

OPERATING AGREEMENT FOR ACCESS/HOMELESS SHELTER

(Path of Life Ministries)

THIS OPERATING AGREEMENT ("Agreement") is entered into this 17th day of May, 2005 ("Effective Date"), by and between the CITY OF RIVERSIDE, a municipal corporation ("City") and PATH OF LIFE MINISTRIES, a California non-profit corporation ("PLM").

RECITALS

A. For the past two (2) years, in conjunction with the County of Riverside's Cold Weather Shelter program, PLM has been operating a Cold Weather Shelter.

B. PLM is currently in escrow to purchase property located at 2840 Hulen Place, Riverside California ("Property") for Five Hundred Eighty Five Thousand Dollars (\$585,000) for the operation of the Cold Weather Shelter, as well as operating a Short-Term Emergency Shelter and Access Center (collectively "Facility"). In order to purchase the Property, PLM will be obtaining a grant from the State of California, Department of Housing and Community Development ("State"), in the amount of Five Hundred Thousand Dollars (\$500,000) and Eighty-Five Thousand Dollars (\$85,000) from the City. The City will also be contributing an additional Five Hundred Thousand One Hundred and Fifty Dollars (\$500,150) for tenant improvements for the Facility.

C. In order to protect the City's financial investment, City and PLM have agreed that City and PLM will own the Property and Facility as tenants in common and PLM will operate the Facility subject to the terms and conditions set forth below.

ARTICLE I TERMS

1.1 **Retention of PLM.** As of the Effective Date, the City hereby retains PLM as the exclusive operator and manager of the Facility in compliance with all applicable federal, state and local laws subject to the terms and conditions hereinafter set forth. PLM accepts such retention.

1.2 **Term.** The term of this Agreement shall be for a period of ten (10) years from the Effective Date. Upon the expiration of this Agreement, or upon the default hereunder, PLM shall immediately convey the Property to the City. To accomplish said transfer, upon the execution of this Agreement by PLM, PLM shall execute a Grant Deed in the form attached hereto as Exhibit "A" and incorporated herein by reference. The City shall not record said deed until the earlier of the expiration of this Agreement or PLM's default under this Agreement, as provided for more fully herein.

1.3 Buy out by PLM. At the end of the term of this Agreement, should the City determine that it no longer desires to continue with the Facility, PLM is hereby given the right of first refusal as to the purchase of the Property from the City. The purchase price shall be based upon the then fair market value of the Property, but in no case shall be less than Five Hundred Eighty Five Thousand One Hundred and Fifty Dollars (\$585,150) plus any additional costs the City shall put into the Property and the Facility, and including any inflation adjustment.

1.4 Vesting. Upon the execution of this Agreement by PLM, PLM will cause the escrow company handling the purchase of the Property, to amend the escrow instructions to add the City as an additional purchaser of the Property and additional signatory on all escrow instructions and documents. PLM will also cause the vesting on the conveyance deed of the Property to read as follows: "City of Riverside, a municipal corporation, and Path of Life Ministries, a California non-profit corporation, as tenants in common".

1.5 State Documents. City, as of the Effective Date, hereby acknowledges and agrees that it, along with PLM, will be responsible under the State grant and will sign the Note, Deed of Trust, Regulatory Agreement and Development Agreement (collectively "State Documents") as required by the State. Copies of sample State Documents are attached hereto as Exhibits "B" through "E" and incorporated herein by reference.

1.6 Use of the Property. The Property and Facility shall be used and operated by PLM, subject to the terms and conditions in this Agreement, as an Access Center, Emergency Shelter and Cold Weather Shelter for the homeless and for uses incidental to conducting said operations, and for no other use.

ARTICLE II REPRESENTATIONS AND WARRANTIES

2.1 Non-Profit Corporation. PLM hereby represents and warrants that it is a non-profit corporation in good standing with the State of California. PLM further represents and warrants that at all times during the term of this Agreement, it will remain a California non-profit corporation in good standing.

2.2 Compliance with State Documents. PLM hereby represents and warrants that at all times during the term of this Agreement, PLM will comply with each and every term, condition, restriction and obligation contained in the State Documents. PLM's failure to comply will trigger an automatic default under this Agreement, as set forth more fully below.

2.3 Religious Activities. PLM hereby represents and warrants that during its use of the Property and Facility, it will not engage in inherently religious activities, such as worship, religious instruction, or proselytization as part of the programs or services offered in the Facility. If PLM conducts such activities, the activities must be offered separately, in time and location, from the programs or services provided for in the Facility, and participation must be voluntary for the

beneficiaries of the programs or services offered. It is acknowledged that PLM may continue to carry out its mission, including the definition, practice and expression of its religious beliefs, provided that it does not use any funds received from the City to support any inherently religious activities, such as worship, religious instruction or proselytization.

2.4 Liens. PLM hereby represents and warrants that it will keep the Property and the Facility free and clear of all liens and encumbrances. Should PLM allow any liens to be recorded on the Property, PLM shall have thirty (30) days in which to cause said liens to be removed. If, after thirty (30) days the liens still remain, and PLM has not provided a satisfactory explanation to the City as to its attempts to their removal, PLM shall be deemed in default under this Agreement. Further, PLM agrees to hold the City harmless from any and all claims under any liens and encumbrances.

2.5 Taxes. PLM hereby acknowledges that due to its joint ownership interest in the Property with the City, PLM may be subject to property taxes and shall promptly pay the same.

ARTICLE III OPERATION

3.1 Operations. PLM at its own cost and expense shall operate the Facility in a professional manner. This shall include PLM's employment and retention of such personnel, whether paid or volunteers, as may be required, to effectively run the Facility. PLM, in the operation of the Facility agrees to be bound by the following terms and conditions:

3.1.1 Hours. The Short-Term Emergency Shelter shall be open seven (7) days a week from 5:30 p.m. to 8:30 a.m. The Access Center shall be open five (5) days a week, Monday through Friday, from 1:00 p.m. to 5:00 p.m. The Cold Weather Shelter is open only during the months of December through March each year with the same hours of operation as the Short-Term Emergency Shelter. The Cold Weather Shelter's months of operation may be extended depending on the severity of the winter. PLM shall notify the City, in writing, if such additional months are needed for the Cold Weather Shelter.

3.1.2 Population to be Served. The Short-Term Emergency Shelter will serve adult individuals eighteen (18) years and older and adult families with children up to seventeen (17) years of age. The maximum stay for any individual or family is thirty (30) days. The Facility will house up to sixty-five (65) individuals per night.

3.1.3 Nighttime Staff. At all times during the hours of 9:30 p.m. to 6:30 a.m., PLM shall have a minimum of three (3) staff members. During the hours of 9:30 p.m. to 6:30 a.m., any of the staff on duty must be awake during that entire shift to be available to immediately respond to any needs or emergencies that may arise.

3.1.4 Conditional Use Permit. PLM shall comply with all of the terms and conditions under Planning Case P04-1083, including the review of the Conditional Use Permit by the City's Planning Commission six (6) months following occupancy of the Facility.

3.1.5 Security. PLM shall implement a security plan to insure the security of the Facility's clients as well as the surround community. The plan shall include, but not be limited to the following:

- (a) A professional security guard shall be on duty during all operational hours of the Facility;
- (b) All Facility clients when entering the Facility will be physically searched for drugs, alcohol and weapons;
- (c) The Facility area will be gated;
- (d) Security cameras will be located around the Property for community protection;
- (e) All Facility clients will be screened immediately during intake and assessment to see if they are parolees or probationers. Individuals with violations will be reported to the authorities for further action;
- (f) The Facility shall offer an escort service for business employees who wish to be walked to their cars;
- (g) Loitering in and around the Property shall be prohibited;
- (h) PLM shall work with local law enforcement to insure that any issues impacting the community are immediately addressed.

3.1.6 Program Standards/Rules. PLM shall operate pursuant to the program standards attached hereto as Exhibit "F" and incorporated herein by reference. PLM shall also establish rules and regulations similar to those set forth in Exhibit "F" and shall post those rules at a conspicuous location in the Facility and shall provide each client with a copy of said rules. PLM shall provide the City with the rules for its review prior to occupancy of the Facility.

3.2 Cooperation with other Agencies. PLM shall coordinate and cooperate with other agencies in connection with the operation of the Facility. Those agencies include, but are not limited to: Project ACHIEVE, Alternatives to Domestic Violence, Operation Safe House, U.S. Vets, Community Access Center, Volunteer Center of Riverside County, Department of Public Social Services

3.3 Reporting. PLM shall submit quarterly reports to the City with a year end report for the fiscal year. Such reports shall contain information in regard but not limited to, funding, coordination between the various agencies, clientele, security issues, maintenance, and repairs. The annual report shall contain the previous information as well as the and outlook for the upcoming fiscal year. Quarterly reports shall be due thirty (30) days after the end of the quarter. The annual year end report shall be due by March 1 of each year.

3.4 Records. PLM shall keep and maintain records of its operations under this Agreement in accordance with generally accepted accounting principles. Such accounting records must be kept current. Upon reasonable advance written notice such books and records of PLM shall be available for inspection by a qualified accounting person, duly authorized by officers of the City. Such inspection shall be conducted during PLM's regular business hours, at PLM's regular place of business and reasonably convenient for the City to receive such information. Books and records shall remain confidential and not public except as necessary to protect the City's interests under this Agreement as between City and PLM, and as required by law.

3.5 Maintenance. As discussed more fully in Article IV below, PLM, at its sole cost and expense shall maintain and keep the Property and Facility in good order and condition. PLM shall perform all repairs necessary to keep the Facility, all improvements, fixtures, furniture, furnishings, and equipment situated therein or used in connection therewith, in such condition.

3.6 Inspections. City, through its duly authorized representatives, may enter onto the Property at all reasonable times after reasonable prior notice, for the purpose of inspecting any or all of said Property and the Facility. After such inspections, City, upon City Manager's approval shall provide for any repairs or changes as shall be reasonable and consistent with the City's responsibility of keeping the Property and the Facility in good repair pursuant to Article IV below. In the event the necessary repairs or changes pertain PLM's maintenance responsibility, the City shall give written notice to PLM by mail or personal delivery of the necessary repairs or changes. PLM shall commence the necessary repairs or changes within ten (10) days following receipt of any such written notice or such longer time as may be specified herein and complete such undertaking as soon as practicable, provided, however, any items deemed an emergency shall be completed promptly by PLM upon notification.

3.7 Utilities. PLM shall be responsible for all utilities to the Property and Facility, including, but not limited to, gas, water, electricity, sewer, telephone, and trash removal. PLM shall promptly pay all charges and costs incurred in connection with any and all utilities.

3.8 Insurance. PLM shall provide and maintain during the term of this Agreement the following types and amounts of insurance on policy forms satisfactory to City:

(a) Commercial general liability insurance in a combined single limit of at least one million dollars (\$1,000,000) per occurrence, including the following coverages: premises operation, independent contractors, blanket contractual, products liability, bodily injury including death, personal injury, property damage, owned and non-owned equipment, host liquor liability, liquor liability, incidental malpractice injury. Such commercial general liability policy shall be endorsed to name the City, its officers, employees and authorized volunteers as additional insureds.

(b) Property insurance covering all risks of direct physical loss, theft, damage, destruction to personal property in the amount of at least \$500,000 as shall protect it from claims for damages which may arise from operations of PLM under this Agreement. Such property insurance policy

shall be endorsed to name the City, its officers, employees and authorized volunteers as additional insureds and loss payee.

(c) Any deductibles applicable to the commercial general liability insurance purchased in compliance with this Section shall be approved by City Manager of City.

(d) Each policy required under this section shall be endorsed to state that coverage shall not be canceled or materially changed, except after 30 days' prior written notice has been given to City by certified or registered mail.

(e) All policies required under this Section shall be issued by insurance companies, authorized to transact liability insurance business in the State of California, and have a policy holders rating of B+ or higher and a financial class of at least VII, except as expressly approved by Risk Manager of City.

3.9 Workers' Compensation. By executing this Agreement, PLM certifies that it is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. PLM shall carry the insurance or provide for self-insurance required by California law to protect said PLM from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, PLM shall file with City either (1) a certificate of insurance showing that such insurance is in effect, or that PLM is self-insured for such coverage, or (2) a certified statement that PLM has no employees, and acknowledging that if PLM does employ any person, the necessary certificate of insurance will immediately be filed with City. Any certificate filed with City shall provide that City will be given ten (10) days prior written notice before modification or cancellation thereof.

3.10 Indemnification. Except as to sole negligence, or willful misconduct of City, PLM shall defend all loss, damage, claim for damage, liability, expense or cost, including attorney's fees, which arises out of or is in any way connected with the performance under this Agreement by PLM or any of the PLM's employees, agents, volunteers or subcontractors, notwithstanding that City may have benefitted from their services. This indemnification provision shall apply to any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of PLM, its employees, agents, volunteers or subcontractors. The parties expressly agree that any payment, attorney's fee, costs or expense City incurs or makes to or on behalf of an injured employee under the City's self-administered workers' compensation is included as a loss, expense or cost for the purposes of this Section, and that this Section shall survive the expiration or early termination of the Agreement.

3.11 Waiver. PLM hereby waives any and all rights to any types of express or implied indemnity against the City or its agents, officers and employees.

ARTICLE IV MAINTENANCE

4.1 Construction. The City shall pay for the construction of tenant improvements and other project costs on the Property in the amount of Five Hundred Thousand One Hundred and Fifty Dollars (\$500,150). The tenant improvements shall be those improvements as described in Exhibit "G" attached hereto and incorporated herein by reference. PLM shall cooperate with City at all stages in connection with the construction of the tenant improvements.

4.2 Maintenance and Repair. PLM shall keep the Property and the Facility in a decent, safe and sanitary condition and repair, and permit no waste thereof. PLM hereby agrees that it will not commit or suffer to be done or exist on or about the Property and the Facility any condition which will cause the Property to be less valuable. PLM shall provide or cause to be provided all services necessary to maintain and repair the Property and the Facility in first class condition. The obligation to maintain and repair includes, but is not limited to: (a) maintenance and repair occasioned by ordinary wear and tear; (b) maintenance and repair occasioned by extraordinary wear and tear; (c) damages to the Property and the Facility caused by the failure to perform the required maintenance and repairs or the negligent or willful acts or omissions of PLM, or its agents, employees, volunteers or clients; and (d) damages to the Property and Facility resulting from any other cause, other than the negligent or willful acts or omissions of the City.

4.3 Service Contracts. PLM shall provide or cause to be provided all janitorial services, all security services, all HVAC system maintenance and repair services for the Property and the Facility, as well as other system maintenance and repair services required for systems reasonably necessary for the use and quiet enjoyment of the Property and the Facility by PLM or the City.

4.4 Change in the Facility. PLM, upon prior written approval from the City, may make additions, betterments, extensions or improvements to the Facility or to attach fixtures, structures or signs to the Facility (collectively "Changes to the Facility") if: (a) such Changes to the Facility are reasonably necessary for the use and quiet enjoyment of the Facility by PLM; (b) such Changes to the Facility will not result in a diminution the value of the Property or the Facility; (c) PLM first acquires a permit to make such Changes to the Facility from the appropriate governmental entities having jurisdiction; and (d) the Changes to the Facility are constructed, assembled, or otherwise installed into or onto the Facility in full compliance with all applicable codes and ordinances of the City of Riverside.

ARTICLE V DEFAULTS AND TERMINATION

5.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" hereunder following notice to PLM by the City, specifying (a) the applicable event, (b) the action required to prevent such event becoming an Event of Default, and (c) a date,

which shall not be less than thirty (30) days after the date the notice is mailed to PLM, by which such action must be taken:

5.1.1 Performance of Obligations. PLM's default under any of the State Documents or PLM's failure to perform its obligations under this Agreement.

5.1.2 Representations and Warranties. (a) Any of PLM's representations or warranties in any of the State Documents or this Agreement shall prove to have been untrue in any material respect when made or deemed to have been made, or PLM shall have concealed any material fact from the City; (b) any of PLM's representations or warranties in any of the State Documents or this Agreement, other than representations, warranties, statements and certificates as to the financial condition of PLM, shall cease to be true and shall remain untrue for fifteen (15) days after notice of such change to PLM by the City or the State of California; or (c) any material adverse change in the financial condition of PLM from the financial condition represented to the City or the State of California as of the Effective Date.

5.1.3 Liens. The (a) filing of any claim or lien against the Property or the Facility, or any part thereof, and the continuance of the claim or lien for twenty (20) days after PLM received notice thereof without discharge, satisfaction or provision for payment being made to the satisfaction of the City; or (b) sequestration or attachment of, assignment by PLM for the benefit of its creditors of, or any levy or execution upon, the Property, the Facility, other collateral provided by PLM, or substantial portion of other assets of PLM, which is not released, expunged or dismissed prior to the earlier of sixty (60) days after sequestration, attachment or execution on the same.

5.1.4 Bankruptcy. The filing of a petition for relief under any state or federal law regarding bankruptcy, reorganization or other relief to debtors, whether voluntary or involuntary, and/or the applying for, or the appointment of, a receiver, trustee, custodian or liquidator.

5.1.5 General. PLM's breach of any condition, covenant, warranty, promise or representation contained in this Agreement not otherwise resulting in an Event of Default hereunder and the continuance of such breach for a period of thirty (30) days after written notice thereof to PLM.

5.2 Remedies. Upon the happening of an Event of Default, the City may take immediate possession of the Property and the Facility, record the Grant Deed conveying the Property to the City, and remove PLM from the Property and the Facility. Upon the occurrence of an Event of Default, the City may also, in addition to all other rights and remedies available to the City hereunder or under all applicable laws, at its option, seek an order for specific performance in a court of competent jurisdiction, or for such other relief as may be deemed appropriate.

5.3 Rights Cumulative, No Waiver. All the City's rights and remedies provided herein, granted by law or otherwise, are cumulative and may be exercised by the City at any time. The exercise of one or more remedies shall not be deemed an election of remedies and shall not preclude

the exercise by the City of any one or more of its other remedies. No waiver shall be implied from any failure of the City to take, or any delay by the City in taking action concerning any Event of Default or from any previous waiver of any similar or unrelated Event of Default. Any waiver of or approval of any Event of Default must be in writing and shall be limited to its specific terms.

5.4 Attorneys' Fees. If any attorney is engaged by the City to enforce, construe or defend any provision of this Agreement, or as a consequence of any Event of Default hereunder, or the default under any State Document, with or without the filing of any legal action or proceeding, PLM shall pay to the City, immediately upon demand, the amount of all attorneys' fees and costs incurred by the City in connection therewith.

5.5 Termination by the City. This Agreement may be terminated by the City upon the occurrence of any of the following events:

(a) Any material breach of this Agreement or the State Documents by PLM which remains uncured for a period of thirty (30) days after written notice from the City;

(b) Any event of which any provision of this Agreement provides for termination by the City, which remains uncured for a period of thirty (30) days after written notice from the City;

(c) The destruction of the Facility or any event which renders the Facility unusable; and

(d) At the City's sole discretion, upon sending written notice of termination for cause to PLM after the City has sent to PLM three or more notice of PLM's breach of this Agreement as set forth in Section 5.1 above, within any twelve (12) month period.

5.6 Termination by PLM. This Agreement may be terminated by PLM with one hundred and eighty (180) days written notice to the City.

ARTICLE VI MISCELLANEOUS

6.1 Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by pre-paid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

City:

City of Riverside
City of Manager
3900 Main Street
Riverside, California 92522

PLM:

Path of Life Ministries
Raul Diaz, Senior Pastor
3340 Durahart Street
Riverside, California 92507

6.2 Time of Essence. Time is of the essence for each and every provision of this Agreement.

6.3 Independent Contractor. In the performance of this Agreement, PLM and PLM's employees, subcontractors, volunteers and agents, shall act in an independent capacity as independent contractors, and not as officers or employees of the City of Riverside. PLM acknowledges and agrees that the City has no obligation to pay or withhold state or federal taxes or to provide workers' compensation or unemployment insurance to PLM, or to PLM's employees, subcontractors, volunteers and agents. PLM, as an independent contractor, shall be responsible for any and all taxes that apply to PLM as an employer.

6.4 General Compliance with Laws. PLM shall keep fully informed of federal, state and local laws and ordinances and regulations which in any manner affect PLM, or in any way affect the performance of services by PLM pursuant to this Agreement. PLM shall at all times observe and comply with all such laws, ordinances and regulations, and shall be solely responsible for any failure to comply with all applicable laws, ordinances and regulations.

6.5 Amendments. This Agreement may be modified or amended only by a written agreement executed by PLM and the City. PLM understands that any amendment will require approval from the City Council.

6.6 Assignment and Subcontracting. Neither party shall transfer any right, interest, or obligation in or under this Agreement to any other entity without prior written consent of the other party. In any event, no assignment shall be made unless the assignee expressly assumes the obligations of assignor under this Agreement, in a writing satisfactory to the parties. PLM acknowledges that any transfer of rights may require City Manager and/or City Council approval, as well as the State of California pursuant to the State Documents.

6.7 Venue and Attorneys' Fees. Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State of California, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county. In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs thereof, including reasonable attorneys' fees, to be set by the court in such action.

6.8 Nondiscrimination. During PLM's performance of this Agreement, PLM shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, or sexual orientation, in the selection and retention of employees and subcontractors and the procurement of materials and equipment, except as provided in Section 12940 of the California Government Code. Further, PLM agrees to conform to the requirements of the Americans with Disabilities Act in the performance of this Agreement.

6.9 Waiver. Any waiver by the City of a breach of a covenant or condition in one instance shall not be regarded as a waiver in any other instance.

6.10 Severability. Each provision, term, condition, covenant and/or restriction, in whole and in part, of this Agreement shall be considered severable. In the event any provision, term, condition, covenant and/or restriction, in whole and/or in part, of this Agreement is declared invalid, unconstitutional, or void for any reason, such provision or part thereof shall be severed from this Agreement and shall not affect any other provision, term, condition, covenant and/or restriction of this Agreement, and the remainder of the Agreement shall continue in full force and effect.

6.11 Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of PLM represent and warrant that they have the legal power, right and actual authority to bind PLM to the terms and conditions hereof and thereof.

6.12 Entire Agreement. This Agreement constitutes the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all prior and contemporaneous understandings or agreements of the parties. Neither party has been induced to enter into this Agreement by, and neither party is relying on, any representation or warranty outside those expressly set forth in this Agreement.

6.13 Interpretation. City and PLM acknowledge and agree that this Agreement is the product of mutual arms-length negotiations and accordingly, the rule of construction, which provides that the ambiguities in a document shall be construed against the drafter of that document, shall have no application to the interpretation and enforcement of this Agreement.

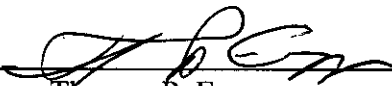
6.13.1 Titles and captions are for convenience of reference only and do not define, describe or limit the scope or the intent of the Agreement or any of its terms. Reference to section numbers are to sections in the Agreement unless expressly stated otherwise.

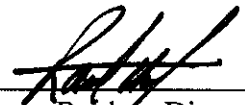
6.13.2 This Agreement shall be governed by and construed in accordance with the laws of the State of California in effect at the time of the execution of this Agreement.

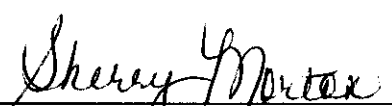
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed the day first written above.

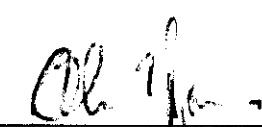
CITY OF RIVERSIDE,
a municipal corporation

PATH OF LIFE MINISTRIES,
a California non-profit corporation


By  5-25-05
Thomas P. Evans
Interim City Manager

By 
Raul A. Diaz
President/Executive Director

Attest 
for Colleen J. Nicol
City Clerk

By 
Olivia Ybarra
Secretary

APPROVED AS TO FORM:


Kristi J. Smith
Deputy City Attorney



When recorded mail to:

City Clerk's Office
City of Riverside
City Hall, 3900 Main Street
Riverside, California 92522

FREE RECORDING

This instrument is for the benefit
of the City of Riverside and is
entitled to be recorded without
fee (Government Code §6103)

FOR RECORDER'S OFFICE USE ONLY

Project: Access Center
APN: 210-130-026
Address: 2840 Hulen Place

D -

GRANT DEED

PATH OF LIFE MINISTRIES, a California non-profit corporation, Grantor, FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, does hereby grant to the **CITY OF RIVERSIDE**, a municipal corporation of the State of California, as Grantee, its successors and assigns, the real property as described in Exhibit "A" attached hereto and incorporated herein by this reference, located in the City of Riverside, County of Riverside, State of California.

Dated _____

Path of Life Ministries,
a California non-profit corporation

By: _____

By: _____

Print Name: _____

Print Name: _____

Title: _____

Title: _____

GENERAL ACKNOWLEDGEMENT

State of California

County of _____

} ss

On _____, before me _____
(date) (name)

a Notary Public in and for said State, personally appeared

Name(s) of Signer(s)

☐ personally known to me - OR - ☐ 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.

WITNESS my hand and official seal.

Signature

OPTIONAL SECTION

CAPACITY CLAIMED BY SIGNER

() Attorney-in-fact
() Corporate Officer(s)
Title _____
Title _____

() Guardian/Conservator
() Individual(s)
() Trustee(s)
() Other

() Partner(s)
() General
() Limited

The party(ies) executing this document is/are representing:

**CERTIFICATE OF ACCEPTANCE
(Government Code Section 27281)**

THIS IS TO CERTIFY that the interest in real property conveyed by the within instrument to the City of Riverside, California, a municipal corporation, is hereby accepted by the undersigned officer on behalf of the City Council of said City pursuant to authority conferred by Resolution No. 20534 of said City Council adopted September 23, 2003 and the grantee consents to recordation thereof by its duly authorized officer.

Dated _____

CITY OF RIVERSIDE

By: _____



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

EMERGENCY HOUSING AND ASSISTANCE PROGRAM

Capital Development NOFA October 31, 2003

PROMISSORY NOTE SECURED BY DEED OF TRUST

LOAN NUMBER «Loan_No»

U.S. «Loan_Amount»

Borrower:

«Applicant_Name»

«Address»

«City», CA «Zip»

Term: «Loan_Term» Years

«M_1_County» County, California

Dated: March 24, 2005

Maturity Date: «Loan_Term» years from
the date of recordation by the County

Recorder of this loan's Regulatory
Agreement.

FOR VALUE RECEIVED, the undersigned, (hereinafter referred to as the "Borrower") hereby promises to pay to the order of the Department of Housing and Community Development (hereinafter referred to as the "Department") a public agency of the State of California, which has its principal office at 1800 Third Street, Sacramento, California 95814 (mailing address: P.O. Box 952054, Sacramento, CA 94252-2054), the principal amount of Five Hundred Thousand Dollars and 00/100s («Amount_Requested»), or so much thereof as may be advanced by the Department to or on behalf of the Borrower pursuant to a Standard Agreement dated Date entered into, by and between the Borrower and the Department, together with interest thereon as specified herein. The obligation of the Borrower in respect of all such advances is subject to the terms of (a) a Regulatory Agreement (the "Regulatory Agreement"), (b) the Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, securing this Note, recorded in the official records of the County Recorder of «M_1_County» County, California (the "Deed of Trust") and (c) the Development Agreement, all by and between the Borrower and the Department and of even date hereof, (d) this Note and (e) the Standard Agreement, which together with all other loan related documents and instruments required by the Department are collectively referred to as the "Loan Documents." Capitalized terms not otherwise defined herein shall have the meanings set forth in the Regulatory Agreement.

1. This Note evidences the obligation of the Borrower to the Department for the repayment of funds loaned to the Borrower by the Department for the purpose of assisting the Borrower in the development of an emergency shelter or transitional housing development on the real property located in the county indicated above and more fully described in the Deed of Trust and the Regulatory Agreement (the "Development").
2.
 - a. Interest on the unpaid principal balance advanced under the Loan Documents and this Note shall accrue from the date of such advance at the simple interest rate of three percent (3%) per annum. Repayment of principal and interest shall be deferred as long as the Development is operated as an emergency shelter or transition housing in compliance with the terms of the Regulatory Agreement.
 - b. All outstanding principal and accrued interest shall be forgiven on the Maturity Date indicated above.
 - c. Notwithstanding paragraph 2.b. above, all outstanding principal and accrued interest shall be immediately due and payable should the Development cease to be operated as an emergency shelter or transitional housing, in compliance with the Regulatory Agreement, prior to the Maturity Date indicated above, whether as the result of a transfer or conveyance of the Development or otherwise, as determined in the sole discretion of the Department.
3. The amount due and payable under this Note and the other Loan Documents is payable at the principal office of the Department set forth above, or at such other place or places as the Department may designate to the Borrower in writing from time to time, in any coin or currency of the United States of America which on the respective date of payment thereof shall be legal tender for the payment of public and private debts.
5. All covenants, conditions and agreements contained in the Deed of Trust are hereby made a part of this Note. If any payment due under this Note is not paid when due and remains unpaid or any other default occurs under the terms of this Note or the other Loan Documents, the Department, at its option, may declare the entire principal amount then outstanding and any and all accrued interest thereon due and payable immediately, upon the expiration of not less than thirty (30) days after the date written notice of the Department's decision to accelerate is mailed to Borrower. Such written notice shall be given as provided herein. All such amounts due after acceleration shall bear interest at the rate of ten percent (10%) per annum. The Department may exercise this option to accelerate during any default by Borrower regardless of any prior forbearance. In the event of default, the Department may, at its option, exercise all of its rights and remedies enumerated herein, which rights are in addition to and not in

limitation of any other rights the Department may have under applicable law. The following events shall also constitute default under this Note:

- a. the Borrower becoming insolvent or bankrupt, being unable or admitting in writing its inability to pay its debts as they are due, or making a general assignment with creditors;
 - b. institution by or against the Borrower of proceedings for the appointment of a receiver, trustee, or liquidator of all or a substantial part of the assets of the Borrower, which proceedings are not dismissed within sixty (60) days of institution;
 - c. institution by or against the Borrower of proceedings under any bankruptcy, reorganization, readjustment of debt, insolvency, dissolution, liquidation or other similar law of any jurisdiction, which proceedings are not dismissed within sixty (60) days of institution; or
 - d. dissolution of the corporate or partnership structure of the Borrower or death of the Borrower, if Borrower is an individual.
6. The Borrower hereby agrees to pay all costs and expenses, including reasonable attorney's fees, which may be incurred by the Department in the enforcement of this Note, the Deed of Trust, or any term or provision thereof. Each maker, endorser, surety, and guarantor of this Note hereby jointly and severally waives demand, protest, presentment, notice of nonpayment, notice of protest, notice of dishonor, and diligence in bringing suit against any party and does hereby consent that time of payment of all or any part of said amount may be extended from time to time by the Department without notice.
7. The obligations under this Note shall be without recourse against the Borrower and any partners, general or limited, of the Borrower. Notwithstanding anything in this Paragraph 7 to the contrary, Borrower, and any general partner of Borrower, shall be liable for each and all of the following:
 - a. any fraud, intentional misrepresentation or omission, or other cause of action, that is independent of liability under the Loan Documents;
 - b. any waste or intentional destruction of the Development or of any collateral secured by the Deed of Trust;
 - c. all insurance proceeds, condemnation awards, or other sums or payments attributable to the Development not applied in accordance with the terms of the Loan Documents, except to the extent that such sums were not applied in accordance with the Loan Documents solely because Borrower did not have the legal right to so apply such sums because of a bankruptcy, receivership, or similar judicial proceeding;

- d. all rents, lease payments, profits, issues and other income from the Development received by or on behalf of the Borrower following any event of default and not applied in accordance with the terms of the Loan Documents, except to the extent that such sums were not applied in accordance with the Loan Documents solely because Borrower did not have the legal right to so apply such sums because of bankruptcy, receivership, or similar judicial proceeding; and
 - e. any liability arising under or pursuant to any Borrower indemnity contained in the Loan Documents.
- 8. No delay or failure of Department in the exercise of any right or remedy hereunder or under any other agreement which secures or is related hereto shall affect any such right or remedy, and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof, and no action taken or omitted by the Department shall be deemed a waiver of any such right or remedy.
- 9. Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as indicated in the Regulatory Agreement, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.
- 10. This Note shall be binding upon the Borrower and its successors and assigns. The Borrower shall not make any sale, assignment, or conveyance, or transfer in any other form, of the Property or the Development or any part thereof or of any of its interests therein other than in accordance with the terms of the Deed of Trust and the Regulatory Agreement and with the prior written approval of the Department.
- 11. The Borrower shall be entitled to voluntarily pay the indebtedness evidenced by this Note, or any part thereof, prior to or in advance of the Maturity Date, only upon the prior written consent of the Department. No such approved prepayment shall relieve Borrower from its obligations under the Regulatory Agreement.
- 12. This Note shall be construed in accordance with and be governed by the laws of the State of California.

13. If any provision of this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby unless, in the sole discretion of the Department, the invalidity, illegality or unenforceability of the provision negates the Program purpose and/or threatens the security of the Department.
14. The Borrower hereby certifies to the Department that this is the Note described in and secured by the Deed of Trust covering the real and personal property therein described.

Executed as of the date first set forth above at _____, California.
(to be completed in escrow)

BORROWER:

«Applicant Name»,
a California nonprofit public benefit corporation

BORROWER'S ADDRESS:

«Address»
«Rep City», CA «Zip»

By: _____

Title: Type Title(authorized representative)



Free recording in accordance with
California Government Code
Sections 6103 and 27383

Recording requested by:
and when recorded mail to:

EHAPCD Program
Department of Housing and
Community Development
P.O. Box 952052
Sacramento, CA 94252-2052

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

EMERGENCY HOUSING AND ASSISTANCE PROGRAM

Capital Development NOFA October 31, 2003

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

LOAN NUMBER «Loan_No»

THIS DEED OF TRUST is made this ____ day of Month 2004, by «Applicant Name», a California nonprofit public benefit corporation, the "Borrower"), whose address is listed herein, to insert Title Company Name, as trustee (the "Trustee"), whose address is insert Title Company address for the benefit of the Department of Housing and Community Development, a public agency of the State of California (the "Lender"), whose mailing address is Attention: Emergency Housing Assistance Program, P.O. Box 952054, Sacramento, CA 94252-2054, and whose principal place of business is 1800 Third Street, Sacramento, CA 95814.

- A. Borrower, in consideration of the indebtedness herein recited and the trust herein created, irrevocably grants and conveys to Trustee, in trust, with power of sale, the property located in the County of «County», State of California and described in Exhibit A, attached hereto and made a part hereof, which has the address of «M_1_Shelter_Address», «M_1_City», (the "Property Address");

Together with all the improvements now or hereafter erected on the property, and all easements, rights, appurtenances, rents (subject, however, to the rights and authorities given herein to Lender to collect and apply such rents), royalties, mineral, oil and gas rights and profits, water, water rights, and water stock, and all fixtures, including, but not limited to, all gas and electric fixtures, engines and machinery, radiators, heaters, furnaces, heating equipment, steam and hot water boilers, stoves, ranges, elevators and motors, bathtubs, sinks, water closets, basins, pipes, faucets and other plumbing and heating equipment, cabinets, mantels, refrigerating plant and refrigerators, whether mechanical or other, cooking apparatus and appurtenances, furniture, shades, awnings, screens, Venetian blinds and other furnishings, now or hereafter attached to the property, all of which, including replacements and additions thereto, shall be deemed to be and remain a part of the property covered by this Deed of Trust; and all of the foregoing, together with said property (or the leasehold estate if this Deed of Trust is on a leasehold) are herein referred to as the "Property"; and together with all accounts, bank, reserve or otherwise, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, notes, drafts, letters of credit, insurance policies, insurance and condemnation awards and proceeds arising from or related to the Property; together with all replacements, proceeds, additions and accessions to the foregoing, which shall be deemed to be and remain a part of the Property and covered by this Deed of Trust.

- B. The interests herein conveyed are for the purpose of securing to Lender (1) the repayment of the indebtedness evidenced by Borrower's note dated of even date herewith (the "Note"), in the principal sum of write dollar amount Dollars and 00/100s («Loan_Amount»), or such lesser amount as shall equal the aggregate amount disbursed to or on behalf of Borrower by Lender, with interest thereon, if any, providing for full payment, due and payable as specified therein; (2) the performance of the covenants and agreements of Borrower herein contained, or contained in the Note; and (3) any other obligation or other evidence of indebtedness of Borrower to Lender now or hereafter created, whether acquired by assignment from third parties, or otherwise, where such obligation specifically recites that it is secured by this Deed of Trust.
1. The Note is evidence of the loan made by Lender to Borrower (the "Loan") pursuant to the Emergency Housing and Assistance Program (the "Program") for the development on and as part of the Property of an emergency shelter or transitional housing development (the "Development"). The Program is established and governed by chapter 11.5 of part 2 of division 31 of the California

Health and Safety Code, commencing with section 50800, all as amended and in effect from time to time.

2. The Loan is further subject to the provisions of a Standard Agreement, Development Agreement and Regulatory Agreement, all between Lender and Borrower, and all of which with this Deed of Trust and the Promissory Note are collectively referred to herein as the "Loan Documents." The Loan Documents, among other things, govern, regulate and restrict (i) the development and construction of the Development, and (ii) the continued occupancy, operation, management and ownership of the Development for the period of time as set forth in the Regulatory Agreement. The Regulatory Agreement shall be recorded in the office of the county recorder for the county described above as the location for the Property as a separate and independent lien on the Property.
3. Borrower covenants that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property, and that Borrower will warrant and defend generally the title of the Property against all claims and demands, subject to any liens, encumbrances, declarations, easements or restrictions listed in a schedule of exceptions to coverage in any title insurance policy accepted by Lender insuring Lender's interest in the Property.

NOW, THEREFORE, Borrower and Lender covenant and agree as follows:

1. Payment of Principal and Interest. Borrower shall promptly pay when due the principal and interest on the indebtedness evidenced by the Note. Lender shall apply all payments received by Lender under the Note in the order as indicated in the Note.
2. Charges; Liens. Borrower shall pay all taxes, assessments and other charges, fines and impositions attributable to the Property and leasehold payments or ground rents, if any, by Borrower making payment, when due, directly to the payee thereof. Borrower shall promptly furnish to Lender all notices of amounts due under this paragraph, and in the event Borrower shall make payment directly, Borrower shall promptly furnish to Lender receipts evidencing such payments. Borrower shall pay when due all encumbrances, charges, and liens, on the Property or any portion thereof and payments on notes or other obligations secured by an interest in the Property or any portion thereof, with interest in accordance with the terms thereof. Borrower shall have the right to contest in good faith any claim or lien, or payment due thereunder, provided that Borrower does so diligently and without prejudice to Lender.

3. Leasehold Estate. If the estate conveyed in trust by this Deed of Trust is a leasehold, Borrower agrees to fulfill all its obligations under the lease creating such leasehold. Borrower further agrees that it shall not enter into or agree to any termination, modification or amendment to such lease without the prior written approval of Lender.
4. Hazard Insurance.
 - a. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss from fire or hazards under a policy approved by Lender, which provides "special form" coverage in an amount at least equal to the replacement value of the improvements. If said improvements, or any part thereof, are at any time during the term of the Loan or Regulatory Agreement designated as being located within a one-hundred year flood plain by the Federal Emergency Management Agency (FEMA), Borrower shall further keep said improvements insured against loss by flood to eighty percent (80%) of replacement cost. In addition, Borrower shall insure against loss of all furniture, equipment and other personal property owned by Borrower related to the operation of the Property as an emergency shelter or transitional housing development, against loss of rents and all other coverage required under the terms of the Regulatory Agreement. The insurance carrier providing the insurance shall be chosen by Borrower subject to approval by Lender. All premiums on insurance policies shall be paid by Borrower making payment, when due, directly to the insurance carrier, or in a manner agreed to by the Lender.
 - b. All insurance policies and renewals thereof shall be with loss payable to the Lender. Lender shall have the right to hold the policies and renewals thereof (or copies thereof), and Borrower shall promptly furnish to Lender all renewal notices and all receipts of paid premiums. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.
 - c. Unless Lender and Borrower otherwise agree in writing, any proceeds which shall be applied pursuant to paragraph 10 shall not extend or postpone the due date of the payment or payments specified in the Note or change the amount of such payment or payments. If the Property is acquired by Lender by foreclosure or otherwise, all right, title and interest of Borrower in and to any insurance policies and in and to the proceeds thereof resulting from damage to the Property prior to the sale or acquisition shall pass to

Lender to the extent of the sums secured by this Deed of Trust immediately prior to such sale or acquisition.

- d. All insurance coverage required by this paragraph 4, paragraph 5 below, and under the terms of the Regulatory Agreement shall be maintained for the full term of the Loan and the Regulatory Agreement at Borrower's expense. In the event the Borrower fails to maintain insurance coverage, Lender may purchase insurance in such amounts and in such coverages as it may elect and all amounts paid therefor shall be secured by this Deed of Trust and shall bear interest and be subject to the provisions of paragraph 7 below. Purchase of insurance by the Lender shall not be considered a waiver by Lender of any right or remedy under this Deed of Trust.
5. Liability Insurance. Borrower shall keep general liability insurance for the Property in the amount and type as required by Lender. The insurance carrier shall be chosen by the Borrower subject to approval by the Lender, provided, that such approval shall not be unreasonably withheld. Borrower shall pay all premiums. Lender shall be named as an additional insured.
6. Maintenance of the Property. Borrower agrees:
 - a. To keep the Property in a decent, safe, sanitary, rentable, tenantable condition and repair, and permit no waste thereof;
 - b. Not to commit or suffer to be done or exist on or about the Property any condition causing the Property to become less valuable;
 - c. Not to construct any buildings or improvements on the Property, other than the buildings and improvements contemplated in the Loan Documents or add to, remove, demolish or structurally alter any buildings and improvements now or hereinafter located on the Property;
 - d. To repair, restore or rebuild promptly any buildings or improvements on the Property that may become damaged or be destroyed while subject to the lien of this Deed of Trust;
 - e. To comply with all applicable laws, ordinances and governmental regulations affecting the Property or requiring any alteration or improvement thereof, and not to suffer or permit any violations of any such law, ordinance or governmental regulation, nor of any covenant, condition or restriction affecting the Property;

- f. Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Property without the Lender's prior written consent; and
- g. Not to alter the use of all or any part of the Property without prior written consent of the Lender.

7. Protection of Lender's Security.

- a. Borrower shall appear and defend any action or proceeding purporting to affect the security hereof or the rights of the Lender. If Borrower fails to perform the covenants and agreements contained in this Deed of Trust, or if any action or proceeding is commenced which materially affects Lender's interest in the Property, including, but not limited to, foreclosure, involuntary sale, eminent domain, insolvency, code enforcement, or arrangements or proceedings involving a bankrupt or decedent, then Lender at Lender's option, upon notice to Borrower, may make such appearances, disburse such sums and take such action as is necessary to protect Lender's interest, including, but not limited to, disbursement for reasonable attorney's fees and entry upon the Property to make repairs.
- b. Any amounts disbursed by Lender pursuant to this paragraph 7, with interest thereon, shall become additional indebtedness of Borrower secured by this Deed of Trust. Unless Borrower and Lender agree to other terms of payment, such amounts shall be payable upon notice from Lender to Borrower requesting payment thereof, and shall bear interest from the date of disbursement at the legal rate of interest. Nothing contained in this paragraph 7 shall require Lender to incur any expense or take any action hereunder.

8. Inspection. Lender may make or cause to be made reasonable entries upon and inspections of the Property, provided that Lender shall give Borrower and occupant notice prior to any such inspection.

9. Condemnation.

- a. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation, exercise of eminent domain, or other taking of the Property, or part thereof, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender subject to the rights of senior lien holders. The proceeds of such award or claim shall be applied as provided in paragraph 10 below.

- b. If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within thirty (30) days after the date such notice is mailed, Lender is authorized to collect and apply the proceeds of any award to the sums secured by this Deed of Trust.
 - c. Unless Lender and Borrower otherwise agree in writing, any such application of proceeds to principal shall not extend or postpone the due date of payment or payments specified in the Note or change the amount of such payment or payments.
10. Awards and Damages. All judgments, awards of damages, settlements, claims paid and compensation made in connection with or in lieu of (a) taking of all or any part of or any interest in the Property by or under assertion of the power of eminent domain; (b) any damage to or destruction of the Property or any part thereof by insured casualty; and (c) any other taking, injury or damage to all or any part of the Property, are hereby assigned to and shall be paid to the Lender. The Lender is authorized and empowered (but not required) to collect and receive any such sums and is authorized to apply them in whole or in part upon any indebtedness or obligation secured hereby, in such order and manner as the Lender shall determine at its option. The Lender shall be entitled to settle and adjust all claims under insurance policies provided under this Deed of Trust and may deduct and retain from the proceeds of such insurance the amount of all expenses incurred by it in connection with any such settlement or adjustment. All or any part of the amounts so collected and recovered by the Lender may be released to Borrower upon such conditions as the Lender may impose for its disposition. Application of all or any part of the amounts collected and received by the Lender or the release thereof shall not cure or waive any default under this Deed of Trust. Any and all rights granted to Lender by this paragraph shall specifically be subject to the rights of the holders of senior liens and encumbrances, approved by Lender.
11. Uniform Commercial Code Security Agreement, Financing Statement and Fixture Filing.
- a. This Deed of Trust is a security agreement and financing statement under the Uniform Commercial Code for the benefit of Lender as secured party for any of the items specified above as part of the Property which, under applicable law, may be subject to a security interest pursuant to the Uniform Commercial Code, and Borrower hereby grants the Lender a security interest in said items. This

Deed of Trust is filed as a fixture filing and covers goods, which are or are to become fixtures. The address of the principal place of business of Lender (secured party) from which information concerning the security interest may be obtained and the mailing address of Borrower (debtor) are set forth in this Deed of Trust. The types or items of collateral are described in paragraph A of this Deed of Trust. Borrower agrees that the Lender may file any appropriate document in the appropriate index as a financing statement for any of the items specified above as part of the Property. In addition, Borrower agrees to execute and deliver to the Lender, upon the Lender's request, any financing statements, as well as extensions, renewals and amendments thereof, and reproductions of this instrument in such form as the Lender may require to perfect a security interest with respect to said items. Borrower shall pay all costs of filing such financing statements and any extensions, renewals, amendments, and releases thereof, and shall pay all reasonable costs and expenses of any record searches for financing statements, and releases thereof, as the Lender may reasonably require. Without the prior written consent of the Lender, Borrower shall not create or suffer to be created pursuant to the Uniform Commercial Code any other security interest in said items, including replacements and additions thereto, except as otherwise expressly permitted by Lender. Upon an acceleration as provided in paragraph 19, the Lender shall have the remedies of a secured party under the Uniform Commercial Code and, at the Lender's option, may also invoke the other remedies provided in this Deed of Trust and Loan Documents as to such items. In exercising any of said remedies, the Lender may proceed against the items of real property and any items of personal property specified above as part of the Property separately or together and in any order whatsoever, without in any way affecting the availability of the Lender's rights or remedies under the Uniform Commercial Code or of the other remedies provided in this Deed of Trust, in the Loan Documents, or by law.

- b. Borrower agrees that the filing of any financing statement in the records normally having to do with personal property shall not be construed as in any way derogating from or impairing this Deed of Trust and the intention of the parties hereto that those portions of the Property herein declared part of the real estate are, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether any such item is physically attached to the improvements or any such item is referred to or reflected in any such financing statement so filed at any time.

- c. Similarly, the mention in any such financing statement of (1) compensation for damage to or destruction of the Property by insured casualty, or (2) any judgment, award, or other compensation for a taking of the Property by eminent domain, or (3) the rents, royalties, issues, accounts and profits of the Property under leases, shall never be construed as anyway altering any of the Lender's rights as determined by this Deed of Trust or impugning the priority of the Lender's lien granted hereby or by any other recorded document. However, such mention in the financing statement is declared to be for the protection of the Lender in the event that any court or judge shall at any time hold with respect to (1), (2) or (3) of this paragraph that notice of the Lender's priority of interest to be effective against a particular class of person, including without limitation the federal government or any subdivision or entity thereof, must be filed as provided for in the Uniform Commercial Code.
12. Forbearance by Lender Not a Waiver. Any forbearance by Lender in exercising any right or remedy hereunder, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy. The procurement of insurance or the payment of taxes or other liens or charges by Lender shall not be a waiver of Lender's right to accelerate the maturity of the indebtedness secured by this Deed of Trust. Any extension of time for payment of amounts due under the Note, granted by Lender to Borrower, shall not operate as a waiver or release of Borrower's duties and obligations hereunder or under the Loan Documents.
13. Remedies Cumulative. All remedies provided in this Deed of Trust are distinct and cumulative to any other right or remedy under this Deed of Trust or afforded by law or equity, and may be exercised concurrently, independently or successively.
14. Successors and Assigns Bound; Joint and Several Liability; Captions. The covenants and agreements herein contained shall bind, and the rights hereunder shall inure to, the respective successors and assigns of Lender and Borrower, subject to the provisions of paragraph 18 hereof. All covenants and agreements of Borrower shall be joint and several. The captions and headings of the paragraphs of this Deed of Trust are for convenience only and are not to be used to interpret or define the provisions hereof.
15. Notice. Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the

parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as indicated herein, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.

16. Governing Law; Severability. The laws of the State of California shall govern this Deed of Trust. 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, except as set forth in the Note and to this end the provisions of the Deed of Trust and the Note are declared to be severable.
17. Borrower's Copy. Borrower shall be entitled to a conformed copy of the Note and of this Deed of Trust at the time of execution or after recordation hereof.
18. Transfer of the Property; Assumption.
 - a. If all or any part of the Property or an interest therein is sold or transferred by Borrower without Lender's prior written consent, excluding any exceptions set forth in the Note, Lender may, at Lender's option, declare all the sums secured by this Deed of Trust to be immediately due and payable. Lender shall have waived such option to accelerate if, prior to the sale or transfer, Lender and the person or entity to whom the Property is to be sold or transferred reach agreement in writing that the loan may be assumed. If Lender has waived the option to accelerate provided in this paragraph and if Borrower's successor in interest has executed a written assumption agreement accepted in writing by Lender, Lender shall release Borrower from all obligations under this Deed of Trust and the Note.
 - b. If Lender exercises such option to accelerate, Lender shall mail Borrower notice of acceleration in accordance with paragraph 15 hereof. Such notice shall provide a period of not less than thirty (30) days from the date the notice is effective pursuant to paragraph 15, within which Borrower may pay the sums declared due. If Borrower fails to pay such sums prior to the expiration of

such period, Lender may, without further notice or demand on Borrower, invoke any remedies permitted by paragraph 19 hereof.

19. Acceleration; Remedies.

- a. Except as provided in paragraph 18 hereof, upon Borrower's breach of any covenant or agreement of Borrower in this Deed of Trust or the Note, including the covenants to pay when due any sums secured by this Deed of Trust, Lender shall mail notice to Borrower as provided in paragraph 15 hereof specifying: (1) the breach; (2) the action required to cure such breach; (3) a date, no less than thirty (30) days from the date the notice is effective pursuant to paragraph 15, by which such breach must be cured; and (4) that failure to cure such breach 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 Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Borrower to acceleration and sale.
- b. If the breach is not cured on or before the date specified in the notice, Lender at Lender's option may declare all of the sums secured by this Deed of Trust to be immediately due and payable without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect from the Borrower, or sale proceeds, if any, all reasonable costs and expenses incurred in pursuing the remedies provided in this paragraph, including, but not limited to, reasonable attorney's fees.
- c. If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold and shall cause such notice to be recorded in each county in which the Property or some part thereof is located. Lender or Trustee shall mail copies of such notice in the manner prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the lapse of such time as may be required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in such order as Trustee may determine. Trustee may postpone sale

of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or Lender's designee may purchase the Property at any sale.

- d. Trustee shall deliver to the purchaser a Trustee's deed conveying the Property so sold 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: (1) to all reasonable costs and expenses of the sale, including, but not limited to, reasonable Trustee's and attorney's fees and costs of title evidence; (2) to all sums secured by this Deed of Trust; and (3) the excess, if any, to the person or persons legally entitled thereto.

20. Assignment of Rents; Appointment of Receiver; Lender in Possession.

- a. As additional security hereunder, subject to the rights of senior lien holders, Borrower hereby assigns to Lender the rents of the Property, provided that Borrower shall, prior to acceleration under paragraph 19 hereof or abandonment of the Property, have the right to collect such rents as they become due and use them in accordance with the provisions of the Regulatory Agreement.
- b. Upon acceleration under paragraph 19 hereof or abandonment of the Property, Lender, in person, by agent or by judicially appointed receiver shall be entitled to enter upon, take possession of and manage the Property and to collect the rents of the Property including those past due. All rents collected by Lender or the Receiver shall be applied first to payment of the costs of management of the Property and collection of rents including, but not limited to, receiver's fees, premiums on receiver's bonds and reasonable attorney's fees, and then to the sums secured by this Deed of Trust. Lender and the receiver shall be liable to account only for those rents actually received. The provisions of this paragraph and paragraph 19 shall operate subject to the claims of senior lien holders.

21. Reconveyance. Upon payment of all sums secured by this Deed of Trust, Lender shall request Trustee to reconvey the Property and shall surrender this Deed of Trust and all notes evidencing indebtedness secured by this Deed of Trust to Trustee. Trustee shall reconvey the Property without warranty and without charge to the person or persons legally entitled thereto. Such person or persons shall pay all costs of recordation, if any.

The recitals in the reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof.

22. Substitute Trustee. Lender, at Lender's option, may from time to time remove Trustee and appoint a successor trustee to any Trustee appointed hereunder. Without conveyance of the Property, the successor trustee shall succeed to all the title, power and duties conferred upon the Trustee herein and by applicable law.
23. Request for Notice. Borrower requests that copies of the notice of default and notice of sale be sent to Borrower's address.
24. Statement of Obligation. Lender may collect a fee not to exceed Thirty Dollars (\$30) for furnishing a beneficiary statement or payoff demand statement as provided by section 2943 of the Civil Code of California.
25. Use of Property. Borrower shall not permit or suffer the use of any of the Property for any purpose other than the use for which the same was intended at the time this Deed of Trust was executed.
26. Priority. The Regulatory Agreement of even date between the Lender and Borrower, recorded concurrently herewith, shall be an encumbrance on the Property prior and superior to the lien of this Deed of Trust.

IN WITNESS WHEREOF, Borrower has executed this Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing as of the date first above written.

BORROWER:

«Applicant Name»
a California nonprofit public benefit corporation

By: _____
«Authorized_Representative» «AuthRepLastName»

Title: Insert Title

BORROWER'S ADDRESS:

«Address»
«Rep_City», CA «Zip»

IN WITNESS WHEREOF, THE PARTY HERETO HAS EXECUTED THIS DEED OF TRUST.

Grantee signature, notarization and acknowledgement.

NAME «Authorized_Representative» «AuthRepLastName»

TITLE Insert Title

DATE _____

STATE OF CALIFORNIA

)

)ss.

County of _____

)

On _____, before me, _____, Notary Public,
personally appeared _____, personally known to me (or proved
to me on the basis of satisfactory evidence) to be the person(s) who 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 on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A TO DEED OF TRUST
LEGAL DESCRIPTION OF THE PROPERTY

Assessor's Parcel Number: Type number here.



Free recording in accordance with
California Government Code
Sections 6103 and 27383

Recording requested by:
and when recorded mail to:

EHAPCD Program
Department of Housing and
Community Development
P.O. Box 952052
Sacramento, CA 94252-2052

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

EMERGENCY HOUSING AND ASSISTANCE PROGRAM

Capital Development NOFA «M_501_NOFA»

REGULATORY AGREEMENT

LOAN NUMBER 00-EHAPCD-«LoanNo»

Date of this Agreement: March 24, 2005

Parties to this Agreement:

DEPARTMENT:

The DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT,
a public agency of the State of California
Emergency Housing and Assistance Program
1800 Third Street, P.O. Box 952054
Sacramento, CA 94252-2054

BORROWER:

«Applicant_Name», a California nonprofit public benefit corporation
«Street_Address», «City», CA «Zip1»

LOAN AMOUNT: «LnAmtGrtd»

MATURITY DATE: «LnTerm» years from the date of recordation by the County
Recorder of this Regulatory Agreement.

The **PROPERTY** is: «Site_Name1»
Address: «Address1»
«City1», California

This Regulatory Agreement (the "Agreement") is made and entered into as of the above date, by and between the parties hereto, and pursuant to the Standard Agreement.

In consideration of a Capital Development loan (the "Loan"), in an amount not to exceed the Loan Amount indicated above, which was awarded to Borrower under the Emergency Housing and Assistance Program (the "Program"), and the covenants and promises contained in the documents evidencing the Loan, the parties hereto agree as follows:

1. Compliance with Program Requirements

This Agreement shall be subject to the Program requirements as contained in Health and Safety Code sections 50800-50806, the Notice of Funding Availability (NOFA) issued by the Department as of the date indicated above, the Standard Agreement, the Promissory Note and Deed of Trust securing the Loan, all of which are incorporated herein and made a part hereof as though set forth in full. The Borrower agrees that at all times its actions regarding the Development and the use of funds provided under the Standard Agreement shall be in conformity with all Program requirements, including the requirements of this Agreement and the other Loan documents. The Borrower acknowledges that it is familiar with the above referenced Program requirements and has access to professional advice to the extent necessary to enable the Borrower to fully comply with the Program requirements.

2. Emergency Shelter/ Transitional Housing

Borrower is or will be at the time Loan funds are disbursed, the owner or lessee of the Property identified above and more particularly described in Exhibit A, which is attached and incorporated herein.

The Property, together with all improvements now or hereafter erected thereon, shall be deemed to be and remain a part of the Property covered by this Agreement and is referred to herein as the Development.

3. Term

This Agreement shall be binding on Borrower, its successors, transferees, or assigns, from the date of recordation by the County Recorder, until the Maturity Date, notwithstanding earlier expiration of the Standard Agreement.

4. Required Use

- a) During the term of this Agreement, Borrower agrees to use the Development as «Emergency_Shelter»«Transitional_Housing» for otherwise homeless persons and families. Development to contain «New_Beds» new beds and/or «Preserved_Beds» preserved beds.
- b) No individual or household may be denied emergency shelter because of an inability to pay. When a transitional housing project charges rent to persons and families occupying the Property, the following conditions must be met:
 - 1) A minimum of 10 percent of all monies collected for each client is reserved, and the reserve of each client is accounted for separately.
 - 2) The monies reserved for a client shall be used to assist that client in moving to permanent housing. If the monies reserved for a client remain unused due to the absence of the client for a year or more, the monies shall be used to assist another client in moving to permanent housing.
 - 3) The limitation on rent charged may not exceed the highest of: 30 percent of the family's monthly adjusted income or 10 percent of the family's monthly gross income.
- c) Borrower shall not conduct any activity at the Development that is incompatible with or interferes with either the approved use or the intent of the Program to provide emergency shelter/transitional housing.

5. Sale and Transfer

Borrower shall not sell or transfer or enter into any contract for sale or transfer of the Development, or any interest therein, unless it has notified the Department in accordance with Paragraph 15 hereof of its intended action at least thirty (30) days prior to the date of sale or transfer. No sale or transfer of the Development shall be consummated unless the Department has previously approved such sale or transfer in writing. Department approval shall be given only under the following conditions:

- a) If Borrower intends to sell or transfer the Development to an organization or public entity eligible for assistance under the Program and said organization or public entity intends to use the property for Program purposes, the Department will authorize the sale or transfer provided that all of the following conditions are satisfied:

- 1) The successor in interest to Borrower must agree to assume the obligations of Borrower including the assumption of the conditions and obligations specified in the Standard Agreement and this Agreement.
 - 2) The successor in interest must agree to take title to or an interest in the Property and Development subject to this Agreement and the Deed of Trust securing the Loan.
 - 3) The successor in interest must demonstrate to the satisfaction of the Department that it can successfully maintain and operate the Development in accordance with the Standard Agreement and this Agreement.
- b) If Borrower intends to sell or transfer all or a portion of the Development to an ineligible person or entity or to a person or entity intending to use the Development for a use other than Program purposes, the Department will authorize such sale or transfer if the Department finds that the Development is no longer needed or suitable for use as an emergency shelter/transitional housing and Borrower repays the Department all outstanding principal and accrued interest pursuant to the Standard Agreement and Department's Promissory Note evidencing the Loan. The Department shall terminate this Agreement only after full repayment is made in compliance with the provisions of this Subparagraph.

This Agreement may be terminated upon request by Borrower provided that Borrower repays the Department the full amount required by Paragraph 5 and the Department has determined that one or more of the circumstances set forth in Paragraph 5 hereof has occurred which makes the continued operation of the Development infeasible.

6. Maintenance and Repair

- a. Borrower shall operate and maintain the development in accordance with the specific standards and requirements set forth in the Standard Agreement. Borrower is responsible for all maintenance, repair, and management functions, including without limitation, the following: selection of tenants; evictions; routine and extraordinary repairs; and replacement of capital items. Borrower shall maintain the Development in a safe and sanitary manner in accordance with local health, building, and housing codes.
- b. Borrower may, with the prior written approval of the Department, contract with a management agent for the performance of the services or duties required in Subparagraph a. of this Paragraph 6. However, such an arrangement does not relieve the Borrower of responsibility for proper

performance of these duties. Such contract shall be subject to prior written approval by the Department and shall contain a provision allowing the Borrower to terminate the contract without penalty upon no more than thirty (30) days notice. Upon a determination by the Department, and notice to the Borrower thereof, that the contractor performing the functions required in Subparagraph a. has failed to operate the Development in accordance with this Agreement, the Borrower shall exercise such right of termination forthwith and make immediate arrangements, which shall be subject to Department approval, for continuing performance of the functions required in Subparagraph a.

- c. Upon a determination by the Department, and notice to the Borrower thereof, that the Borrower has failed to operate the Development in accordance with this Agreement, the Department may require the Borrower to contract with a qualified management agent to operate the Development, or to make such other arrangements as the Department deems necessary to ensure performance of the functions required in Subparagraph a.

7. Hazard and Liability Insurance

- a. The Borrower shall at all times keep the Development insured against loss by fire and such other hazards, casualties, liabilities and contingencies, and in such amounts and for such periods as required by the Department. All insurance policies and renewals thereof shall be issued by a carrier and in form acceptable to the Department.
- b. Insurance proceeds and condemnation awards for any loss to or taking of the Development or the Property, or any portion thereof, shall be applied or utilized as provided in the Deed of Trust.

8. Encumbrances

Except for liens approved by the Department, no other superior or subordinate encumbrances will be allowed to attach to the Property or the Development after the recordation of this Agreement without prior written approval of the Department.

9. Nonprofit

If Borrower is qualified for participation in the Program because of its status as a nonprofit corporation, the status must be maintained for the term of this Agreement.

10. Administration

The Borrower shall follow sound and accepted management policies and procedures consistent with the requirements of this Agreement in the administration of the Development.

11. Inspection

The Department may, through its agents or employees, at any reasonable time, enter upon and inspect the Development and records of Borrower for compliance with this Agreement, and any applicable local, state and federal laws.

12. Reports

Borrower shall submit reports to the Department consistent with the provisions of the Standard Agreement. Notwithstanding the previous termination of the Standard Agreement, the Borrower agrees to continue furnishing the Department the reports provided for in the Standard Agreement, where appropriate, for the full life of this Agreement.

13. Violation of Agreement by Borrower

- a. In the event of the Borrower's breach, violation or default in the performance of any covenant, agreement or obligation of the Borrower set forth in this Agreement including, but not limited to, Borrower's covenant to perform its obligations under the Loan documents, the Department shall give the Borrower written notice in the manner specified in Paragraph 15 of this Agreement, specifying the nature of the violation, breach or default and the action needed to cure. If the default, breach or violation is not cured to the satisfaction of the Department within the time period specified in the notice, which shall not be less than fifteen (15) days, the Department may declare a default hereunder and may take any one or more of the following actions:
 - 1) Take possession of the Development and bring any action necessary to enforce any rights of the Borrower growing out of the operation of the Development, and operate the Development in accordance with the terms of this Agreement until such time as the Department, in its sole discretion, shall determine that the Borrower is again in a position to operate the Development in accordance with the terms of this Agreement.
 - 2) Apply to any court, state or federal, for specific performance of this Agreement or for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement, or for such other relief as may be appropriate. It is

agreed by the Borrower that the injury to the Department arising from a default under any of the terms of this Agreement would be irreparable and that the amount of compensation, which would provide adequate relief to the Department, in light of the purposes and requirements of the Program, would be impossible to ascertain.

- 3) Accelerate all amounts, including outstanding principal and interest, due under the terms of the Loan documents and demand immediate repayment thereof. Upon a failure to repay such accelerated amount in full, the Note provides that the Department may proceed with a foreclosure or sale under the power of sale in accordance with the provisions of the Deed of Trust and state law regarding foreclosures.
- 4) Seek such other appropriate remedies as may be available under the law.

b. The remedies of the Department hereunder and under the other Loan documents are cumulative, and the exercise of one or more of such remedies shall not be deemed an election of remedies and shall not preclude the exercise by the Department of any one or more of its other remedies.

14. No Waiver

Waiver by the Department of a breach of a covenant or condition in one instance shall not be regarded as a waiver in any other instance.

15. Notice

Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as indicated above, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.

16. Severability

The conditions or covenants of this Security Agreement are severable so that invalidation of any said condition or covenant or any part thereof by law,

judgment, or court order shall not affect any other condition or covenant except at the sole discretion of the Department.

17. Recordation

This Agreement shall be recorded and shall operate as a lien against the Property to secure performance by the Borrower of its obligations hereunder and under the Standard Agreement.

18. Priority

The Deed of Trust of even date executed by the Borrower to secure the Loan, recorded concurrently herewith, shall be an encumbrance on the Property junior in priority and subject to this Agreement.

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS REGULATORY AGREEMENT.

Department of Housing and Community Development,
A public agency of the State of California

By: _____
Carlos Patterson, Manager
Emergency Housing and Assistance Program

«Applicant_Name»

«Street_Address»
«City», «State» «Zip1»

By: _____
«AuthRepFirst_Name» «AuthRepLast_Name»

Title: «Title»

IN WITNESS THEREOF, THE PARTIES HERETO HAVE EXECUTED THIS REGULATORY AGREEMENT.

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) who 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 on behalf of which the person(s) acted, executed the instrument.

Signature _____ (Seal)

IN WITNESS THEREOF, THE PARTIES HERETO HAVE EXECUTED THIS
REGULATORY AGREEMENT.

BORROWER:

«Applicant_Name»

By: _____ Title: _____

STATE OF CALIFORNIA)
County of _____) ss.

On _____, before me, _____, Notary Public, personally
appeared _____, personally known to me (or proved to me on the basis
of satisfactory evidence) to be the person(s) who 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 on behalf of which the
person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

**REGULATORY AGREEMENT
EXHIBIT A
Legal Description of the Property**

Assessor's Parcel Number: Type number here.



DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

EMERGENCY HOUSING AND ASSISTANCE PROGRAM

Capital Development NOFA October 31, 2003

DEVELOPMENT AGREEMENT

LOAN NUMBER: «Loan_No»

This Development Agreement, dated as of entered into date the "Development Agreement", is made and entered into by and between «Applicant_Name», a California nonprofit public benefit corporation (the "Borrower") and the Department of Housing and Community Development, a public agency of the State of California (the "Department").

RECITALS:

- A. The Borrower is the owner of, or holder of a leasehold estate in, the real property located at: «M_1_Shelter_Address», «M_1_City» (the "Property") more fully described in Exhibit A.
- B. The Borrower proposes to develop and operate on the Property an emergency shelter or transitional housing development (the "Development"). The Development will consist of Transitional housing for the homeless as described in the application on file with the Department, and constructed in accordance with the work description, including the plans and specifications submitted by the Borrower to the Department as described in Exhibit B, "Construction Description." The Development shall be financed and regulated in accordance with the requirements of Sections 50800 through 50806.5 of the Health and Safety Code and Title 25 of the California Code of Regulations, Sections 7950 through 7976. (the "Program").
- C. The Development is to be financed in whole or in part by a loan from the Department in a principal amount not to exceed write out amount Dollars («Loan_Amount») (the "Loan"). The Loan will be provided by the Department pursuant to the Emergency Housing and Assistance Program (EHAP) in accordance with the Program. In consideration of the Department's commitment to make the Loan, the Borrower has entered into a Standard Agreement, dated enter date entered into, with the Department (the "Standard Agreement"); and in consideration of said Loan, will execute a Promissory Note evidencing the Loan payable to the Department, in a form provided by the Department (the "Note"), which shall be secured by a Deed of Trust, Assignment of Rents, and Security Agreement against the Property, naming the Department as beneficiary and in a form provided by the Department (the "Deed of Trust"). The Regulatory Agreement, the Note and the Deed of Trust, along with this Development Agreement, are collectively referred to herein as the "Loan Documents." In further consideration of the Loan, the Borrower has agreed to enter into this Development Agreement and to comply with the terms and conditions herein.
- D. The Borrower has received, or will receive, funds for the construction, acquisition and/or rehabilitation of the Development from the entities identified in the chart entitled "Sources and Uses: Construction Period in Exhibit C, "Sources and Uses of Funds." All funds shall be used, and secured, in the manner specified in Exhibit C.
- E. Upon completion of the acquisition and/or construction rehabilitation of the Development, permanent financing of the Development shall be provided by the Loan and by the entities identified in the chart entitled "Sources and Uses: Permanent Financing" in Exhibit C and used, and secured, in the manner specified in Exhibit C.

NOW, THEREFORE, the parties hereto agree as follows:

General

1. Recitals. The foregoing recitals are part of this Development Agreement.
2. Definitions. Unless the context requires otherwise, the definitions set forth in section 7950 of the Regulations shall govern the meaning to the terms used herein.
3. Work Description. The Borrower shall cause the development and construction of the Development to be performed in an expeditious and professional manner, in accordance with the work description, including, if applicable, the plans and specifications as set forth in Exhibit B.
4. Construction Schedule. The Borrower shall follow the Construction Schedule, including all pertinent events from transfer of ownership, if applicable, through and including occupancy, as set forth in Exhibit B.
5. Term. This Development Agreement shall be effective on the date set forth above and, except for the obligations contained in paragraph 28 hereof, shall terminate upon the third anniversary of the issuance of a valid Notice of Completion for the rehabilitation and construction work described herein unless sooner terminated pursuant to paragraph 23 hereof.
6. Form of Documents. The form and substance of all documents, instruments and forms of evidence to be delivered to the Department under the terms of any of the Loan Documents, including, but not limited to, the Plans and Specifications and the documents evidencing or securing the sources of funds specified in Exhibit C, shall be subject to the Department's approval and shall not be modified, superseded or terminated in any material respect without the Department's prior written approval.

REPRESENTATIONS AND WARRANTIES

7. Representations and Warranties. Borrower represents and warrants to the Department as follows:
 - a. Organization. Borrower is duly organized, validly existing and in good standing under the laws of the State of California and has the power and authority to own its property and carry on its business as now being conducted. The copies of the documents evidencing the organization of Borrower delivered to the Department are complete, true, and correct copies of the originals, as amended to the date of this Development Agreement.
 - b. Authority of Borrower. Borrower has full power and authority to execute and deliver this Development Agreement, the other Loan Documents and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Development Agreement, and to perform and observe the terms and provisions of all of the above.
 - c. Authority of Persons Executing Documents. The Loan Documents and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Development Agreement, have been or, when executed will be, executed and delivered by persons who are duly authorized to execute and deliver the same for and on behalf of Borrower, and all actions required under Borrower's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Development Agreement, the other Loan Documents and all documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Development Agreement, have been duly taken.
 - d. Valid Binding Agreements. The Loan Documents and all documents or instruments executed and delivered pursuant to or in connection with this Development Agreement constitute or, if not yet executed or delivered, will, when so executed and delivered, constitute legal, valid and binding obligations of Borrower enforceable against it in accordance with their respective terms.
 - e. No Breach of Law or Agreement. None of the execution or delivery of the Loan Documents or of any document or instrument executed and delivered, or to be executed or delivered, pursuant to this Development Agreement, or the performance of any provision, condition, covenant or other term hereof or thereof, will conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on

Borrower or any provision of the organizational documents of Borrower, will conflict with or constitute a breach of or a default under any agreement to which Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of Borrower, other than liens approved by the Department.

- f. Compliance With Laws; Consents and Approvals. The Development will comply with all applicable laws, ordinances, rules and regulations of federal, state and local governments and agencies having jurisdiction over either the Borrower, the Property or the Development and with all applicable directions, rules and regulations of the fire marshal, health officer, building inspector and other officers of any such government or agency. Except as specified in Exhibit E (Special Conditions), all permits, consents, permissions and licenses required by any federal, state or local government or agency to which Borrower, the Property or the Development is subject, which may be necessary in relation to this Development Agreement or the acquisition, development, construction, or ownership of the Development, at, or prior to, the commencement of construction have been obtained, and none of such consents, permissions and licenses are subject to appeal or to conditions which have not been met.
 - g. Pending Proceedings. Borrower is not in default under any law or regulation or under any order of any court, board, commission or agency whatsoever, and there are no claims, actions, suits or proceedings pending or, to the knowledge of Borrower, threatened against or affecting Borrower, the Property or the Development, at law or in equity, before or by any court, board, commission or agency whatsoever which might, if determined adversely to Borrower, materially affect Borrower's ability to acquire, construct or develop the Development or repay the Loan or impair the security to be given to the Department pursuant thereto.
 - h. Title to Property. Upon recordation of the Regulatory Agreement, Borrower will have good and marketable title to the Property or a leasehold interest therein approved by the Department and there shall exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever other than liens for current real property taxes and assessments not yet due and payable and liens in favor of the Borrower or approved in writing by the Department.
 - i. Financial Statements. The financial statements of Borrower and any general partner of Borrower and other financial data and information furnished by Borrower to the Department fairly present the information contained therein. As of the date of this Development Agreement, there has not been any adverse, material change in the financial condition of Borrower or any general partner of Borrower from that shown by such financial statements and other data and information.
 - j. Adequacy of Financing. The amount of the funds to be provided by the Borrower in addition to the funds provided to Borrower from the sources specified in the chart entitled "Sources and Uses: Construction Period" in Exhibit C, is adequate to pay all costs incurred in connection with the acquisition or ground lease of the Property and the construction and development of the Development and to enable Borrower to satisfy the covenants contained in this Development Agreement. The costs set forth in the two sources and uses charts in Exhibit C are the anticipated costs of acquiring, constructing, and/or rehabilitating the Development.
 - k. Payment of Taxes. All federal, state, county and municipal taxes required to be paid by the Borrower or on account of the Property due and payable as of the date of this Development Agreement have been paid in full as of such date.
 - l. Availability of Utilities. All utilities necessary for the development and occupancy of the Development are available at or within the boundaries of the Property or all steps necessary to assure that such utility services will be available upon completion of the Development have been taken.
8. Repetition of Representations and Warranties. The representations and warranties made in paragraph 7 hereof shall also be deemed to be made de novo on the date Borrower executes the Note, and shall be true and correct as if made on that date.

CONSTRUCTION

9. Plans and Specifications.

- a. Any material change in the work described in Exhibit B, including the approved plans and specifications shall be submitted on a form acceptable to the Department, signed by Borrower and, if required by the Department, the Development architect and the general contractor, and accompanied by working drawings, an itemized cost statement and a written narrative of the proposed change. To the extent the Department determines that the proposed change shall result in increased cost of the Development, the Borrower shall provide satisfactory evidence that adequate funds are available for any such change.
- b. If requested by the Department, within thirty (30) days after the filing of a notice of completion for the Development, Borrower shall provide to the Department, without cost, a copy of the final as-built plans and specifications, including actual changes to the work, for the completed Development.

10. Architect. For the performance of design and design supervision work on the Development, Borrower agrees to use the architect identified in Exhibit B (the "Architect").

11. Contractors and Subcontractors. For the performance of any construction or rehabilitation work on the Development, Borrower agrees to use the general contractor identified in Exhibit B (the "Contractor"). Borrower shall notify the Department in writing of any successor to or substitute for the Contractor. The Borrower hereby certifies that the Contractor is appropriately licensed by, and in good standing with, the California Contractors' State License Board and agrees that the Borrower shall only contract with contractors so licensed, and shall ensure that the Contractor and any successor thereto shall only contract with subcontractors, which are so licensed.

12. Construction Responsibilities. Borrower shall be solely responsible for all aspects of Borrower's business and conduct in connection with the Property and the Development, including, but not limited to, the quality and suitability of the Plans and Specifications and the equipment used in the construction or rehabilitation of the Development, the supervision of the work of construction or rehabilitation, the qualifications, financial condition and performance of all architects, engineers, contractors and subcontractors of any tier, material suppliers, consultants and property managers, and the accuracy of all applications for payment and the proper application of all disbursements.

13. Delay. Borrower shall promptly notify the Department in writing of any event causing delay or interruption of construction or rehabilitation work in excess of ten (10) working days, or the timely completion of construction or rehabilitation for a period of fifteen (15) working days beyond the scheduled completion date. The notice shall specify the particular work delayed and the cause and period of each delay.

14. Purchase of Materials Under Title Retention Agreement. Except for office equipment, material and supplies used in Borrower's operation of the Development, Borrower shall not purchase or install or permit to be purchased or installed any materials, equipment, fixtures or other part of the Development under any agreements or arrangements wherein the supplier or seller reserves or purports to reserve the right to remove or to repossess any such items or to consider them personal property after their incorporation into the Development, unless authorized in writing by the Department.

15. Material Warranties. The Borrower shall procure from the Contractor all warranty documents, including warranties on appliances and on building components (such as the roof and siding), etc. and all service manuals and operating instructions pertaining to the Development. The Borrower shall furnish copies of all said documents, service manuals and operating instructions to the Department upon its request.

16. Inspections.

- a. Authorized representatives and agents of the Department shall be permitted upon reasonable demand to inspect all work, materials, payrolls, personnel records, materials invoices and other relevant data pertaining to the Development, and shall have the right of entry and full access to the Property and the Development.

- b. The Department shall not have any affirmative duty to make any inspection, to make any investigation, or to supervise or inform Borrower or any third party as to any aspect of the construction or rehabilitation of the Development and shall not incur any liability for failing to do so. Any inspection, investigation or review undertaken by the Department shall be solely to determine whether the Borrower is properly discharging its obligations to the Department and may not be relied upon by Borrower or any third party. Once having undertaken any such inspection, investigation or review, the Department shall not incur any liability for failing to do so properly or for failing to complete the same. The Department owes no duty of care to Borrower or any third party to protect against, or to inform Borrower or any third party of, any negligent, faulty, inadequate or defective design, construction, or rehabilitation of the Development.
- c. The fact that inspection, investigation or review of the design or construction of the Development may or may not have been made by the Department shall not relieve the Borrower or the Contractor of any obligation that they may otherwise have to inspect the Development or to otherwise comply with the terms of this Development Agreement.

DISBURSEMENT OF FUNDS

17. Conditions Precedent to Disbursement of Funds. The Department shall not be obligated to disburse the proceeds of the Loan to Borrower or take any other action under the Loan Documents unless all of the following conditions precedent are satisfied, or waived in writing by the Department at the time of such action:
- a. there exists no Event of Default (as defined in Paragraph 22 hereof) hereunder or any default under any of the other Loan Documents, or event, omission or failure of Condition that would constitute such a default or Event of Default after notice or lapse of time, or both;
 - b. the Loan proceeds, together with all sums (if any) to be provided by Borrower, and all sums (if any) shown in the chart entitled "Sources and Uses: Permanent Financing" in Exhibit C to be provided by other sources, shall at all times be not less than the amount which the Department, in its sole judgment, determines necessary to: (i) pay all sums which may be payable under the Loan Documents during the term of this Development Agreement; (ii) enable the Borrower to perform and satisfy all of the covenants of the Borrower contained in this Development Agreement; provided that if the Department determines at any time that said funds are not sufficient for said purposes, the Borrower may satisfy this condition by depositing the amount of such deficiency in the account described in paragraph 20 hereof within seven (7) days of the Department's written demand or by providing evidence satisfactory to the Department that Borrower has obtained a binding commitment from another entity which will provide funds to Borrower in such amounts and upon terms which are satisfactory to the Department;
 - c. the Borrower has authorized, executed and delivered or, if applicable, delivered to the Department, all Loan Documents, other documents, instruments, policies (including, without limitation, the Title Policy described in paragraph 18 hereof), and forms of evidence or other materials (including, without limitation, the Plans and Specifications) required under the terms of this Development Agreement or any of the other Loan Documents, all in form and substance satisfactory to the Department;
 - d. the Deed of Trust and Regulatory Agreement shall have been recorded in the Office of the County Recorder for the county in which the Property is located;
 - e. Borrower shall have furnished to the Department an ALTA survey of the Property as may be requested or required by the Department or the issuer of the Title Policy described in paragraph 18, on which survey there shall be indicated all buildings, structures, and improvements located on or over the Property, all easements, utilities, public and private streets, roads, rights of ways, alleys and other privileges for ingress to and egress from the Property;
 - f. receipt by the Department of a fully completed and executed Request for Funds in the form required pursuant to paragraph 19;

- g. approval by the Department of the implementation of Borrower's Relocation Plan as specified in paragraph 31;
 - h. receipt by the Department of evidence satisfactory to the Department that the proceeds of the loans set forth in the chart entitled "Sources and Uses: Permanent Financing" in Exhibit C either have been disbursed, shall be disbursed on the date of disbursement of loan funds, or shall be disbursed upon the happening of events which are acceptable to the Department; and
 - i. the conditions and provisions of Exhibit E (Special Conditions) which constitute pre-disbursement conditions, if any, have been satisfied or met; provided that in the event of any conflict or inconsistency between the provisions of this paragraph 17 and the provisions of Exhibit E, the provisions of Exhibit E shall prevail with respect to such conflict or inconsistency.
18. Title Insurance. Borrower shall procure from a title insurer acceptable to the Department a 1990 (or later version acceptable to the Department) LP-10 ALTA Lender's Policy of Title Insurance (the "Title Policy"), with any endorsement the Department may require, insuring the Department of the validity and the priority of the lien of the Deed of Trust upon the Property and Development, in the principal amount of the Loan, subject only to matters of record approved by the Department in writing. During the term of the Loan, Borrower shall procure and deliver to the Department, within five (5) working days of the Department's request, other endorsements to the Title Policy as the Department may reasonably require.
19. Methods and Conditions of Payment. The Department agrees to provide to or on behalf of the Borrower, Loan funds in the amount, and in accordance with the terms of this Development Agreement. All amounts paid to Borrower hereunder shall be considered advanced under the Note and secured by the Deed of Trust. Requests for disbursement of Loan funds for payment of or reimbursement for eligible costs must be in the form or forms set forth in Exhibit D, "Request for Disbursement" or such other form as may be approved by the Department.
20. Account. At the direction of the Department, Loan funds as specified by the Standard Agreement shall be deposited into an escrow or other account to be disbursed in accordance with instructions issued by the Department. Any and all interest earned on such advanced funds held in an escrow account shall be remitted to the Department.
21. Eligible Uses of Funds.
- a. Prior to the disbursement of Loan funds, the Borrower shall deliver to the Department a certificate of the Borrower, in the form of Exhibit D, which evidences that the Borrower has incurred costs within the eligible categories of costs specified below which are allowed by the Program. Such costs shall be in an amount equal to or greater than the amount of the Loan. If such costs are less than the amount of the Loan specified herein, the Department shall, at its discretion, either reduce the amount of the Loan to the amount of such costs or terminate this Development Agreement along with any obligation to provide the Loan.
 - b. Borrower shall assure that Loan proceeds shall be used only to pay or reimburse costs within the following eligible categories of costs: (i) building and/or land acquisition; (ii) rehabilitation of projects; (iii) conversion to homeless shelter use from another legal use; (iv) building and/or land lease payments; (v) new construction work; (v) on site improvements related to the Development; (vii) architectural, appraisal, engineering, legal and other consulting costs and fees which are directly related to the planning and execution of the Development and which are incurred through third-party contracts; (viii) authorized administrative expenses; (ix) carrying costs during construction, including insurance, construction financing fees and interest, and taxes; (x) building permits and state and local fees; (xi) escrow, title insurance, recording and other related costs; (xii) costs for items intended to assure the completion of construction, such as contractor bond premiums; and (xiii) environmental hazard reports, surveys and investigations.
 - c. In addition, costs, to be eligible, must be reasonable and necessary for successful completion of the Development.

DEFAULTS, REMEDIES AND ENFORCEMENT

22. **Events of Default.** The occurrence of any of the following events shall constitute an "Event of Default" hereunder following notice to the Borrower by the Department, specifying (1) the applicable event, (2) the action required to prevent such event becoming an Event of Default, and (3) a date, which shall be not less than thirty (30) days after the date the notice is mailed to Borrower, by which such action must be taken:
- a. **Monetary.** (i) Borrower's failure to pay when due any sums payable under the Note or any of the other Loan Documents; (ii) Borrower's failure to deposit any of Borrower's funds as and when required under this Development Agreement; (iii) the occurrence of an event of default under the terms of any of the loans or grants received from the financing sources specified in the sources and uses charts in Exhibit C; (iv) Borrower's failure or inability to secure anticipated financing from parties other than the Department as specified in Exhibit C, regardless of fault of the Borrower; or (v) Borrower's failure to use or apply Loan funds in the manner specified by, or consistent with the purposes of, this Development Agreement.
 - b. **Construction; Use.** (i) Borrower's failure to remedy any material deviation in the work of construction from the Plans and Specifications that occurred without the Department's approval or defective workmanship or materials in, or use of defective workmanship or materials in constructing, the Development, in each case to the Department's satisfaction, within ten (10) days of the Department's written demand to do so; (ii) the cessation of construction of the Development prior to completion for a continuous period of more than fifteen (15) days (unless caused by war, rebellion, insurrection, strike, lockout, boycott or act of God, or other event beyond the Borrower's control as determined in the sole discretion of the Department); (iii) the prohibition, enjoining or delaying (in any manner) the construction of, or the prohibition or enjoining (in any manner) the leasing of, any unit in the Development in accordance with the Loan Documents for a continuous period of more than thirty (30) days; or (iv) the curtailment in availability to the Development for a continuous period of more than thirty (30) days of utilities or other public services necessary for construction or the full occupancy and utilization of the Development.
 - c. **Liens; Attachment; Condemnation.** The (i) filing of any claim or lien against the Property or the Development, or any part thereof and the continuance of the claim for lien for twenty (20) days after Borrower receives actual notice thereof without discharge, satisfaction or provision for payment being made to the satisfaction of the Department; (ii) condemnation, seizure or appropriation of, or the occurrence of an uninsured casualty with respect to, any material portion of the Property or the Development, such materiality to be determined by the Department in its sole and absolute discretion or; (iii) sequestration or attachment of, assignment by Borrower for the benefit of its creditors of, or any levy or execution upon, the Property, the Development, other collateral provided by Borrower under any of the Loan Documents, monies in either of the account established pursuant to paragraph 21 hereof, or substantial portion of the other assets of Borrower, which is not released, expunged or dismissed prior to the earlier of sixty (60) days after sequestration, attachment or execution or the sale of the assets affected thereby.
 - d. **Performance of Obligations.** Borrower's default under any of the other Loan Documents, Borrower's default under any lease of the Property, or Borrower's failure to perform its obligations under this Development Agreement and, in each case, the expiration of any time provided for the remedy of such failure.
 - e. **Representations and Warranties.** (i) Any of Borrower's representations or warranties in any of the Loan Documents or any statements, certificates or schedules furnished by Borrower to the Department, shall prove to have been untrue in any material respect when made or deemed to have been made pursuant to paragraph 8 or the Borrower shall have concealed any material fact from the Department; (ii) any of the Borrower's representations or warranties in any of the Loan Documents or any statement, certificates or schedules furnished by Borrower to the Department, other than representations, warranties, statements and certificates as to the financial condition of Borrower or any other person, shall cease to be true and shall remain untrue for fifteen (15) days after notice of such change to Borrower by the Department; or (iii) any material adverse change in the financial condition of Borrower or any other person or entity obligated in any manner to the Department under

the Loan Documents from the financial condition represented to the Department as of the date of this Development Agreement.

- f. Voluntary Bankruptcy; Insolvency; Dissolution. Borrower's or any general partner of Borrower's (i) filing of a petition for relief under any state or federal law regarding bankruptcy, reorganization or other relief to debtors; (ii) filing any pleading in any involuntary proceeding under any state or federal law regarding bankruptcy, reorganization or other relief to debtors which admits the jurisdiction of the court or the petition's material allegations regarding the Borrower's insolvency; (iii) making a general assignment for the benefit of creditors; (iv) applying for, or the appointment of, a receiver, trustee, custodian or liquidator of Borrower, any general partner of Borrower or any of their respective properties; (v) inability or admission in writing of its inability to pay its debts as they are due; or (vi) death, if an individual, or the filing by or against Borrower or any general partner of Borrower of a petition seeking the liquidation or dissolution of Borrower or any general partner of Borrower or the commencement of any other procedure to liquidate or dissolve Borrower or any general partner of Borrower.
- (g) Involuntary Bankruptcy. Borrower's or any general partner of Borrower's failure to effect a full dismissal of any involuntary (i) petition under any state or federal law regarding bankruptcy, reorganization or other relief to debtors; (ii) proceeding for the appointment of a receiver, trustee or liquidator of Borrower or any general partner of Borrower or all or a material part of the assets of the Borrower or any general partner of Borrower, or (iii) petition or proceeding under other state or federal law regarding bankruptcy, reorganization or other relief to debtors that is filed against Borrower or any general partner of Borrower or in any way restrains or limits Borrower or any general partner of Borrower or the Department regarding the Loan, the Property or the Development, in any event prior to the earlier of the entry of any order granting relief sought in the involuntary petition or proceeding, or sixty (60) days after the date of filing of the petition or beginning of the proceeding.
- (h) General. Borrower's breach of any condition, covenant, warranty, promise or representation contained in this Development Agreement not otherwise resulting in an Event of Default hereunder and the continuance of such breach for a period of thirty (30) days after written notice thereof to Borrower.

23. Remedies upon an Event of Default. Upon the happening of an Event of Default the Department's obligation to disburse proceeds of the Loan shall terminate and the Department shall have the right to terminate this Development Agreement. Additionally, the Department may, at its option, call all sums advanced under the Note and all interest accrued thereon which remains unpaid, immediately due and payable, all without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notice or demand of any kind or character. Upon the occurrence of an Event of Default the Department may also, in addition to all other rights and remedies available to the Department hereunder or under the Loan Documents or applicable law, at its option, seek an order for specific performance in any court of competent jurisdiction or may apply to any such court for the appointment of a receiver to take over and operate the Development in accordance with the terms of the Loan Documents, or for such other relief as may be appropriate.
24. Right to Advance or Post Funds. Where disputes have arisen which, in the good faith opinion of the Department, may endanger fulfillment of any condition precedent or covenant herein or result in lien claims against the Property or the Development, the Department may agree to advance funds for the account of Borrower without prejudice to Borrower's rights, if any, to recover said funds from the party to whom paid. Such agreement or agreements may take the form, which the Department, in its discretion, deems proper. All sums paid or agreed to be paid pursuant to such undertaking shall be for the account of Borrower, and Borrower agrees to reimburse the Department for any such payments made upon demand therefore with interest at the rate of ten (10%) percent per annum, or such lower rate of interest as may be approved by the Department, from the date of payment until date of reimbursement. Nothing in this or any other section of this Development Agreement shall be construed to require the Department to advance monies over and above the amount of the Loan, though the Department may, at its option advance such amounts.
25. Right of Contest. Borrower shall have the right to contest in good faith any claim, demand, levy or assessment the assertion of which would constitute an Event of Default hereunder. Any such contest shall be prosecuted diligently and in a manner not prejudicial to the Department or the rights of the Department hereunder. Upon demand by the Department, Borrower shall make suitable provision by deposit of funds with the Department

or by bond or by title insurance or other assurance satisfactory to the Department for the possibility that the contest will be unsuccessful. Such provision shall be made five (5) days after demand therefore, and, if made by deposit of funds with the Department, the amount so deposited shall be disbursed in accordance with the resolution of the contest either to Borrower or the adverse claimant.

26. Rights Cumulative, No Waiver. All the Department's rights and remedies provided in the Loan Documents, granted by law or otherwise, are cumulative and may be exercised by the Department at any time. No waiver shall be implied from any failure of the Department to take, or any delay by the Department in taking, action concerning any Event of Default or failure of condition under the Loan Documents, or from any previous waiver of any similar or unrelated Event of Default or failure of condition. Any waiver or approval under any of the Loan Documents must be in writing and shall be limited to its specific terms.
27. Attorneys' Fees; Enforcement. If any attorney, including the California Attorney General, is engaged by the Department to enforce, construe or defend any provision of any of the Loan Documents, or as a consequence of any Event of Default hereunder or default under any other Loan Document, with or without the filing of any legal action or proceeding, Borrower shall pay to the Department, immediately upon demand, the amount of all attorneys' fees and costs incurred by the Department in connection therewith, together with interest thereon from the date of such demand at the rate of ten percent (10%) per annum.

INDEMNIFICATION

28. Indemnification and Waiver.

- a. Indemnification. Borrower agrees to indemnify the Department and its agents, employees and officers against, and holds the Department and its agents, employees and officers harmless from, any losses, damages, liabilities, claims, actions, judgments, court costs and legal or other expenses (including attorneys' fees), of every name, kind and description, which the Department may incur as a direct or indirect consequence of: (i) the making of the Loan to the Borrower, except for violations of banking laws or regulations by the Department; (ii) Borrower's failure to perform any obligations as and when required by this Development Agreement or any of the Loan Documents; (iii) any failure at any time of any of Borrower's representations or warranties to be true and correct; (iv) any act or omission by Borrower, any contractor, subcontractor, material supplier, engineer, architect or other person or entity with respect to the Property or Development; or (v) the presence of hazardous substances (as defined in the Standard Agreement) at the Development or on the Property. Borrower shall pay immediately upon the Department's demand any amounts owing under this indemnity together with interest from the date the indebtedness arises until paid at the rate of ten percent (10%) per annum. The duty of the Borrower to indemnify and hold harmless includes the duties to defend as set forth in section 2778 of the Civil Code. Borrower shall indemnify and hold harmless the Department and its agents, officers and employees as set forth herein regardless of the existence or degree of fault or negligence whether active or passive, primary or secondary on the part of the Department or the Borrower or their respective agents, officers, employees, contractors or subcontractors; provided, however, that Borrower's duty to indemnify and hold harmless hereunder shall not extend to liability arising from gross negligence or willful misconduct of the Department. Borrower's duty to indemnify the Department shall survive the term of this Development Agreement, the release and cancellation of the Note and the reconveyance or partial reconveyance of the Deed of Trust.
- b. Waiver and Release. The Borrower waives any and all rights to any types of express or implied indemnity against the Department or its agents, officers or employees.
- c. Waiver. The Borrower expressly waives the protections of section 1542 of the Civil Code in relation to subparagraphs a. and b. above. Said section 1542 provides as follows:
- d. **A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.**

MISCELLANEOUS

29. Further Assurances. At the Department's request and at Borrower's expense, Borrower shall execute, acknowledge and deliver any other instrument and perform any other act necessary, desirable or proper (as determined by the Department) to carry out the purpose of the Loan Documents or to perfect and preserve any liens created by the Loan Documents.
30. Notice. Except for any notice required under applicable law to be given in another manner, any notices, demands or communications between the parties hereto shall be sufficiently given if, and shall not be deemed given unless, dispatched by certified mail, postage prepaid, return receipt requested or delivered by express delivery service with delivery receipt, to the address of the respective party as indicated herein, or to such other address as the respective party may have designated by written notice given to the other party in the manner provided herein. Such written notices, demands and communications shall be effective on the date shown on the delivery receipt as the date delivered, the date on which delivery was refused, or the date on which delivery was attempted.
31. Displacement and Relocation. If the acquisition or rehabilitation of the Development will result in the temporary or permanent displacement of tenants, the Borrower shall comply with all requirements of California relocation law, including the preparation and implementation of a tenant relocation plan, if applicable. The relocation plan shall be subject to the approval of the Department. Borrower shall be solely responsible for all costs of relocation benefits and assistance.
32. Amendments and Additional Agreements. This Agreement shall not be altered or amended except in writing executed by all parties. The Borrower agrees that any other agreements entered into by the Borrower relating to the performance of this Agreement shall be subject to the written approval of the Department.
33. Books and Records. Borrower shall maintain complete books of accounts and other records for the Development and for the use of the Loan proceeds and operating income; including, but not limited to, records of preliminary notices, lien releases, invoices and receipts, and certificates of insurance pertaining to the contractor and each subcontractor; and the same shall be available for inspection and copying by the Department for the period of the continued use requirement upon reasonable notice to Borrower.
34. No Third Parties Benefited. No person other than the Department and Borrower, and their permitted successors and assigns or, in the case of the Regulatory Agreement, the tenants of the Development to the extent specified therein, shall have any right of action under any of the Loan Documents.
35. Authority to File Notices. Borrower irrevocably appoints and authorizes the Department, as Borrower's attorney-in-fact, which agency is coupled with an interest, to execute and record, on either of them, in the Department's or Borrower's name, any notices, instruments or documents that the Department deems appropriate to protect the Department's interest under any of the Loan Documents.
36. Actions. The Department may commence, appear in or defend any action or proceeding purporting to affect the Property, Development, Loan Documents or the rights, duties or liabilities of Borrower or the Department under the Loan Documents. In exercising this right, the Department may incur or incur and pay reasonable costs and expenses including, without limit, attorney's fees and court costs and Borrower agrees to pay all such expenses so incurred and reimburse the Department for any expenses so paid.
37. Relationship of Parties. The relationship of Borrower and the Department under the Loan Documents is, and shall at all times remain, solely that of borrower and lender. The Department neither undertakes nor assumes any responsibility or duty to Borrower or to any third party with respect to the Property or the Development, except as expressly provided in the Loan Documents.
38. Assignment of Loan Documents. Borrower shall not assign Borrower's interest, of any portion thereof, under any of the Loan Documents, or in any monies due or to become due there under, without the Department's prior written consent. Any such assignment made without the Department's consent shall be void. Borrower recognizes that this is not an ordinary commercial loan and that the Department would not make the Loan except in reliance on Borrower's expertise and reputation, the Department's knowledge of Borrower, and the Department's understanding that this Development Agreement is more in the nature of an agreement involving personal services than a standard loan where the Department would rely on security which already exists. In

this instance, the work funded has not been performed at the time of Loan approval and the Department is relying on Borrower's expertise and prior experience to rehabilitate the Development in accordance with the terms of the Loan Documents.

39. Restrictions on Transfer of Property, Project and Interest in Borrower. Borrower shall not assign, sell, transfer or convey any interest in the Borrower, the Property, or the Development, including, without limitation, any general partnership interest in the Borrower, without the Department's prior written consent. Borrower shall promptly notify the Department of such transfers and shall provide the Department with any documents respecting such transfer as the Department may reasonably request. Provided however that Borrower, if Borrower is a limited partnership, may sell, assign, transfer or convey limited partnership interests without the prior approval of the Department.
40. Signs. During the construction period, the Department may require Borrower to place on the Property signs stating that the Department is providing financing for the Development.
41. Department's Agents. The Department may designate an agent or independent contractor to exercise any of the Department's rights under the Loan Documents. Any reference to the Department in any of the Loan Documents shall include the Department's agents, employees or independent contractors.
42. Severability. If any provision of the Loan Documents shall be determined by a court of competent jurisdiction to be invalid, illegal or unenforceable, that portion shall be deemed severed from the Loan Documents and the remaining parts shall remain in full force as though the invalid, illegal, or unenforceable portion had never been part of the Loan Documents.
43. Heirs, Successors and Assigns. The terms of the Loan Documents shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties; provided however, that this paragraph does not waive the provisions of paragraph 39.
44. Time. Time is of the essence of each term of the Loan Documents.
45. Headings. All headings appearing in any of the Loan Documents are for convenience only and shall be disregarded in construing the Loan Documents.
46. Governing Law. The Loan Documents shall be governed by, and construed in accordance with, the laws of the State of California, except to the extent preempted by federal laws. Borrower and all persons and entities in any manner obligated to the Department under the Loan Documents consent to the jurisdiction of any federal or state court within the State of California having proper venue and also consent to service of process by any means authorized by California or federal law.
47. Integration; Interpretation. The Loan Documents contain or expressly incorporate by reference the entire agreement of the parties with respect to the matters contemplated herein and supersede all prior negotiations. No Loan Document shall be modified except by written instrument executed by all the parties thereto. Any reference in any of the Loan Documents to the Property or Development shall include all or any parts of the Property or Development. Any reference to the Loan Documents in any of the Loan Documents includes any amendments, renewals or extensions approved by the Department. Any reference in this Development Agreement to the Loan Documents shall include all or any of the provisions of this Development Agreement and the Loan Documents unless otherwise specified.
48. Joint and Several Liability. The liability of all persons and entities that are in any manner obligated under any of the Loan Documents shall be joint and several.
49. Incorporation. The following Exhibits, all attached hereto, are hereby incorporated into and made a part of this Agreement.

Exhibit A	Legal Description	Exhibit D	Request for Disbursements
Exhibit B	Construction Description	Exhibit E	Special Conditions
Exhibit C	Sources and Uses of Funds	Exhibit F	Insurance Requirements

IN WITNESS HEREOF, the parties agree to and execute this Development Agreement as of the date first above stated.

DEPARTMENT

Department of Housing and
Community Development,
An agency of the State of California

Mailing Address:
Emergency Housing and
Assistance Program
P.O. Box 952054
Sacramento, CA 94252-2054

By: _____
Carlos Patterson
Homeless Program Manager

Principal Place of Business:
Emergency Housing and Assistance Program
1800 Third Street, Room 390-4
Sacramento, CA 95814

BORROWER

BORROWER'S ADDRESS

«Applicant Name»
a California nonprofit public benefit Corporation

«Address»
«Rep_City», CA «Zip»

Signed: _____
«Authorized_Representative» «AuthRepLastName»

Title: _____
insert Reps. Title

Date: _____

IN WITNESS WHEREOF, THE PARTIES HERETO HAVE EXECUTED THIS DEVELOPMENT AGREEMENT.

Grantee signature, notarization and acknowledgement.

NAME Mark Rohloff

TITLE Executive Director

DATE _____

State notarization and acknowledgement.

STATE OF CALIFORNIA
Department of Housing and
Community Development

NAME Carlos Patterson

TITLE Homeless Program Manager

DATE _____

STATE OF CALIFORNIA)
County of _____) ss.

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) who 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 on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

STATE OF CALIFORNIA)
County of _____) ss.

On _____, before me, _____, Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) who 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 on behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A TO DEVELOPMENT AGREEMENT

LEGAL DESCRIPTION

Assessor's Parcel Number: Type parcel number

EXHIBIT B TO DEVELOPMENT AGREEMENT

CONSTRUCTION DESCRIPTION

I. Construction Schedule

Commencement of Construction

Certificate of Occupancy

Occupancy by Eligible Households

II. Construction Draw Down Schedule for EHAPCD Loan

III. Description of Work , including Plans and Specifications

Borrower shall perform, or cause to be performed, the rehabilitation and/or construction work described below, subject to, if applicable, the plans and specifications dated_____, 2003, last revised on the date specified thereon (attach additional sheets if necessary).

IV. Contractor

V. Architect

EXHIBIT C TO DEVELOPMENT AGREEMENT

SOURCES AND USES OF FUNDS

I. Sources and Uses: Construction Period

II. Sources and Uses: Permanent Financing

III. Construction Budget Detail

EXHIBIT D TO DEVELOPMENT AGREEMENT

Request for Disbursement and Certificate

STATE OF CALIFORNIA

Department of Housing and Community Development

EMERGENCY HOUSING AND ASSISTANCE PROGRAM

CAPITAL DEVELOPMENT NOFAs 2000/01

HCD 846 (Revised 9/01)

1. BORROWER

2. PAYEE

3. ADDRESS (Street)

(City)

(State)

(Zip Code)

4. CONTRACT NUMBER

5. PROJECT

6. APPROVED LOAN AMOUNT

\$

AMOUNT PER THIS REQUEST

\$

TOTAL AMOUNT PREVIOUSLY
APPROVED

\$

BALANCE

\$

7. **USE OF FUNDS REQUESTED**

AMOUNT

A. PERMANENT FINANCING

\$

B. ACQUISITION COSTS

\$

C. CONSTRUCTION COSTS

\$

D. REHABILITATION/CONVERSION COSTS

\$

E. EQUIPMENT COSTS

\$

F. ADMINISTRATION COSTS

\$

9. CERTIFICATION: I/We, the undersigned, do hereby certify that (1) the funds requested above will be used only in accordance with the above-numbered State Standard Agreement and the Development Agreement entered into pursuant to this Standard Agreement, and only for eligible costs, as specified in the EHAP Capital Development NOFAs 2000/01; and (2) the Borrower and the project are in full compliance with the Standard Agreement, the Development Agreement, and all other agreements by and between the Borrower and the Department of Housing and Community Development entered into pursuant to the Standard Agreement.

BORROWER'S SIGNATURE

DATE SIGNED

TYPED NAME AND TITLE

the work performed for which this request for disbursement is presented is in accordance with all provisions

of Contract Number

between

the Department of Housing and Community Development, and is

approved for payment.

hereby

PROGRAM MANAGER'S SIGNATURE

DATE SIGNED

DISBURSEMENT REQUEST FOR CONSTRUCTION RELATED EXPENSES

Request No. _____ of _____

LENDER: Department of Housing
and Community Development

EHAP CD CONTRACT NO.:

EHAPCD CONSTRUCTION ESCROW ACCOUNT NO.:

Total EHAPCD Construction Amount: \$ _____

Net change per approved Change Order \$ _____

EHAPCD Construction Escrow Balance After Last Disbursement: \$ _____

Additional Deposits to Escrow: \$ _____

10% Retention \$ _____

Total Available for This Disbursement: \$ _____

Amount of this Disbursement (must equal Summary of Expenses): \$(_____)

SUMMARY OF EXPENSES: Attached is the contractor's itemization of work performed for which payment is being requested.

CERTIFICATION: We, the undersigned, do hereby certify that the funds requested above are to cover the costs of construction and or rehabilitation work that has been performed at the site located at _____ per the Construction Agreement dated _____ 200__.

SIGNED: _____ Date: _____
Contractor's Representative

Printed Name of Construction Company

SIGNED: _____ Date: _____
The Borrower's Representative

Printed Name of the Borrower (Organization)

I, the undersigned, do hereby certify that I have inspected the project development and have determined that sufficient work has been performed to merit release of the payment requested above.

SIGNED: _____ Date: _____
Borrower's Architect

cc: Escrow Agent or Borrower to mail or fax copy of completed and executed form to:

Contract Representative, Emergency Housing & Assistance Program, Capital Development Deferred Loans
Department of Housing and Community Development
P. O. Box 952054, Sacramento, CA 94252-2054

EHAPCDConstrRelExps Rev 9/01

EXHIBIT E TO DEVELOPMENT AGREEMENT

SPECIAL CONDITIONS

1. A legible copy of the final signoff from the local building department.
2. A copy of the recorded Notice of Completion.
3. An ALTA policy rewrite free of all mechanics liens.

EXHIBIT F TO DEVELOPMENT AGREEMENT

INSURANCE REQUIREMENTS

At close of escrow, the Department must receive a one-year prepaid Certificate of Insurance policy (or a binder followed by a certificate within thirty (30) days of loan closing) evidencing the following coverage:

1. GENERAL REQUIREMENTS:

Property and liability insurance policies, a separate flood insurance policy (if applicable) and all renewals must be with a company that rates A- or better, and has a Financial Size of Class VIII or better in Best's Key Rating Guide. The Department must approve exceptions in writing.

All policies must name the Department as loss payee. All liability policies must name the Department as an additional **named** insured.

2. HAZARD (PROPERTY):

A. Perils to be Insured:

Special perils for direct physical loss or damage to property, subject to policy exclusions, definitions, and limitations. Include coverage for the following perils:

- (1) Special form
- (2) Ordinance or law, including:
 - (a) Loss to undamaged portion of the building
 - (b) Demolition cost
 - (c) Increased cost of construction
 - (d) Increased period of restoration
- (3) Back up of sewers and drains
- (4) Flood special form

B. Covered Property: Real property improvements; and contents coverage.

- (1) Property Covered: All real and personal property owned by the insured or in which the insured has an interest, or for which the insured may be legally liable or which the insured has agreed in writing to insure, including:
 - a. Insurance also applies to all temporary structures on premises specified or within 100' thereof
 - b. Accounts receivable
 - c. Valuable papers and records
 - d. Fine arts
 - e. Property in transit
 - f. Fire damage legal liability – real property
 - g. Trees, plants and shrubs
- (2) Additional Coverage/Extensions (detail what items will not be included, if any):
 - a. Business income, including:
 - (i) Extended period of indemnity
 - (ii) Contingent business interruption
 - (iii) Off-premise power
 - (iv) Extra expense, including from dependent properties
 - (v) Interruption by civil authority
 - (vi) Neighboring property
 - (vii) Loss of rents/maintenance fees

- (viii) Expending expenses
- (ix) Increased period of restoration
- b. Soft costs
- c. Debris removal
- d. Pollutant clean-up and removal, including mold (sub-limit acceptable)
- e. Unnamed locations
- f. Newly acquired locations
- g. Waiver of subrogation

C. Limit of Insurance:

Blanket limit covering buildings, structures, and personal property with a separate blanket limit for business income.

D. Valuation:

In the event of loss or damage to the insured property, the basis of adjustment shall be:

- (1) All real property improvement and personal property replacement cost (unless a lesser amount is approved by the Department)
- (2) Valuable papers and records – value: the cost of reproducing or reconstructing
- (3) Fine arts – the lesser of market value, replacing or restoring the property
- (4) Loss of rents/extra expense – actual loss sustained or 90% coinsurance
- (5) EDP equipment – functional replacement cost

E. Deductibles:

\$2,500 maximum deductible per occurrence; or
 \$1,000 maximum deductible per occurrence if the completed project value is less than \$300,000.
 Flood may have alternative deductibles.

F. Co-Insurance:

90% coinsurance clause on policy: Preauthorized **Agreed Amount** endorsement
 Loss payee: Lenders Loss Payable Endorsement is **required** naming the Department as Loss Payee.

3. **OTHER PROPERTY INSURANCE (WHEN APPLICABLE):**

Flood Insurance: Coverage required to 80% of replacement cost if the property is located in a FEMA flood plain designation.
 Boiler and Related (When applicable) 100% of Machinery: replacement cost coverage is required.

4. **COMPREHENSIVE GENERAL LIABILITY FOR BODILY INJURY, PROPERTY DAMAGE AND PERSONAL INJURY ON A STANDARD ISO FORM:**

Minimum amount: \$1,000,000 per occurrence; \$2,000,000 aggregate; \$2,000,000 per occurrence for buildings with elevators; \$4,000,000 aggregate.

Minimum amount: \$5,000,000 per occurrence; \$10,000,000 aggregate. May be provided by an umbrella or excess liability.

For buildings valued at more than \$10,000,000:

Minimum amount for \$2,000,000 first story
 Buildings over five stories: \$1,000,000 per each additional story.

Medical payments: \$25,000 per person optimum; \$5,000 per person minimum

5. **OTHER COVERAGE:**

Workers Compensation: Required by state law if employees are involved. Employer liability shall be \$1,000,000.

Employer non-owned
Auto liability: Same limit as General liability.

6. **SPECIAL COVERAGE:**

SRO: Disclose central kitchens as separate personal property by square footage and value of the kitchen service equipment (disclose receipts if applicable).

Recreation/Community
Rooms: Special coverage required if not included in the building and business personal property limits.

Day Care Facilities: Special coverage required if run separately. The day care center will be required to have separate insurance with limits not less than the limits applicable above and said policy shall name the owner and the Department as an insured.

7. **CERTIFICATES AND EVIDENCES:**

All Certificates and Evidences must include the name of the project, the name of the borrower as named insured, the HCD standard agreement number and the address of the project. The Department, its officers, agents, employees, directors, and appointees shall be named as insureds as their interests may appear.

ALL POLICIES MUST INCLUDE THE FOLLOWING:

Named Insured: Borrower

Additional Named
Insured: The Department of Housing and Community Development and its officers, agents, employees, and servants must be named as an insured.

Endorsement: Lender's Loss Payable Endorsement naming the Department as Loss Payee.

Cancellation/Change
Clause: The Department must be notified 30 days prior to any change, non-renewal or cancellation of the insurance policy.

The Department shall be identified on all Insurance documents as follows:

**The Department of Housing and Community Development
P. O. Box 952054
Sacramento, CA 94252-2054**

Attach agent's signed certification of coverage on agent's letterhead.



PROGRAM STANDARDS

Types of Services

Short-Term Emergency Shelter:

1. Basic services: food, showers, clothing, & medical care.
2. Intake to gather basic client information (using the Homeless Information Management System (HIMS) required of HUD)
3. Case management assessment and case planning with shelter guest to stabilize clients and provide housing/support services within the shelter and with other agencies such as transitional housing, employment, health care.
4. Transportation assist to appointments, employment and health care.

Access Center:

1. Centralized outreach/intake/assessment for all self-referred or referred homeless individuals and families using HIMS.
2. One stop access to a broad range of case management-based social services such as substance abuse, health care, housing, job training and placement.
3. Transportation assistance to appointments, employment and health care (3 Riverside Rapid Transit stops within .5 miles of the Access Center/Shelter site).

Winter Shelter Program:

1. December through March hypothermia prevention shelter.
2. Shelter guest to be provided meals, bathrooms/showers, and a mass sleeping area.
3. Access Center intake and case management to enroll in Short-term Emergency Shelter and other housing/supportive services options.

Good Neighbor Policy:

1. The Access Center and Short-term Emergency Shelter will actively work to have positive relationships with all property owners and others surrounding the site.
2. A security guard will be hired by the shelter to monitor the property and the movement of the homeless within the immediate area of the site.
3. The service provider will work with the surrounding community when issues arise and solutions need to be addressed.
4. The service provider will meet regularly with a selected steering committee. Some of the members on the steering committee include The City of Riverside Homeless Coordinator, County of Riverside DPSS, Chamber of Commerce, Police Department and Project ACHIEVE.

Access Center and Shelter Guiding Principles for Program Operation

1. The dignity, self esteem and safety of clients and staff are of utmost concern. The principles of mutual respect and accountability will govern all actions and decisions.
2. The Access Center and Short-term Emergency Shelter will at all times strive to be a good neighbor, paying particular attention to community safety and the physical appearance of the facility. (Example: loitering and client traffic around the facility will be kept to a minimum).
3. The primary mission of the Access Center and Shelter is to assist all clients to move towards and achieve permanent housing, employment and independent living.
4. All clients requesting any service at the Access Center or Shelter must provide their full name and (if applicable) address at time of intake. Eligibility for full services will require clients to sign a social contract (i.e. formal program enrollment) within 24 hours of intake. The exception to a strict 24 hour period could be weekends, holidays and in some case as related to Winter Shelter only clients.
5. The Access Center and Short-term Emergency Shelter will exercise a zero tolerance standard for alcohol and other substances, threatening and/or inappropriate behavior toward clients or staff and weapons of any kind.

Rules

1. To enter the Short-term Emergency Shelter and/or receive Access Center services clients must complete an intake and assessment by a case manager and sign a written agreement to follow all program standards.
2. Clients may reside in the shelter up to 30 days, unless otherwise directed by Case Management services. Access Center services maybe sought out weekly by shelter and non-shelter clients, but it is not a day center type program.
3. All Clients will behave in an orderly fashion at all times in and outside the Access Center and Shelter. Respect is to be shown clients, volunteers, staff and visitors at all times.
4. Clients will maintain sobriety at all times while at the Access Center and shelter (in and outside the facility). There is zero tolerance for the possession and use of alcoholic, narcotics and other controlled substance. Clients will be required to submit

to a supervised drug/alcohol test when in the shelter if deemed necessary, and/or randomly to meet shelter management standards. If clients do not maintain sobriety or refuse drug testing it can be a reason from immediate termination from the Shelter.

5. Clients may enter the shelter daily at 5:30 p.m. All clients must be in by 6:30 p.m. unless otherwise permitted by a case manager (work, religious meetings, etc.). Lights out every night by 10:00 p.m. Clients wake up by 6:30 a.m. and will need to be out of the shelter by 8:30 a.m. having had breakfast, cleaned shelter areas, and then leave to take care of case management, appointments related to supportive services, attending or looking for work, going to school and such. The Access Center hours will be Monday through Friday 1:00 p.m. to 5:00 p.m. for assistance with shelter intake, assessment, case managements and community supportive services.
6. All clients with children must supervisor their children and ensure that there behavior in the Shelter, Access Center, go to school, and respect all people in either program.
7. Parents or legal guardians are responsible for the legal conduct/behavior of the children in and outside the shelter.
8. Clients may not smoke in the Access Center and Shelter. Smoking will be allowed only in a patio area and during smoking periods sited by staff.
9. Clients must wash clothes and bed linen at least weekly (times assigned by staff). In addition, clients must keep belongings in a contained space and orderly.
10. Clients cannot bring food and beverages into the Access Center and Shelter. Staff will not store items except for approved medications in refrigerators, and only for Shelter clients. All medications must be on file with staff and dispensed by staff per doctor directions.
11. No pets allowed in or at the Access Center or Shelter.
12. Clients cannot bring knives, scissors, or other dangerous articles into the Access Center or Shelter. When illegal knives, etc. are found the items will be turned over to law enforcement.
13. Clients will sign-in and sign-out of the Access Center and Shelter each day. Another client or staff cannot sign-in or out for another Access Center or Shelter guest.
14. Clients will assist in maintenance of the shelter by performing various assigned chores. The chores will either be done in the a.m. or p.m. All chores must be done to the satisfaction of the shelter staff.

15. Clients must limit the amount of belongings coming into the shelter because of space, and clients and staff will complete an inventory of items.
16. Clients are restricted from offices, kitchen, laundry room, storage areas unless permission is given to enter by staff.
17. Clients will respect personal space and property of other clients and staff.
18. Clients will not engage in any acts of violence, or threats of violence in side and outside the shelter. Such behavior can lead to immediate termination from the shelter.
19. Clients must report motor vehicles, or bicycles kept on the property to case managers. If a ticket is given due to illegal operation of a vehicle, the client is responsible not the shelter. Non-shelter clients may not leave vehicles, bikes and other personal property at the Access Center when the client is not present.
20. Clients are not to have visitors at anytime, visitors can be arranged outside of shelter hours.
21. Clients are expected to stay at the shelter each night, unless the client is part of the CWS only. To be away overnight a client must have good reason and approval at least 24 hours in advance by a case manager.
22. Clients must participate in all program activities and groups, unless excused by case management at the Short-term Emergency Shelter.
23. Clients must provide necessary intake/case management information (legal name, age, legal dispositions, medical information, etc.) as requested by intake and case management at the Access Center and Shelter.
24. Clients must develop a case plan with a case manager within 48 hours of being in the Shelter. The exception is CWS guest, and on certain holidays when there is a long weekend. Then the intake/assessment/case plan must be completed on the first workday. If a client refuses the intake/assessment/case planning it could mean immediate termination from the shelter.
25. Clients must strictly adhere to all stated rules, written and verbal. Violations may result in written reports to be placed in the client's file and after three violations a client could be terminated from the Access Center and Shelter for 3 to 10 days and/or permanently. Some violations will result in immediate termination from the programs (ex: substance use, violence, hitting/fighting with staff or clients).

26. Clients must work toward stabilization and take steps per a case plan to move toward transitional housing and other supportive services within 10 to 30 days of being in the Short-term Emergency Shelter.

Client Rights:

1. Clients have the right to exercise their personal freedoms, as long as they do not infringe on another person's rights, conflict with their case plan or violate any program rule, stated or implies.
2. Clients have the right to privacy. Therefore, they may expect that their cases will not be discussed with only not associated with this program and the client confidentiality will be respected within limits of the law.
3. Clients have the right to fair and respectful treatment from staff. Therefore, staff will act in a professional manner at all times. Sexual harassment will not be condoned nor tolerated.
4. Staff will not discriminate on the basis of client's race, color, national origin, ancestry, religion, age, gender, or sexual preference. Clients have the right to receive respectful, courteous professional services from all staff and volunteers.
5. Clients have the right to receive services in a facility that is clean and safe.



ATTACHMENT #17

DETAILED COST ESTIMATES FOR CAPITAL DEVELOPMENT ACTIVITIES**Basic format needed – Recreate to represent your project's costs.**
 Estimator's Name: Graig Halverson Profession: Estimate Manager
 Phone Number: 951-781-4949 Costs Good Until: _____

 Estimator's Signature:  Date Feb/ 18, 2005:
 License No.: 688023

Summarize the work and/or equipment items by activity (e.g., new construction, rehabilitation) using the project applicable industry standard categories. You may enhance the categories, as needed. Include all minimum required costs developed at the schematic level, e.g., engineering; architectural; legal; locality fees; estimate of contractor general requirements, overhead, and profit; line item construction costs; relocation costs; and off-site costs. **Indicate each development cost to be paid by EHAPCD by notating the line item "EHAPCD".** Totals listed on this form should match your Construction Funding Sources and Uses column totals starting on **Page 16-1**. After the loan award, competitive bidding is required to determine building contractor(s) and/or major equipment supplier(s). Note that the State prevailing wage law applies for all construction work paid for with EHAPCD funds.

A	B	C
Work or Equipment Item – Include quantity and unit cost, or number of hours and hourly cost.	Total Cost	Mark "EHAPCD" funded line items and amounts.
GENERAL REQUIREMENTS		
SITE WORK	21,900	
CONCRETE		
MASONRY		
METALS		
WOOD AND PLASTICS		
THERMAL AND MOISTURE CONTROL	97,000	
DOORS AND WINDOWS		
PLUMBING	104,000	
FINISHES		
SPECIALTIES	110,700	
BUILT-IN EQUIPMENT (see NOFA for eligible equipment)		
SPECIAL CONSTRUCTION - Parking Lot	24,000	
CONVEYING SYSTEMS		
MECHANICAL		
ELECTRICAL	105,450	
TOTAL (must match Construction Funding Sources and Uses, Total Project Costs, Page 16-3)	463,050	

DOCUMENT TRANSMITTAL FORM

TO: CITY CLERK'S OFFICE
FROM: CITY ATTORNEY'S OFFICE
DATE: 5/12/05



RUSH

CONTRACTOR/OTHER PARTY: PATH OF LIFE MINISTRIES

DOCUMENT DESCRIPTION/BID NO.: OPERATING AGREEMENT FOR HOMELESS SHELTER

X Approved by [City Council] [Agency] on
Anticipated [City Council] [Agency] future agenda of 5/17/05
No City Council action required

90-481

Insurance required:

No
Yes, as attached
X Yes, withhold execution until received

Bonds required:

X No
Yes, as attached
Yes, withhold execution until received

Type of Insurance required (unless waived by the Risk Manager):

X Commercial General Liability *11-5-05*
Auto *11-5-05*
X Professional Liability *11-5-05*
X Workers' Compensation *11-5-05*
X Other: Indemnification *attached*

Agreement date(s):

X City Council Approval Date:
Date City executes
Other:
Agreement expiration date:

5-25

Comments:

Department: City Manager

Contact person: Jim Smith

Approved as to form by: Kristi Smith

Date Approved as to Form: 5/12/05

CA #: 05-0738

cc: Purchasing Division
Originating Department: City Manager

*gave to
J. Smith
5-25*

*Dept Head of
Jim Smith
Dept Head of*

ACORD CERTIFICATE OF LIABILITY INSURANCE

VO. 1122
UP 10 BK
PATHO-1
P. 2/24/05
05/23/05

PRODUCER
Double Honor Insurance
Lic.# 0770743
PO Box 2274
Escondido CA 92033
Phone: 760-743-1030 Fax: 760-743-2010

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED

Path Of Life
3340 Durahart Street
Riverside CA 92507

INSURERS AFFORDING COVERAGE

INSURER A:	GuideOne Mutual	NAIC #
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR ADD'L LTR	INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC	1206008	11/05/04	11/05/05	EACH OCCURRENCE \$1000000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1000000 MED EXP (Any one person) \$10000 PERSONAL & ADV INJURY \$1000000 GENERAL AGGREGATE \$3000000 PRODUCTS - COMPROP AGG \$3000000
A		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS	1717465	11/05/04	11/05/05	COMBINED SINGLE LIMIT (Ea accident) \$1000000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	1206009	11/05/04	11/05/05	WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$1000000 E.L. DISEASE - EA EMPLOYEE \$1000000 E.L. DISEASE - POLICY LIMIT \$1000000
		OTHER				

APPROVED AS TO FORM

E. J. Wright 05/24/05
RISK MANAGER

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Evidence of Liability coverage for Homeless Emergency Shelter to include property, tenant improvements, programing, beds, meals, and case management throughout the policy period at 2840 Hulan Place, Riverside CA. Certificate Holder is Additional Insured. ten day notice of non-payment of premium applies.

CERTIFICATE HOLDER

City of Riverside, City Hall
and its officers & employees
Development Dept. 5th Floor
3900 Main Street
Riverside CA 92522

CITYORI

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Jim Ketring

destruction to personal property in the amount of at least \$500,000 as shall protect it from claims for damages which may arise from operations of PLM under this Agreement. Such property insurance policy shall be endorsed to name the City, its officers, employees and authorized volunteers as additional insureds and loss payee.

(c) Any deductibles applicable to the commercial general liability insurance purchased in compliance with this Section shall be approved by City Manager of City.

(d) Each policy required under this section shall be endorsed to state that coverage shall not be canceled or materially changed, except after 30 days' prior written notice has been given to City by certified or registered mail.

(e) All policies required under this Section shall be issued by insurance companies, authorized to transact liability insurance business in the State of California, and have a policy holders rating of B+ or higher and a financial class of at least VII, except as expressly approved by Risk Manager of City.

3.9 Workers' Compensation. By executing this Agreement, PLM certifies that it is aware of and will comply with Section 3700 of the Labor Code of the State of California requiring every employer to be insured against liability for workers' compensation, or to undertake self-insurance before commencing any of the work. PLM shall carry the insurance or provide for self-insurance required by California law to protect said PLM from claims under the Workers' Compensation Act. Prior to City's execution of this Agreement, PLM shall file with City either (1) a certificate of insurance showing that such insurance is in effect, or that PLM is self-insured for such coverage, or (2) a certified statement that PLM has no employees, and acknowledging that if PLM does employ any person, the necessary certificate of insurance will immediately be filed with City. Any certificate filed with City shall provide that City will be given ten (10) days prior written notice before modification or cancellation thereof.

3.10 Indemnification. Except as to sole negligence, or willful misconduct of City, PLM shall defend all loss, damage, claim for damage, liability, expense or cost, including attorney's fees, which arises out of or is in any way connected with the performance under this Agreement by PLM or any of the PLM's employees, agents, volunteers or subcontractors, notwithstanding that City may have benefitted from their services. This indemnification provision shall apply to any acts or omissions, willful misconduct or negligent conduct, whether active or passive, on the part of PLM, its employees, agents, volunteers or subcontractors. The parties expressly agree that any payment, attorney's fee, costs or expense City incurs or makes to or on behalf of an injured employee under the City's self-administered workers' compensation is included as a loss, expense or cost for the purposes of this Section, and that this Section shall survive the expiration or early termination of the Agreement.

3.11 Waiver. PLM hereby waives any and all rights to any types of express or implied indemnity against the City or its agents, officers and employees.

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

APPROVED AS TO FORM
G.M. height 85/05/05
[Signature]

SCANNED

MAY 05 2005

Finance/Risk Mgmt

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS	
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
13	
14	
15	
16	
17	
18	
19	
20	
21	
22	
23	
24	
25	
26	
27	
28	
29	
30	
31	
32	
33	
34	
35	
36	
37	
38	
39	
40	
41	
42	
43	
44	
45	
46	
47	
48	
49	
50	
51	
52	
53	
54	
55	
56	
57	
58	
59	
60	
61	
62	
63	
64	
65	
66	
67	
68	
69	
70	
71	
72	
73	
74	
75	
76	
77	
78	
79	
80	
81	
82	
83	
84	
85	
86	
87	
88	
89	
90	
91	
92	
93	
94	
95	
96	
97	
98	
99	
100	

Evidence of liability coverage for meals and sleep arrangements for the homeless at 2501 Fairmont st., Riverside, CA from Nov. 2004 thru April 2005 Certificate holder is additional insured. 10-day notice of non-payment of premium applies 10-day notice of non-payment of premium applies.

MAY 09 2005

CITY CLERK'S OFFICE
CITY CLERK'S OFFICE

ACORD 25 (2001/08)

PATHO-1

ADDITIONAL INSURED MANAGERS OR LESSORS OF PREMISES

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following: Policy # 1206008

Commercial Package Coverage Part: Path of Life

SCHEDULE

1. Designation of Premises (Part leased to you): 2501 Fairmont St., Riverside, CA
2. Named of person or organization (Additionally Insured): City of Riverside and its officers, and employees and agents
3. Additional premium: \$0.00

If no entry appears above, the information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.

Who is Insured: (Section II) is amended to include as an insured the person or organization shown in the Schedule but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased to you and shown in the Schedule and subject to the following additional exclusions:

This insurance does not apply to:

1. Any "occurrence" which takes place after you cease to be a tenant in that premises.
2. Structural alterations, new construction or demolition operations performed by or on behalf of the person or organization shown in the Schedule.

APPROVED AS TO FORM

Sam. Light 05/03/05
RISK MANAGER

SCANNED

MAY 05 2005

Finance/Risk Mgmt.

MAY 09 2005

CITY OF RIVERSIDE
CITY CLERK'S OFFICE