

PURCHASE OPTION AGREEMENT
NEIGHBORHOOD PARTNERSHIP HOUSING SERVICES, INC.
(11049 Bogart)

THIS PURCHASE OPTION AGREEMENT ("Agreement") is executed and effective as of this ____ day of _____, 2019 ("Effective Date"), by and between the HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public agency ("Authority") and NEIGHBORHOOD PARTNERSHIP HOUSING SERVICES, INC., a California nonprofit corporation ("NPHS"). In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

RECITALS

A. Authority is the owner of certain real property located at 11049 Bogart Street, in the City of Riverside, County of Riverside, State of California, known as Assessor's Parcel Number 146-182-080, and legally described in Exhibit "A" attached hereto and incorporated herein by reference ("Authority Parcel").

B. NPHS is in the process of applying for State of California Multifamily Housing Program ("MHP") funds for the purchase or long term lease of the Authority Parcel for the development of a permanent rental housing project for lower income households ("Project").

C. In connection with the application, NPHS desires to secure the exclusive and irrevocable right, privilege and option to purchase or lease, under the conditions hereinafter provided, of the Authority Parcel, together with all rights, easements and appurtenances thereto ("Option").

D. Authority is willing to grant NPHS such Option pursuant to the terms herein.

TERMS

1. Grant of Option. Subject to the terms and conditions herein, Authority hereby grants to NPHS an option to acquire and/or lease the Authority Parcel for a fee purchase or long term lease of the Authority Parcel.

2. Term of Option. The Option shall commence on the Effective Date and shall continue until 5:00 p.m. Pacific Standard Time on March 31, 2020 ("Option Period"); provided, however, that this Option may terminate prior to such time as provided in Section 4.

3. Consideration. The grant of this Option is made by Authority in consideration of the sum of One Dollar (\$1.00) ("Option Price"), receipt of which is acknowledged. In the event that NPHS attempts to, in good faith and prior to the termination of this Option, but does not ultimately obtain MHP funding in the amount necessary to develop the Authority Parcel consistent with MHP requirements, Authority shall refund fifty percent (50%) of the Option Price to NPHS upon written request from NPHS and prior to the termination of this Option.

Notwithstanding the foregoing, in the event that NPHS breaches this Option prior to the termination of this Option, the Authority shall be entitled to keep the total amount of the Option Price.

4. Termination.

a. This option shall automatically terminate without any notice to NPHS, and all rights of NPHS in and to the Authority Parcel shall then and there cease if NPHS has not exercised the Option to acquire the Authority Parcel in the manner set forth in Section 6 below on or before the expiration of the Option Period.

b. Either Party may terminate this Option prior to the expiration of the Option Period without cost or liability if NPHS fails to submit a complete funding application to MHP by December 31, 2019. Upon mutual written consent, the funding application to MHP can be extended.

5. Application of Consideration Toward Purchase Price. Should NPHS select to purchase in fee the Authority Property, the Option Price shall be credited towards the purchase price for the Authority Parcel. Should NPHS choose a long term lease, the Option Price shall be created toward the lease payments.

6. Exercise of Option; Closing. Provided NPHS is not in default under any term or provision of this Agreement and the Option has not terminated as provided in Section 4, the Option may be exercised by NPHS delivering to Authority, written notice of such exercise together with a copy of MHP's approval of the funding.

7. Escrow. Within five (5) working days following exercise of the Option, should NPHS select to purchase the Authority Property, the Parties shall execute escrow instructions for the sale/purchase of the Authority Parcel at a mutually agreeable licensed escrow company ("Escrow Agent") upon the following terms and conditions:

a. The escrow shall be for a period of not to exceed one hundred twenty (120) days.

b. The purchase price as agreed to by the Parties shall be paid at close of escrow.

c. Authority shall pay the premium for a CLTA standard policy of owner's title insurance in the amount of the purchase price in the NPHS's name or NPHS's assignee, subject only to those matters approved by NPHS pursuant to Paragraph 8 below.

d. Authority shall pay one half of the escrow charge and any expenses required to deliver title to NPHS.

e. NPHS shall pay documentary stamps on the deed, recording charges and one-half of the escrow charge and the entirety of the expense of any extended title coverage.

f. All other escrow costs and charges shall be borne one-half by Authority and one-half by NPHS.

g. Authority shall deposit an executed grant deed for the Authority Parcel in escrow for delivery to NPHS at close of escrow.

h. Possession of Authority Parcel shall be given to NPHS at close of escrow.

i. Current taxes and assessments, if any, shall be prorated to close of escrow. Taxes shall be computed, if undetermined, by the escrow holder on the basis of the last available tax rate and valuation.

j. The close of escrow shall be subject to (i) NPHS's obtaining a firm commitment for funding from MHP; (ii) the availability of such funds and any other required funds at closing; (iii) completion of any required land use procedures and the obtaining of a building permit; and (iv) execution of a disposition and development agreement ("DDA") by the Parties as provided herein.

k. Subject to the Authority's ability to give, conduct and make all legally required notices, hearings and findings, Authority and NPHS shall have entered into a DDA acceptable to Authority and NPHS. The DDA shall contain the usual and customary terms of such agreements entered into by Authority for affordable housing projects, shall contain provisions for the lease of units in the project to low income households, and the required affordability covenants. Prior to the close of escrow, Authority shall give and conduct all legally required notices and hearings pertaining to the disposition of the Authority Property.

8. Title and Deed. The title shall be a good and merchantable title in fee simple, free and clear of all liens and encumbrances except those specifically set forth in this Option, if any, or those specifically approved by the NPHS. Authority and NPHS agree that any liens or encumbrances not herein excepted or assumed may be cleared at closing from sales proceeds. If any objectionable exceptions to the title cannot be cleared by the Authority prior to closing or from sales proceeds, then, as the sole and exclusive remedy, NPHS shall have the right to void this Option.

9. Entry, Inspection and Test of Property. During the Option Period and during the escrow period, NPHS, or NPHS's representative, shall have the right to enter the Authority Parcel during normal business hours, and shall have the right to make tests as to the adaptability of the Authority Parcel for the NPHS's intended use of the Authority Parcel including surveys, preliminary engineering, site planning, soil bearing tests and other necessary inspections and tests, all at NPHS's sole expense and liability. Prior to any entry upon the Authority Parcel pursuant to this Section 9, by NPHS or NPHS's agents, contractors, subcontractors or

employees, NPHS shall execute Authority's standard Right of Entry with NPHS or NPHS's agents, contractors, or subcontractors providing to the Authority the requisite insurance and indemnification. NPHS must coordinate with the Authority on access to and entry upon the Authority Property.

10. Zoning. Authority agrees to cooperate during the Option Period and any extension thereof with regard to proposed zoning for the Authority Parcel. It is the understanding of the parties hereto that all costs and expenses with regard to any zoning shall be borne entirely by the NPHS. The purchase and or lease of the Authority Parcel is contingent upon adequate zoning for NPHS's intended use of the Authority Parcel as a permanent rental housing project for lower income households.

11. Real Estate Commission. The NPHS and Authority represent and warrant to the other that no third party is entitled to a real estate or broker's commission and/or finder's fee connected with this transaction.

12. Representation and Warranty of Authority Regarding Environmental Hazards. To the best of Authority's knowledge, no hazardous substances or conditions are or have heretofore been generated, treated, used, or stored, disposed of or deposited in or otherwise are existing in or on any portion of the Authority Parcel, and no substances or conditions are in or on the Authority Parcel that would affect the Authority Parcel or in any way affect the use thereof or that may support the claim at common law or under any federal, state or local environmental statute, regulation, ordinance or other environmental regulation.

13. Notices. All notices herein provided for shall be in writing and shall be given by personal delivery or by U.S. Mail and shall take effect from the time of personal delivery or the mailing thereof, as the case may be. Such notices shall be addressed as follows:

To NPHS: Neighborhood Partnership Housing Services, Inc.
 9551 Pittsburgh Avenue
 Rancho Cucamonga, California 91730
 Attn: Clemente Mojica, Executive Director

To Authority: The Housing Authority of the City of Riverside
 3900 Main Street
 Riverside, California 92522
 Attn: Housing Authority Manager

Either party may, from time to time, by written notice to the others, designate a different address which shall be substituted for the one above specified, and/or specify additional parties to be notified. Notwithstanding anything to the contrary herein contained, any notices or documents which may be delivered by mail pursuant to this Section 13 must be actually delivered to the other Party on the last business day immediately preceding any deadline date specified in this Agreement.

14. Assignability to Non-Profit Corporation. With prior written notice to the Authority, the NPHS may assign this Agreement to a private, nonprofit corporation approved by the Authority and created to serve as the developer of the project.

15. Recording of Option. Upon request of either party, the parties shall execute and record a Memorandum of Option. If this Agreement is terminated or expires, NPHS agrees, if requested by Authority, to execute, acknowledge and deliver a quitclaim deed to Authority within fifteen (15) days after termination and to execute, acknowledge and deliver any other documents required by any title company to remove the cloud of this Agreement from the Authority Parcel.

16. Time of the Essence. Time is of the essence of each of the terms, covenants and conditions of this Agreement.

17. Entire Agreement. This Agreement contains the entire agreement of the Parties hereto with respect to the matters covered hereby, and all negotiations and agreements, statements or promises between the parties hereto or their agents with respect to this transaction are merged in this Agreement, which alone expresses the Parties' rights and obligations. No prior agreements or understandings not contained herein shall be binding or valid against either of the Parties hereto.

18. Modification. Any amendments or modifications to this Agreement must be in writing and executed by all the parties to this Agreement.

19. Interpretation. This Agreement shall be construed according to its fair meaning and as if prepared by both Parties hereto. Titles and captions are for convenience only and shall not constitute a portion of this Agreement. As used in this Agreement, masculine, feminine or neuter gender and the singular or plural number shall each be deemed to include the others wherever and whenever the context so dictates.

20. Governing Law; Venue. The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the superior court in the County of Riverside, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

21. Nondiscrimination. The parties shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical or mental disability, medical conditions, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, genetic information, gender, gender identity, gender expression, sex, sexual orientation, or military or veterans status in connection with the performance of this Agreement. The parties further agree to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

22. No Waiver. No delay or omission by either Party hereto in exercising any right or power accruing upon the compliance or failure of performance by the other Party hereto under the provisions of this Agreement shall impair any such right or power or be construed to be a waiver thereof. A waiver by either Party hereto of a breach of any of the covenants, conditions or agreements hereof to be performed by the Party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions thereof.

23. Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any Party or circumstances shall, to any extent, be held invalid or unenforceable, the remainder of this instrument, or the application of such term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

24. Authority to Execute. Each individual executing this Agreement on behalf of a party warrants that he or she is duly authorized to execute and deliver this Agreement on behalf of such party in accordance with the authority granted under the formation documents of such entity, and, if a corporation, by a duly passed resolution of its Board of Directors, that all conditions to the exercise of such authority have been satisfied, and that this Agreement is or will be binding upon such entity in accordance with their respective terms.

25. Counterparts. This Agreement, including any exhibits attached hereto, may be executed by the Parties hereto in several counterparts, each of which shall be deemed to be an original copy.

26. Exhibits. Exhibits attached hereto are hereby incorporated herein by this reference.

27. No Third-Party Beneficiaries. The performance of the Authority's and the NPHS's respective obligations under this Agreement are not intended to benefit any party other than the Authority or NPHS, except as expressly provided otherwise herein. No person or entity not a signatory to this Agreement shall have any rights or causes of action against any Party to this Agreement as a result of that Party's performance or non-performance under this Agreement, except as expressly provided otherwise herein.

[Signatures on following page.]

AUTHORITY:

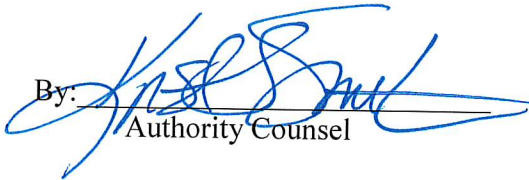
HOUSING AUTHORITY OF THE
CITY OF RIVERSIDE,

By: _____
Al Zelinka
Executive Director

ATTESTED TO:

By: _____
Authority Secretary

APPROVED AS TO FORM:

By:  _____
Authority Counsel

NPHS:

NEIGHBORHOOD PARTNERSHIP HOUSING
SERVICES, INC.

By:  _____
Name: Clemente Mojica
Its: Chief Executive Officer

By: _____
Name:
Its:

EXHIBIT "A"
LEGAL DESCRIPTION

**EXHIBIT A
LEGAL DESCRIPTION**

Project: N.E Corner Bogart Ave and Bushnell Ave
A.P.N. 146-182-080

That portion of Block 59 of Tract No. 2 of La Sierra Heights, in the City of Riverside, County of Riverside, State of California, as shown by map filed in Book 7, page 66, records of said County, more particularly described as follows:

COMMENCING at a point on the southwesterly line of Lot 12 of Block "D" of Holden Avenue Tract, as shown by map filed in Book 11, Pages 67 through 69, records of said County, 124.50 feet southeasterly of the most westerly corner thereof;

Thence South 60°37'00" West, a distance of 120.00 feet to the **POINT OF BEGINNING**;

Thence continuing South 60°37'00" West, a distance of 321.30 feet;

Thence southeasterly and parallel with the centerline line of Holden Avenue to a point on the northwesterly line of Bushnell Avenue;

Thence northeasterly along said northwesterly line of Bushnell Avenue, a distance of 365.38 feet;

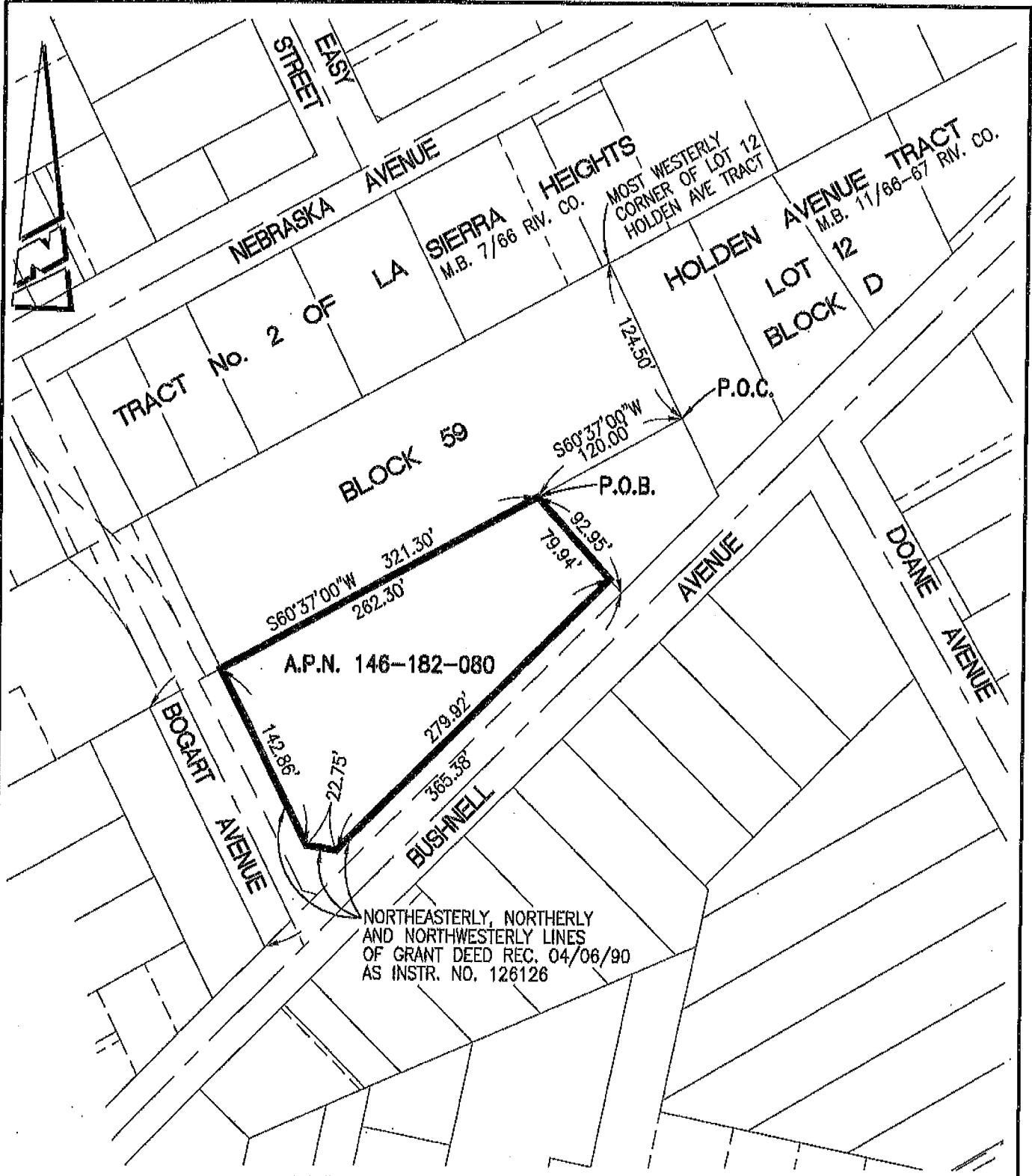
Thence northwesterly to the **POINT OF BEGINNING**;

EXCEPTING THEREFROM that portion lying southwesterly, southerly and southeasterly of the northeasterly, northerly and northwesterly lines of that certain parcel of land described in a grant deed to the City of Riverside recorded April 6, 1990 as Instrument No. 126126, in the Office of the County Recorder of said County.

This description was prepared by me or under my direction in conformance with the requirements of the Land Surveyors Act.

Curtis C. Stephens 6/17/19 Prep. (Signature)
Curtis C. Stephens, L.S. 7519 Date





• CITY OF RIVERSIDE, CALIFORNIA •

THIS PLAT IS SOLELY AN AID IN LOCATING THE PARCEL(S) DESCRIBED IN THE ATTACHED DOCUMENT. IT IS NOT A PART OF THE WRITTEN DESCRIPTION THEREIN.

SHEET 1 OF 1

SCALE: 1"=100'

DRAWN BY: CURT

DATE: 6/17/19

SUBJECT: BUSHNELL AVE @ BOGART AVE - APN 146-182-080