself or herself, his or
20 her heirs, executors, administrators, and assigns, and all persons claiming under or through
21 him or her, and this lease is made and accepted upon and subject to the following
22 conditions: That there shall be no discrimination against or segregation of any person or
23 group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955
24 of the Government Code, as those bases are defined in Sections 12926, 12926.1,
25 subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2
26 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure,
27 or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any
28

1 person claiming under or through him or her, establish or permit any such practice or
2 practices of discrimination or segregation with reference to the selection, location, number,
3 use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises
4 herein leased.”

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

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

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

22 a) Worker’s Compensation Insurance. If OWNER has employees as defined by the State of
23 California, OWNER shall maintain statutory Workers' Compensation Insurance (Coverage
24 A) as prescribed by the laws of the State of California. Policy shall include Employers’
25 Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000
26 per person per accident. The policy shall be endorsed to waive subrogation in favor of the
27 County of Riverside, and, if applicable, to provide a Borrowed Servant/Alternate Employer
28

1 Endorsement.

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

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

21 d) General Insurance Provisions – All Lines.

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

27 ii) OWNER's insurance carrier(s) must declare its insurance self-insured
28

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

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

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

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

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

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

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

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

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

22 COUNTY

23 Director, Housing and
24 Workforce Solutions
25 Riverside County
3403 Tenth St, Suite 300
Riverside, CA 92501

OWNER

6th Street Seniors CIC, LP
6339 Paseo Del Lago
Carlsbad, CA 92011
Attn: Cheri Hoffman

26 All notices should include a copy to Owner's limited partner at:
27 U.S. Bancorp Impact Finance , 505 North Seventh Street, 10th Floor, Mail Code: SL-MO-T10F,
28 St. Louis, MO 63101, USB Project No. 35964 Attention: Director of LIHTC Asset Management.

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

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

9 19) NOTICE AND CURE. Prior to exercising any remedies hereunder, the COUNTY shall
10 give OWNER notice of such default pursuant to **Section 16** above. Any monetary default shall be
11 cured within ten (10) days of delivery of written notice. Except as otherwise set forth herein, if a
12 non-monetary default is reasonably capable of being cured within thirty (30) days of delivery of
13 such notice of default, OWNER shall have such period to effect a cure prior to exercise of remedies
14 by COUNTY. If the non-monetary default is such that it is not reasonably capable of being cured
15 within thirty (30) days of delivery of such notice of default, and OWNER (a) initiates corrective
16 action within said period, and (b) diligently, continually, and in good faith works to effect a cure
17 as soon as possible, then OWNER shall have such additional time as is reasonably necessary to
18 cure the default prior to exercise of any remedies by the COUNTY; but in no event no later than
19 ninety (90) days from delivery of such notice of default. COUNTY, upon providing OWNER with
20 any notice of default under this Covenant, shall, within a reasonable time, provide a copy of such
21 default notice to a Permitted Lender who has given written notice to COUNTY of its interest in
22 the Property and Project. From and after such notice has been delivered to a Permitted Lender and
23 the Owner's limited partner, such Permitted Lender shall have the same period for remedying the
24 default complained of as the cure period provided to OWNER pursuant to this **Section 19**. Limited
25 partner shall have the right, but not the obligation to cure any default on behalf of Owner.
26 COUNTY shall accept performance by a Permitted Lender or limited partner of Owner as if the
27 same had been done by OWNER.
28

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

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

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

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

25 22) GOVERNING LAW; VENUE; SEVERABILITY. This Covenant shall be governed
26 by the laws of the State of California. Any legal action related to the performance or interpretation
27 of this Covenant shall be filed only in the Superior Court of the State of California located in
28

1 Riverside, California, and the parties waive any provision of law providing for a change of venue
2 to another location. In the event any provision in this Covenant is held by a court of competent
3 jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless
4 continue in full force without being impaired or invalidated in any way

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

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

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

20 26) PROJECT MONITORING AND EVALUATION.

21 a) Tenant Checklist. OWNER shall submit a Tenant Checklist Form to
22 COUNTY, as shown in **Exhibit F** of the HOME Loan Agreement, and may be revised by
23 COUNTY, summarizing the racial/ethnic composition, number and percentage of very low-
24 income households who are tenants of the HOME-Assisted Units. The Tenant Checklist Form
25 shall be submitted upon completion of the construction and thereafter, on a semi-annual basis on
26 or before March 31 and September 30. OWNER shall maintain financial, programmatic,
27 statistical and other supporting records of its operations and financial activities in accordance
28

1 with the requirements of the HOME Program, including the submission of Tenant Checklist
2 Form. Except as otherwise provided for in this Covenant and in the HOME Loan Agreement,
3 OWNER shall maintain and submit records to COUNTY within ten (10) business days of
4 COUNTY's request which clearly documents OWNER's performance under each requirement
5 of the HOME Program.

6 b) Inspections. Pursuant to 24 CFR 92.504(d)(1)(ii), during the period of
7 affordability, COUNTY must perform on-site inspections of HOME-Assisted rental housing to
8 determine compliance with the property standards of §92.251 and to verify the information
9 submitted by the owners in accordance with the requirements of §92.252. The inspections must
10 be in accordance with the inspection procedures that the participating jurisdiction establishes to
11 meet the inspection requirements of §92.251. The on-site inspections must occur at least once
12 every 3 years thereafter during the period of affordability. If there are observed deficiencies for
13 any of the inspectable items in the property standards established by COUNTY, in accordance
14 with the inspection requirements of §92.251, a follow-up on-site inspection to verify that
15 deficiencies are corrected must occur within 12 months. COUNTY may establish a list of non-
16 hazardous deficiencies for which correction can be verified by third party documentation (e.g.,
17 paid invoice for work order) rather than re-inspection. Health and safety deficiencies must be
18 corrected immediately, in accordance with §92.251. COUNTY must adopt a more frequent
19 inspection schedule for properties that have been found to have health and safety deficiencies.
20 The property owner must annually certify to the COUNTY that each building and all HOME-
21 Assisted Units in the project are suitable for occupancy, taking into account State and local
22 health, safety, and other applicable codes, ordinances, and requirements, and the ongoing
23 property standards established by the participating jurisdiction to meet the requirements of
24 §92.251. Inspections must be based on a statistically valid sample of units appropriate for the
25 size of the HOME-Assisted project, as set forth by HUD through notice. COUNTY will inspect
26 100 percent of the HOME-Assisted Units and the inspectable items (site, building exterior,
27 building systems, and common areas) for each building housing HOME-Assisted Units.
28

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

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

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

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

16 ///

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18 ///

[remainder of page intentionally blank]

[SIGNATURES ON THE NEXT PAGE]

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

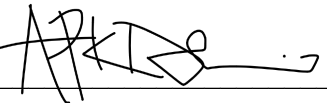
3 COUNTY:

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

7 By: _____
8 Heidi Marshall, Director, HWS
9
10

11 Date: _____
12
13

14 APPROVED AS TO FORM:
15 MINH C. TRAN, County Counsel
16

17 By: 
18 _____
19

20 Amrit P. Dhillon, Deputy County
21 Counsel
22
23
24
25
26

OWNER:

6th STREET SENIORS CIC, LP,
a California limited partnership

By: CIC 6th Street Seniors, LLC,
a California limited liability company,
its Administrative General Partner

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

By: _____
Cheri Hoffman
President

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

By: _____
Robert Laing
President/Executive Director

Date: _____

27 (COUNTY and OWNER signatures need to be notarized)
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

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

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2026, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature

EXHIBIT "A"

LEGAL DESCRIPTION OF PROPERTY

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

Parcel 1:

All that portion of Lot(s) 11 in Section 5, Township 6 South, Range 8 East San Bernardino Base and Meridian, of the COACHELLA LAND AND WATER COMPANY, as shown by map on file in Book 4 Page(s) 53, of Maps, records of Riverside County, California, described as follows:

Beginning at a point on the Northwesterly line of said Lot 11, a distance thereon South 53°56' West 433.17 feet from the most Northerly corner of said Lot 11, said point being the intersection of the Northwesterly line of said lot and the Southwesterly line of a strip(s) of land 66.14 feet wide, conveyed to the County of Riverside, for road purposes by deed recorded in Book 466 Page 550 of Official Records; thence continuing in the Northwesterly line of said Lot 11, South 53°56' West 200 feet; thence South 36°4' East, on a line parallel with the Northeasterly line of said Lot 11, 117.5 feet; thence North 53°56' East on a line parallel with the Northwesterly line of said Lot 11, 200 feet, more or less, to the Southwesterly line of said 66.34 foot strip conveyed to the County of Riverside, by deed recorded in Book 466 Page 550 of Official Records; thence Northwesterly on the Southwesterly line of the land so conveyed 117.5 feet, more or less, to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

Parcel 2:

That portion of Lot 11 of COACHELLA LAND AND WATER COMPANY, subdivision of Section 5, Township 6 South, Range 8 East, San Bernardino Base and Meridian, in the City of Coachella, County of Riverside, State of California, as shown by map on file in Book 4, Page 53 of Maps, records of Riverside County, California described as follows:

Beginning at a point on the Northwesterly line of said Lot 11 distant thereon South 53°56' West, 633.17 feet from the most Northerly corner of said lot, said Point of Beginning being the most Westerly corner of land conveyed to Lester E. True and wife by deed recorded March 25, 1948 in Book 901, Page 315, Official Records; thence along said Northwesterly line of Lot 11 South 53°56' West, 100 feet to the Northeasterly line of land described in Parcel 5 of a deed to the County of Riverside recorded July 9, 1940 in Book 466, Page 550, Official Records; thence South 36° 00' East along said Northeasterly line, 117.5 feet to the Northwesterly line of land described in Parcel 1 of a deed to the City of Coachella recorded October 20, 1953 in Book 1518, Page 84, Official Records; thence North 53° 56' East along said Northwesterly line, 100 feet to the most Southerly corner of the aforesaid land conveyed to true; thence North 36° 04' West along the Southwesterly line of said land, 117.5 feet to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

APN: 778-113-001 (Affects Parcel 1) and 778-113-002 (Affects Parcel 2)

EXHIBIT “H”

Request for Notices

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

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

SPACE ABOVE THIS LINE FOR RECORDERS USE

REQUEST for NOTICE UNDER SECTION 2924b CIVIL CODE

In accordance with Civil Code Section 2924b, request is hereby made that a copy of any Notice of Default and a copy of any Notice of Sale under the Deed of Trust dated _____, 2026 and recorded concurrently herewith in the Official Records of the County of Riverside, California, executed by 6TH STREET SENIORS CIC, LP, a California limited partnership, as Trustor in which U.S. Bank National Association is named as First American Title Company as Trustee, and describing land referred to in this Report is situated in the County of Riverside, City of Coachella, State of California, in the legal description attached hereto as Exhibit A and incorporated herein by this reference.

All notices to be mailed to:

Attn: Assistant Director
County of Riverside
Housing and Workforce Development
3403 Tenth St, Suite 300
Riverside, California 92501

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

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

RIVERSIDE COUNTY
DEPARTMENT OF HOUSING WORKFORCE
SOLUTIONS

Juan Garcia, Deputy Director

NO FEE FOR RECORDING PURSUANT
TO GOVERNMENT CODE SECTION 6103

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

County of Riverside
Housing and Workforce Development
3403 Tenth St, Suite 300
Riverside, CA 92501
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All notices to be mailed to:

Attn: Assistant Director
County of Riverside
Housing and Workforce Development
3403 Tenth St, Suite 300
Riverside, California 92501

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RIVERSIDE COUNTY
DEPARTMENT OF HOUSING AND WORKFORCE
SOLUTIONS

Juan Garcia, Deputy Director

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Housing and Workforce Development
3403 Tenth St, Suite 300
Riverside, CA 92501
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All notices to be mailed to:

Attn: Assistant Director
County of Riverside
Housing and Workforce Development
3403 Tenth St, Suite 300
Riverside, California 92501

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

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

RIVERSIDE COUNTY
DEPARTMENT OF HOUSING AND WORKFORCE
SOLUTIONS

Juan Garcia, Deputy Director

Exhibit A

LEGAL DESCRIPTION

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

Parcel 1:

All that portion of Lot(s) 11 in Section 5, Township 6 South, Range 8 East San Bernardino Base and Meridian, of the COACHELLA LAND AND WATER COMPANY, as shown by map on file in Book 4 Page(s) 53, of Maps, records of Riverside County, California, described as follows:

Beginning at a point on the Northwesterly line of said Lot 11, a distance thereon South 53°56' West 433.17 feet from the most Northerly corner of said Lot 11, said point being the intersection of the Northwesterly line of said lot and the Southwesterly line of a strip(s) of land 66.14 feet wide, conveyed to the County of Riverside, for road purposes by deed recorded in Book 466 Page 550 of Official Records; thence continuing in the Northwesterly line of said Lot 11, South 53°56' West 200 feet; thence South 36°4' East, on a line parallel with the Northeasterly line of said Lot 11, 117.5 feet; thence North 53°56' East on a line parallel with the Northwesterly line of said Lot 11, 200 feet, more or less, to the Southwesterly line of said 66.34 foot strip conveyed to the County of Riverside, by deed recorded in Book 466 Page 550 of Official Records; thence Northwesterly on the Southwesterly line of the land so conveyed 117.5 feet, more or less, to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

Parcel 2:

That portion of Lot 11 of COACHELLA LAND AND WATER COMPANY, subdivision of Section 5, Township 6 South, Range 8 East, San Bernardino Base and Meridian, in the City of Coachella, County of Riverside, State of California, as shown by map on file in Book 4, Page 53 of Maps, records of Riverside County, California described as follows:

Beginning at a point on the Northwesterly line of said Lot 11 distant thereon South 53°56' West, 633.17 feet from the most Northerly corner of said lot, said Point of Beginning being the most Westerly corner of land conveyed to Lester E. True and wife by deed recorded March 25, 1948 in Book 901, Page 315, Official Records; thence along said Northwesterly line of Lot 11 South 53°56' West, 100 feet to the Northeasterly line of land described in Parcel 5 of a deed to the County of Riverside recorded July 9, 1940 in Book 466, Page 550, Official Records; thence South 36° 00' East along said Northeasterly line, 117.5 feet to the Northwesterly line of land described in Parcel 1 of a deed to the City of Coachella recorded October 20, 1953 in Book 1518, Page 84, Official Records; thence North 53° 56' East along said Northwesterly line, 100 feet to the most Southerly corner of the aforesaid land conveyed to true; thence North 36° 04' West along the Southwesterly line of said land, 117.5 feet to the Point of Beginning.

Together with the Northwesterly half of the vacated alley adjoining said property on the Southeast, as vacated by document recorded September 30, 1977 as Instrument No. 193988, Official Records, which would pass by operation of law upon conveyance of said property.

APN: 778-113-001 (Affects Parcel 1) and 778-113-002 (Affects Parcel 2)

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

STATE OF CALIFORNIA)
) §
County of _____)

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

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

WITNESS my hand and official seal.

Signature of Notary

(Affix seal here)



Exhibit I

Sample

Contractor Debarment Certification Form

Excluded Parties Lists System (EPLS)

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

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

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

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

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

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

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

DEVELOPER SIGNATURE

Exhibit “J”

Guidance for the Build America, Buy America Act’s Buy America Preference

Projects and Activities Subject to the BAP

The BAP applies to specific development and rehabilitation activities, including but not limited to, the construction and rehabilitation of affordable housing projects consisting of five (5) or more residential units. Additionally, the BAP applies to the construction and rehabilitation of homeless shelters.

Covered Materials

1. Iron & Steel
 - a. Items that consist completely or predominantly of iron, steel, or a combination of both.
 - i. “Predominantly” means the cost of the iron and steel content exceeds 50% of the total cost of all the item’s components.
 - ii. The cost of iron and steel is the cost of the iron or steel mill products (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the product and a good faith estimate of the cost of iron or steel components.
 - b. All manufacturing processes, from the initial melting stage through the application of coatings, must occur in the USA.
2. Construction Materials
 - a. Non-ferrous metals
 - b. Lumber
 - c. Plastic- and polymer-based composite building materials, pipe, and tube
 - d. All other plastic- and polymer-based materials (such as polymers used in fiber optic cables)
 - e. Glass
 - f. Fiber optic cable
 - g. Optical fiber
 - h. Engineered wood
 - i. Drywall
3. Manufactured Products
 - a. Includes articles, materials, or supplies that have been:
 - i. Processed into a specific form or shape, or
 - ii. Combined with other articles, materials, or supplies to create a product with different properties than the individual articles, materials, or supplies
 - b. May include components that are construction materials, iron, or steel, unless the manufactured product meets the definition of the other item.
 - c. Manufactured products must meet two production requirements:
 - i. The final product must be manufactured in the United States.
 - ii. At least 55% of the cost of the components making up the manufactured product must be associated with components that were mined, produced, or manufactured in the U.S.

Identifying U.S.-Made Products

Products labeled or advertised as “Made in the USA” must generally be assembled with parts and materials of U.S. origin, as required by the Federal Trade Commission. Manufacturers may provide

certification letters on their websites or upon request. HUD encourages working with their local NIST [Manufacturing Extension Partnership \(MEP\)](#) center or similar supplier-scouting services to identify domestic manufacturers when products are not readily available from U.S. sources.

Other resources:

- [Thomasnet](#)
- [Connex Marketplace](#)
- [Industrynet](#)

Documentation of Compliance with the BAP

The compliance documentation must support the following:

- The County shall complete **Appendix 1** (BAP Applicability Checklist) to document the determination of BAP applicability to Covered Materials used in the public infrastructure project. If the project is determined to be exempt, the County must retain written documentation of that determination in the grant file.
- For projects subject to the BAP, documentation demonstrating that all Covered Materials were procured from BABA-compliant sources.

If the project is subject to BAP requirements, the BORROWER must retain documentation demonstrating compliance. The following examples are:

- Project budget specifying the total project cost and the cost of Covered Materials.
- Procurement list(s) of Covered Materials purchased for the public infrastructure project, either by BORROWER, Contractor, or Subcontractor(s). This list(s) should reflect, for example:
 - Type of covered material, (iron, steel, manufactured product, or construction material);
 - Product or Material;
 - FFA Source(s);
 - FFA Obligation Date(s);
 - Costs per unit;
 - Total cost of product purchase or contract;
 - Manufacturer or Vendor;
 - Actual purchaser (grantee, sub-recipient, contractor);
 - Special Quality Standards, if applicable; and
 - U.S. Made verification, if available (Made in the USA label, product specifications, vendor or contractor certification, etc.).
- Documentation supporting the Covered Materials incorporated into the public infrastructure were made in the United States, for example:
 - A copy of the label indicating the product was made in the United States;
 - A copy of the product description or technical specifications that provides sufficient detail to conclude that the Covered Materials comply with BABA;
 - A certificate or other documentation from the manufacturer demonstrating that the Covered Materials comply with BABA;
 - The BORROWER must ensure that a signed contractor certification confirming compliance with BABA is submitted to the County (**Appendix 2**);
 - A signed certification from the manufacturer of the Covered Materials certifying compliance with BABA.

Results of market research and product sourcing to include, for example, the following:

- Results of a supplier scouting search conducted by NIST MEP or another supplier scouting service;
- Copies of web searches used (e.g., PDF/JPEG copies of web pages showing search terms and results including sources considered, eliminated, and chosen for further research);
- Copies of email, fax, or mail correspondence with Covered Materials manufacturers or suppliers; and
- Records of phone communications with Covered Materials manufacturers or suppliers, including:
 - Dates and times of phone calls,
 - Phone numbers used,
 - Whether the phone communication was successful in making it possible to reach a staff person manufacturer or supplier able to respond to questions about BABA compliance, or whether the attempt at communication was 14 unsuccessful (e.g., left a message, phone line was busy, or phone line was disconnected),
 - If the phone communication resulted in reaching someone, the name of the person contacted,
 - Notes describing the substance of the conversation (e.g., manufactured product is assembled in U.S., but the manufacturer is uncertain whether 55% of the value of the materials/components are sourced in the United States).

Flow-Down of HOME Fund Requirements

All HOME fund terms and conditions must be flowed down to subrecipients at every tier. All entities receiving Covered CPD Program funds must comply with BABA requirements. Subawards, contracts, purchase orders, solicitations, and other procurement documents must include language requiring compliance with the BAP. Sample language is provided below.

Pursuant to the Build America, Buy America Act (BABA), enacted as part of the Infrastructure Investment and Jobs Act (IIJA). Pub. L. 117-58, 41 U.S.C. § 8301 note, the Federal Financial Assistance used to fund this infrastructure project is required to apply a domestic content procurement preference (the “Buy America Preference” or “BAP”) for all construction, alteration, maintenance, or repair of infrastructure, including buildings and real property, unless application of the BAP has been waived by HUD. Additional details on fulfilling the BABA requirements can be found at <https://www.hud.gov/baba>.

Records Retention

Records must be retained for four years after grant closeout agreement is signed.

Appendix 1

Buy America Preference Applicability Checklist

Buy America Preference Applicability Checklist

Project Information

Grantee	
Grant Number	
Activity Name	
Activity Number (IDIS/DRGR)	

Step 1. Determine if the project is a public infrastructure project as defined in Sections II and III of Notice CPD-25-01.

<input type="checkbox"/> Yes	Continue to Step 2.
<input type="checkbox"/> No	The BAP does not apply. The BAP only applies to public infrastructure projects. Stop here.

Step 2. Is the project funded using a Covered CPD Program? Check the box below for each CPD Program funding this project.

Group A: Covered CPD Programs

<input type="checkbox"/>	CDBG	<input type="checkbox"/>	SHOP
<input type="checkbox"/>	Section 108	<input type="checkbox"/>	VHRMP
<input type="checkbox"/>	HOME	<input type="checkbox"/>	CPF/EDI
<input type="checkbox"/>	HTF	<input type="checkbox"/>	Section 4
<input type="checkbox"/>	RHP	<input type="checkbox"/>	Rural Capacity Building
<input type="checkbox"/>	ESG	<input type="checkbox"/>	PRO Housing
<input type="checkbox"/>	CoC	<input type="checkbox"/>	PRICE
<input type="checkbox"/>	HOPWA	<input type="checkbox"/>	FY23 PSH Funds

Group B: CPD Programs Not Covered by the BAP

<input type="checkbox"/>	CDBG-DR	<input type="checkbox"/>	CDBG-CV
<input type="checkbox"/>	CDBG-MIT	<input type="checkbox"/>	HOPWA-CV
<input type="checkbox"/>	CDBG-NDR	<input type="checkbox"/>	ESG-CV
<input type="checkbox"/>	HOME-ARP		

If you selected **any** Group A programs (even if Group B programs are also selected), answer yes. If you selected **only** Group B programs, answer no.

<input type="checkbox"/> Yes	Continue to Step 3.
<input type="checkbox"/> No	The BAP does not apply to this project because it is not funded by a covered CPD program. Stop here.

Step 3. Will the project use Covered Materials?

Each material should be classified into only one category: iron and steel, specifically listed construction materials, not listed construction materials, or manufactured products. This classification is necessary to apply HUD’s Phased Implementation Waiver.

Check the box below for each type of covered material incorporated into this infrastructure project.

<input type="checkbox"/>	Iron or steel
<input type="checkbox"/>	Specifically Listed Construction materials
<input type="checkbox"/>	Not Listed Construction materials
<input type="checkbox"/>	Manufactured products

If you checked any boxes above, answer yes.

<input type="checkbox"/> Yes	Continue to Step 4.
<input type="checkbox"/> No	The BAP does not apply to this project because it will not incorporate any Covered Materials. Stop here.

Step 4. Based on the obligation date of the covered CPD program funds, does the BAP apply to the funding source and Covered Materials that will be used in the project?

Use the phased implementation table to determine whether the BAP applies based on the obligation date for the covered CPD program funds and classification of materials. The BAP may only apply to some Covered Materials used in the project.

The obligation date is generally the date that HUD executed the grant agreement for covered CPD program funds to the grantee. This date may be found in the grant agreement. The obligation date is not the date when the grantee commits funds to a project under a subrecipient agreement.

BAP will apply to...	Iron and Steel	Specifically Listed Construction Materials	Not Listed Construction Materials	Manufactured Products
All other CPD programs except HOME and HTF	Funds obligated on or after 2/22/24	Funds obligated on or after 8/23/24	Funds obligated on or after 8/23/24	Funds obligated on or after 8/23/24
HOME and HTF	HOME or HTF funds obligated on or after 8/23/24	HOME or HTF funds obligated on or after 8/23/24	HOME or HTF funds obligated on or after 8/23/24	HOME or HTF funds obligated on or after 8/23/24

<input type="checkbox"/> Yes	Indicate here which Covered Materials the BAP applies to and continue to Step 5: <input type="checkbox"/> Iron and steel <input type="checkbox"/> Specifically listed construction materials <input type="checkbox"/> Not listed construction materials <input type="checkbox"/> Manufactured products
<input type="checkbox"/> No	The BAP does not apply to this project because the funds were obligated before the effective date for the program/materials used in the project. Stop here.

Step 5. HUD has issued several general waivers. Check the box next to any conditions that apply to the project.

Public infrastructure projects that meet the conditions of a general waiver may be exempt in whole or in part from the BAP.

<input type="checkbox"/>	The total cost of the project from all sources (Federal and non-Federal) is \$250,000 or less. If checked, the Small Grants Waiver applies, and the project is exempt from the BAP.
<input type="checkbox"/>	There is an urgent need to immediately complete the project because of a threat to life, safety, or property. If checked, the Exigent Circumstances Waiver applies, and the project is exempt from the BAP.
<input type="checkbox"/>	The project is in Guam, American Samoa, or the Northern Mariana Islands. If checked, the Pacific Island Territories Waiver applies, and the project is exempt from the BAP.
<input type="checkbox"/>	The project is being funded by a Tribal recipient. If checked, the Tribal Recipients Waiver applies, and the project is exempt from the BAP.

If you checked any of the boxes above, answer yes below.

<input type="checkbox"/> Yes	The HUD general waiver selected above is being applied to this project, so the BAP does not apply to the entire project. Attach documentation of the conditions of the waiver and then stop here.
<input type="checkbox"/> No	Proceed to Step 5a.

Step 5a. Calculate the *De Minimis* limit for the project:

The total cost of all Covered Materials includes all iron and steel, construction materials, and manufactured products used in the project, regardless of whether the BAP currently applies under the Phased Implementation Waiver.

Enter the total cost of all Covered Materials:	
Multiply that amount by 0.05 (5%):	
Enter the lower of the number calculated in the row above or \$1,000,000:	

The amount in the third row above is the *De Minimis* limit for this project. The BAP can be waived for Covered Materials from foreign or unknown sources at a cost not to exceed the *De Minimis* limit of 5% of the total cost of materials or \$1,000,000 (whichever is less). The BAP will still apply to other Covered Materials used in the project. **Attach a list of Covered Materials and their associated costs to which the *De Minimis* limit has been applied.**

Step 6. Is there a need for a project-/product-specific waiver?

If the BAP applies to a project and all general waiver flexibilities have been utilized, but there are remaining Covered Materials that can only be sourced from foreign or unknown sources, then a grantee may apply for a project-/product-specific waiver.

<input type="checkbox"/> Yes	Refer to guidance in Section VII Step 6 of Notice CPD 25-01.
<input type="checkbox"/> No	Stop here and retain this analysis in project records.

 Completed by

 Date Completed

Appendix 2

Examples of Buy America Preference Certifications

**Buy America Preference Certification
Project Information**

Grantee	
Grant Number	
Activity Name	
Activity Number (IDIS/DRGR)	

For Covered Materials not otherwise exempted from the Buy America Preference (BAP), the undersigned certifies the following:

- All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
- All manufactured products used in the project are produced in the United States. This means the manufactured product was manufactured in the United States, and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard that meets or exceeds this standard has been established under applicable law or regulation for determining the minimum amount of domestic content of the manufactured product; and
- All construction materials used in the project are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.

Attach a list of all Covered Materials procured by the signatory and used in the project.

I/We, the undersigned, certify under penalty of perjury that the information provided above is true and correct. WARNING: Anyone who knowingly submits a false claim or makes a false statement is subject to criminal and/or civil penalties, including confinement for up to 5 years, fines, and civil and administrative penalties. (18 U.S.C. §§ 287, 1001, 1010, 1012, 1014; 31 U.S.C. §§ 3729, 3802).

Signature	Title/Organization	Date

Contractor & Subcontractor Build America, Buy America Act Certification

The undersigned certifies, to the best of their knowledge and belief, that

The Build America, Buy America (BABA) Act, as established under the Infrastructure Investment and Jobs Act (IIJA), Pub. L. No. 117-58, and implemented through 2 CFR Part 184, requires that no federal financial assistance for “infrastructure” projects is provided “unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States.”

The undersigned certifies that for the **[Project Name and Location]** the iron, steel, manufactured products, and construction materials used in this contract are in full compliance with the BABA requirements including:

1. All iron and steel used in the project are produced in the United States. This means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
2. All manufactured products purchased with HUD financial assistance must be produced in the United States. For a manufactured product to be considered produced in the United States, the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55% of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation.
3. All construction materials are manufactured in the United States. This means that all manufacturing processes for the construction material occurred in the United States.

The, **[Contractor or Subcontractor]**, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any.

Signature	Title	Date

Bidder’s Build America, Buy America Act (BABA) Certification

Grant Number	
Project Name	
Federal Funding Agency	

This project is subject to the Build America, Buy America Act (BABA) requirements under Title IX of the Infrastructure Investment and Jobs Act (“IIJA”), Pub. L. 177-58. Absent an approved waiver, all iron, steel, manufactured products, and construction materials used in this project must be produced in the United States. This means that all manufacturing processes, from the initial melting stage through the application of coatings for iron and steel, and all manufacturing processes for manufactured products and construction materials, must occur in the United States.

Documentation of BABA compliance must be provided by the contractor for all iron, steel, manufactured products, and construction materials used in the project. Written evidence from the manufacturer or supplier will be required that identifies the item purchased; affirms the location of manufacture as within the United States; and is signed by an authorized company representative.

Additional guidance on BABA compliance, waivers, and documentation requirements is provided in HUD Notice CPD-25-01, “Implementation of Build America, Buy America Requirements for HUD Federal Financial Assistance Programs” (January 17, 2025).

As a bidder for the project listed above, I certify that I have read, understand, and will comply with the “BABA” provisions as required by federal law. Furthermore, I understand that BABA provisions apply to any and all portions of this project, including subcontracted portions and that I certify to the best of my knowledge and belief that I will identify domestic sources of BABA covered products, provide verification documentation for BABA- compliance, and when needed provide waiver documentation per current guidance.

I further agree that I will complete and submit the Contractor & Subcontractor Build America, Buy America Act (BABA) Certification prior to the processing of any request for final payment.

I understand that a false statement on this certification may be grounds for rejection or termination of any award.

Signature of Bidder	Printed Name and Title of Bidder	Date
Name of Bidder’s Company	Bidder’s Company Address	Bidder’s Telephone #