

HOME INVESTMENT PARTNERSHIPS LOAN AGREEMENT

by and between

CITY OF RIVERSIDE

and

RIVERSIDE SUPPORTIVE HOUSING, L.P.

(Oasis Senior Villas Project)

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HOME INVESTMENT PARTNERSHIPS LOAN AGREEMENT

(Oasis Senior Villas Project)

THIS HOME INVESTMENT PARTNERSHIPS LOAN AGREEMENT (“*Agreement*”) dated for identification purposes only as of _____, 2021, is made and entered into by and between the **CITY OF RIVERSIDE**, a California charter city and municipal corporation (“*City*”), and **RIVERSIDE SUPPORTIVE HOUSING, L.P.**, a California limited partnership (“*Borrower*”), DUNS NO. 118237753, with reference to the following:

RECITALS

The following Recitals are a substantive part of this Agreement. Capitalized terms used in these Recitals and not otherwise defined shall have the meaning set forth in Section 1.1.

A. The City is a municipal corporation, incorporated as a charter city under to the laws of the State of California. The City has adopted a Housing Element to its General Plan pursuant to Government Code Section 65580, *et seq.*, which sets forth the City’s policies, goals, and objectives to provide housing to all economic segments of the community.

B. The City has received Home Investment Partnerships Act funds from the United States Department of Housing and Urban Development (“**HUD**”) pursuant to the Cranston-Gonzales National Housing Act of 1990, as amended (“**HOME Funds**”). The HOME Funds must be used in accordance with the HOME Regulations in order to increase housing for very low and low-income households.

C. A Community of Friends, a California nonprofit public benefit corporation, organized under the Internal Revenue Code of 1986 at Section 501(c)(3), whose purpose is to acquire, construct, operate, and manage residential properties, is the sole member of the Borrower’s General Partner, Supportive Housing, LLC, a California limited liability company.

D. The Borrower owns and intends to develop certain real property located at 2340 Fourteenth Street in the City of Riverside, California and identified with Assessor’s Parcel Number 221-132-020 (“**Site**”) as depicted on the Site Plan (Attachment No. 1) and described in the Site Legal Description (Attachment No. 2), incorporated herein by this reference, to construct a multi-family, affordable housing project for seniors, consisting of approximately ninety-three (93) units, plus two (2) manager’s units, together with any improvements appurtenant thereto (“**Project**”).

E. The Borrower and the City desire to enter into this Agreement to allow the City to provide financial assistance to the Borrower for certain development costs in the form of a HOME Program loan in an amount not to exceed Two Million Dollars (\$2,000,000) for purpose of constructing forty (40) HOME-Assisted Units for occupancy by Very Low Income Senior Citizen Households, as permitted by and in accordance with the HOME Program.

F. The implementation of the Project pursuant to the terms and conditions of this Agreement are in the vital and best interest of the City and the health, safety and welfare of its residents, and in accord with the public purposes and provisions of applicable federal, State and local laws.

NOW, THEREFORE, the City and the Borrower hereby agree as follows:

1. DEFINITIONS

1.1. Defined Terms

As used in this Agreement, the following capitalized terms shall have the following meanings:

“Affordability Period” means the period commencing upon the recordation of the Release of Construction Covenants and terminating on the twentieth (20th) anniversary thereof.

“Affordable Rent” means, with respect to the HOME-Assisted Units, the amount of monthly rent, including a reasonable utility allowance, to be charged by the Borrower and paid by a tenant household which does not exceed for a Very Low Income Senior Citizen Household, the Low HOME Rent. For purposes of calculating Affordable Rent a “reasonable utility allowance” shall be the allowance established by the Housing Authority of the County of Riverside or such lesser allowance reasonably permitted by the City.

“Agreement” means this Home Investment Partnerships Loan Agreement, including all of the Attachments hereto, by and between the Parties.

“Borrower” means Riverside Supportive Housing, L.P., a California limited partnership, and any permitted successors and assigns pursuant to Section 2.2.

“Capital Replacement Reserve” is defined in Section 6.8.

“City” means the City of Riverside, a California charter city and municipal corporation.

“City Manager” means the City Manager of the City or his/her designated representative.

“Community Housing Development Organization” is defined in Section 92.2 of the HOME Regulations.

“Construction Contract” is defined in Section 5.1.7.

“Construction Loan” means the financing described in the Evidence of Financing referenced in Section 3.1 in such amounts as may be sufficient to construct the Project.

“Developer” means A Community of Friends, a California nonprofit public benefit corporation.

“Disbursement Request” is defined in Section 3.2.4.

“Effective Date” means the date upon which this Agreement is executed by the City Manager.

“Environmental Laws” means any and all present and future federal, state and local laws (whether under common law, statute, ordinance, rule, regulation or otherwise), court or administrative orders or decrees, requirements of permits issued with respect thereto, and other

requirements of governmental authorities relating to the environment or to any Hazardous Substance or Hazardous Substance Activity (including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601, *et seq.*), as heretofore or hereafter amended from time to time (“*CERCLA*”), and the applicable provisions of the California Health and Safety Code and the California Water Code, and any and all successor statutes and regulations, orders, decrees, guidelines, or pronouncements promulgated thereunder.

“*Event of Default*” means the failure of a party to perform any action or covenant required by this Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 8.1.

“*Evidence of Financing*” is defined in Section 3.1

“*General Contractor*” is defined in Section 5.1.7.

“*General Partner*” means Supportive Housing LLC, a California limited liability company, its successors and assigns, whose sole member and manager is A Community of Friends, a California nonprofit public benefit corporation.

“*Governmental Regulations*” means any applicable local, state, and federal laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, environmental, labor relations, prevailing wage, notification of sale to employees, Hazardous Substance, occupational health and safety, water, earthquake hazard reduction and building and fire codes) bearing on the demolition, alteration, replacement, repair, refurbishing, improvement, construction, maintenance, management, use, or operation of the Project.

“*Hazardous Substance*” means (i) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101), as amended from time to time, or now or hereafter otherwise classified or regulated pursuant to any Environmental Laws as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, “toxic substance”, “toxic pollutant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or “EP toxicity”, (ii) any asbestos or asbestos containing material, (iii) any polychlorinated biphenyls (PCB’s), (iv) any ureaformaldehyde, and (v) any petroleum, natural gas, natural gas liquid, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources. Materials of a type and quantity normally used in the construction, operation or maintenance of developments similar to the Project will not be deemed “Hazardous Substances” for the purposes of this Agreement if used in compliance with applicable Environmental Laws.

“*Hazardous Substance Activity*” means any actual, proposed or threatened storage, holding, existence or suspected existence, release or suspected release, emission, discharge, generation, processing, abatement, removal, disposition, treatment, handling or transportation of any Hazardous Substance from, under, into, on, above, around or across the Site or surrounding

property or any other use of or operation on the Site or the surrounding property that creates a risk of Hazardous Substance contamination of the Site.

“HOME-Assisted Units” means the forty (40) units to be constructed on the Site to be restricted to Very Low Income Senior Citizen Households for which all HOME Regulations apply, including without limitation, Affordable Rent, and HOME occupancy and monitoring requirements. Pursuant to Section 92.252(j) of the HOME Regulations, the HOME-Assisted Units shall be a “floating” designation such that the requirements of this Agreement will be satisfied so long as the total number of HOME-Assisted Units remains the same throughout the Affordability Period and each substituted HOME-Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME-Assisted Units.

“HOME Deed of Trust” means the Deed of Trust, Fixture Filing and Assignment of Rents in substantially the form attached as Attachment No. 7 to be executed by the Borrower as Trustor, in favor of the City, as Beneficiary, and to be recorded as a lien against the Site securing the HOME Loan in accordance with the terms and conditions of this Agreement.

“HOME Loan” means the loan of HOME Program funds set aside for affordable housing activities to the Developer in an amount not to exceed Two Million Dollars (\$2,000,000).

“HOME Loan Documents” means the following documents evidencing the HOME Loan and required as consideration for the City to make the HOME Loan: (i) the HOME Promissory Note; (ii) the HOME Deed of Trust; (iii) the HOME Regulatory Agreement; and (iv) this Agreement.

“HOME Loan Proceeds” is defined in Section 3.2.4.

“HOME Program” means the HOME Investment Partnerships Act, 42 U.S.C. Section 12701, *et seq.* and the implementing HOME Regulations as such now exist and as may hereafter be amended.

“HOME Promissory Note” means the promissory note evidencing the HOME Loan in substantially the form shown in Attachment No. 6 hereto.

“HOME Regulations” mean the implementing regulations of the HOME Program set forth at 24 CFR 92.1, *et seq.* as such now exist and as may hereafter be amended.

“HOME Regulatory Agreement” means the Regulatory Agreement (HOME) in the form attached hereto as Attachment No. 8 that provides affordability restrictions for a period of not less than fifty-five (55) years as required under the HOME Regulations.

“HOME Release of Construction Covenants” means the document which evidences the Developer’s satisfactory completion of the development of the Site, as set forth in Section 5.1.11, in substantially the form of Attachment No. 10.

“Housing Project Manager” means that person designated by the City Manager to manage affordable housing projects within the City of Riverside.

“HUD” means the United States Department of Housing and Urban Development.

“Low HOME Rent” means tenant paid rent that is in accordance with Section 92.252(b) of the HOME regulations.

“Management Plan” means the plan for the management of the Project to be submitted by the Developer and approved by the City, as set forth in Section 6.7.2.

“Notice” means a notice in the form prescribed by Section 9.1.

“Operating Reserve” is defined in Section 6.9. **“Parties”** means the City and the Developer; **“Party”** means the City or the Developer.

“Permitted Health Care Resident” is defined in California Civil Code § 51.11, as may be amended.

“Predevelopment Costs” means, consistent with those costs permitted by Section 92.206(a) of the HOME Regulations, the following: (i) costs incurred in connection with the plans and specifications and construction documents for the Project including, without limitation, all architectural, engineering, and other professionals’ fees relating thereto, (ii) costs from obtaining construction permits, and (iii) costs related to obtaining entitlements and satisfying the legal requirements for the Project together with any other development approvals and permits necessary to pursue the Project, including, architectural, engineering, and professionals’ fees relating thereto.

“Project” is defined in Recital D.

“Project Budget” is attached hereto as Attachment 5.

“Project Costs” means the Developer’s construction expenses consistent with those permitted by Section 92.206(a) of the HOME Regulations which are customarily incurred and shall have been actually incurred by the Developer for the development of the Project and shall include: (i) construction costs, such as supervision, materials, supplies, labor, tools, equipment, transportation or other facilities furnished, used, or consumed in connection with the building of the Project, and (ii) Predevelopment Costs; provided, however, that payment to parties related to the Developer for Project Costs must not exceed reasonable and customary market rates.

“Project Description” means the scope of work for the Project set forth in Attachment No. 3.

“Property Manager” means the manager of the Project, as set forth in Section 6.7.1.

“Qualified Household” means a Very Low Income Senior Citizen Household.

“Qualified Permanent Resident” is defined in California Civil Code § 51.11, as may be amended.

“Qualifying Resident” is defined in California Civil Code § 51.11, as may be amended.

“Qualified Tenant” means those individuals in a Qualified Household who meet all of the following requirements:

a. Upon execution of a lease with the Borrower each member of the household will occupy the HOME-Assisted Unit as his or her principal residence, and each member intends thereafter continuously to occupy such HOME-Assisted Unit as his or her principal residence.

b. The household is qualified under the HOME Regulations and is a Very Low Income Senior Citizen Household.

c. The household has been selected in accordance with the Management Plan.

“Rent Schedule” means the schedule showing the Affordable Rent of each of the HOME-Assisted Units as of the Effective Date attached hereto as Attachment No. 9.

“Request for Notice of Default” means a request for notice of default to be recorded in accordance with Section 3.2.3 against the Site substantially in the form shown in Attachment No. 11.

“Schedule of Performance” means that certain Schedule of Performance attached hereto as Attachment No. 4, setting out the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished. The Schedule of Performance is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City. The City authorizes the City Manager to make such revisions to the Schedule of Performance as he/she deems reasonably necessary to effectuate the purposes of this Agreement.

“Section 3 Clause” means and refers to Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, as amended. For purposes of this Section 3 Clause and compliance thereto, whenever the word “contractor” is used it shall mean and include, as applicable, the Developer, contractor(s), and subcontractor(s). The particular text to be utilized in (a) any and all contracts of any contractor doing work covered by Section 3 entered into on or after the Effective Date and (b) notices to contractors doing work covered by Section 3 pursuant to contracts entered into prior to the Effective Date shall be in substantially the form of the following, as reasonably determined by the City, or as directed by HUD or its representative, and shall be executed by the applicable contractor under penalty of perjury:

(i) “The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low and very low income persons [inclusive of Very Low Income Persons, Very Low Income Senior Citizen Households, and Very Low Income Tenants served by the Project], particularly persons who are recipients of HUD assistance for housing.

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

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

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

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

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

(vii) With respect to work performed in connection with Section 3 covered Indian Housing assistance, Section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible, (a) preference and opportunities for training and employment shall be given to Indians, and (b) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and Section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with Section 7(b).

“Senior Citizen Household” means a household whose head, spouse, or sole member is a Qualifying Resident and every other member is a Qualified Permanent Resident or Permitted Health Care Resident, in accordance with this Agreement and all applicable federal and state laws governing the use and occupancy of the Project (including, without limitation, the Unruh Civil Rights Act, § 51 *et seq.* of the California Civil Code, and the Federal Fair Housing Act, 42 USC § 3607 *et seq.*).

“Site” means that certain real property referenced in Recital D above as delineated on the Site Plan (Attachment No. 1) and more particularly described in the Site Legal Description (Attachment No. 2).

“Site Legal Description” means the description of the Site which is attached hereto as Attachment No. 2.

“Site Plan” means the map of the Site and the proposed Project is attached hereto as Attachment No. 1.

“Tax Credit Regulatory Agreement” means the regulatory agreement which may be required to be recorded against the Site by TCAC with respect to the issuance of Tax Credits.

“Tax Credit Rules” means Section 42 of the Internal Revenue Code of 1986, as amended, and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, *et seq.*, and the rules and regulations promulgated by the United States Treasury and TCAC, as the case may be, implementing the foregoing.

“Tax Credits” means Low Income Housing Tax Credits granted pursuant to Section 42 of the Internal Revenue Code and/or California Revenue and Taxation Code Sections 17057.5, 17058, 23610.4 and 23610.5 and California Health and Safety Code Section 50199, *et seq.*

“TCAC” means the California Tax Credit Allocation Committee.

“Title Company” means Commonwealth Land Title Company, a California corporation, or other qualified title company approved in writing by the Parties.

“Unit” or **“Units”** means the individual dwelling units within the Project to be constructed and operated by the Developer on the Site, in accordance with the terms and conditions of this Agreement.

“Very Low Income” means a household with total annual household incomes certified to be at or below 50% of the Area Median Income for Riverside County, according to data published by HUD annually. Annual household income is defined in regulations at 24 CFR 5.609 and shall be calculated using source documents or third party certifications of all income and assets held or generated by all members of the applicant or tenant household, in accordance with regulations published at 24 CFR 5.203(a)(1)(i) and 24CFR 92.203(a)(1)(i), or 24 CFR 5.617 when calculating the income of persons with disabilities.

1.2. Singular and Plural Terms

Any defined term used in the plural herein shall refer to all members of the relevant class and any defined term used in the singular shall refer to any number of the members of the relevant class.

1.3. Accounting Principles

Any accounting term used and not specifically defined herein shall be construed in conformity with, and all financial data required to be submitted herein shall be prepared in conformity with, generally accepted accounting principles applied on a consistent basis or in

accordance with such other principles or methods as are reasonably acceptable to the City Manager.

1.4. References and Other Terms

Any reference to any document shall include such document both as originally executed and as it may from time to time be modified. References herein to Sections and Attachments shall be construed as references to this Agreement unless a different document is named. References to subparagraphs shall be construed as references to the same Section in which the reference appears. The term “document” is used in its broadest sense and encompasses agreements, certificates, opinions, consents, instruments and other written material of every kind. The terms “including” and “include” mean “including (include), without limitation.”

1.5. Attachments Incorporated

All attachments to this Agreement, as now existing and as the same may from time to time be modified, are incorporated herein by this reference.

2. REPRESENTATIONS AND TRANSFERS

2.1. Representations by Borrower

The Borrower hereby represents and warrants to the City as follows:

2.1.1. Organization

The Borrower is a duly organized, validly existing limited partnership in good standing under the laws of the State of California and has the power and authority to own and lease property and carry on its business as now being conducted. The copies of the documents evidencing the organization of the Borrower delivered to the City are true and correct copies of the originals as of the Effective Date.

2.1.2. Authority

The Borrower has the legal power, right, and authority to execute, deliver, and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by the Borrower in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement are authorized to execute and deliver the same on behalf of the Borrower and all actions required under the Borrower’s organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

2.1.3. Valid Binding Agreements

This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute or, if not yet

executed or delivered, will constitute when so executed and delivered, legal, valid and binding obligations of the Borrower enforceable against it in accordance with their respective terms.

2.1.4. Contingent Obligations

The Borrower does not have any material contingent obligations or any material contractual agreements (other than in connection with the development of the Project) which could materially adversely affect the ability of the Borrower to carry out its obligations hereunder.

2.1.5. Litigation

To the Borrower's best knowledge, no action, suit or proceedings are pending or threatened before any governmental department, commission, board, bureau, agency or instrumentality to which the Borrower is or may be made a party or to which any of its property is or may become subject, which has not been disclosed to the City which could materially adversely affect the ability of the Borrower to carry out its obligations hereunder.

2.1.6. No Conflict

The Borrower's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not 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 the Borrower, or any provision of the organizational documents of the Borrower, or will conflict with or constitute a breach of or a default under any agreement to which the Borrower is a party, or will result in the creation or imposition of any lien upon any assets or property of the Borrower, other than liens established pursuant hereto.

2.1.7. No Borrower Bankruptcy

No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings are pending or, to the best of the Borrower's knowledge, threatened against the Borrower or any parties affiliated with the Borrower, nor are any of such proceedings contemplated by the Borrower or any parties affiliated with the Borrower.

Each of the foregoing representations shall be deemed to be an ongoing representation and warranty. The Borrower shall advise the City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing representations.

2.2. Limitation Upon Change in Ownership, Management and Control of Borrower

2.2.1. Prohibition

The identity and qualifications of the Developer as an experienced and successful developer and operator/manager of affordable housing are of particular concern to the City. It is because of this identity and these qualifications that the City has entered into this Agreement with the Borrower. Prior to the expiration of the Affordability Period, no voluntary or involuntary successor in interest of the Borrower shall acquire any rights or powers under this

Agreement by assignment or otherwise, nor shall the Borrower make any total or partial sale, transfer, conveyance, encumbrance to secure financing (including, without limitation, the grant of a deed of trust to secure funds necessary for construction and permanent financing of the Project), distribution, assignment or lease of the whole or any part of the Site or any material change in the management or control of the Borrower without the prior written approval of the City, except as expressly set forth herein. Any purported transfer, voluntary or by operation of law, in violation of this Section 2.2 shall constitute a default hereunder and shall be void and the City shall have the cumulative options to terminate this Agreement and to seek all remedies available at law or equity.

2.2.2. Permitted Transfers by Borrower

Notwithstanding any other provision of this Agreement to the contrary, the City approval of an assignment of this Agreement or conveyance of the Site or any part thereof shall not be required in connection with any of the following:

- i. the conveyance or dedication of any portion of the Site to the City or other appropriate governmental agencies, or the granting of easements or permits to public utilities to facilitate the development of the Project;
- ii. subject to the restrictions of Section 6.2 hereof and as set forth in the HOME Regulatory Agreement, the rental of the HOME-Assisted Units to Very Low Income Senior Citizen Households;
- iii. any requested assignment for financing purposes (subject to such financing being considered and approved by the City pursuant to Section 2.2 herein), including the grant of a deed of trust to secure funds necessary for construction and permanent financing of the Project;
- v. grants of easements required for construction of the Project;
- vi. the execution of a purchase option agreement and a right of first refusal agreement and the transfer under such agreement to A Community of Friends or an affiliate thereof;
- vii. the transfer of the limited partner interest of Borrower; or
- viii. the removal and replacement of the general partner of Borrower by the limited partner of Borrower in accordance with Borrower's limited partnership agreement.

2.2.3. City Consideration of Requested Transfer

Except for a transfer permitted pursuant to Section 2.2.2, the Borrower shall provide the City with thirty (30) calendar days' prior written notice of its intent to assign or transfer and shall request any approval sought for such assignment or transfer described in Section 2.2.1 above. Such notice shall be accompanied by evidence regarding the proposed assignee's or purchaser's development, operation and management qualifications and experience and its financial commitments and resources sufficient to enable the City to evaluate the proposed assignee or purchaser is qualified and capable to perform the Borrower's obligations pursuant to this Agreement.

Within thirty (30) calendar days, or, if council approval is required, forty-five (45) calendar days, after the receipt of the Borrower's written request for the City approval of an assignment or transfer pursuant to this Section 2.2.3, the City shall respond in writing either approving the proposed assignee or transferee or requesting further information required by the City in order to determine whether or not to grant the requested approval. Upon receipt of such a request for further information, the Borrower shall promptly furnish to the City such requested information.

An assignment or transfer approved by the City pursuant to this Section 2.2.3 shall not be effective unless and until the proposed assignee or transferee executes and delivers to the City an agreement in form reasonably satisfactory to the City's legal counsel assuming the obligations of the Borrower under the HOME Loan Documents. Thereafter, the assignor shall remain responsible to the City for performance of the obligations assumed by the assignee unless the City releases the assignor in writing.

2.2.4. Successors and Assigns

All of the terms, covenants and conditions of this Agreement shall be binding upon the Borrower and the permitted successors and assigns of the Borrower.

3. **FINANCING**

3.1. Sources of Financing

The Parties anticipate that Project Costs shall be paid with the HOME Loan and such other sources as set forth in this Section 3.

As a condition precedent to the City's obligation to disburse the HOME Loan Proceeds, the Borrower shall submit to the City Manager evidence that the Borrower has obtained, or will obtain prior to the Closing, sufficient commitments for (a) financing the completion of the Project or (b) equity capital for completion of the Project, such that the City Manager is reasonably satisfied based upon the review and findings of the City's financial consultant that the Project can be constructed and operated in accordance with this Agreement, that the City is not investing any more HOME funds than are necessary for the Project, and that the Developer's profit or return on investment is appropriate and reasonable given the size, type, and complexity of the Project. Such evidence (collectively, "*Evidence of Financing*") shall include, at a minimum:

i. If the Project is financed by a third-party lender, final construction loan documents along with evidence reasonably satisfactory to the City Manager that the lender intends to execute the same and provide an initial funding on the Closing. Any such agreement shall provide for notice of default to the City, and the right to cure required by Section 3.2.3.

ii. Evidence of such other loans or grants as may be required to pay (i) the amount of the "Construction Contract" (as defined in Section 5.1.7 below) for the Project, plus (ii) an amount equal to all consultant and loan fees, points, commissions, bond issuance costs, charges, furnishings, fixtures, taxes, interest, start-up costs, the Developer's overhead and administration, and other costs and expenses of developing and completing the Project.

iii. A copy of the most recently prepared Annual Financial Statement for the Developer.

A final Project Budget and Evidence of Financing, including the amount of tax credit equity to be contributed, and such evidence as may be reasonably required to satisfy the City Manager that (a) the Borrower has obtained sufficient financing to construct and operate the Project during the Affordability Period, (b) that the interest rate to be charged on any financing is commercially reasonable, and (c) that the Project is financially feasible and able to meet its financial obligations as required hereby and by any other agreements binding upon the Project, and in accordance with the Project Budget.

3.2. HOME Loan

The City hereby agrees to loan to the Borrower and the Borrower hereby agrees to borrow the HOME Loan in an amount not to exceed Two Million Dollars (\$2,000,000) from the City pursuant to the terms and conditions of the HOME Loan Documents.

3.2.1. Funding

The City shall make the HOME Loan to the Borrower from available funds allocated to the City pursuant to the HOME Program and such other funds as reasonably determined by the City in its sole and absolute discretion. The HOME Loan shall be made in accordance with and subject to the terms and conditions set forth in the HOME Promissory Note, the HOME Deed of Trust, and the Agreement.

3.2.2. Security for HOME Loan; Nonrecourse Obligation After Completion of Construction

HOME Loan shall be evidenced by the HOME Promissory Note and shall be secured by the HOME Deed of Trust. Following the recordation of the HOME Release of Construction Covenants, the HOME Loan shall constitute a nonrecourse obligation of the Borrower such that the City shall resort only to the Site for repayment in the Event of Default by the Borrower and the Borrower shall have no further liability for repayment in the event the Site or portion thereof is foreclosed upon. Notwithstanding anything to the contrary herein, in no case shall the Borrower's limited partners have any personal liability hereunder or under any of the other HOME Loan Documents or be compelled to contribute additional capital to Borrower.

3.2.3. Subordination

The City agrees to consider in good faith any other reasonable request by the Borrower for subordination of the HOME Deed of Trust to other loans obtained by the Borrower pursuant to Section 3 where the City's interests are protected and secured. A Request for Notice of Default shall be recorded in the official records of Riverside County concurrent with any documents evidencing the subordination of the HOME Loan.

The HOME Regulatory Agreement shall not be subordinate to any other interest unless the City approves such subordination in writing, based upon evidence submitted by the Borrower and/or lender that an economically feasible alternative method of financing on substantially comparable terms and conditions, but without subordination, is not reasonably available.

The subordination by the City pursuant to this Section 3.2.3 shall be made in accordance with a subordination agreement in the form and substance reasonably approved by

the City's legal counsel which agreement shall include written commitments reasonably designed to protect the City's investment and covenants in the event of default, including, but not limited to, reasonable notice and cure rights ("**Subordination Agreement**").

3.2.4. Disbursement of HOME Loan Proceeds

The proceeds of the HOME Loan ("**HOME Loan Proceeds**") shall be used for Project Costs as approved by the City.

Upon satisfaction of the conditions precedent to the disbursement of the HOME Loan Proceeds set forth in Section 4, *et seq.*, the proceeds shall be disbursed to the Borrower not later than thirty (30) calendar days after receipt by the Housing Project Manager of a written disbursement request from the Borrower (each, "**Disbursement Request**"). The Disbursement Request shall (a) set forth the amount of the requested disbursement of the HOME Loan Proceeds specifically identify the nature of each expense for which the HOME Loan Proceeds are being requested, by reference to items in the approved final Project Budget and Construction Contract, (b) identify the percentage of the Project that has been completed as of the date of the Disbursement Request, and (c) certify that all applicable conditions precedent to disbursement of the HOME Loan Proceeds set forth in Section 4, *et seq.* have been and remain satisfied and that no Event of Default has occurred and is continuing under this Agreement. The City shall use commercially reasonable efforts to wire transfer such disbursements when requested by the Borrower. All disbursements of the HOME Loan Proceeds shall be recorded by the Housing Project Manager and acknowledged by the Borrower.

3.2.4.1. Retention

Except as provided herein, as to each Disbursement Request made to the City for Project Costs, disbursements of HOME Loan Proceeds shall be made for such item in the amount of ninety percent (90%) of the costs for such item properly incurred and substantiated by the Borrower during the course of the Project. Upon satisfaction of the conditions set forth in Section 4.1, the City shall disburse HOME Loan Proceeds in the amount of Ninety Percent (90%) of each Disbursement Request for Project Costs, provided, however, that the amounts so retained on account of rough grading, wet and dry utilities, concrete foundations, and framing shall be released on a trade by trade basis, so long as (a) the construction of the trade improvements has been completed substantially in accordance with the Development Plans and has been fully paid for and is lien free, and (b) all work requiring inspection or certification by any governmental agency has been completed and all requisite certificates, approvals and other necessary authorizations have been obtained.

Notwithstanding the foregoing, as to each Disbursement Request made to the City for the Predevelopment Costs, disbursements of the HOME Loan Proceeds shall be made for such item in the amount of one-hundred percent (100%) of the costs for such item properly incurred and substantiated by the Borrower during the course of the Project.

3.3. Tax Credits

The Borrower received an award from TCAC of Tax Credits pursuant to Section 42 of the Internal Revenue Code of 1986, as amended and/or California Revenue and Taxation Code Sections 17057.5, 17058, 17508, 23610.4 and 23610.5 and California Health and Safety

Code Section 50199, *et seq.* for the Project. The Borrower anticipates the Tax Credits syndication proceeds will be in an approximate amount set forth in the Project Budget. The Parties acknowledge that in order to receive the allocation of Tax Credits for the Project, the Borrower must satisfy certain conditions established by TCAC and must subject the Site to certain covenants and restrictions pursuant thereto as set forth in that Tax Credit Regulatory Agreement to be recorded against the Site.

3.4. Permanent Loan

The Parties acknowledge that the Construction Loan is anticipated to convert to a permanent loan on this Project ("**Permanent Loan**") in the anticipated amount of up to Five Million Four Thousand Dollars (\$5,004,000).

3.5. Construction Loan

The Borrower expects to obtain a commitment for a construction loan ("**Construction Loan**") in the amount of Twenty-Eight Million Six Hundred Thirty-Five Thousand Three Hundred Forty-Six Dollars (\$28,635,346).

3.6. Borrower Financing

In the event that additional Borrower financing is utilized, interest and fees shall not exceed reasonable and customary interest and fees for similar commercial loans.

3.7. Rights of Termination in the Event of Insufficiency of Funds

If at any time prior to the funding of the Construction Loan and recordation of the Construction Loan documents, the Parties estimate that the aggregate amount of the sources of funds set forth in Section 3, *et seq.*, is less than the Project Costs necessary to complete the Project, the Parties shall meet to identify potential supplemental funding sources and shall diligently pursue such additional funds.

So long as the Borrower demonstrates to the satisfaction of the City Manager that the Borrower is diligently pursuing additional funds to complete the Project, times for performance as set forth in the Schedule of Performance shall automatically extend up to twelve (12) months ("**Extension Period**"). During the Extension Period, the Borrower shall continue to maintain the Site in accordance with the requirements of this Agreement.

In the event the Parties are unsuccessful in securing additional funds necessary for the Project, the Parties shall meet and confer in good faith to modify the Project to allow partial completion with available funding sources. If the Parties reasonably determine that modification and partial completion of the Project renders the Project financially infeasible, the Borrower may request that the City provide additional funding for completion of the Project.

The City shall have forty-five (45) calendar days to consider and act upon such additional funding request. In the event that the City declines to provide a firm commitment by way of formal resolution to commit the necessary additional funds, the Borrower may terminate this Agreement.

In the event that the Borrower desires to terminate the Agreement, the Borrower shall promptly notify the City in writing of its intent. Notwithstanding the foregoing, the Borrower's indemnification obligations under this Agreement shall remain in force following such termination with respect to any events occurring or claims accruing prior to the date of termination.

After the funding of the Construction Loan and the HOME Loan and recordation of the liens thereto, the Borrower shall be solely responsible for all remaining Project Costs and shall be obligated to complete the Project substantially in accordance with this Agreement.

3.8. Obligation to Update Project Budget

The Borrower shall update the Project Budget in the event of a proposed material change to the Project Budget that results in an increase or decrease in excess of Fifty Thousand Dollars (\$50,000). In the event of a proposed material change to the Project Budget that results in an increase or decrease in excess of Fifty Thousand Dollars (\$50,000), the Borrower shall notify the City in writing of the nature of the proposed change, including a detailed description of the effect of such change, and submit a revised, pro forma Project Budget reflecting such change to the City. The City shall have the right to approve such change prior to the Borrower taking any action in furtherance of such change.

4. **HOME LOAN DISBURSEMENTS/CONDITIONS PRECEDENT**

4.1. Conditions Precedent to Disbursement of HOME Loan Proceeds

All disbursements of HOME Loan Proceeds shall be recorded by the Housing Project Manager and acknowledged by the Borrower on "Exhibit 'A'" to the HOME Promissory Note. The City shall authorize the disbursement of HOME Loan Proceeds to or on behalf of the Borrower for Project Costs only upon satisfaction of the conditions precedent set forth in Section 4, *et seq.*

4.1.1. Execution and Delivery of HOME Loan Documents

The Borrower shall have executed and delivered to the City this Agreement, the HOME Regulatory Agreement, the HOME Promissory Note, and the HOME Deed of Trust.

4.1.2. Recordation and Priority of HOME Regulatory Agreement

The HOME Regulatory Agreement shall be executed and recorded as a lien against the Site before the liens of the HOME Loan and shall be subordinate only to those liens permitted pursuant to Section 3.2.3.

4.1.3. Recordation of the City Deed of Trust

The HOME Deed of Trust shall have been recorded as a lien against the Site and subordinate only to those liens permitted pursuant to Section 3.2.3.

4.1.4. Title Policy

Concurrently with the recordation of the HOME Deed of Trust, the Title Company shall issue and deliver to the City a standard ALTA lender's policies of title insurance in an amount equal to the HOME Loan, together with such endorsements as requested by the City,

insuring that a fee simple interest in the Site is vested in the Borrower identified in the HOME Deed of Trust or its affiliated entity and that the priority of the HOME Deed of Trust and the HOME Regulatory Agreement are consistent with Section 4.1.2 and Section 4.1.3. The Title Company shall provide the Borrower with copies of such title policy. The Title Company shall, if requested by either the City, provide any extended coverage and any endorsements reasonably requested by the City (collectively, “*Additional Endorsements*”). The Borrower shall pay the cost of such title policies.

4.1.5. Valid Interest

The Borrower shall have a good and valid fee simple interest, and except as expressly provided for herein, there will 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, the deeds of trust approved by the City and any other matters approved in writing by the City in its reasonable discretion.

4.1.6. Evidence of Financing; Analysis

Parties acknowledge that the City is required to undertake a subsidy layering and underwriting analysis of the Project to ensure that the City does not invest any more HOME funds than are necessary to the Project and to ensure that the Developer’s profit or return on investment is appropriate and reasonable, given the size, type, and complexity of the Project. HOME funds shall not be committed until the City Manager, or his designee, has approved the Evidence of Financing and subsidy layering and underwriting analysis in accordance with Section 3.1.

4.1.7. Evidence of Insurance

The Borrower shall have furnished the City with proper evidence of insurance as required by Section 5.2.

4.1.8. Construction Contracts

The Borrower shall have submitted to the City and the City shall have approved the Construction Contract entered into in connection with the development of the Project.

4.1.9. Construction Bonds; Completion Guaranty

Construction Bonds and Completion Guaranties are not required for this Project.

4.1.10. Environmental Compliance

All Governmental Requirements including all Environmental Laws applicable to the Project, including without limitation, the National Environmental Policy Act of 1969, Public Law 91-190 as amended, 42 U.S.C. Sections 4321-4347, the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.*, and §92.352 and 92.355 of the HOME Regulations, shall have been satisfied if and to the extent such satisfaction is required prior to disbursement of HOME Loan Proceeds. The City shall have conducted its environmental review in accordance with 24 CFR Part 58 before any HOME Loan Proceeds are released to the Borrower.

4.1.11. Evidence of Eligible Project Costs

The Borrower shall have submitted to the City paid invoices, receipts, canceled checks or other written documentation reasonably satisfactory to the City Manager, or his designee, evidencing the Borrower's expenditure for Project Costs. The Borrower shall have submitted a written request for payment to the City in the form of the Disbursement Request as provided in Section 3.2.4.

4.1.12. Inspection of Work

The City or its agent(s) shall have inspected the work for which the Disbursement Request is being requested and shall have determined, within seven (7) business days of receipt of a complete Disbursement Request that (a) such work has been completed substantially in accordance with this Agreement, the Project Description, and the approved Development Plans, (b) the amount requested for each line item corresponds to the percentage of work completed for such item, (c) there are adequate funds remaining from the HOME Loan Proceeds (and other approved funding sources, if applicable) to complete the development and pay all remaining unpaid Project Costs, (d) the development work for which payment is being requested has been completed in a good and workmanlike manner in accordance with the standards of the construction industry, and (e) the expenses are in accordance with the approved final Project Budget and Construction Contract (including approved change orders).

4.1.13. No Default

There shall exist no condition, event or act which would constitute an Event of Default by the Borrower (as defined in Section 8.1) hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default by the Borrower.

4.1.14. Representations and Warranties

All representations and warranties of the Borrower herein contained shall be true and correct in all material respects.

4.2. Conditions Precedent to Disbursement of Retention

Upon satisfaction or waiver of the conditions precedent set forth below, as reasonably determined by the City Manager, the City shall disburse the retention withheld pursuant to Section 3.2.4.1 ("**Retention**").

No disbursement of the HOME Loan Proceeds shall be made for the Retention until all of the following conditions precedent have been satisfied (as determined by the City in its discretion) or waived:

4.2.1. Compliance With Previous Conditions

The Borrower shall be in compliance with the conditions precedent to disbursement of the HOME Loan Proceeds set forth in Section 4.1.

4.2.2. Completion of Construction

- a. The construction of the Project shall be complete. The construction

of the Project shall be considered complete for purposes of this Agreement only when (a) the construction of the Improvements has been completed substantially in accordance with the Plans and has been fully paid for, or will be fully paid for upon reimbursement of the retention and is lien free, (b) all work requiring inspection or certification by any governmental agency has been completed and all requisite certificates, approvals and other necessary authorizations have been obtained (including, without limitation, temporary certificate(s) of occupancy for the Improvements which shall be subject only to conditions reasonably acceptable to the City), and (c) streets and offsite utilities located within or pertaining to the Project have been completed to the satisfaction of all applicable authorities.

- b. Any portion of the Project requiring inspection or certification by any governmental agency shall have been inspected and certified as complete, a final certificate of occupancy shall have been issued covering the Project and all other necessary approvals, licenses, exemptions and other authorizations of governmental agencies shall have been duly obtained.
- c. At least one of the following shall have occurred:
 - (i) Thirty-Five (35) calendar days shall have passed since the recording of a valid notice of completion for the construction of the Project and no mechanic's or materialman's lien shall be outstanding; or
 - (ii) Ninety-five (95) calendar days shall have passed since actual completion of the construction of the Project and no mechanic's or materialman's lien shall be outstanding; or
 - (iii) The City shall be satisfied that no mechanic's or materialman's lien will impair its interest in the Site, the City hereby agrees to consider that a CLTA Form No. 101.1 Endorsement to the Title Policy, in form and substance reasonably satisfactory to the City, may satisfy the requirement of this subparagraph (iii).
- d. The City shall be reasonably satisfied that the Project was completed in accordance with all applicable Governmental Regulations in all material respects, including, without limitation, all laws described in any Prevailing Wage Clause.
- e. All requirements for release of retention set forth in this Agreement have been met.
- f. The City has issued and the Borrower has recorded a Release of Construction Covenants.

4.3. Conditions Precedent to Borrower's Commencement of the Development

The Borrower shall only commence development of the Site upon the prior satisfaction by the Borrower or waiver by the City of the following conditions precedent, each of which, if it requires action by the Borrower, shall also be a covenant of the Borrower:

4.3.1. Approved Final Project Budget

The Borrower shall have submitted to the City for its approval an updated and final pro forma and detailed final Project Budget for the development (consistent with the Project Description), and the City shall have approved the final Project Budget in the City's reasonable discretion. The use of the HOME Loan Proceeds shall be consistent with the approved final Project Budget.

4.3.2. Recordation

The City shall have recorded or confirmed the recordation (if previously recorded) of the HOME Regulatory Agreement and the HOME Deed of Trust.

4.3.3. Environmental Compliance

All Governmental Requirements including all Environmental Laws applicable to the Project, including without limitation, the National Environmental Policy Act of 1969, Public Law 91-190 as amended, 42 U.S.C. Sections 4321-4347, the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.*, and §92.352 and 92.355 of the HOME Regulations, shall have been satisfied if and to the extent such satisfaction is required prior to disbursement of the HOME Loan Proceeds. The City shall have conducted its environmental review in accordance with 24 CFR Part 58 before any HOME Loan Proceeds are released to the Borrower.

4.3.4. Environmental Condition

The environmental condition of the Site shall be reasonably acceptable to the Borrower.

4.3.5. Management Plan

The Borrower shall have submitted to the City, and the City shall have approved, the Management Plan for the Project, including without limitation, the tenant selection criteria hereinafter described.

4.3.6. Approval of Development Plans, Construction Contract, and General Contractor

The City shall have approved the Development Plans for the Site prepared and submitted by the Borrower as being in substantial conformity with the Project Description, this Agreement, and the City of Riverside Municipal Code ("*Riverside Municipal Code*"), all pursuant to the City's procedures set forth in more detail in Section 5.1. In addition, the Borrower shall have submitted to the City detailed information regarding its methodology for the abatement of asbestos, lead based paint, and other required Hazardous Substances remediation at the Site, if

any, and such methodology shall be reasonably satisfactory to the City. In the time set in the Schedule of Performance, the Borrower shall have submitted a true and complete copy of the Construction Contract to the City and both the Construction Contract and the identity of the General Contractor as well as all engineers and architects shall be reasonably acceptable to the City.

4.3.7. Building Permits

The Borrower shall have obtained all Building Permits and other permits required for the Project, and shall have provided true, correct and complete copies of all such Building Permits to the City. The Borrower shall not commence any portion of the development until all applicable Building Permits and other permits required for such portion of the development have been obtained, with true, correct and complete copies of such Building Permits delivered to the City.

(a) The Borrower acknowledges and agrees that the Development Plans shall be subject to the City's normal development services, planning, and building review process, as applicable.

(b) To the extent any decision relating to such permits is a discretionary decision of the City or any of its commission(s), administrator(s), or employee(s), then this Agreement does not, nor shall it be construed to, pre-approve any discretionary decision relating to any Building Permit or other approval necessary to commence and complete the development of the Site.

4.3.8. Pre-Construction Meeting of General Contractor, City Representative(s) and Borrower

The Borrower shall have attended pre-construction meeting(s) or conference(s) as arranged by the City among General Contractor, the Borrower, and the City staff relating to the commencement of the development, compliance with the Section 3 Clause (as required and hereinbefore described), and other issues related to undertaking and completing the development in conformity with this Agreement and all applicable local, state, and federal laws.

4.3.9. Lease Agreement

The Borrower shall have submitted to the City and the City shall have approved the standard form lease/rental agreement in conformance with the HOME Regulatory Agreement for rental of the HOME-Assisted Units to eligible tenants in accordance with the terms of this Agreement.

4.3.10. Insurance

The Borrower shall have furnished the City with proper evidence of insurance as required by Section 5.2.

4.3.11. Representations and Warranties

The representations and warranties of the Borrower contained in this Agreement shall be correct in all material respects as of the commencement of the development as

though made on and as of that date, and the City shall have received a certificate to that effect signed by an authorized officer of the Borrower.

4.3.12. No Default

No Event of Default by the Borrower shall have occurred, and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default by the Borrower, and the City shall have received a certificate to that effect signed by an officer of the Borrower.

5. DEVELOPMENT OF THE SITE

5.1. Development Plans

Within the time set forth in the Schedule of Performance, the Borrower shall submit to the City detailed plans, specifications, materials, and drawings describing the development of the Site (collectively, “*Development Plans*”) pursuant to the Project, which are in conformity with the Project Description.

5.1.1. Submittal of Development Plans

The Borrower shall submit to the City the Development Plans which may be required by the City with respect to any permits and entitlements that are required to be obtained and with respect to evaluation of the quality, type, specifications, and materials for all of the development and any other improvements to the Site. Within ten (10) calendar days after the City’s disapproval or conditional approval of such plans, which approval shall be in the City’s sole and absolute discretion, the Borrower shall revise the portions of such plans identified by the City as requiring revisions and resubmit the revised Development Plans to the City. The City shall have all rights to review and approve or disapprove all Development Plans and other required submittals in accordance with the Riverside Municipal Code, and nothing set forth in this Agreement shall be construed as the City’s approval of any or all of the Development Plans. Any and all change orders or revisions required by the City and its inspectors which are required under the Riverside Municipal Code and all other applicable Uniform Codes (e.g., Building, Plumbing, Fire, Electrical, etc.) and under other applicable laws and regulations shall be included by the Borrower in its Development Plans and other required submittals and shall be completed during the development of the Site.

5.1.2. Approval of Development Plans

The Borrower acknowledges and agrees that the City is entitled to approve or disapprove the Development Plans in order to satisfy the City’s obligation to promote the sound development of housing units, to promote a high level of design which will impact the surrounding development, and to provide an environment for the social, economic and psychological growth and well-being of the citizens of the City and all residents of the Project. The Borrower shall perform all development at the Site in compliance with the approved Development Plans.

5.1.3. Consultation and Coordination

During the preparation of the Development Plans, the City staff and authorized representatives of the Borrower shall hold joint progress meetings to coordinate the

preparation and submission to the City of the Development Plans by the Borrower and the City's review of the Development Plans. The City staff and authorized the Borrower representatives shall communicate and consult informally as frequently as is necessary to ensure that the formal submittal of any documents to the City can receive prompt and thorough consideration. The City shall designate a Community Development Department employee to serve as the project manager for this Project, and such project manager shall be responsible for the coordination of the City's activities under this Agreement and for coordinating the land use approval and permitting process under this Agreement and for coordinating the land use approval and permitting process.

5.1.4. Revisions

If the Borrower desires to propose any substantial revisions to the approved Development Plans, it shall submit such proposed changes to the City, and shall also proceed in accordance with any and all state and local laws and regulations regarding such revisions, within the time frame set forth in the Schedule of Performance for the submittal of the Development Plans. Any such change proposed in the approved Development Plans may be disapproved by the City through the City in the City's reasonable discretion.

5.1.5. Defects in Plans

The City shall not be responsible either to the Borrower or to any third parties in any way for any defects in the Development Plans, or for any structural or other defects in any work done according to the approved Development Plans, or for any delays reasonably caused by the review and approval processes established by this Section 5, *et seq.* The Borrower shall hold harmless, indemnify and defend the Indemnitees from and against any claims or suits for damages to property or injuries to persons (including death) arising out of or in any way relating to defects, latent or patent, in the Development Plans, or the actual construction work or other improvements comprising the development and the Site, including without limitation the violation of any laws, or arising out of or in any way relating to any defects in any work done and/or improvements completed according to the approved Development Plans.

5.1.6. City and Other Governmental Permits

Before commencement of any portion of the development of the Site, the Borrower shall secure or shall cause its General Contractor to secure any and all permits and land use entitlements which may be required by the City or any other governmental authority with jurisdiction over such construction of the applicable portion of the development, including without limitation applicable Building Permits.

5.1.7. Construction Contract

Prior to the commencement of construction of the Project, the Borrower agrees to deliver to the City, for its review and approval, a fixed price or guaranteed maximum cost construction contract(s) for all of the improvements necessary to complete the Project, which Construction Contract shall obligate a reputable and financially responsible general contractor(s) ("**General Contractor**"), capable of being bonded and licensed in California and with experience in completing the type of Project contemplated by this Agreement, to commence and complete the construction of those improvements in accordance with this Agreement and under the terms provided therein. The Borrower shall verify that the General Contractor is eligible to participate

in Federal programs. The Construction Contract shall contain a schedule of values in such form as is reasonably satisfactory to the City. The City shall not unreasonably withhold its approval of the Construction Contract provided that such contract conforms to the requirements of this Agreement.

Each Construction Contract shall give the City the right, but not the obligation, to cure defaults thereunder and to assume the Borrower's obligations and rights under the contract; provided that such right to cure and assume that contract shall be subject to the right, if any, of the Construction Loan lender. In addition, each Construction Contract shall provide, among other matters, that all change orders in excess of Fifty Thousand Dollars (\$50,000) must be approved by the City. Upon submission of a change order request to the City by the Borrower, the City shall provide a response to the Borrower within ten (10) business days. In the event the City fails to respond within the ten (10) day period, the change order shall be deemed approved. Further, each Construction Contract shall set forth a reasonably detailed schedule for completion of each stage of construction.

The City approval of the Construction Contract shall not constitute a waiver by the City of any breach or violation of this Agreement that is a result of acts that are or purport to be in compliance with or in furtherance of said Construction Contract.

5.1.8. Change Orders

The Borrower shall submit all proposed change orders (including change orders proposed by the Borrower and any contractor) to the City for the City's approval, disapproval, or conditional approval, which approval shall not be unreasonably withheld, conditioned or delayed.

5.1.9. Rights of Access

The City shall have the right of access to the Site at any time in the case of an emergency or health and safety issue, and otherwise with forty-eight (48) hours prior written notice to the Borrower, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including but not limited to, the inspection of the work being performed in constructing the Project to ensure the work is completed within established standards and to monitor the progress of the work. Which conducting such inspections, the City representatives shall comply with all safety rules.

5.1.10. Completion of Project

Not later than the outside completion date set forth in the Schedule of Performance, the Borrower shall commence and diligently proceed through completion the development of the Project. The Borrower's agreement to complete the development of the Project in accordance with the Project Description, approved Development Plans, and all applicable provisions of law and this Agreement within the time set forth in the Schedule of Performance is a substantial part of the consideration for the City's agreement to make the HOME Loan to the Borrower as set forth herein. In the event the Borrower fails to satisfactorily perform the development in accordance with the Project Description, the approved Development Plans, and all other applicable requirements within the time set forth in the Schedule of Performance, subject to any Force Majeure, the City shall be entitled to exercise any and all remedies available to it under applicable laws and/or this Agreement.

5.1.11. Release of Construction Covenants

Promptly after the completion of the construction in conformity with this Agreement (as reasonably determined by the City), upon the written request of the Borrower, the City shall furnish the Borrower with a Release of Construction Covenants which evidences and determines the satisfactory completion of the development of the Site in accordance with this Agreement. The issuance and recordation of the Release of Construction Covenants with respect to the Site shall not supersede, cancel, amend, or limit the continued effectiveness of any obligations relating to the maintenance, uses, occupancy, payment of monies, or any other obligations with respect to the Site, the Project, or this Agreement or any covenants recorded in connection herewith, except for the obligation to complete the development of the Site.

5.2. Bodily Injury and Property Damage Insurance; Indemnity

5.2.1. Insurance

Except as provided herein, prior to the commencement of any development, or any other work of improvement upon the Site and without limiting the Borrower's indemnity obligations set forth in the Agreement, the Borrower shall procure and maintain in full force during the term of this Agreement, the following forms of insurance coverage:

a. Workers' Compensation Insurance as required by California statutes and Employers' Liability Insurance in an amount not less than One Million Dollars (\$1,000,000);

b. Commercial General Liability Insurance, including coverage for Contractual Liability, Personal Injury Liability, Products/Completed Operations Liability, Broad-Form Property Damage, and Independent Contractor's Liability, in an amount of not less than One Million Dollars (\$1,000,000) per occurrence, combined single limit, Two Million Dollars (\$2,000,000) annual aggregate, written on an occurrence form;

c. Comprehensive Automobile Liability coverage, including - as applicable - owned, non-owned and hired autos, in an amount of not less than One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, written on an occurrence form; and

d. Prior to commencement of the development, "All risk" builder's risk (course of construction) insurance covering one hundred percent (100%) of the replacement cost of the improvements and equipment in the event of fire, lightning, windstorm, vandalism, earthquake (if available at commercially reasonable rates), off-site storage loss, transportation loss, malicious mischief and all other risks normally covered by "all risk" builder's risk policies in the area where the Site is located (including loss by flood if the Site is in an area designated as subject to danger of flood).

e. The Borrower shall cause the general contractor to maintain insurance of the types and in at least the minimum amounts described in subsections a, b, c, d, and above, and shall require that such insurance shall meet all of the general requirements of subsections f, g, and h below. Unless waived by the City, liability insurance to be maintained by the general contractors pursuant to this subsection shall name as additional insured the City and the Authority, and their officers, agents, employees and representatives.

f. The required insurance shall be provided under an occurrence form, and the

Borrower shall maintain such coverage continuously throughout the term of this Agreement. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs to be included in such annual aggregate limit, such annual aggregate limit shall be three times the occurrence limits specified above.

g. Each insurance policy required by this Agreement shall contain the following clauses:

(1) "This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) calendar days prior written notice has been given to the City of Riverside and the Housing Authority of the City of Riverside."

(2) "It is agreed that the City of Riverside and the Housing Authority of the City of Riverside are self-insured and any insurance maintained by them shall apply in excess of and not contribute with insurance provided by this policy."

(3) "The City of Riverside and the Housing Authority of the City of Riverside, and their officers, agents, employees, representatives and volunteers are added as additional insureds as respects operations and activities of, or on behalf of the named insured, performed under contract with the City of Riverside and the Housing Authority of the City of Riverside."

h. Prior to the disbursement of any portion of the HOME Loan Proceeds, the Borrower shall deliver to the City insurance endorsements evidencing the existence of the insurance policies required by this Agreement, and including the applicable clauses referenced above. Such endorsements shall be signed by an authorized representative of the insurance company and shall include the signatory's company affiliation and title. Should it be deemed necessary by the City, it shall be the Borrower's responsibility to see that the City receives documentation acceptable to the City which demonstrates that the individual signing said endorsements is indeed authorized to do so by the insurance company. Also, the City has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Agreement.

i. In addition to any other remedies the City may have if the Borrower fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, that the City may at its sole option after written notice to Borrower:

(1) Obtain such insurance and deduct and retain the amount of the premiums for such insurance from the HOME Loan Proceeds.

(2) Withhold any disbursement of the HOME Loan Proceeds until the Borrower demonstrates compliance with the requirements hereof.

(3) In the event the Borrower has failed to commence curing such default within thirty (30) calendar days of notice or thereafter fails to diligently pursue such cure, declare the Borrower to be in default, terminate this Agreement and declare that prior disbursements of the HOME Loan is due and payable.

Exercise of any of the above remedies, however, is an alternative to other remedies the City may have and is not the exclusive remedy for the Borrower's failure to maintain insurance or secure appropriate endorsements. Nothing herein contained shall be construed as limiting in any

way the extent to which the Borrower may be held responsible for payments of damages to persons or property resulting from the Borrower's performance of the work covered under this Agreement.

5.2.2. Borrower's Indemnity

To the full extent permitted by law, the Borrower shall indemnify, defend and hold harmless the City and the Authority, and any and all of their employees, officials and agents (the Indemnitees) from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or cost of any kind, whether actual, alleged or threatened, including reasonable attorneys' fees and costs, court costs, interest or defense costs, including expert witness fees), where the same arise out of, are a consequence of, or are in any attributable to, in whole or in part, to: (i) the Borrower's compliance with or failure to comply with all applicable laws, including all applicable federal and state labor standards, including, without limitation, the requirements of Labor Code Section 1720 and the Davis Bacon Act; (ii) defects in the design of the Project, including (without limitation) the violation of any laws, and for defects in any work done according to the approved plans, or (iii) any other performance or act or failure to perform or act pursuant to this Agreement by the Borrower, or by any individual or entity that the Borrower shall bear the legal liability thereof including but not limited to officers, agents, employees, or contractors of the Borrower.

Without affecting the rights of Indemnitees under any provisions of this Agreement, the Borrower shall not be required to indemnify and hold harmless Indemnitees for liability attributable to the gross negligence or willful misconduct of Indemnitees, provided such gross negligence or willful misconduct is determined by agreement between the parties, by an arbitrator or a mediator, or by the findings of a court of competent jurisdiction. In instances where Indemnitees are shown to have been actively negligent and where Indemnitees' active negligence accounts for only a percentage of the liability involved, the obligation of the Borrower will be for that entire portion or percentage of liability not attributable to the active negligence of Indemnitees.

Failure of Indemnitees to monitor compliance with these requirements imposes no additional obligations on Indemnitees and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend Indemnitees as set forth here is binding on the successors, assigns or heirs of the Borrower and shall survive the termination of this Agreement.

This indemnification provision supplements and in no way limits the scope of the indemnification set out elsewhere in this Agreement. The indemnity obligation of the Borrower under this Section shall survive the expiration or termination, for any reason, of this Agreement excluded, however, from this Section 5.2.2 is any indemnity by the Borrower in favor of the City and/or the Authority for claims arising from Hazardous Substances on the Site except for Hazardous Substances introduced onto the Site by the Borrower.

5.3. Federal, State and Local Laws

The Borrower shall comply with all Governmental Regulations in the construction, use and operation of the Project, including all applicable federal, state and local statutes, ordinances, regulations and laws, including without limitation, the HOME Program, the statutes, regulations and Executive Orders set forth in Section 7, *et al.*, all applicable federal, state, and

local labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Riverside Municipal Code.

5.4. Nondiscrimination During Construction

The Borrower, for itself and its successors and assigns, agrees that, in the development and rehabilitation of the Site provided for in this Agreement, the Borrower will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, marital status, national origin or ancestry.

5.5. Liens and Stop Notices

The Borrower shall not allow to be placed on the Site or any part thereof any lien or stop notice. If a claim of a lien or stop notice is given or recorded affecting the Project, the Borrower shall within thirty (30) calendar days of such recording or service or within five (5) calendar days of the City's demand, whichever last occurs:

- a. pay and discharge the same; or
- b. effect the release thereof by recording and delivering to the City a surety bond in sufficient form and amount, or otherwise; or
- c. provide such other assurances which the City deems, in its sole discretion, to be satisfactory for the payment of such lien or bonded stop notice and for the full and continuous protection of the City from the effect of such lien or bonded stop notice.

6. AFFORDABLE HOUSING COVENANTS; MAINTENANCE, PROPERTY MANAGEMENT, OPERATION OF PROJECT

The Borrower will manage the Site in a prudent and businesslike manner, consistent with property management standards for other comparable first quality, well-managed rental housing projects in Riverside, California. Accordingly, the Project shall be subject to, and the Borrower shall in its administration of the Project comply with the forgoing covenants, maintenance and operation of the Site.

6.1. Duration of Affordability Requirements; Affordability Period

The HOME-Assisted Units shall be subject to the requirements of this Section 6 for the full term of fifty-five (55) years from the date the Release of Construction Covenants is recorded against the Site.

6.2. Tenant Selection Covenants

6.2.1. Selection of Tenants

The Borrower shall be responsible for the selection of tenants for the HOME-Assisted Units in compliance with the HOME Program, and all lawful and reasonable criteria, as set forth in the Management Plan that is required to be submitted to and approved by the City pursuant to this Agreement. To the extent legally allowable, the Management Plan shall give preference to tenant applicants residing in the City. To the extent HOME-Assisted Units are available, the Borrower shall not refuse to lease to a holder of a certificate of family participation

under 24 CFR Part 882 (Rental Certificate Program) or a rental voucher under 24 CFR Part 887 (Rental Voucher Program) or to the holder of a comparable document evidencing participation in a HOME Program, Section 8 program or other tenant-based assistance program solely on the basis of such certificate, voucher, or comparable document, who is otherwise qualified to be a tenant in accordance with the approved tenant selection criteria. Notwithstanding anything to the contrary in this Agreement, the Borrower's selection of tenant households to occupy the HOME-Assisted Units shall be performed in accordance with all applicable fair housing laws.

6.2.2. Income and Occupancy Restrictions

As included in the annual income certification provided by the Borrower or as otherwise reasonably requested by the City, the Borrower shall endeavor to make available for the City's review and approval such information as the Borrower has reviewed and considered in its selection process, together with the statement by the Borrower that the Borrower has determined that each selected tenant will comply with all applicable terms and conditions of this Agreement in each tenant's occupancy of a HOME-Assisted Unit, including without limitation, that each corresponding household satisfies the income eligibility requirements, Affordable Rent requirements, and other requirements of this Agreement.

In this regard, the Borrower covenants and agrees that (i) each tenant of a HOME-Assisted Unit shall and will be a Very Low Income Senior Citizen Household as defined herein, (ii) the cost to each tenant household for the corresponding HOME-Assisted Unit on the Site shall be at and within the defined Affordable Rent for Very Low Income Senior Citizen Households, (iii) each tenant household shall meet Housing Quality Standards (HQS) (24 CFR 982.401) occupancy standards for the HOME-Assisted Unit, and (iv) the occupancy and use of the Site shall comply with all other covenants and obligations of this Agreement (collectively, "*Tenant Selection Covenants*").

6.3. Income Certification Requirements

Upon the initial occupancy of the HOME-Assisted Units, and annually thereafter (on or before April 30th of each year), the Borrower shall submit to the City, at the Borrower's expense, a written summary of the income, household size and rent payable by each of the tenants of the HOME-Assisted Units. At the City's request, but not less frequently than prior to each initial and subsequent rental of each HOME-Assisted Unit to a new tenant household and annually thereafter, the Borrower shall also provide to the City completed income computation, asset evaluation, and certification forms for any such tenant or tenants, which forms shall be reasonably acceptable to the City. The Borrower shall obtain, or shall cause to be obtained by the Property Manager, an annual certification from each household leasing a HOME-Assisted Unit demonstrating that such household is a Very Low Income Senior Citizen Household and meets the eligibility requirements established for the HOME-Assisted Unit. The Borrower shall verify, or shall cause to be verified by the Property Manager, the income certification of each tenant household. This requirement is in addition to and does not replace or supersede the Borrower's obligation to annually submit to the City the documentation necessary to certify compliance with the HOME Program ("*Certificate of Continuing Program Compliance*").

6.3.1. Verification of Income of New and Continuing Tenants

Gross income calculations for prospective (and continuing) tenants shall be determined in accordance with Section 92.203 and 92.252(h) of the HOME Regulations. The Borrower shall verify the income and information provided in the income certification of the proposed tenant as set forth below.

(a) The Borrower shall verify the income of each proposed tenant of the HOME-Assisted Units pursuant to the Tenant Selection Covenants set forth in Section 6.2 herein, and by at least one of the following methods as appropriate to the proposed tenant:

(i) obtain two (2) paycheck stubs from the person's two (2) most recent pay periods.

(ii) obtain a true copy of an income tax return from the person for the most recent tax year in which a return was filed.

(iii) obtain an income verification certification from the employer of the person.

(iv) obtain an income verification certification from the Social Security Administration and/or the California Department of Social Services if the person receives assistance from such agencies.

(v) obtain an alternate form of income verification reasonably requested by the City, if none of the above forms of verification is available to the Borrower.

6.4. Affordable Rent

6.4.1. Maximum Monthly Rent

The maximum monthly rent chargeable for the HOME-Assisted Units shall be annually determined by the City in accordance the following:

(i) for a Very Low Income Senior Citizen Household, the Low HOME Rent.

For purposes of calculating Affordable Rent a "reasonable utility allowance" shall be the allowance established by the Authority or such lesser allowance reasonably permitted by the City.

The current projected Affordable Rent for the HOME-Assisted Units at the Site is set forth in the Rent Schedule, Attachment No. 9. Such amounts as set forth therein are subject to annual readjustment pursuant to income levels adopted and published by HUD as to the HOME Program.

For purposes of this Agreement, "Affordable Rent" means the total of monthly payments for (a) use and occupancy of each HOME-Assisted Unit and land and facilities associated therewith, (b) any separately charged fees or service charges assessed by the Borrower which are required of all tenants, other than security deposits, (c) a reasonable allowance for an adequate level of service of utilities not included in (a) or (b) above, including garbage collection,

sewer, water, electricity, gas and other heating, cooking and refrigeration fuels, but not including telephone service, or cable TV or internet services, and (d) possessory interest, taxes or other fees or charges assessed for use of the land and facilities associated therewith by a public or private entity other than the Borrower.

In the event of a loss of subsidy to the Project, including but not limited to a reduction or termination of the Section 8 Project Based Vouchers or VASH vouchers, through no fault of Borrower, (a) Borrower shall notify the City of such loss, (b) rents and income levels of the Affordable Units in the Project shall be increased to the extent allowed by TCAC and HOME Regulations, and (c) the Borrower will develop and implement a plan reasonably acceptable to the City that will help minimize disruption to and support residents in any of the permanent supportive housing units transition to higher rents or reduced services that may result from such loss of subsidy.

Additionally, following the foreclosure (or deed-in-lieu) of the Construction Loan or Permanent Loan, the rents and income levels of the Affordable Units in the Project shall be automatically increased to the extent allowed by TCAC and HOME Regulations.

6.4.2. Annual Rent Adjustment

The City will review and approve the Affordable Rents proposed by the Borrower for the HOME-Assisted Units together with the monthly allowances proposed by the Borrower for utilities and services to be paid by the tenant. The Borrower must annually reexamine the income of each tenant household living in the HOME-Assisted Units in accordance with Section 6.3.1. The maximum monthly rent must be recalculated by the Borrower and reviewed and approved by the City annually, and may change as changes in the applicable gross rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in rents for the HOME-Assisted Units is subject to the provisions of outstanding leases. The Borrower must provide all tenants not less than thirty (30) calendar days prior written notice before implementing any increase in rents.

6.4.3. Increases in Tenant Income

Units shall qualify as HOME-Assisted Units as required despite a temporary noncompliance with this Section 6.4 if the noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with this Section until the noncompliance is corrected.

A household occupying a HOME-Assisted Unit whose income increases to an amount that exceeds the maximum qualifying income of a Qualified Tenant may continue to occupy his or her HOME-Assisted Unit subject to the requirements of Section 92.252(i) of the HOME Regulations. Notwithstanding the foregoing, a Qualified Tenant's rent shall not be increased by more than 30% of the Qualified Tenant's annual income less allowable utility allowances.

6.4.4. Most Restrictive Affordable Rent Covenants Govern

To the extent of an inconsistency between or among the foregoing covenants relating to Affordable Rent and other covenants or agreements applicable to the Site,

the most restrictive covenants or agreement regarding the Affordable Rent for the HOME-Assisted Units in the Site shall prevail.

6.5. Lease Agreements for HOME-Assisted Units

The Borrower shall submit a standard lease form, which shall comply with HOME Regulations (including Section 92.253), and all requirements of this Agreement, to the City for approval. The City shall reasonably approve such lease form upon finding that such lease form is consistent with this Agreement and contains all of the provisions required pursuant to the HOME Program and the HOME Regulations. The Borrower shall enter into a written lease, in the form approved by the City, with each tenant/tenant household of a HOME-Assisted Unit. No lease shall contain any of the provisions that are prohibited pursuant to Section 92.253 of the HOME Regulations.

6.6. Maintenance

6.6.1. General Maintenance

The Borrower shall maintain the Site and all improvements thereon, including lighting and signage, in good condition, free of debris, waste and graffiti, and in compliance with the Riverside Municipal Code and HUD's Uniform Physical Conditions Standards ("UPCS", 24 CFR, Part 5 and 200). The Borrower shall maintain the improvements and landscaping on the Site in accordance with the Maintenance Standards (as hereinafter defined). Such Maintenance Standards shall apply to all buildings, signage, lighting, landscaping, irrigation of landscaping, architectural elements identifying the Site and any and all other improvements on the Site. To accomplish the maintenance, the Borrower shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this Agreement. The Borrower and its maintenance staff, contractors or subcontractors shall comply with the following standards (collectively, "***Maintenance Standards***"):

(a) The Site shall be maintained in conformance and in compliance with the approved Development Plans, as finalized, and reasonable maintenance standards for comparable first quality affordable housing projects, including but not limited to painting and cleaning of all exterior surfaces and other exterior facades comprising all private improvements and public improvements to the curblin. The Site shall be maintained in good condition and in accordance with the custom and practice generally applicable to comparable first quality affordable apartment complexes in the City.

(b) Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(c) Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition;

maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

The City agrees to notify the Borrower in writing if the condition of the Site does not meet with the Maintenance Standards and to specify the deficiencies and the actions required to be taken by the Borrower to cure the deficiencies. Upon the Borrower's written receipt of notification of any maintenance deficiency, the Borrower shall have thirty (30) calendar days within which to correct, remedy or cure the deficiency, or if the maintenance deficiency cannot be corrected, remedied, or cured within a thirty (30) day period, the Borrower will have a longer period of time as is reasonable provided that the Borrower commences to correct, remedy or cure the maintenance deficiency within the thirty (30) day period and completes the correction, remedy, or cure of the deficiency within sixty (60) days or within the period of time otherwise agreed to by the Parties in writing. If the written notification states the problem is urgent relating to the public health and safety of the City, then the Borrower shall have forty-eight (48) hours to rectify the problem. In the event the Borrower does not maintain the Site in the manner set forth herein and in accordance with the Maintenance Standards, the City shall have, in addition to any other rights and remedies hereunder, the right to maintain the Site, or to contract for the correction of such deficiencies, after written notice to the Borrower, and the Borrower shall be responsible for the payment of all such costs incurred by the City.

6.7. Management of the Project

6.7.1. Property Manager

Borrower may contract with a third party for property maintenance services but shall be responsible for the costs associated therewith.

6.7.2. Management Plan

Prior to the initial or any subsequent disbursement of the HOME Loan Proceeds, the Borrower shall prepare and submit to the City for review and approval an updated and supplemented management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, social/supportive services for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project ("**Management Plan**"). Following the approval of the Management Plan shall not be unreasonably withheld or delayed. Subsequent to approval of the Management Plan by the City the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. The Borrower may from time to time submit to the City proposed amendments to the Management Plan, which are also subject to the prior written approval of the City.

6.8. Capital Replacement Reserve Requirements

The Borrower shall set aside an amount equal to Two Hundred Fifty Dollars (\$250) per Unit per year ("**Capital Replacement Reserve**"). Funds in the Capital Replacement Reserve shall be used for capital replacements to the Project fixtures and equipment which are normally

capitalized under generally accepted accounting principles. Interest on funds in the Capital Replacement Reserve shall remain in the Capital Replacement Reserve. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve the Borrower of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Project in the manner prescribed herein. The Borrower, at its expense, shall submit to the Housing Project Manager annually an accounting for the Capital Replacement Reserve. The City approval is not required for withdrawals from the Capital Replacement Reserve in accordance with this Agreement or any senior lender's requirements. Not less than once per year, the Borrower, at its expense, shall submit to the City an accounting for the Capital Replacement Reserve, preferably set forth in an annual financial statement, demonstrating compliance with this Section 6.8.

6.9. Operating Reserve Requirements

The Borrower shall not be required to set aside any Operating Reserves for this Project.

6.10. Operating Budget

The Borrower shall submit to the City on not less than an annual basis the Operating Budget for the Project that sets forth the projected Operating Expenses for the upcoming year. The City shall not unreasonably withhold, condition, or delay the City's approval of the annual Operating Budget, or any amendments thereto.

6.11. Monitoring and Recordkeeping

The Borrower shall comply with all applicable recordkeeping and monitoring requirements set forth in the HOME Program, including Section 92.508 of the HOME Regulations, and shall annually complete and submit to the City a Certification of Continuing Program Compliance in such form as provided by the City. Representatives of the City shall be entitled to enter the Site, upon at least forty-eight (48) hours' notice, to monitor compliance with this Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. The Borrower agrees to cooperate with the City in making the Site and all HOME-Assisted Units thereon available for such inspection or audit. The Borrower agrees to maintain records in a businesslike manner, to make such records available to the City upon seventy-two (72) hours' prior written notice, and to maintain such records for not less than five (5) years after completion of the Project.

6.12. HOME Regulatory Agreement

The requirements of this Agreement that are applicable after the completion of the development are set forth in the HOME Regulatory Agreement. The execution and recordation of the HOME Regulatory Agreement is a condition precedent to the initial or any subsequent disbursement of the HOME Loan Proceeds.

6.13. Successors and Assigns

All of the terms, covenants and conditions of this Agreement shall be binding upon the Borrower and its permitted successors and assigns. Whenever the term "Borrower" is used in this Agreement, such term shall include any other permitted successors and assigns of the Borrower, as applicable, and as herein provided.

7. HOME PROGRAM LIMITATIONS; COMPLIANCE WITH LAWS

7.1. HOME Program

Because the HOME Loan to the Borrower will be provided with HOME Program funds, the Borrower shall carry out the development of the HOME-Assisted Units and the operation of the Site in conformity with all requirements of the HOME Program. In the event the Borrower desires to change the affordable housing or maintenance requirements for the Site from the specific requirements set forth in this Agreement in order to comply with a subsequently enacted amendment to the HOME Program, the Borrower shall notify the City in writing of such proposed change and the amendment related thereto at least thirty (30) calendar days prior to implementing such change. In the event the City disapproves of such change and the Borrower's interpretation of the amendment related thereto, the City shall notify the Borrower of its disapproval in writing and the parties shall seek clarification from the appropriate HUD Field Office. Only if HUD concurs with the Borrower's interpretation of the HOME Program shall the Borrower be permitted to implement the proposed change.

7.2. HOME Laws and Regulations

The Borrower shall comply with all applicable laws and regulations governing the HOME Program and the use of the HOME Loan, including but not limited to, the requirements set forth in the HOME Regulatory Agreement. In the event of any conflict between this Agreement and applicable laws and regulations governing the HOME Program and the use of the HOME Loan Proceeds, the applicable HOME Program laws and regulations shall govern. The Borrower agrees to enter into any modification of this Agreement and/or the HOME Regulatory Agreement reasonably required by the City to attain compliance with the requirements of the HOME Program. The Borrower acknowledges and agrees that it has received and reviewed a copy of the regulations regarding the HOME Program in effect as of the date of execution of this Agreement.

7.3. Specific Requirements

The laws and regulations governing the HOME Program and the use of the HOME Loan include (but are not limited to) the following, as may be amended from time to time:

7.3.1. Miscellaneous Federal Mandates

i. Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601-20 (Public Law 90-284) and implementing regulations at 24 CFR Part 107;

ii. Executive Order 11063 and regulations at 24 CFR Part 107;

iii. Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 107;

iv. The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and regulations at 24 CFR Part 146;

v. Executive Order 12372 and implementing regulations at 24 CFR Part 52, regarding

intergovernmental review of federal programs;

vi. Flood Disaster Act of 1973, 42 U.S.C. 4001, *et seq.*;

vii. Drug Free Workplace Act of 1988, P.L. 100-690, Title V, Subtitle D.

viii. The Fair Housing Act (42 U.S.C. 3601-3620)(Pub. L. 90-284) as it ensures fair housing practices and prohibits housing discrimination based on race, color, religion, sex, national origin, disability, or familial status;

ix. Section 109 of the Housing and Community Development Act of 1974, as amended; and the regulations issued pursuant thereto at 24 CFR Section 470.601 as it relates to prohibiting discriminatory actions in activities funded by Community Development Funds;

x. Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (Equal Employment Opportunity) and implementing regulations issued at 41 CFR Chapter 60 and Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended and implementing regulations at 24 CFR Part 135 as they relate to equal employment opportunities;

xi. Executive Orders 11625 and 12432 (concerning minority business enterprise) and 12138 (concerning women's business enterprise) to encourage the use of women and minority owned businesses to the maximum extent possible.

xii. "Federal Funding Accountability and Transparency Act" means that information about Project HOME funding will be posted on www.USASpending.gov, a federally maintained website that is open to public access utilizing information that shall be provided by the Borrower as required by the City.

xiii. The applicable policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102 (Revised), A-110, A-122, and A-128, or successor regulations.

7.3.2. Environment and Historic Preservation

Section 104(f) of the Housing and Community Residence Act of 1974 and 24 CFR Part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 C.F.R. 58.5.

7.3.3. Architectural Barriers

The requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157).

7.3.4. Americans With Disabilities Act

The requirements of the Americans with Disabilities Act (42 U.S.C 12131; 47 U.S.C. 155, 201, 218 and 255) which protects the comprehensive civil rights of individuals with disabilities.

7.3.5. Relocation

The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601-4655), and similar state laws. If and to the extent that development of the Project results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then the Borrower shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits. The Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws.

7.3.6. Disabled Discrimination

The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 706), and federal regulations issued pursuant thereto (24 CFR Part 8), which prohibit discrimination against the disabled in any federally assisted program.

7.3.7. Future HOME Regulations

Any other U.S. Department of Housing and Urban Development regulations currently in effect or as may be amended or added in the future pertaining to the HOME Program.

7.3.8. Ineligible Contractors

Use of debarred, suspended, or ineligible contractors or subrecipients is prohibited directly or indirectly as part of this award as set forth in 24 CFR Part 5.

7.3.9. Conflict of Interest

No member, officer or employee of the organization, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the loan, and the Borrower shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of the certification.

7.3.10. Affirmative Marketing

The requirements of the City of Riverside's affirmative marketing policies

and procedures as set forth in Exhibit B to the HOME Regulatory Agreement, and as may be amended, in accordance with Section 92.351 of the HOME Regulations.

7.3.11. Property Standards

The HOME-Assisted Units must meet all applicable federal, state and local housing quality standards and code requirements, including the Uniform Physical Conditions Standards (“UPCS”, 24 CFR, Part 5 and 200) established by HUD for housing that is decent, safe, sanitary, and in good repair.

7.3.12. HUD Regulations

Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the use of HOME funds, including but not limited to HUD regulations as may be promulgated regarding subrecipients.

7.3.13. Successor Rules

In the event HUD ceases to provide definitions, determinations and calculations under the HOME Program related to Income Eligible Households or Annual Income, or both, the provisions of this Section shall be performed in accordance with definitions, determinations and calculations related to such matters as established by the City with a view toward establishing such definitions, determinations and calculations in a manner consistent, as nearly as possible, with those formerly promulgated by HUD under the HOME Program.

7.4. Certification Regarding Lobbying

The undersigned certifies, to the best of his or her knowledge and belief, that:

i. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement; and

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

7.5. Religious Activity

In addition to, and not in substitution for, other provisions of this Agreement regarding the provision of services with funds, pursuant to Title II of the Housing and Community Development Act of 1990, as amended, the Borrower:

- i. Represents that it is not, or may not be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes which is supervised or controlled by or in connection with a religious or denominational institution or organization; and,
- ii. Agrees that, in connection with such services:
 - (a) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;
 - (b) It will not discriminate against any person applying for housing on the basis of religion and will not limit such services or give preference to persons on the basis of religion;
 - (c) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence on or in the Project; and,
 - (d) The common portion of the Site shall contain no sectarian or religious symbols or decorations.

7.6. Disclosure of Confidential Tenant Information.

To the extent allowed by law, the Borrower and the City agree to maintain the confidentiality of any information regarding Tenants or applicants for residency under this Project, or their immediate families, pursuant to this Agreement, which may be obtained through application forms, interviews, tests, reports, from public agencies or counselors, or any other source. Without the written permission of the applicant, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this Agreement, and then only to persons having responsibilities under the Agreement, including those furnishing services under the Project through subcontracts.

7.7. Layering Review

The amount of HOME funds provided in this agreement is contingent on a HOME Subsidy Layering analysis completed by the City. The purpose of the layering analysis is to demonstrate that the HOME funds are reasonable and necessary to the Project and that federal sources of funds do not over-subsidize the Project. The Borrower shall notify the City promptly in writing should other local, state or federal government assistance be obtained in the future other than that contemplated under the existing Project Budget.

7.8. Compliance with Federal, State and Local Laws

The Borrower shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws, (including the Governmental Requirements) with respect to the development and the operation and management of the Site by the Borrower (all of which comprises the Project hereunder). The Borrower shall carry out the design, construction, rehabilitation and completion of improvements, and operation and management of the Project, in conformity with all applicable laws, including all applicable federal, state, and local labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Riverside Municipal Code.

7.8.1. Prevailing Wage Laws

The Borrower shall carry out the development through completion of the Project and the overall rehabilitation of the Site in conformity with all applicable federal, state and local labor laws and regulations, including without limitation, if and to the extent applicable, the requirements to pay prevailing wages under federal law (the Davis Bacon Act, 40 U.S.C. Section 3141, *et seq.*, and the regulations promulgated thereunder set forth at 29 CFR Part 1 (collectively, “Davis Bacon”) and, if and to the extent applicable, California law (Labor Code Section 1720, *et seq.*).

The Borrower shall be solely responsible, expressly or impliedly, for determining and effectuating compliance with all applicable federal, state and local public works requirements, prevailing wage laws, labor laws and standards, and the City makes no representations, either legally or financially, as to the applicability or non-applicability of any federal, state or local laws to the Project or any part thereof, either onsite or offsite. The Borrower expressly, knowingly and voluntarily acknowledges and agrees that the City has not previously represented to the Borrower or to any representative, agent or affiliate of the Borrower, or its General Contractor or any subcontractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work and construction undertaken pursuant to this Agreement is (or is not) a “public work,” as defined in Section 1720 of the Labor Code or under Davis Bacon.

7.8.2. Section 3 Compliance

The Borrower agrees to comply with and to cause the general contractor, each subcontractor, and any other contractors and/or subcontractors or agents of the Borrower to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701u, and the implementing regulations, in connection with the rehabilitation of the Site. The Borrower shall submit to the City each Construction Contract with appropriate provisions providing for the development of the Site in conformance with the terms of this Agreement, including the Section 3 Clause, in accordance with Section 206(d). The General Contractor, each subcontractor, and any other contractors or subcontractors or agents of the Borrower (subject to compliance with 24 CFR Part 135) shall have provided to the City the certification in appendix B of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from this Project, and the City shall be responsible for determining whether each contractor has been debarred.

The City has prepared a Section 3 “checklist” and other forms related to Section 3 compliance; and as provided by the City to the Borrower, and its contractor(s) or subcontractor(s), if any, and as applicable, such forms shall be utilized in all contracts and subcontracts to which Section 3 applies. The Borrower hereby acknowledges and agrees to take all responsibility for compliance with all Section 3 Clause federal requirements as to the Borrower, general contractor, subcontractors, or other contractor(s), subcontractor(s), and other agents. The Borrower shall provide or cause to be provided to the General Contractor and each subcontractor, and each of its other contractor(s), subcontractor(s) and agents the checklist for compliance with the Section 3 Clause federal requirements provided by the City, to obtain from the General Contractor, each subcontractor, and other contractor(s), subcontractor(s), and agents all applicable items, documents, and other evidence of compliance with the items, actions, and other provisions within the checklist, and to submit all such completed Section 3 Clause documentation and proof of compliance to the City. To the extent applicable, the Borrower shall comply and/or cause compliance with all Section 3 Clause requirements for the Project. For example, when and if the Borrower or its contractor(s) hire(s) full time employees, rather than volunteer labor or materials, Section 3 is applicable and all disclosure and reporting requirements apply.

7.8.3. Labor Standards

In addition to compliance with Section 1304.1, the Construction Contract for the Project, as well as any other contract for the development work, shall be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §3701, *et seq.*). Participating contractors, subcontractors, and other participants must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. The Borrower shall supply to the City certification, in form and substance satisfactory to HUD and the City, as to compliance with the provisions of this Section before receiving any disbursement of federal funds for the development work.

7.9. Lead-Based Paint

The City, as recipient of federal funds, has modified and conformed all of its federally funded housing programs to the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.*, specifically §§4821–4846, and the implementing regulations thereto, which are aimed to take advantage of rehabilitation events as a cost-effective opportunity to reduce lead based paint and lead based paint hazards (LBP) in existing housing.

The implementing regulations to Title X, set forth in 24 CFR Part 35 (LBP Regs), were adopted by HUD on September 15, 1999 and are now effective for compliance by all recipients and subrecipients of federal funds. Subpart J of the LBP Regs focuses on the requirements for programs that provide assistance for housing rehabilitation, such as this Project. In this regard, the Borrower shall comply with the requirements, as and to the extent applicable, of Title X and the implementing LBP Regs for the Project.

The Project shall be undertaken and completed by qualified contractor(s) selected by the Borrower and, if applicable, meeting the requirements of the LBP Regs. All work relating

to LBP and LBP hazards and the reduction and clearance thereof shall be undertaken using safe work practices and shall be conducted by qualified contractor(s) and inspectors(s) meeting the requirements of the LBP Regs. Under the LBP Regs, treatment and clearance shall be conducted by separate contractors. All treatment and clearance using safe work practices of LBP and LBP hazards at the Site shall be completed first and prior to any other part of the development work.

Prior to commencing any part of the development, if applicable, the Borrower shall cause each household in occupancy at the Site to receive (and shall obtain proof of receipt through signature) (1) a complete copy of the HUD issued informational pamphlet/brochure about LBP and LBP hazards, (2) any necessary disclosure forms relating to information about LBP and LBP Hazards, and (3) the results of any evaluation for LBP or LBP hazards at the applicable Unit within the Site.

7.10. Duty to Prevent Release of Hazardous Substances

During the development of the Site, the Borrower shall take all necessary precautions to prevent the release of any Hazardous Substances (with particular regard to any asbestos, or asbestos-containing materials, or lead-based paint or other lead containing products which are regulated by the HOME Program) into the environment or onto or under the Site. Such precautions shall include compliance with all Environmental Laws with respect to Hazardous Substances. In addition, the Borrower shall install and utilize such equipment and implement and adhere to such procedures as are consistent with applicable Environmental Laws and then-prevailing industry standards as respects the disclosure, storage, use, abatement, removal and disposal of Hazardous Substances.

8. DEFAULTS, REMEDIES, AND TERMINATION

8.1. Defaults - General

Subject to the extensions of time set forth in Section 9.7 and all applicable notice and cure periods, failure or delay by either party to perform, comply with or observe any of the conditions, provisions, terms, covenants or representations of this Agreement, including any of the Attachments hereto, constitutes a default under this Agreement. As provided herein below, the party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the date of default.

Except as required to protect against further damages, the injured party may not institute legal proceedings against the party in default until an "Event of Default" (as such term is hereinafter defined) has occurred. For purposes of this Agreement, an "Event of Default" for purposes of instituting legal proceedings by a non-defaulting party against the defaulting party shall mean a failure to satisfy, perform, comply with or observe any of the conditions, provisions, terms, covenants or representations contained in this Agreement, including any Attachment hereto, and such failure having continued uncured or without the defaulting party commencing to diligently cure for thirty (30) calendar days after notice thereof in writing is mailed by the injured party to the defaulting party; provided, however, that if a different period or notice requirement is

specified for any particular default under any other provision of this Agreement, including any of the Attachments hereto, the specific provision shall control.

8.2. Legal Actions

8.2.1. Institution of Legal Actions

In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to cure, correct or remedy any Event of Default, to recover damages as provided herein for any Event of Default, or to obtain any other remedy consistent with the purpose of this Agreement. Such legal actions may be instituted in the Superior Court of the County of Riverside, State of California, in an appropriate municipal court in that County, or in the Federal District Court in the Central District of California.

8.2.2. Applicable Law

The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

8.2.3. Acceptance of Service of Process

In the event that any legal action is commenced by the Borrower against the City, service of process shall be made by personal service upon the City Clerk, or in such other manner as may be provided by law.

In the event that any legal action is commenced by the City against the Borrower, service of process on the Borrower shall be made by personal service upon any Borrower, officer or manager of the Borrower or in such other manner as may be provided by law, whether made within or without the State of California.

8.3. Rights and Remedies are Cumulative

To the extent permitted by law and except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative, and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same time or different times, of any other rights or remedies for the same Event of Default or any other Event of Default by the other party.

8.4. Inaction Not a Waiver of Default

Any failures or delays by either party in asserting any of its rights and remedies as to any default shall not operate as a waiver of any default or of any such rights or remedies, or deprive either such party of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

8.5. Specific Performance

Upon an Event of Default, the non-defaulting party, at its option, may thereafter (but not before) commence an action seeking specific performance and/or other equitable relief to enforce the terms of this Agreement pertaining to such default.

8.6. Rights of Termination and Damages

Provided a party is not in default of any of the terms and conditions of this Agreement, then upon an Event of Default by the other party, the non-defaulting party shall have the right to terminate this Agreement by written notice to the defaulting party in accordance with the provisions of Section 9.1. In addition, the non-defaulting party may exercise its rights under the HOME Regulatory Agreement and/or apply to a court of competent jurisdiction for relief at law or in equity as may be appropriate and permissible.

8.7. Rights of Limited Partners.

Notwithstanding anything to the contrary contained herein, the City hereby agrees that any cure of any default made or tendered by any limited partner of the Borrower shall be deemed to be a cure by the Borrower, and shall be accepted or rejected on the same basis as if made or tendered by the Borrower; provided, however, that no limited partner shall have any obligation or duty to take any action to cure any default or to cause any default to be cured. The City shall not commence any action against the Borrower under any of the HOME Loan Documents without first providing the limited partner of the Borrower with ninety (90) days prior notice (or such longer period as the limited partner may need if the limited partner is removing the general partner of the Borrower in connection with curing said default) in which time the limited partners of the Borrower shall have the right, but not the obligation, to cure any default of the Developer under the HOME Loan Documents.

9. **GENERAL PROVISIONS**

9.1. Notices, Demands and Communications Between the Parties

Any approval, disapproval, demand, document or other notice (“**Notice**”) required or permitted under this Agreement must be in writing and may be given by any commercially acceptable means to the party to whom the Notice is directed at the address of the party as set forth below, or at any other address as that party may later designate by Notice.

To Borrower: RIVERSIDE SUPPORTIVE HOUSING, L.P.
3701 Wilshire Boulevard, Suite #700
Los Angeles, CA 90010
Attn: President and Chief Executive Officer
Email: dgallo@acof.org

Copies to: Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Sarah Perez
Email: sperez@gubbandbarshay.com

And to: Bank of America, N.A.
Mail Code: MA1-225-02-02
225 Franklin Street

Boston, MA 02110
Attention: Asset Management
Facsimile: 617-346-2257

And to: Buchalter, a Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Attn: Michael A. Williamson, Esq.
Facsimile: (213) 630-5799
Matter No: B0965-0592 (Oasis Senior)

To City: City of Riverside
3900 Main Street, Seventh Floor
Riverside, California 92522
Attention: City Manager

Copies to: City of Riverside
Attn: City Attorney
3900 Main Street
Riverside, California 92522

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail.

9.2. Conflicts of Interest

No member, official or employee of the City or the Authority shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

9.3. Warranty Against Payment of Consideration for Agreement

The Borrower warrants that it has not paid or given and will not pay or give, any third person any money or other consideration for obtaining this Agreement, other than normal costs of conducting business and costs of professional services such as project managers, architects, engineers, attorneys, and public relations consultants.

9.4. Nonliability of City Officials and Employees

No member, official, employee, representative or agent of the City or the Authority shall be personally liable to the Borrower, or any successor in interest, in the event of any default or breach by the City and/or the Authority for any amount which may become due to the Borrower or successor, or on any obligation under the terms of this Agreement.

9.5. Approval by City and Borrower

Approvals required of the parties shall be given within the time set forth in the Schedule of Performance or, if no time is given, within a reasonable time. Wherever this

Agreement requires the City or the Borrower to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not be unreasonably withheld, conditioned or delayed, unless expressly provided to the contrary.

9.6. Plans and Data

If this Agreement is terminated by a Party, the City shall have the right but not the obligation to purchase from the Borrower all plans, drawings, studies and related documents concerning the Project. The purchase price for all or any part of said materials shall be their cost to the Borrower, less amounts already paid to the Borrower by disbursement of HOME Loan Proceeds for such purposes. Upon delivery to the City, the City shall have the right to use such materials as it deems necessary and appropriate to fulfill the purposes of this Agreement without obligation to the Borrower.

9.7. Force Majeure

In addition to specific provisions of this Agreement, performance by any party hereunder shall not be deemed to be in default where delays or defaults are due to war; insurrection; strikes; lock-outs; riots; floods; earthquakes; fires; casualties; acts of God or any other deity; acts of the public enemy; epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; acts of terrorism; litigation including litigation challenging the validity of this transaction or any element thereof including the acquisition of the Site, or any portion thereof, unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor, or suppliers; acts of the other party; acts or failure to act of the City or any other public or governmental agency or entity; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform or relief from default, including without limitation the allocation of the City revenues to the State of California by a legislative act to fund deficits in the state budget. An extension of time for any such cause shall be for the period of the enforced delay and shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) calendar days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by mutual agreement between the Parties as otherwise provide in this Agreement. That notwithstanding, if said prevention or delay extends for one (1) year, any party, by notice in writing to the other, may terminate this Agreement.

9.8. Applicable Law; Interpretation

The laws of the State of California shall govern the interpretation and enforcement of this Agreement. This Agreement shall be construed as a whole and in accordance with its fair meaning and as though both of the parties participated equally in its drafting. Captions and organizations are for convenience only and shall not be used in construing meaning.

9.9. Inspection of Books and Records, Reports

The City or its designee has the right at all reasonable times upon at least forty-eight (48) hours' prior written notice to inspect the books and records and other related documents of the Borrower pertaining to the satisfaction of their obligations hereunder as reasonably necessary for purposes of enforcing the provisions of this Agreement. Such books, records and

related documents shall be maintained by the Borrower at locations as agreed by the parties. Throughout the term of this Agreement, the Borrower shall submit to the City reasonable written progress reports as and when reasonably requested by the City on all matters pertaining to the Project or the Site.

9.10. Administration

This Agreement shall be administered by the City Manager following approval of this Agreement.

Whenever a reference is made in this Agreement to an action, finding or approval to be undertaken by the City, the City Manager is authorized to act on behalf of the City, unless specifically provided otherwise or the context should require otherwise. The City Manager shall have the authority to issue interpretations, waive provisions and enter into amendments of this Agreement on behalf of the City, so long as such actions do not substantially change the uses or development permitted on the Site, or increase the amount of the HOME Loan specified herein or as agreed to by the City Council. Notwithstanding the foregoing, the City Manager may in his/her sole and absolute discretion refer any matter to the City Council for action, direction or approval.

9.11. Mutual Cooperation

Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement.

9.12. Independent Contractor

The parties agree that the Borrower, in the performance of this Agreement shall act as and be an independent contractor and shall not act in the capacity of an agent, employee or partner of the City.

10. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement includes [fifty-three (53)] pages and Attachment Nos. 1 through 12 which constitute the entire understanding and agreement of the Parties. Two (2) duplicate originals of this Agreement shall be executed each of which shall be deemed to be an original. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

Except as otherwise provided herein, this Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof. All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City or the Borrower, and all amendments hereto must be in writing and signed by the appropriate authorities of the City and the Borrower.

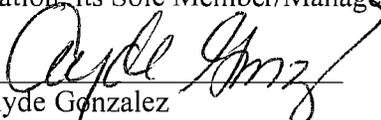
(Signatures on following page)

IN WITNESS WHEREOF, the City and the Borrower have signed this Agreement as of the date set opposite their signatures.

RIVERSIDE SUPPORTIVE HOUSING, L.P.,
a California limited partnership,

By: Supportive Housing LLC,
a California Limited Liability Company,
its Managing General Partner

By: A Community of Friends,
a California nonprofit public benefit
corporation, its Sole Member/Manager

By: 
Ayde Gonzalez
Chief Operating Officer

“CITY”

CITY OF RIVERSIDE, a California charter city
and municipal corporation

By: _____
Al Zelinka
City Manager

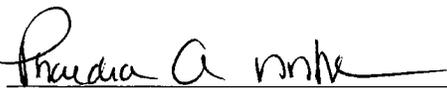
Attested to:

By: _____
Donesia Gause
City Clerk

CERTIFIED AS TO FUNDS AVAILABILITY:

BY: 
Chief Financial Officer / City Treasurer

Approved as to Form:

By: 
Lauren Sanchez
Deputy City Attorney

ACKNOWLEDGMENT

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

State of California
County of LOS ANGELES)

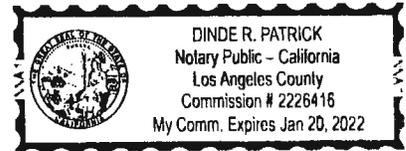
On 9/14/21 before me, DINDE R. PATRICK, NOTARY PUBLIC
(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature Dinde R. Patrick (Seal)



ATTACHMENT NO. 1

SITE PLAN

(Attached)

ATTACHMENT NO.1

SITE PLAN



ATTACHMENT NO. 2
SITE LEGAL DESCRIPTION

(Attached)

EXHIBIT "A"
LEGAL DESCRIPTION

Project: Oasis Senior Villas
APN: 221-132-020
Address: 2340 14th Street

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 19 of Castleman's Addition to Riverside, as shown by map on file in Book 3, Page 19 of Maps, Records of San Bernardino County, California, lying Northeasterly of that portion of said Lot 19 Condemned by the City of Riverside, a Certified Copy of Lot Condemnation being recorded November 30, 1942, in Book 559, Page 497, et seq. of Official Records of Riverside County, California.

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

Curtis C. Stephens 5/4/21 Prep. (S)
Curtis C. Stephens, L.S. 7519 Date



ATTACHMENT NO. 3
PROJECT DESCRIPTION

Oasis Senior Villas Project, a proposed 95-unit affordable senior housing project to be located at 2340 Fourteenth Street in the Eastside Neighborhood. Project units will be reserved for persons ages 55 and above and earning at-or-below 60% of the Area Median Income. The Project will consist an apartment building consisting of one-bedroom and two-bedroom units. The development will be a 100% senior community targeting low-income senior citizens with units set aside for veterans and seniors who are formally homeless and have behavioral health needs. Amenities will include a large community room with computer room, a library/counseling room, a fitness room as well as a community gathering and recreation space. Outdoor amenities include a community garden, recreational opportunities, and barbeque/picnic area.

ATTACHMENT NO. 4
SCHEDULE OF PERFORMANCE

| MILESTONE | DATE |
|--|--|
| Commitment of City of Riverside and Housing Authority of the City of Riverside Funds | 12/08/2020 |
| Design Review Committee Completed | Initial approval 6/14/2011 Substantial conformance determined 12/23/2020 |
| Planning Commission Approval | Initial approval 05/05/2011 Substantial conformance determined 12/23/2020 |
| Entitlements approved | Initial approval 06/14/2011 Substantial conformance determined 12/23/2020 |
| CEQA Clearance | 06/14/2011 |
| NEPA Clearance | 1/26/2021 |
| Grading Plans Submitted | 05/21/2020 |
| Building Plans Submitted | 02/02/2020 |
| Grading Starts | 10/18/2021 |
| Construction starts | 10/18/2021 |
| Grading completed | 02/18/2022 |
| Construction Complete | 06/18/2023 |

ATTACHMENT NO. 5

BUDGET

| USES OF FUNDS | TOTAL | PER UNIT |
|---|---------------|-----------------|
| ACQUISITION COSTS | | |
| Land - 2340 14th street, Riverside CA 92507 | \$ 1,800,000 | \$ 18,947 |
| Title/Recording/Escrow - Acquisition | \$ 7,102 | \$ 75 |
| Legal - Acquisition | \$ 101,997 | \$ 1,074 |
| Land Holding Costs | \$ 10,500 | \$ 111 |
| Acquisition Interest | \$ 762,460 | \$ 8,026 |
| RE Taxes during holding | \$ 105,000 | \$ 1,105 |
| Off-site Improvements | \$ 922,500 | \$ 9,711 |
| HARD COSTS | | |
| Hard Costs-Unit Construction | \$ 25,046,142 | \$ 263,644 |
| Personal Property in Construction Contract | \$ 642,202 | \$ 6,760 |
| Site Improvements/Landscape | \$ 1,288,922 | \$ 13,568 |
| GC - General Conditions | \$ 2,284,069 | \$ 24,043 |
| GC - Overhead & Profit | \$ 1,245,035 | \$ 13,106 |
| GC - Insurance | \$ 308,177 | \$ 3,244 |
| GC - Bond Premium | \$ 179,025 | \$ 1,884 |
| Contingency - Escalation | \$ 633,861 | \$ 6,672 |
| Contingency - Owner's Construction | \$ 2,574,256 | \$ 27,097 |
| SOFT COSTS | | |
| Architecture - Design | \$ 880,000 | \$ 9,263 |
| Design/Engineering - Civil Engineering | \$ 154,000 | \$ 1,621 |
| Geotech/Soils Report | \$ 15,072 | \$ 159 |
| ALTA Survey | \$ 25,000 | \$ 263 |
| Special Inspections/Testing | \$ 100,000 | \$ 1,053 |
| Environmental Consulting | \$ 23,440 | \$ 247 |
| LEED / HERS Rater | \$ 91,310 | \$ 961 |
| Owner's Rep / Construction Supervision | \$ 130,000 | \$ 1,368 |
| Entitlement/expeditor | \$ 82,000 | \$ 863 |
| Local Development Impact Fees | \$ 561,195 | \$ 5,907 |
| Local Permits/Fees | \$ 250,000 | \$ 2,632 |
| Utility Connection Fees | \$ 80,000 | \$ 842 |
| Real Estate Taxes During Const | \$ 60,000 | \$ 632 |
| Insurance During Const | \$ 392,000 | \$ 4,126 |
| Appraisal | \$ 11,500 | \$ 121 |
| Market/Rent Comp Study | \$ 15,750 | \$ 166 |
| Security Transition | \$ 60,000 | \$ 632 |
| Soft Cost Contingency | \$ 359,377 | \$ 3,783 |
| Predev. Loan Interest/Fees | \$ 150,000 | \$ 1,579 |

| | | |
|--|---------------|------------|
| Construction Loan Interest | \$ 1,326,710 | \$ 13,965 |
| Construction Loan Interest - Tail | \$ 217,979 | \$ 2,295 |
| Accrued Interest - City of Riverside Loan | \$ 79,045 | \$ 832 |
| Title/Recording/Escrow - Construction | \$ 65,000 | \$ 684 |
| Title/Recording/Escrow - Permanent | \$ 15,000 | \$ 158 |
| Legal (Owner): Construction Closing | \$ 50,000 | \$ 526 |
| Syndication - GP | \$ 20,000 | \$ 211 |
| Syndication Consulting | \$ 67,500 | \$ 711 |
| Audit/Cost Certification | \$ 20,000 | \$ 211 |
| TCAC Application/Res/Monitoring Fee | \$ 127,273 | \$ 1,340 |
| Furnishings Not in Contract | \$ 360,000 | \$ 3,789 |
| Start-up /Lease-up Expenses | \$ 65,000 | \$ 684 |
| Capitalized Operating Reserve (3 mos.) | \$ 272,344 | \$ 2,867 |
| Capitalized HCD Subsidy Transition Reserve | \$ 410,232 | \$ 4,318 |
| 100% Lease-Up Fee | \$ 250,000 | \$ 2,632 |
| Developer Fee | \$ 2,750,000 | \$ 28,947 |
| COSTS OF ISSUANCE/FINANCING FEES | | |
| Issuer Fee - Upfront | \$ 48,880 | \$ 515 |
| Issuer Fee - Annual During Const. | \$ 34,141 | \$ 359 |
| Construction Lender Origination Fee | \$ 232,346 | \$ 2,446 |
| Construction Lender Expenses | \$ 15,000 | \$ 158 |
| Construction Lender Counsel | \$ 70,000 | \$ 737 |
| Other Bond Fee: Bond Counsel | \$ 65,000 | \$ 684 |
| Other Bond Fee: Other Bond Fees | \$ 35,000 | \$ 368 |
| Permanent Lender Expenses | \$ 10,000 | \$ 105 |
| Permanent Lender Counsel | \$ 15,000 | \$ 158 |
| Permanent Loan Origination Fee | \$ 50,040 | \$ 527 |
| Other Perm Bond Fee: Conversion Fee | \$ 10,000 | \$ 105 |
| Trustee Fee During Construction | \$ 8,000 | \$ 84 |
| CDLAC Fee | \$ 124,107 | \$ 1,306 |
| CDIAC Fee | \$ 4,325 | \$ 46 |
| Subtotal - Financing/Costs of Issuance | \$ 721,839 | \$ 7,598 |
| TOTAL DEVELOPMENT COSTS | \$ 48,169,814 | \$ 507,051 |

ATTACHMENT NO. 6

**HOME INVESTMENT PARTNERSHIPS (HOME)
PROMISSORY NOTE**

Loan Amount: \$2,000,000

_____, 2021
Riverside, California

FOR VALUE RECEIVED, RIVERSIDE SUPPORTIVE HOUSING, L.P., a California limited partnership ("**Borrower**") promises to pay to the **CITY OF RIVERSIDE**, a California charter city and municipal corporation ("**City**"), or order, the principal sum of Two Million Dollars (\$2,000,000), or so much of such principal as may be disbursed pursuant hereto and in accordance with that certain HOME Investment Partnerships Loan Agreement by and between the City and the Borrower dated for identification purposes only as of _____, 2021 ("**HOME Loan Agreement**"). The record of such disbursements shall be recorded on Exhibit "A" to this HOME Promissory Note by the City and acknowledged by the Borrower. This HOME Promissory Note evidences the obligation of the Borrower to the City for the repayment of certain funds ("**HOME Loan**") loaned to the Borrower by the City and required to be paid by the Borrower pursuant to the Agreement, in connection with construction of the Project and appurtenant improvements thereon located at 2340 Fourteenth Street, located in the City of Riverside, California and further identified as Assessor Parcel No. (APN) 221-132-020 ("**Property**"). All capitalized terms unless otherwise defined herein shall have the same meaning as set forth in the HOME Loan Agreement.

1. Source of Funds.

To fund the HOME Loan, the City shall utilize certain funds allocated to and administered by the City pursuant to the HOME Program.

2. Interest.

2.1 Basic Interest. Except as provided in Section 2.2 below, the disbursed and unpaid principal balance of the HOME Loan shall bear interest for the period of time commencing on the date on which the HOME Loan proceeds are first disbursed for the account of the Borrower and ending on the date upon which the HOME Loan is repaid in full at the rate of three percent (3.0%) per annum, simple interest. Interest shall be computed on the basis of actual number of days elapsed and a 360-calendar day year.

2.2 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the HOME Loan) which the Borrower does not pay when otherwise due under the terms of this HOME Promissory Note, shall bear interest at the rate of ten percent (10%) per annum ("**Default Rate**"), simple interest, from the date which is ten (10) calendar days after such amount would otherwise be due until the date paid.

3. Payment Dates and Amounts.

Except as otherwise provided in this HOME Promissory Note, Borrower shall repay the HOME Loan with interest in arrears in annual installments on May 1 of each calendar year for the

previous calendar year, commencing on May 1 in the calendar year immediately following the calendar year in which the Release of Construction Covenants is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the indebtedness of the HOME Loan to the City in annual payments equal to City's Share of Residual Receipts for the prior fiscal year.

3.1 Definition of Annual Project Revenue. "Annual Project Revenue" shall mean all gross income and all revenues of any kind from the operation and leasing of the Project in a fiscal year, including without limitation, Project rents, Section 8 housing assistance payments, if any, late charges, vending machine income, proceeds of casualty insurance only to the extent not utilized to repair or rebuild the Property (subject to the rights of any senior lender), and any other revenues actually received from the operating of the Project, except that security deposits and interest on security deposits, loan proceeds, required reserves, capital contributions, and condemnation proceeds, shall not be considered Annual Project Revenue.

3.2 Definition of Asset Management Fees. "Asset Management Fees" shall mean the asset management fee and the partnership management fee payable to the partners of the Borrower pursuant to the terms of the Borrower's limited partnership agreement, in a cumulative amount not to exceed a total of Twenty-Five Thousand Dollars (\$25,000) per year, escalating by 3% per annum.

3.3 Definition of City's Share of Residual Receipts. "City's Share of Residual Receipts" shall mean the City's Pro Rata Share of the Lenders' Share of Residual Receipts. The Pro Rata Share shall be determined by calculating the percentage resulting from dividing the amount of the Loan funds disbursed to the Borrower in accordance with the Loan Agreement, by the total sum of all subordinate loans for the Project.

3.4 Definition of Completion Loan. "Completion Loan" means a loan provided by any partner of the Borrower or any party obligated to guaranty the obligations of the Borrower to the Borrower's limited partners to pay for completion of the Project as may be required under the Borrower's limited partnership agreement, if applicable.

3.5 Definition of Debt Service. "Debt Service" means payments made in the fiscal year pursuant to the terms and conditions of the Construction and Permanent Loan or any subsequent promissory note and loan agreement with a private lender and excluding payments made pursuant to the City promissory note and notes made with other sources of subsidy financing.

3.6 Definition of Deferred Developer Fee. "Deferred Developer Fee" shall mean any developer fee remaining unpaid at the time the development receives its certificate of occupancy for a period not to exceed fifteen (15) years thereafter.

3.7 Definition of Lenders' Share of Residual Receipts. "Lenders' Share of Residual Receipts" shall mean fifty percent (50%) of Residual Receipts.

3.8 Definition of Operating Deficit Loan. "Operating Deficit loan" shall mean a loan, if any, provided by the general partner of the Borrower, or any entity which is obligated to guaranty the obligations of the general partner to pay for Project operating deficits, as may be required by the Borrower's limited partnership agreement.

3.9 Definition of Operating Expenses. “Operating Expenses” shall mean actual, reasonable and customary costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance and management of the Project in a fiscal year, including, without limitation: painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the capital replacement reserve, fees and expenses of property management, fees and expenses of accountants, attorneys and other professionals, and other actual, reasonable and customary operating costs and capital costs which are directly incurred and paid by the Borrower, but which are not paid from the operating reserve or other reserve accounts. The Operating Expenses shall not in any event include expenses not related to the development’s operations, including without limitation, depreciation, amortization, non-cash expenses, and accrued principal and interest expense on deferred payment debt.

3.10 Definition of Residual Receipts. “Residual Receipts” means Annual Project Revenue less the sum of actual reasonable payments made on the following:

- (a) Operating Expenses;
- (b) Debt Service;
- (c) A Deferred Developer Fee not to exceed the amount of Developer Fee approved by the California Tax Credit Allocation Committee;
- (d) Asset Management Fees;
- (e) Operating Deficit Loan plus interest thereon; plus
- (f) Completion Loan plus interest thereon.

3.11 Interest accrued on items set forth in Section 2.1 and in Section 6 shall not exceed a reasonable and customary rate of interest accrued on similar debt associated with similar affordable housing projects in Southern California.

4. Annual Financial Statement.

Not later than May 1, 2023 and each May 1st thereafter throughout the term, the Borrower shall submit to the City its Annual Financial Statement for the preceding year together with payments, if any, pursuant to Section 3 hereof. Residual Receipts shall be calculated by the Borrower (and certified by an authorized officer of the Borrower) and reported by the Borrower to the City annually for each calendar year no later than May 1st of the following calendar year on forms specified and provided by the City from time to time but no later than June 30th of each year. All calculations and records shall be based upon the Borrower’s Annual Financial Statement and shall be subject to audit by the City. In connection with any audit, the Borrower shall provide to the City for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the City for the purpose of verifying the Borrower’s calculation of Residual Receipts, and shall promptly pay to the City any further amount

due but not paid as a result of any miscalculation by the Borrower. The City shall promptly pay the Borrower any overpayments made by the Borrower as shown by such audit.

5. Maturity Dates.

Notwithstanding any other provision hereof, unless due sooner by virtue of the acceleration of the balance hereof in accordance with Section 7, the outstanding principal balance together with any accrued and unpaid interest due thereon and any other sums payable under this HOME Promissory Note shall be due and payable in full on the date which is fifty-five (55) years from the date of the recording of the HOME Release of Construction Covenants ("**Maturity Date**").

6. Additional Payments.

Unless waived by the City Manager, in addition to the payments provided in Section 3 above, and subject to the terms of any senior financing, the Borrower shall pay to the City towards (but not to exceed) any outstanding amounts related to the HOME Loan: (a) no later than the date of close of escrow or other consummation of any Assignment other than a Minor Assignment, the Net Proceeds of such Assignment multiplied by the City's Pro Rata Share; and (b) no later than the recording of a Refinancing, (x) an amount equal to (i) fifty percent (50%) of the Net Refinancing Proceeds received from any such Refinancing, multiplied by (ii) the Applicable Percentage; multiplied by (y) the City Percentage.

"**Applicable Percentage**" means fifty percent (50%); provided, however, that the term "Applicable Percentage" means one hundred percent (100%) with respect to a payment on the HOME Loan attributable in whole or in part to a condemnation of, or event of damage, destruction or casualty with respect to, the Property, the Project or any portion of either.

"**Assignment**" means any voluntary or involuntary conveyance, disposition, assignment, (other than a Refinancing as defined below or the creation of the Senior Financing or any other Project Loan, or limited partner contribution, the proceeds of which are used solely for initial acquisition of the Property by the Borrower or initial development of the Project), sublease, sale or transfer of the Property, including, without limitation, any transfer by the Borrower of all or any portion of its rights under or interest in the Project or the Property, owner any foreclosure of the Borrower's interest in the Project or the Property, whether by judicial proceedings, or by virtue of any power contained in a deed of trust, indenture or other instrument creating a lien against the Project or the Property, or any assignment of the Borrower's estate in the Project or the Property through, or in lieu of, foreclosure or other appropriate and bona fide proceedings in the nature thereof; provided, however, that the term "Assignment" as used herein shall not include (i) any permitted transfer as set forth in Section 2.2 of the Agreement or (ii) any bona fide transfers of an ownership interest in the Borrower to any Affiliate of the Borrower, so long as the consideration paid to the selling partner, member or shareholder on account of such transfer shall not exceed the actual amount paid by such partner, member or shareholder for its ownership interest plus reimbursement for any out-of-pocket expenses incurred by such partner, member or shareholder in connection with its acquisition of such ownership interest.

"**Minor Assignment**" means any lease of an individual unit in the Project for occupancy by a residential tenant or subtenant, or if applicable, lease of commercial space and in the ordinary course of business for operation of the Project.

“Net Proceeds” of an Assignment means (a) the proceeds received, directly or indirectly, by the Borrower or any Affiliate or constituent member or partner, or majority shareholder, of the Borrower as a result of such Assignment, including, without limitation, cash, the amount of any monetary lien or encumbrance assumed or taken subject to by the assignee, the fair market value of any non-cash consideration, including the present value of any promissory note received as part of the proceeds of such Assignment (such present value to be determined based upon a discount rate reasonably satisfactory to the City), the entire condemnation award or compensation payable to the Borrower or any Affiliate or constituent member or partner, or majority shareholder, of the Borrower in connection with a condemnation or taking in eminent domain of any part of the Property or the Project or any interest therein, all insurance proceeds or awards payable to the Borrower or any Affiliate or constituent member or partner or majority shareholder of the Borrower in connection with any damage to or destruction of the Property or the Project or any part thereof not used for Project restoration; less (b) the sum of (i) the actual, documented and reasonable expenses of effecting such Assignment, including reasonable brokerage commissions, title insurance premiums, documentary transfer taxes, and reasonable attorneys’ fees, in each case actually paid in connection with the Assignment (provided that no deduction shall be allowed for payments to an Affiliate of the person or entity making the Assignment which are in excess of the amount that would be paid for the same or equivalent services in an arms’ length transaction between unrelated parties acting reasonably), and (ii) the amount of any proceeds of the Assignment paid (excluding voluntary payments) towards the then-outstanding balance of the Senior Financing. Notwithstanding anything above which is or appears to be to the contrary, the permissible deductions for purposes of calculating the Net Proceeds of an Assignment shall not include any foreign, U.S., state or local income taxes, franchise taxes, or other taxes based on income.

“Refinancing” means creation or substantial modification of a loan secured by an encumbrance on the Property, the Project, or any portion thereof. The term “Refinancing” shall not include the creation of the financing and any other project loan, the proceeds of which are used solely for initial acquisition of the Property by the Borrower or initial development of the Project or otherwise allowed in the Agreement (“Senior Financing”).

“Net Refinancing Proceeds” means the gross face amount of the loan proceeds obtained in connection with a Refinancing, after: (a) payment of the actual, documented and reasonable expenses of such Refinancing, including escrow fees, title policy expenses, legal expenses, survey fees, recording fees, commissions, or other usual and reasonable expenses of any such Refinancing (provided, that no deduction shall be allowed for payments in connection with such Refinancing which are in excess of the amounts that would be paid for the same or equivalent services in an arms’ length transaction between unrelated parties acting reasonably); (b) deduction of amounts for any necessary construction, repairs, improvements or other capital improvements to the Project, as approved by the City, which approval shall not be unreasonably withheld, conditioned or delayed; (c) deduction of amounts repaid (excluding voluntary payments) in connection with the Refinancing towards amounts outstanding under the Senior Financing, any deferred fees (including the Deferred Developer Fee, Asset Management Fees), and Operating Deficit Loan and Completion Loan plus interest thereon, if applicable.

7. Acceleration.

Notwithstanding the payment terms set forth in Section 3 above, upon the occurrence of any “*Event of Default*” as set forth in Section 14 below, the entire outstanding principal balance of the Note, together with any outstanding interest and other amounts payable thereunder, shall, at the election of the City and upon notice to the Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

8. Prepayment; Application of Payments.

At any time after the disbursement of the HOME Loan proceeds, the Borrower may prepay all or a portion of the unpaid principal amount of the HOME Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 7 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding HOME Loan principal or interest thereon) due under this HOME Promissory Note or the HOME Loan Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward outstanding interest accrued at the basic interest rate of three percent (3%) per annum (simple interest), if any, then toward any deferred principal, and finally toward the remaining principal balance under this HOME Promissory Note.

9. Security For Note.

The Borrower’s obligations under this HOME Promissory Note and the HOME Loan Agreement shall, at all times during which any amount remains outstanding, be secured by that certain deed of trust, fixture filing and assignment of rents (“*HOME Deed of Trust*”) of even date herewith, and of which the City is the beneficiary, recorded against Borrower’s fee interest in the Property and the Project (collectively, “*Property*”).

10. Obligation of Borrower Unconditional.

The obligation of the Borrower to repay the HOME Loan and all accrued interest thereon shall be absolute and unconditional, and until such time as all of the outstanding principal of and interest on this HOME Promissory Note shall have been fully paid, the Borrower agrees that it: (a) will use the funds solely for the purposes set forth herein; and (b) will not terminate or suspend any payment or obligations under this HOME Promissory Note, the HOME Loan Agreement, or any other document executed hereunder or in connection herewith for any cause, including without limitation, any acts or circumstances that may constitute failure of consideration, commercial frustration of purpose, or any duty, liability or obligation arising out of or in connection with this HOME Promissory Note, the HOME Loan Agreement or any document executed hereunder or in connection herewith.

11. Purpose of HOME Loan.

The HOME Loan Proceeds shall be used by the Borrower only to pay Project Costs and such other uses previously approved in writing by the City in accordance with the Agreement. In no event shall the Borrower use or otherwise invest the proceeds of the HOME Loan except as expressly provided in this HOME Promissory Note and the HOME Loan Agreement.

12. Covenants of Borrower.

As additional consideration for the making of the HOME Loan by the City, the Borrower covenants as follows:

12.1 Compliance with Agreement, the HOME Regulatory Agreement and Deed of Trust. The Borrower shall comply with all of its obligations under the HOME Loan Agreement, the HOME Regulatory Agreement and the HOME Deed of Trust. Any amounts payable by the Borrower under the HOME Loan Agreement, the HOME Regulatory Agreement, or the HOME Deed of Trust (other than amounts also payable hereunder) shall be deemed added to the principal amount of the HOME Loan payable hereunder.

12.2 Other Loans. The Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Property or the Project. The Borrower shall provide to the City a copy of any notice of default within five (5) business days after receiving any notice of a default or alleged default of such covenants by the Borrower, and the Borrower shall promptly cure any such default and cooperate in permitting the City, to the extent the City in its sole discretion elects to do so, to cure or assist in curing the default. Any cost or expenditure incurred by the City in providing or assisting in such a cure shall be deemed added to the outstanding principal amount of the HOME Loan.

13. Assignment of this Note.

This HOME Promissory Note shall be assignable by the Borrower in accordance with Section 2.2 of the Agreement. Notwithstanding anything which may be or appear to be herein to the contrary, no purported assignment of this HOME Promissory Note and/or the HOME Loan shall be effective if such assignment would violate the terms, conditions and restrictions of any Governmental Regulations.

14. Events of Default and Remedies.

14.1 Borrower Events of Default. The occurrence of any of the circumstances described in this Section 14.1 shall constitute an event of default by Borrower hereunder (“*Event of Default*”). Notwithstanding anything herein to the contrary, the herein described notice requirements and cure periods shall not apply to any Event of Default described in Sections 14.1(c) through 14.1(h) below.

(a) The failure of the Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the HOME Deed of Trust or the HOME Loan Agreement, without curing such failure within ten (10) calendar days after receipt of written notice of such default from the City (or from any party authorized by the City to deliver such notice as identified by the City in writing to the Borrower).

(b) The failure of the Borrower to perform any non-monetary covenant or obligation hereunder, or under the HOME Deed of Trust or the HOME Loan Agreement, without curing such failure within thirty (30) calendar days after receipt of written notice of such default from the City (or from any party authorized by the City to deliver such notice as identified by the City in writing to the Borrower) specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency. Provided, however, that if any default with respect to a non-monetary obligation is such that it cannot be cured within a thirty (30)-day period,

it shall be deemed cured if the Borrower commences the cure within said thirty (30)-day period and diligently prosecutes such cure to completion thereafter.

(c) The material falsity, when made, of any representation or breach of any material warranty or covenant made by the Borrower under the terms of this HOME Promissory Note, the HOME Loan Agreement or the HOME Deed of Trust, without curing such falsity within ten (10) calendar days after receipt of written notice of such default from the City (or from any party authorized by the City to deliver such notice as identified by the City in writing to the Borrower);

(d) The Borrower or any constituent member or partner, or majority shareholder, of the Borrower shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like of its property, (ii) fail to pay or admit in writing its inability to pay its debts generally as they become due, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated as bankrupt or insolvent, or (v) commence a voluntary petition that is not withdrawn within ninety (90) calendar days of the filing thereof or answer seeking an arrangement with creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy or insolvency proceeding;

(e) If without the application, approval or consent of the Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of the Borrower or any constituent member or partner or majority shareholder of the Borrower, for an order for relief or an adjudication in bankruptcy, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Borrower or of all or any substantial part of the Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Borrower, in good faith, the same shall (i) result in the entry of an order for relief or any such adjudication or appointment, or (ii) continue undismissed, or pending and unstayed, for any period of ninety (90) consecutive calendar days;

(f) Following completion of the construction of the Project, voluntary cessation of the operation of the Project for a continuous period of more than thirty (30) calendar days or the involuntary cessation of the operation of the Project in accordance with this HOME Promissory Note, the HOME Regulatory Agreement and/or the HOME Loan Agreement for a continuous period of more than sixty (60) calendar days;

(g) A transfer, in violation of Section 2.2.2 of the HOME Loan Agreement;

(h) If the Borrower is in default under the terms of the HOME Regulatory Agreement, other financing, or any other secured or unsecured obligation relating to the Project, unless such default is cured within the cure period, if any, applicable thereto under the terms and obligation which is in default.

14.2 City Remedies. Upon the occurrence of an Event of Default hereunder, the City may, in its sole discretion, take any one or more of the following actions:

(a) By notice to the Borrower, except in the case of a default by the Borrower under Section 14.1(d) or Section 14.1(e) in which event no notice shall be required, declare the

entire then unpaid principal balance of the HOME Loan immediately due and payable, and the same shall become due and payable without further demand, protest or further notice of any kind, all of which are expressly waived. Upon such declaration, outstanding principal and (to the extent permitted by law) interest and any other sums outstanding in connection with the HOME Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

(b) Subject to the nonrecourse provisions of Section 23 below, take any and all actions and do any and all things which are allowed, permitted or provided by law, in equity or by statute, in the sole discretion of the City, to collect the amounts then due and thereafter to become due hereunder, to exercise its rights under the HOME Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this HOME Promissory Note, the HOME Loan Agreement or under any other document executed in connection herewith;

(c) Subject to the nonrecourse provision of Section 23 below, upon the occurrence of an Event of Default which is occasioned by the Borrower's failure to pay money, the City may, but shall not be obligated to, make such payment. If such payment is made by the City, the Borrower shall deposit with the City, upon written demand therefor, such sum plus interest at the Default Rate. In either case, the Event of Default with respect to which any such payment has been made by the City shall not be deemed cured until such repayment (as the case may be) has been made by the Borrower. Until repaid, such amounts shall have the security afforded disbursements under this HOME Promissory Note;

(d) Subject to the nonrecourse provisions of Section 23 below, upon the occurrence of an Event of Default described in Section 14.1(d) or 14.1(e) hereof, the City shall be entitled and empowered by intervention in such proceedings or otherwise to file and prove a claim for the whole amount owing and unpaid on the HOME Loan and, in the case of commencement of any judicial proceedings, to file such proof of claim and other papers or documents as may be necessary or advisable in the judgment of the City and its counsel to protect the interests of the City and to collect and receive any monies or other property in satisfaction of its claim.

14.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this HOME Promissory Note or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the City may determine in its sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the City. In order to entitle the City to exercise any right or remedy reserved to it under this HOME Promissory Note, no notice shall be required except as expressly provided herein.

14.4 City Default and Borrower Remedies. Upon fault or failure of the City to meet any of its obligations under this HOME Promissory Note without curing such failure within thirty (30) calendar days after receipt of written notice of such failure from the Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, the Borrower may, as its sole and exclusive remedies:

- (a) Demand and obtain payment from the City of any sums due to or for the benefit of the Borrower pursuant to the express terms of this HOME Promissory Note;
- (b) Bring an action in equitable relief seeking the specific performance by the City of the terms and conditions of this HOME Promissory Note or seeking to enjoin any act by the City which is prohibited hereunder; and/or
- (c) Bring an action for declaratory relief seeking judicial determination of the meaning of any provision of this HOME Promissory Note.

Without limiting the generality of the foregoing, the Borrower shall in no event be entitled to, and hereby waives, any right to seek consequential damages of any kind or nature from the City arising out of or in connection with this HOME Promissory Note, and in connection with such waiver the Borrower is familiar with and hereby waives the provision of Section 1542 of the California Civil Code which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

15. Agreement to Pay Attorneys’ Fees and Expenses.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this HOME Promissory Note or any of the HOME Loan Documents, defined as the HOME Loan Agreement, this HOME Promissory Note, the HOME Deed of Trust, the HOME Regulatory Agreement, the Request for Notice of Default and all other documents contemplated by the HOME Loan Agreement, as a consequence of any breach by the other party of its obligations thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys’ fees and out-of-pocket expenditures paid by the losing party. The attorneys’ fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final judgment is satisfied in full. In addition to the foregoing award of attorneys’ fees, the prevailing party in any lawsuit on this HOME Promissory Note or any other HOME Loan Document shall also be entitled to its reasonable attorneys’ fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, the Borrower agrees to pay or reimburse the City, upon demand by the City, for all costs incurred by the City in connection with enforcement of this HOME Promissory Note, and any other HOME Loan Document, including without limitation, reasonable attorneys’ fees and costs, if there shall be filed by or against the Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the City is a creditor in such proceedings or otherwise.

16. Conflict of Interest; No Individual Liability.

No official or employee of the City shall have any personal interest, direct or indirect, in this HOME Promissory Note, nor shall any official or employee of the City participate in any decision relating to this HOME Promissory Note which affects such official’s or employee’s

pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the City shall be personally liable in the event of a breach of this HOME Promissory Note by the City.

17. Amendments, Changes and Modifications.

This HOME Promissory Note may not be amended, changed, modified, altered or terminated without the prior written consent of the parties hereto.

18. Notices.

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this HOME Promissory Note shall be in writing and shall be sent by first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery. Unless a different address is given by any party as provided in this Section, all such communications will be addressed as follows:

To Borrower: RIVERSIDE SUPPORTIVE HOUSING, L.P.
3701 Wilshire Boulevard, Suite #700
Los Angeles, CA 90010
Attn: President and Chief Executive Officer
Email: dgallo@acof.org

Copies to: Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Sarah Perez
Email: sperez@gubbandbarshay.com

And to: Bank of America, N.A.
Mail Code: MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attention: Asset Management
Facsimile: 617-346-2257

And to: Buchalter, a Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Attn: Michael A. Williamson, Esq.
Facsimile: (213) 630-5799
Matter No: B0965-0592 (Oasis Senior)

To City: City of Riverside
Attn: City Manager
3900 Main Street
Riverside, California 92522

Copies to:

City of Riverside
Attn: City Attorney
3900 Main Street
Riverside, California 92522

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this HOME Promissory Note. Any address for service of notice on any party may be changed by that party serving a notice upon the other of the new address, except that any change of address to a post office box shall not be effective unless a street address is also specified for use in effectuating personal service.

19. Severability.

The invalidity or unenforceability of any one or more provisions of this HOME Promissory Note will in no way affect any other provisions.

20. Interpretation.

Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the paragraphs of this HOME Promissory Note are for convenience only and do not define or limit any terms or provisions. Time is of the essence in the performance of this HOME Promissory Note by the Borrower. Each party hereto has been represented by counsel in the negotiation of this HOME Promissory Note, and it shall not be interpreted in favor of or against any party on account of relative responsibilities in drafting. Notwithstanding any other provision of this HOME Promissory Note, nothing herein or in this HOME Promissory Note shall be deemed to require the Borrower to pay interest in an amount in excess of any applicable usury law or other legal limitation on interest, and the terms of this HOME Promissory Note shall be interpreted to require in each instance the lesser of (a) the amount stated in this HOME Promissory Note, and (b) the maximum applicable legal limit.

21. No Waiver; Consents.

Any waiver by the City must be in writing and will not be construed as a continuing waiver. No waiver will be implied from any delay or failure by the City to take action on account of any default of the Borrower. Consent by the City to any act or omission by the Borrower will not be construed to be a consent to any other or subsequent act or omission or to waive the requirements for the City's consent to be obtained in any future or other instance.

22. Governing Law.

This HOME Promissory Note shall be governed by the laws of the State of California.

23. Nonrecourse Obligation After Completion of Construction.

This HOME Promissory Note shall constitute a recourse obligation of the Borrower until recordation of the Release of Construction Covenants in the official records of the County of

Riverside. Upon completion of construction of the Project as evidenced by the recordation of a Release of Construction Covenants, this HOME Promissory Note shall be nonrecourse and neither the Borrower nor any member, officer, partner or employee of the Borrower shall have any personal liability for repayment of the sums evidenced hereby, and the City must resort only to the Property for repayment should the Borrower fail to repay the sums evidenced hereby.

Nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this HOME Promissory Note of all the rights and remedies of the City, or (b) be deemed in any way to impair the right of the City to assert the unpaid principal amount of this HOME Promissory Note as a demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this HOME Promissory Note; nothing contained therein is intended to relieve the Borrower and, if the Borrower is a partnership, any general partner of the Borrower of liability for (i) fraud or willful misrepresentation of the Borrower; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the HOME Loan Documents that are payable or applicable prior to any foreclosure under the HOME Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) subject to any subordination agreement between the City and a senior lender, the retention of any rental income or other income arising with respect to the Project collected by the Borrower after the City has given any notice that the Borrower is in default to the full extent of the rental income or other income retained and collected by the Borrower after the giving of any such notice; (iv) the fair market value as of the time of the giving of any notice referred to in subparagraph (iii) above of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the HOME Loan Documents after the giving of any notice referred to above; and (v) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (iv) breach of any environmental covenant or representation made by the Borrower relating to the Project.

Notwithstanding anything to the contrary herein, in no case shall the Borrower's limited partners have any personal liability hereunder or under any of the other HOME Loan Documents or be compelled to contribute additional capital to Borrower.

24. Approvals.

Except with respect to those matters set forth hereinabove providing for the City's approval, consent or determination to be at the City's "sole discretion" or "sole and absolute discretion," the City hereby agrees to act reasonably with regard to any approval, consent, or other determination given by the City hereunder. The City agrees to give the Borrower written notice of its approval or disapproval following submission of items to the City for approval, including, in the case of any disapproved item, the reasons for such disapproval.

Any review or approval of any matter by the City or any City official or employee under this HOME Promissory Note shall be solely for the benefit of the City, and neither the Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, the Borrower and not the City shall be solely responsible for assuring

compliance with laws, the suitability of the Property for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

25. Waiver.

The Borrower agrees that it will still be liable for repayment of this HOME Promissory Note, subject to the nonrecourse provision of Section 23 above, even if the holder hereof does not follow the procedures of presentment, protest, demand, diligence, notice of dishonor and of nonpayment, which requirements are hereby waived. Failure of the City or other holder hereof to exercise any right or remedy hereunder shall not constitute a waiver of any future or other default. No acceptance of a past due installment or indulgence granted from time to time shall be construed to be a waiver of, or to preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of, the right to insist upon prompt payment thereafter or to impose late charges retroactively or prospectively, or to waive or preclude the exercise of any other rights which the City may have.

IN WITNESS WHEREOF, the Borrower has executed this HOME Promissory Note as of the date and year first above written.

BORROWER:

Date: _____

RIVERSIDE SUPPORTIVE HOUSING, L.P.,
a California limited partnership,

By: Supportive Housing LLC,
a California Limited Liability Company,
its Managing General Partner

By: A Community of Friends,
a California nonprofit public benefit
corporation, its Sole Member/Manager

By: _____
Dora Leong Gallo,
President & Chief Executive Officer

EXHIBIT "A"

DISBURSEMENT RECORD

| | Disbursement Amount | Disbursement Date | Borrower's Acknowledgment of Receipt |
|----|----------------------------|--------------------------|---|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. | | | |
| 7. | | | |
| 8. | | | |

ATTACHMENT NO. 7

HOME INVESTMENT PARTNERSHIPS (HOME)
DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:)
)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Housing Project Manager)
)
Project: Oasis Senior Villas Project)

(Space above for Recorder’s Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

HOME INVESTMENT PARTNERSHIPS (HOME)

DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS (“**Deed of Trust**”) is made as of _____, 2021, by **RIVERSIDE SUPPORTIVE HOUSING, L.P.**, a California limited partnership (“**Trustor**”), whose address is 3701 Wilshire Boulevard, Suite #700, Los Angeles, CA 90010; to Commonwealth Land Title Company, located at 3480 Vine Street, Suite 300, Riverside, CA 92507 (“**Trustee**”), for the benefit of the **CITY OF RIVERSIDE**, a California charter city and municipal corporation (“**Beneficiary**”).

THIS DEED OF TRUST is given, inter alia, for the purpose of securing the obligation of Trustor to repay Beneficiary all principal and interest due under that certain loan in the amount of Two Million Dollars (\$2,000,000) made by Beneficiary (“**HOME Loan**”) evidenced by that certain HOME Promissory Note of even date herewith (“**HOME Promissory Note**”) and made in accordance with that certain Home Investment Partnerships Loan Agreement by and between the City and the Borrower, dated for identification purposes only as of _____, 2021 (“**HOME Loan Agreement**”) and the performance of Trustor’s obligations thereunder and under this HOME Deed of Trust and the HOME Regulatory Agreement as hereinafter defined. The HOME Loan shall be made in connection with the acquisition and assembly of certain real property and predevelopment activities in preparation for construction of improvements thereon containing ninety-three (93) units plus two (2) managers’ units and any improvements appurtenant thereto by the Trustor in accordance with the HOME Loan Agreement (“**Project**”). The real property is located at 2340 Fourteenth Street in the City of Riverside, State of California and further identified as Assessor Parcel No. (APN) 221-132-020, as more particularly described in Exhibit “A” attached hereto and by this reference incorporated herein (“**Property**”).

FOR GOOD AND VALUABLE CONSIDERATION, including the financial assistance herein recited and the trust herein created, the receipt of which is hereby acknowledged, Trustor hereby irrevocably grants, transfers, conveys and assigns to Trustee, IN TRUST, WITH POWER OF SALE, for the benefit and security of Beneficiary, under and subject to the terms and conditions hereinafter set forth, the Property;

TOGETHER WITH any and all buildings and improvements now or hereafter erected on the Property including, without limitation, Trustor's interest in fixtures, tenements, attachments, appliances, equipment, building systems, machinery, and other articles now or hereafter attached to the buildings and improvements (collectively, "Improvements"), all of which shall be deemed and construed to be a part of the real property;

TOGETHER WITH all earnings, rents, issues, profits, revenue, royalties, income, proceeds and other benefits, including without limitation prepaid rents and security deposits (collectively, "Rents") derived from any lease, sublease, license, franchise or concession or other agreement (collectively, "Leases") now or hereafter affecting all or any portion of the Property or the Improvements or the use or occupancy thereof;

TOGETHER WITH all interests, estates or other claims, both in law and in equity, which Trustor now has or may hereafter acquire in the Property or the Improvements, including without limitation, all right, title and interest now owned or hereafter acquired by Trustor in and to any greater estate in the Property or the Improvements;

TOGETHER WITH all easements, tenements, hereditaments, appurtenances, rights-of-way and rights now owned or hereafter acquired by Trustor used or useful in connection with the Property or as a means of access thereto, including, without limiting the generality of the foregoing, all rights pursuant to any trackage agreement and all rights to the nonexclusive use of common drive entries, all oil and gas and other hydrocarbons and all other minerals and water and water rights and shares of stock evidencing the same;

TOGETHER WITH all leasehold estate, right, title and interest of Trustor in and to all leases, subleases, subtenancies, licenses, franchises, occupancy agreements and other agreements covering the Property, the Improvements or any portion thereof now or hereafter existing or entered into, and all right, title and interest of Trustor thereunder, including, without limitation, all cash or security deposits, prepaid or advance rentals, and deposits or payments of similar nature;

TOGETHER WITH all right, title and interest of Trustor, now owned or hereafter acquired in and to any Property lying within the right-of-way of any street, open or proposed, adjoining the Property and any and all sidewalks, vaults, alloys and strips and gores of property adjacent to or used in connection with the Property;

TOGETHER WITH all the estate, interest, right, title, other claim or demand, both in law and in equity, including claims or demands with respect to the proceeds of insurance in effect with respect to the Property, which Trustor now has or may hereafter acquire in the Property or the Improvements and any and all awards made for the taking by eminent domain, or by any proceeding of purchase in lieu thereof, of the whole or any part of the interests described in this

Deed of Trust, including, without limitation, any awards resulting from a change of grade of streets and awards for severance damages.

The entire estate, property and interest hereby conveyed to Trustee may hereafter be collectively referred to as the "Trust Estate".

FOR THE PURPOSE OF SECURING:

(a) the payment of the sum of Two Million Dollars (\$2,000,000), or so much of such principal as may be disbursed pursuant to the HOME Promissory Note, with non-compounding simple interest at 3.0% per annum according to the terms of the HOME Promissory Note, and any and all additions, modifications or extensions thereof;

(b) performance of every obligation, covenant and agreement of Trustor contained in the Agreement, the Note, and that certain HOME Regulatory Agreement by and between Trustor and Beneficiary dated and recorded concurrently herewith ("**HOME Regulatory Agreement**") which includes among other covenants and restrictions, covenants of affordability, maintenance of the Project and restrictions on transfer of Ownership of the Project and all modifications, extensions, renewals, and replacements thereof or any other agreement now or hereafter executed by Trustor which recites that the obligations thereunder are secured by this HOME Deed of Trust and the HOME Notice of Default (collectively, "**HOME Loan Documents**");

(c) payment of all sums advanced by Beneficiary or its successors and assigns, or Trustee, to enforce the HOME Promissory Note, the HOME Loan Agreement, the HOME Regulatory Agreement or this HOME Deed of Trust to protect the Trust Estate upon an Event of Default, with interest thereon at the rate of ten percent (10%) per annum ("**Default Rate**") pursuant to the terms of the Note;

(d) payment and performance of all other obligations of Trustor arising from any and all existing and future agreements with Beneficiary, or its successors or assigns, when such agreement recites that the obligations thereunder are secured by this HOME Deed of Trust.

All initially capitalized terms used herein which are defined in the HOME Agreement shall have the same meaning herein unless the context otherwise requires.

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

**ARTICLE 1.
COVENANTS AND AGREEMENTS OF TRUSTOR**

1.1 Payment of Secured Obligations. Trustor shall immediately pay when due all amounts secured hereby.

1.2 Maintenance, Repair, Alterations. Subject to normal wear and tear, Trustor (a) shall keep the Property and the Improvements thereon in good condition and repair in accordance with the HOME Loan Documents, including without limitation the HOME Regulatory Agreement; (b) shall not remove, demolish or substantially alter any of the Improvements except upon the prior written consent of Beneficiary; (c) shall complete promptly and in a good and workmanlike manner any Improvement which may be now or hereafter constructed on the Property and promptly restore in like manner any portion of the Improvements which may be damaged or destroyed thereon from any cause whatsoever, and pay when due all claims for labor performed and materials furnished therefore; (d) shall comply in all material respects with all applicable laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Trust Estate or any part thereof or requiring any alterations or improvements; (e) shall not commit or permit any waste or deterioration of the Property or the Improvements; (f) shall not allow changes in the use for which all or any part of the Property or the Improvements were intended; and (g) shall not initiate or acquiesce in a change in the zoning classification of the Property and the Improvements without Beneficiary's prior written consent, which shall not be unreasonably withheld, conditioned, or delayed.

1.3 Required Insurance.

(a) Trustor shall at all times provide, maintain and keep in force or cause to be provided, maintained and kept in force, at no expense to Trustee or Beneficiary, policies of insurance in accordance with the terms of the HOME Loan Documents in form and amounts, providing for deductibles, and issued by companies, associations or organizations covering such casualties, risks, perils, liabilities and other hazards as required by the HOME Loan Documents or by Beneficiary pursuant thereto.

(b) Trustor shall not obtain separate insurance concurrent in form or contributing in the event of loss with that required to be maintained hereunder unless Beneficiary is included thereon under a standard, non-contributory mortgagee clause or endorsement acceptable to Beneficiary. Trustor shall immediately notify Beneficiary whenever any such separate insurance is obtained and shall promptly deliver to Beneficiary the original policy or policies of such insurance.

(c) Within ninety (90) calendar days following the end of each fiscal year of Trustor, at the request of Beneficiary, Trustor at Trustor's expense shall furnish such evidence of replacement costs as the insurance carrier providing casualty insurance for the building(s) and other improvements on the Property may require to determine, or which such carrier may provide in determining, the then replacement cost of the building(s) and other improvements on the Property.

1.4 Delivery of Policies, Payment of Premiums.

(a) At Beneficiary's option Trustor shall furnish Beneficiary with a copy of all policies of insurance required under Section 1.3 above or evidence of insurance issued by the applicable insurance company for each required policy setting forth the coverage, the limits of

liability, the name of the carrier, the policy number and the period of coverage, and otherwise in form and substance satisfactory to Beneficiary in all respects.

(b) In the event Trustor fails to provide, maintain, keep in force or deliver to Beneficiary the policies of insurance required by this Deed of Trust or by any HOME Loan Documents, Beneficiary may (but shall have no obligation to) procure such insurance or single-interest insurance for such risks covering Beneficiary's interest and Trustor will pay all premiums thereon and reimburse Beneficiary for all amounts paid or incurred by it in connection therewith promptly upon demand by Beneficiary and, until such payment and reimbursement is made by Trustor, the amount of all such premiums and amounts paid or incurred by Beneficiary shall become indebtedness secured by this HOME Deed of Trust and bear interest at the Default Rate. Following an Event of Default for failure to maintain insurance in accordance with this Section 1.4 and upon written request by Beneficiary, and subject to any subordination agreement between the City and a senior lender, Trustor shall deposit with Beneficiary in monthly installments, an amount equal to 1/12 of the estimated aggregate annual insurance premiums on all policies of insurance required by the HOME Loan Documents or this HOME Deed of Trust. In such event Trustor further agrees to cause all bills, statements or other documents relating to the foregoing insurance premiums to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements or other documents evidencing that a premium for a required policy is then payable, and providing Trustor has deposited sufficient funds with Beneficiary pursuant to this Section 1.4, Beneficiary shall timely pay such amounts as may be due thereunder out of the funds so deposited with Beneficiary. If at any time and for any reason the funds deposited with Beneficiary are or will be insufficient to pay such amounts as may be then or subsequently due, Beneficiary shall notify Trustor and Trustor shall immediately deposit an amount equal to such deficiency with Beneficiary. Notwithstanding the foregoing, nothing contained herein shall cause Beneficiary to be deemed a trustee of the funds or to be obligated to pay any amounts in excess of the amount of funds deposited with Beneficiary pursuant to this Section 1.4, nor shall anything contained herein modify the obligation of Trustor set forth in Section 1.3 hereof to maintain and keep such insurance in force at all times. Beneficiary may commingle the reserve with its own funds and Trustor shall be entitled to no interest thereon.

1.5 Casualties; Insurance Proceeds. Trustor shall give prompt written notice thereof to Beneficiary after the happening of any casualty to or in connection with the Property, the Improvements, or any part thereof, whether or not covered by insurance subject to the provisions of any senior liens, in the event of such casualty, all proceeds of insurance shall be payable to Beneficiary up to the outstanding balance of the HOME Loan, whether required by the HOME Loan Documents or otherwise, and Trustor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Beneficiary. Subject to any subordination agreement between the City and a senior lender, if Trustor receives any proceeds of insurance resulting from such casualty, whether required by the HOME Loan Documents or otherwise, Trustor shall promptly pay over such proceeds to Beneficiary up to the outstanding balance of the HOME Loan, except where the insurance proceeds for such casualty are less than \$150,000. Beneficiary is hereby authorized and is empowered by Trustor to settle, adjust or compromise any and all claims for loss, damage or destruction under any policy or policies of insurance. In the event of any damage or destruction of the Property or the Improvements, Beneficiary shall apply all loss proceeds remaining after deduction of all expenses of collection and settlement thereof,

including, without limitation, reasonable fees and expenses of attorneys and adjustors, to the restoration of the Improvements, but only as repairs or replacements are effected and continuing expenses become due and payable and provided all applicable conditions specified in the HOME Loan Documents with respect thereto have been satisfied. If any one or more of such conditions in the HOME Loan Documents has not been met, Beneficiary shall not be obligated to make any further disbursements pursuant to the HOME Promissory Note and Beneficiary shall apply all loss proceeds up to the outstanding balance of the HOME Loan, after deductions as herein provided, to the repayment of any indebtedness thereunder, together with all accrued interest thereon, notwithstanding that the outstanding balance may not be due and payable and the Agreement shall terminate. Nothing herein contained shall be deemed to excuse Trustor from repairing or maintaining the Property and the Improvements as provided in Section 1.2 hereof or restoring all damage or destruction to the Property or the Improvements, regardless of whether or not there are insurance proceeds available to Trustor or whether any such proceeds are sufficient in amount, and the application or release by Beneficiary of any insurance proceeds shall not cure or waive any Event of Default nor any notice of default under this HOME Deed of Trust or invalidate any act done pursuant to such notice.

1.6 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party to any litigation concerning this HOME Deed of Trust or any of the HOME Loan Documents, the Trust Estate or any part thereof or interest therein, or the occupancy of the Property or the Improvements by Trustor, then Trustor shall indemnify, defend and hold Beneficiary harmless from all liability by reason of that litigation, including reasonable attorneys' fees and expenses incurred by Beneficiary as a result of any such litigation, whether or not any such litigation is prosecuted to judgment, except to the extent that such liability is caused by the gross negligence or willful misconduct of Beneficiary. Beneficiary may employ an attorney or attorneys selected by it to protect its rights hereunder, and Trustor shall pay to Beneficiary reasonable attorneys' fees and costs incurred by Beneficiary, whether or not an action is actually commenced against Trustor by reason of its breach.

(b) Trustor waives any and all right to claim or recover against Trustee, Beneficiary, and their respective officers, employees, agents and representatives, for loss of or damage to Trustor, the Trust Estate, Trustor's property or the property of others under Trustor's control from any cause insured against or required to be insured against by the provisions of this HOME Deed of Trust, except to the extent such claim is caused by the gross negligence or willful misconduct of Trustee or Beneficiary.

(c) All sums payable by Trustor in accordance with the terms of this HOME Deed of Trust, the HOME Promissory Note or the Agreement shall be paid upon notice and demand and without counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the obligations and liabilities of Trustor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Trust Estate or any part thereof; (ii) any restriction or prevention of or interference by any third party with any use of the Trust Estate or any part thereof; (iii) any title defect or encumbrance or any eviction from the Improvements or any part thereof by title paramount or

otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Beneficiary, or any action taken with respect to this HOME Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim which Trustor has or might have against Beneficiary, which does not relate to the HOME Loan; or (vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein and subject to any limitation thereon provided by law, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor.

1.7 Taxes and Impositions.

(a) As used herein, "Impositions" shall mean all applicable real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including, without limitation, nongovernmental levies or assessments such as maintenance charges, levies or charges resulting from covenants, conditions and restrictions affecting the Trust Estate, which are assessed or imposed upon the Trust Estate or any portion of it, or become due and payable, and which create, may create or appear to create a lien upon the Trust Estate, or any part thereof, or upon any person, property, equipment or other facility used in the operation or maintenance thereof, or any tax or assessment on the Trust Estate, or any part of it, in lieu thereof or in addition thereto, or any license fee, tax or assessment imposed on Beneficiary and measured by or based in whole or in part upon the amount of the outstanding obligations secured hereby. Trustor shall pay all Impositions prior to delinquency. Trustor shall deliver to Beneficiary proof of the payment of the Impositions within thirty (30) calendar days after such Impositions are due.

(b) After an Event of Default that remains uncured by Trustor after any applicable notice and cure period, and upon written request by Beneficiary, and subject to any subordination agreement between the City and a senior lender, Trustor shall pay to Beneficiary, unless the Property and Improvements have received an ad valorem property tax exemption pursuant to subdivision (f) or (g) of Section 214 of the California Revenue and Taxation Code, an initial cash reserve in an amount adequate to pay all Impositions for the ensuing tax fiscal year and shall thereafter continue to deposit with Beneficiary, in monthly installments, an amount equal to 1/12 of the sum of the annual Impositions reasonably estimated by Beneficiary, for the purpose of paying the installment of Impositions next due on the Property and the Improvements (funds deposited for this purpose shall hereinafter be referred to as "*Impounds*"). In such event Trustor further agrees to cause all bills, statements or other documents relating to Impositions to be sent or mailed directly to Beneficiary. Upon receipt of such bills, statements or other documents, and providing Trustor has deposited sufficient Impounds with Beneficiary pursuant to this Section 1.8(b), Beneficiary shall timely pay such amounts as may be due thereunder out of the Impounds so deposited with Beneficiary. If at any time and for any reason the Impounds deposited with Beneficiary are or will be insufficient to pay such amounts as may then or subsequently be due, Beneficiary may notify Trustor and upon such notice Trustor shall deposit immediately an amount equal to such deficiency with Beneficiary. If after the payment of the Impositions there shall be an excess amount held by Beneficiary, such excess amount shall be promptly refunded to Trustor in any reasonable manner and in such amount as Beneficiary may elect. Beneficiary may not

commingle Impounds with its own funds and shall not be obligated to pay or allow any interest on any Impounds held by Beneficiary pending disbursement or application hereunder. Beneficiary may reserve for future payment of Impositions such portion of the Impounds as Beneficiary may in its absolute discretion deem proper.

(c) Upon an Event of Default under any of the HOME Loan Documents or this HOME Deed of Trust, Beneficiary may apply the balance of the Impounds upon any indebtedness or obligation secured hereby in such order as Beneficiary may determine, notwithstanding that the indebtedness or the performance of the obligation may not yet be due according to the terms thereof. Should Trustor fail to deposit with Beneficiary (exclusive of that portion of the payments which has been applied by Beneficiary upon any indebtedness or obligation secured hereby) sums sufficient to fully pay such Impositions before delinquency thereof, Beneficiary may, at Beneficiary's election, but without any obligation so to do, advance any amounts required to make up the deficiency, which advances, if any, shall bear interest at the Default Rate, shall be secured hereby and shall be repayable to Beneficiary as herein elsewhere provided, or at the option of Beneficiary the latter may, without making any advance whatever, apply any Impounds held by it upon any indebtedness or obligation secured hereby in such order as Beneficiary may determine, notwithstanding that the indebtedness or the performance of the obligation may not yet be due according to the terms thereof. Should any Event of Default occur or exist on the part of the Trustor in the payment or performance of any of Trustor's obligations under the terms of the HOME Loan Documents, Beneficiary may, at any time at Beneficiary's option, apply any sums or amounts in its possession received pursuant to Sections 1.4(b) and 1.8(b) hereof, or as Rents of the Property or the Improvements, or any portion thereof, or otherwise, to any indebtedness or obligation of the Trustor secured hereby in such manner and order as Beneficiary may elect, notwithstanding the indebtedness or the performance of the obligation may not yet be due according to the terms thereof. The receipt, use or application of any such Impounds paid by Trustor to Beneficiary hereunder shall not be construed to affect the maturity of any indebtedness secured by this HOME Deed of Trust or any of the rights or powers of Beneficiary or Trustee under the terms of the HOME Loan Documents or any of the obligations of Trustor or any guarantor under the HOME Loan Documents.

(d) Trustor shall not suffer, permit or initiate the joint assessment of any real and personal property which may constitute any portion of the Trust Estate or suffer, permit or initiate any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Trust Estate, or any portion of it, as a single lien.

(e) If requested by Beneficiary, Trustor shall cause to be furnished to Beneficiary a tax reporting service covering the Property and the Improvements of the type, duration and with a company satisfactory to Beneficiary.

(f) If, by the laws of the United States of America, or of the State of California or any political subdivision thereof having jurisdiction over Trustor, Beneficiary or the Trust Estate or any portion thereof, any tax, assessment or other payment is due or becomes due in respect of the issuance of the Note or the recording of this HOME Deed of Trust, Trustor covenants and agrees to pay each such tax, assessment or other payment in the manner required by any such law.

Trustor further covenants to defend and hold harmless and agrees to indemnify Beneficiary, its successors or assigns, against any liability incurred by reason of the imposition of any tax, assessment or other payment on the issuance of the HOME Promissory Note or the recording of this HOME Deed of Trust.

1.8 Utilities. Trustor shall pay or shall cause to be paid when due all utility charges which are incurred by Trustor for the benefit of the Property or the Improvements and all other assessments or charges of a similar nature, whether or not such charges are or may become liens thereon.

1.9 Actions Affecting Trust Estate. Trustor shall promptly give Beneficiary written notice of and shall appear in and contest any action or proceeding purporting to affect any portion of the Trust Estate or the security hereof or the rights or powers of Beneficiary or Trustee; and shall pay all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which Beneficiary or Trustee may appear.

1.10 Actions By Trustee or Beneficiary to Preserve Trust Estate. During the continuation of an Event of Default, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do, without releasing Trustor from any obligation, and with notice to or demand upon Trustor, may make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof. In connection therewith (without limiting their general powers, whether conferred herein, in any other HOME Loan Documents or by law), Beneficiary and Trustee shall have and are hereby given the right, but not the obligation, (a) to enter upon, subject to the rights of tenants, and take possession of the Property and the Improvements; (b) to make additions, alterations, repairs and improvements to the Property and the Improvements which they or either of them may reasonably consider necessary or proper to keep the Property or the Improvements in good condition and repair; (c) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Beneficiary or Trustee; (d) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of either may affect or appears to affect the security of this HOME Deed of Trust or be prior or superior hereto; and (e) in exercising such powers, to pay necessary expenses, including reasonable attorneys' fees and costs or other necessary or desirable consultants. Trustor shall, immediately upon demand therefor by Beneficiary and Trustee or either of them, pay to Beneficiary and Trustee an amount equal to all respective costs and expenses incurred by such party in connection with the exercise of the foregoing rights, including, without limitation, reasonable costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's and reasonable attorneys' fees, together with interest thereon from the date of such expenditures at the Default Rate.

1.11 Transfer of Trust Estate by Trustor. Subject to the provisions of the HOME Loan Agreement, in the event the Trust Estate or any part thereof, or any interest therein is sold, transferred or leased in violation of Section 2 of the HOME Loan Agreement, Beneficiary shall have the absolute right at its option, upon notice and demand in accordance with Section 9 of the HOME Loan Agreement, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. As a condition of the HOME Loan, Trustor agrees for itself,

its successors and assigns that the use of the Property shall be subject to the restrictions on rent and occupancy and use of the Property set forth in the HOME Loan Documents, including without limitation, the HOME Regulatory Agreement.

1.12 Survival of Warranties. All representations, warranties and covenants of Trustor contained in the HOME Loan Documents or incorporated by reference therein, shall survive the execution and delivery of this HOME Deed of Trust and shall remain continuing obligations, warranties and representations of Trustor so long as any portion of the obligations secured by this HOME Deed of Trust remains outstanding.

1.13 Eminent Domain. Subject to any applicable provisions of a subordination agreement between the City and a senior lender:

(a) In the event that any proceeding or action be commenced for the taking of the Trust Estate, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, condemnation or otherwise, or if the same be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should Trustor receive any notice or other information regarding such proceeding, action, taking or damage, Trustor shall give prompt written notice thereof to Beneficiary. Beneficiary shall be entitled at its option, without regard to the adequacy of its security, to commence, appear in and prosecute in its own name any such action or proceeding so long as the probable compensation exceeds \$150,000. Beneficiary shall also be entitled to make any compromise or settlement in connection with such taking or damage. All compensation, awards, damages, rights of action and proceeds awarded to Trustor by reason of any such taking or damage (“*Condemnation Proceeds*”) are hereby assigned to Beneficiary and Trustor agrees to execute such further assignments of the Condemnation Proceeds as Beneficiary or Trustee may require. After deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit), including reasonable attorneys’ fees, incurred by it in connection with any such action or proceeding, subject to any applicable terms of the HOME Loan Agreement, Beneficiary shall apply all such Condemnation Proceeds to the restoration of the Improvements, provided that (i) the taking or damage will not, in Beneficiary’s reasonable judgment, materially and adversely affect the contemplated use and operation of Property and the Improvements; and (ii) all applicable conditions set forth in the Agreement are met. If all of the above conditions are met, Beneficiary shall disburse the Condemnation Proceeds only as repairs or replacements are effected and continuing expenses become due and payable.

(b) If any one or more of such conditions is not met, Beneficiary shall apply all of the Condemnation Proceeds, after deductions as herein provided, to the repayment of the outstanding balance of the Note, together with all accrued interest thereon, notwithstanding that the outstanding balance may not be due and payable; and Beneficiary shall have no further obligation to make disbursements pursuant to the HOME Loan Agreement or the other HOME Loan Documents. If the Condemnation Proceeds are not sufficient to repay the Note in full, Trustor shall have no obligation to pay any remaining balance. Application or release of the Condemnation Proceeds as provided herein shall not cure or waive any Event of Default or notice of default hereunder or under any other HOME Loan Documents or invalidate any act done pursuant to such notice.

1.14 Additional Security. No other security now existing, or hereafter taken, to secure the obligations secured hereby shall be impaired or affected by the execution of this HOME Deed of Trust and all additional security shall be taken, considered and held as cumulative. The taking of additional security, execution of partial releases of the security, or any extension of the time of payment of the indebtedness shall not diminish the force, effect or lien of this HOME Deed of Trust and shall not affect or impair the liability of any Trustor, surety or endorser for the payment of the indebtedness. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently, or after a sale is made hereunder.

1.15 Successors and Assigns. This HOME Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the Borrower and holder of the Note, whether or not named as Beneficiary herein. In exercising any rights hereunder or taking any actions provided for herein, Beneficiary may act through its employees, agents or independent contractors authorized by Beneficiary.

1.16 Inspections. Beneficiary, or its agents, representatives or employees, are authorized, subject to the rights of tenants, to enter upon or in any part of the Property and the Improvements at any reasonable time following reasonable written notice of no less than forty-eight (48) hours in advance thereof for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform hereunder or under the terms of any of the HOME Loan Documents. Without limiting the generality of the foregoing, Trustor agrees that Beneficiary will have the same right, power and authority to enter and inspect the Property and the Improvements as is granted to a secured lender under Section 2929.5 of the California Civil Code, and that Beneficiary will have the right to appoint a receiver to enforce this right to enter and inspect the Property and the Improvements to the extent such authority is provided under California law, including the authority given to a secured lender under Section 564(c) of the California Code of Civil Procedure.

1.17 Liens. Trustor shall pay and promptly discharge, at Trustor's cost and expense, all liens, encumbrances and charges upon the Trust Estate, or any part thereof or interest therein, subject to Trustor's right to contest in good faith any such liens, encumbrances and charges. The Trustor shall remove or have removed any levy or attachment made on any of the Property or any part thereof, or assure the satisfaction thereof within a reasonable time. Despite the foregoing, Trustor shall not be required to prepay any consensual lien or encumbrance against the Trust Estate which has been consented to in writing by Beneficiary. If Trustor shall fail to remove and discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Beneficiary, Beneficiary may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien, encumbrance or charge by depositing in a court a bond or the amount claimed or otherwise giving security for such claim, or by procuring such discharge in such manner as is or may be prescribed by law. Trustor shall, immediately upon demand therefor by Beneficiary, pay to Beneficiary an amount equal to all costs and expenses incurred by Beneficiary in connection with the exercise by Beneficiary of the foregoing right to

discharge any such lien, encumbrance or charge, together with interest thereon from the date of such expenditure at the Default Rate.

1.18 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this HOME Deed of Trust and the HOME Promissory Note secured hereby for endorsement, and without affecting the personal liability of any person for payment of the indebtedness secured hereby or the effect of this HOME Deed of Trust upon the remainder of the Trust Estate, Trustee may (a) reconvey any part of the Trust Estate, (b) consent in writing to the making of any map or plat thereof, (c) join in granting any easement thereon, or (d) join in any extension agreement or any agreement subordinating the lien or charge hereof.

1.19 Beneficiary's Powers. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this HOME Deed of Trust upon any portion of the Trust Estate not then or theretofore released as security for the full amount of all unpaid obligations, Beneficiary may, from time to time and without notice (a) release any person so liable, (b) extend the maturity or alter any of the terms of any such obligation, (c) grant other indulgences, (d) release or reconvey, or cause to be released or reconveyed at any time at Beneficiary's option any parcel, portion or all of the Trust Estate, (e) take or release any other or additional security for any obligation herein mentioned, or (f) make compositions or other arrangements with debtors in relation thereto.

1.20 Personal Liability. The security interest in the Property granted to Beneficiary pursuant to this HOME Deed of Trust shall be subordinate only to the senior financing to which Beneficiary has expressly subordinated and such exceptions to title shown in the title report for the Property which are approved in writing by Beneficiary. Neither the Trustor nor any partner or officer of the Trustor shall have any direct or indirect personal liability for payment of the principal of, or interest on, the HOME Promissory Note. The HOME Promissory Note constitutes a recourse obligation of Trustor until recordation of the Release of Construction Covenants in the official records of the County of Riverside, California.

Subsequent to the recordation of the Release of Construction Covenants in the official records of the County of Riverside, California, the sole recourse of the Beneficiary with respect to the principal of, or interest on, the HOME Promissory Note shall be to the Property securing the indebtedness evidenced by the HOME Promissory Note. No judgment, or execution thereon, entered in any action, legal or equitable, on the HOME Promissory Note or this HOME Deed of Trust securing the HOME Promissory Note shall be enforced personally against the Trustor or, if the Trustor shall be a partnership, any partner of the Trustor, but shall be enforced only against the Trustor and such other or further security as, from time to time, may be hypothecated for the HOME Promissory Note; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the HOME Promissory Note of all the rights and remedies of the Beneficiary, or (b) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the HOME Promissory Note as a demand for money within the meaning and intent of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and

payment of interest on the HOME Promissory Note; nothing contained therein is intended to relieve the Trustor and, if Trustor is a partnership, any general partner of Trustor of liability for (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the HOME Loan Documents that are payable or applicable prior to any foreclosure under this HOME Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) subject to any subordination agreement between the City and a senior lender, the retention of any rental income or other income arising with respect to the Project collected by Trustor after the Beneficiary has given any notice that Trustor is in default to the full extent of the rental income or other income retained and collected by Trustor after the giving of any such notice; (iv) the fair market value as of the time of the giving of any notice referred to in subparagraph (iii) above of any personal property or fixtures removed or disposed of by Trustor other than in accordance with the HOME Loan Documents after the giving of any notice referred to above; and (v) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (v) breach of any environmental covenant or representation made by the Trustor relating to the Project.

1.21 Indemnity. In addition to any other indemnities to Beneficiary specifically provided for in this HOME Deed of Trust and/or in the HOME Loan Agreement, Trustor hereby indemnifies, and shall defend and save harmless, Beneficiary and its authorized representatives (collectively, "Indemnitees") from and against any and all losses, liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, architects', engineers' and reasonable attorneys' fees and all disbursements which may be imposed upon, incurred by or asserted against Beneficiary and its authorized representative by reason of: (a) the construction of any improvements on the Property, (b) any capital improvements, other work or things done in, on or about the Property or any part thereof, (c) any use, nonuse, misuse, possession, occupation, alteration, operation, maintenance or management of any portion of the Trust Estate or any part thereof or any street, drive, sidewalk, curb, passageway or space comprising a part thereof or adjacent thereto, (d) any negligence or willful act or omission on the part of Trustor and its agents, contractors, servants, employees, licensees or invitees, (e) any accident, injury (including death) or damage to any person or property occurring in, on or about the Property or any part thereof, (f) any lien or claim which may be alleged to have arisen on, against, or with respect to any portion of the Trust Estate under the laws of the local or state government or any other governmental or quasi-governmental authority or any liability asserted against Beneficiary with respect thereto, (g) any tax attributable to the execution, delivery, filing or recording of this HOME Deed of Trust, the HOME Promissory Note or the HOME Loan Agreement, (h) any contest due to Trustor's actions or failure to act, permitted pursuant to the provisions of this HOME Deed of Trust, (i) subject to the nonrecourse provisions set forth in Section 1.20, any Event of Default under the HOME Promissory Note, the HOME Regulatory Agreement, this HOME Deed of Trust or the HOME Loan Agreement, or (j) any claim by or liability to any contractor or subcontractor performing work or any party supplying materials in connection with the Property or the Improvements, except Trustor shall not be required to indemnify, defend or save harmless Indemnitees hereunder to the extent caused by the Indemnitee's sole negligence or willful misconduct.

ARTICLE 2
ASSIGNMENT OF RENTS, ISSUES AND PROFITS

2.1 Assignment. Subject to the effect of an assignment of leases and rents to any senior lenders, if any, Trustor hereby irrevocably, absolutely, presently and unconditionally assigns and transfers to Beneficiary all the Rents of or from any portion of the Trust Estate, and hereby gives to and confers upon Beneficiary the right, power and authority to collect such Rents. Trustor irrevocably appoints Beneficiary its true and lawful attorney-in-fact, at the option of Beneficiary at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions, and to sue, in the name of Trustor, Trustee or Beneficiary, for all such Rents, and apply the same to the indebtedness secured hereby; provided, however, that so long as an Event of Default shall not have occurred hereunder and be continuing beyond any applicable notice and cure period, Trustor shall have the right to collect such Rents. Upon the request of Beneficiary, Trustor shall execute and deliver to Beneficiary, in recordable form, a specific assignment of any leases now or hereafter affecting the Trust Estate or any portion thereof to evidence further the assignment hereby made. The Assignment of Rents in this Article 2 is intended to be an absolute assignment from Trustor to Beneficiary and not merely an assignment for security only.

2.2 Election of Remedies. Subject to Trustor's right to collect the Rents pursuant to Section 2.1, Beneficiary may, subject to the rights of any tenants, either in person, by agent or by a receiver appointed by a court, enter upon and take possession of all or any portion of the Property and the Improvements, enforce all Leases, in its own name sue for or collect all Rents, including those past due and unpaid, and apply the same to the costs and expenses of operation and collection, including, without limitation, reasonable attorneys' fees, and to any indebtedness then secured hereby, in such order as Beneficiary may determine. The collection of such Rents, or the entering upon and taking possession of the Property or the Improvements, or the application thereof as provided above, shall not cure or waive any Event of Default or notice of default hereunder or under any of the HOME Loan Documents or invalidate any act done in response to such Event of Default or pursuant to such notice of default.

ARTICLE 3
REMEDIES UPON DEFAULT

3.1 Events of Default. For all purposes hereof, the term “Event of Default” shall mean (a) at Beneficiary’s option, the failure of Trustor to pay any amount due hereunder or under the Note within ten (10) days of when the same is due and payable, whether by acceleration or otherwise; (b) the failure of Trustor to perform any non-monetary obligation hereunder, or the failure to be true in any material respect when made of any representation or warranty of Trustor contained herein, without curing such failure within thirty (30) calendar days after receipt of written notice from the City (or from any party authorized by the City to deliver such notice as identified by the City in writing to Borrower), and the continuance of such failure for thirty (30) calendar days after notice, provided that such default cannot reasonably be cured within thirty (30) calendar days, Trustor shall have such additionally time as may be reasonably necessary if Trustor commences to cure such default within such thirty (30)-calendar day period and thereafter diligently prosecutes such cure to completion, or (c) the existence of any Event of Default under the HOME Loan Documents that is continuing beyond any applicable notice and cure period.

3.2 Acceleration Upon Default, Additional Remedies. Upon the occurrence and continuance of an Event of Default beyond any applicable notice and cure period, Beneficiary may, at its option, declare all indebtedness secured hereby to be immediately due and payable upon notice and demand. Thereafter Beneficiary may:

(a) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, subject to the rights of tenants, enter upon and take possession of the Property and the Improvements, or any part thereof, in its own name or in the name of Trustee, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of any portion of the Trust Estate, including, without limitation (i) taking possession of Trustor’s books and records with respect to the Property and Improvements, (ii) completing the construction of the Improvements, (iii) maintaining or repairing the Improvements or any other portion of the Trust Estate, (iv) increasing the income from the Trust Estate, with or without taking possession of the Property or the Improvements, (v) entering into, modifying, or enforcing Leases, (vi) suing for or otherwise collecting the Rents or other amounts owing to Trustor, including those past due and unpaid, and (vii) applying the same, less costs and expenses of operation and collection including, without limitation, attorneys’ fees, upon any indebtedness secured hereby, all in such order as Beneficiary may determine. The entering upon and taking possession of the Property or the Improvements, the collection of such Rents and the application thereof as provided above, shall not cure or waive any Event of Default under the HOME Loan Documents or this HOME Deed of Trust or notice of default hereunder;

(b) Commence an action to foreclose this HOME Deed of Trust as a mortgage, appoint a receiver, or specifically enforce any of the covenants hereof;

(c) Deliver to Trustee a written declaration of default and demand for sale and a written notice of default and election to cause Trustor’s interest in the Trust Estate to be sold,

which notice Trustee or Beneficiary shall cause to be duly filed of record in the Official Records of the county in which the Property is located; or

(d) Exercise all other rights and remedies provided herein, in any of the HOME Loan Documents or other document now or hereafter securing all or any portion of the obligations secured hereby, or by law.

3.3 Foreclosure by Power of Sale. Should Beneficiary elect to foreclose by exercise of the power of sale herein contained, Beneficiary shall notify Trustee and shall deposit with Trustee this HOME Deed of Trust and the HOME Promissory Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

(a) Beneficiary or Trustee shall give such notice of default and election to sell as is then required by applicable law. Trustee shall, without demand on Trustor, after lapse of such time as may then be required by law and after recordation of such notice of default and after notice of sale having been given as required by law, sell the Trust Estate at the time and place of sale fixed by it in the notice of sale, either as a whole, or in separate lots or parcels or items as Beneficiary shall deem expedient, and in such order as it may determine, at public auction to the highest bidder for cash in lawful money of the United States payable at the time of sale. Trustee shall deliver to such purchaser or purchasers thereof a trustee's deed conveying the property so sold, which shall not contain any covenant or warranty, express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including, without limitation, Trustor, Trustee or Beneficiary, may purchase at such sale and Beneficiary shall be entitled to pay the purchase price by crediting the purchase price of the property against the obligations secured hereby. Trustor hereby covenants to warrant and defend the title of such purchaser or purchasers.

(b) After deducting all costs, fees and expenses of Trustee and of this Trust, including costs of evidence of title in connection with sale, Trustee shall apply the proceeds of sale in the following priority, to payment of: (i) first, all sums expended under the terms hereof, not then repaid, with accrued interest at the Default Rate; (ii) second, all other sums then secured hereby; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

(c) Subject to California Civil Code § 2924g, Trustee may postpone sale of all or any portion of the Trust Estate by public announcement at such time and place of sale, and from time to time thereafter may postpone such sale by public announcement or subsequently noticed sale, and without further notice make such sale at the time fixed by the last postponement, or may, in its discretion, give a new notice of sale.

3.4 Appointment of Receiver. Upon the occurrence and continuance of an Event of Default hereunder, Beneficiary, as a matter of right and without notice to Trustor or anyone claiming under Trustor, and without regard to the then value of the Trust Estate or the adequacy for any security for the obligations then secured hereby, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Trust Estate, and Trustor hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such

receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and duties of Beneficiary in case of entry as provided herein.

3.5 Remedies Not Exclusive. Trustee and Beneficiary, and each of them, shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this HOME Deed of Trust or under any HOME Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this HOME Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this HOME Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the HOME Loan Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

3.6 Request for Notice. Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in Section 4.3 of this HOME Deed of Trust.

3.7 Forbearance by Lender Not a Waiver. Any forbearance by Beneficiary 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 right or remedy. The acceptance by Beneficiary of payment of any sum secured by this HOME Deed of Trust after the due date of such payment shall not be a waiver of Beneficiary's right either to require prompt payment when due of all other sums so secured or to declare an Event of Default for failure to make prompt payment. The procurement of insurance or this payment of taxes or other liens or charges by Beneficiary shall not be a waiver of Beneficiary's right to accelerate the maturity of the indebtedness secured by this HOME Deed of Trust nor shall Beneficiary's receipt of any awards, proceeds or damages under this HOME Deed of Trust operate to cure or waive any Event of Default with respect to any payment secured by this HOME Deed of Trust.

3.8 Environmental Provisions. Without limiting any of the remedies provided in the HOME Loan Documents, Trustor acknowledges and agrees that portions of Section 4 of the Agreement and Section 1.20 of this HOME Deed of Trust are environmental provisions (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by the Trustor relating to the real property security (the "Environmental Provisions"), and that Trustor's failure to comply with the Environmental Provisions is a breach of contract such that Beneficiary shall have the remedies provided under Section 736 of the California Code of Civil Procedure ("Section

736”) for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary’s action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure. Other than the remedy provided under Section 736, all remedies provided for by the HOME Loan Documents are separate and distinct causes of action that are not abrogated, modified, limited or otherwise affected by the remedies provided under Section 736(a) of the California Code of Civil Procedure.

ARTICLE 4. MISCELLANEOUS

4.1 Amendments. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

4.2 Trustor Waiver of Rights. Trustor waives to the extent permitted by law, (a) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisalment before sale of any portion of the Trust Estate, (b) all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshalling in the event of foreclosure of the liens hereby created, (c) all rights and remedies which Trustor may have or be able to assert by reason of the laws of the State of California pertaining to the rights and remedies of sureties, (d) the right to assert any statute of limitations as a bar to the enforcement of the lien of this HOME Deed of Trust or to any action brought to enforce the HOME Loan Agreement or any other obligation secured by this HOME Deed of Trust, and (e) any rights, legal or equitable, to require marshalling of assets or to require upon foreclosure sales in a particular order, including any rights under California Civil Code Sections 2899 and 3433. Beneficiary shall have the right to determine the order in which any or all of the Trust Estate shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Nothing contained herein shall be deemed to be a waiver of Trustor’s rights under Section 2924c of the California Civil Code.

4.3 Notices. All notices and demands given under the terms hereof shall be in writing and sent by first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery. Unless a different address is given by any party as provided in this Section, all such communication will be addressed as follows:

If to Trustor: RIVERSIDE SUPPORTIVE HOUSING, L.P.
 3701 Wilshire Boulevard, Suite #700
 Los Angeles, CA 90010
 Attn: President and Chief Executive Officer
 Email: dgallo@acof.org

Copies to: Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Sarah Perez
Email: sperez@gubbandbarshay.com

And to: Bank of America, N.A.
Mail Code: MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attention: Asset Management
Facsimile: 617-346-2257

And to: Buchalter, a Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Attn: Michael A. Williamson, Esq.
Facsimile: (213) 630-5799
Matter No: B0965-0592 (Oasis Senior)

If to Beneficiary: City of Riverside
Attn: City Manager
3900 Main Street
Riverside, California 92522

Copies to: City of Riverside
Attn: City Attorney
3900 Main Street
Riverside, California 92522

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent. Any address for service of notice on any party may be changed by that party serving a notice upon the other of the new address, except that any change of address to a post office box shall not be effective unless a street address is also specified for use in effectuating personal service.

4.4 Acceptance by Trustee. Trustee accepts this Trust when this HOME Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

4.5 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this HOME Deed of Trust.

4.6 Invalidity of Certain Provisions. Every provision of this HOME Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such illegality or invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

4.7 Subrogation. To the extent that proceeds of the HOME Promissory Note are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and liens held by any Borrower or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether the liens, charges or encumbrances are released.

4.8 Attorneys' Fees. If any payment secured hereby is not paid when due, Trustor promises to pay all costs of enforcement and collection, including but not limited to, reasonable attorneys' fees, whether or not such enforcement and collection includes the filing of a lawsuit. As used herein, the terms "attorneys' fees" or "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto (including, without limitation, in-house counsel employed by Beneficiary) which may include printing, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals and others not admitted to the bar but performing services under the supervision of an attorney. The terms "attorneys' fees" or "attorneys' fees and costs" shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

4.9 No Merger of Lease. If both the lessor's and lessee's estate under any lease or any portion thereof which now or hereafter constitutes a part of the Trust Estate shall at any time become vested in one Borrower, this HOME Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger unless Beneficiary so elects as evidenced by recording a written declaration so stating, and, unless and until Beneficiary so elects, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this HOME Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Trust Estate shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

4.10 Governing Law. This HOME Deed of Trust shall be governed by and construed in accordance with the laws of the State of California.

4.11 Joint and Several Obligations. Should this HOME Deed of Trust be signed by more than one party, all obligations herein contained shall be deemed to be the joint and several obligations of each party executing this HOME Deed of Trust.

4.12 Interpretation. In this HOME Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

4.13 Completion of Construction. This HOME Deed of Trust is a construction deed of trust within the meaning of California Commercial Code Section 9313. For purposes of subdivision (6) of that statute, “completion of construction” shall not be deemed to occur prior to completion of all work as evidenced by a certificate of occupancy or equivalent document from the jurisdiction, and installation or incorporation into the Improvements of all materials, for which sums secured hereby are disbursed by Beneficiary.

4.14 Reconveyance by Trustee. Upon written request of Beneficiary stating that all sums secured hereby have been paid or that all obligations under the HOME Regulatory Agreement have been satisfied, and upon surrender of this HOME Deed of Trust and the HOME Promissory Note to Trustee for cancellation and retention and upon payment by Trustor of Trustee’s fees, Trustee shall reconvey to Trustor, or to the person or persons legally entitled thereto, without warranty, any portion of the Trust Estate then held hereunder. The recitals in such reconveyance of any matters or facts shall be conclusive proof of the truthfulness thereof. The grantee in any reconveyance may be described as “the person or persons legally entitled thereto.” Such grantee shall pay Trustee a reasonable fee and Trustee’s costs incurred in so reconveying the Trust Estate.

4.15 Counterparts. This document may be executed and acknowledged in counterparts, all of which executed and acknowledged counterparts shall together constitute a single document. Signature and acknowledgment pages may be detached from the counterparts and attached to a single copy of this document to physically form one document, which may be recorded.

4.16 Nonforeign Entity. Section 1445 of the Internal Revenue Code of 1986, as amended (“*Code*”) and Sections 18805, 18815 and 26131, as applicable, of the California Revenue and Taxation Code (“*CRTC*”) provide that a transferee of a U.S. real property interest must withhold tax, in the case of the Code, if the transferor is a foreign person, or if, in the case of the CRTC, the transferor is not a California resident. To inform Beneficiary that the withholding of tax will not be required in the event of the disposition of the Property or the Improvements, or any portion thereof or interest therein, pursuant to the terms of this HOME Deed of Trust, Trustor hereby certifies, under penalty of perjury, that: (a) Trustor is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined in the Code and the regulations promulgated thereunder; and (b) Trustor’s U.S. employer identification number 90-1001541; and (c) Trustor’s principal place of business is 1230 Columbia Street, San Diego, CA 92101. It is understood that Beneficiary may disclose the contents of this certification to the Internal Revenue Service and the California Franchise Tax Board, and that any false statement contained herein could be punished by fine, imprisonment or both. Trustor covenants and agrees to execute such further certificates, which shall be signed under penalty of perjury, as Beneficiary shall reasonably require. The covenant set forth herein shall survive the foreclosure of the lien of this HOME Deed of Trust or acceptance of a deed in lieu thereof.

4.17 Substitute Trustee. Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor Trustee (either corporate or individual) to any Trustee named herein or previously substituted hereunder, which instrument when executed, acknowledged, and recorded in the Official Records of the Office of the Recorder of the county or counties where the Property is located shall be conclusive proof of the proper substitution and appointment of each successor trustee or trustees, who shall then have all the title, powers, duties and rights of the predecessor Trustee, without the necessity of any conveyance from such predecessor. Trustee shall not be obligated to notify any party hereto of pending sale under any other HOME Deed of Trust, or, unless brought by Trustee, or any action or proceeding in which Trustor, Beneficiary or Trustee shall be a party.

4.18 Fixture Filing. This HOME Deed of Trust constitutes a financing statement filed as a fixture filing in the Official Records of the County Recorder in the county in which the Property is located with respect to any and all fixtures included within the term "Trust Estate" as used herein and with respect to any goods or other personal property that may now be or hereafter become such fixtures.

4.19 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY LAW, TRUSTOR AND BENEFICIARY EACH HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS HOME DEED OF TRUST OR ANY OTHER HOME LOAN DOCUMENTS OR RELATING THERETO OR ARISING FROM THE RELATIONSHIP WHICH IS THE SUBJECT OF THE HOME LOAN AGREEMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

TRUSTOR ACKNOWLEDGES RECEIPT OF A TRUE COPY OF THIS HOME DEED OF TRUST WITHOUT CHARGE.

TRUSTOR PLEASE NOTE: UPON THE OCCURRENCE OF AN EVENT OF DEFAULT, CALIFORNIA PROCEDURE PERMITS TRUSTEE TO SELL THE TRUST ESTATE AT A SALE HELD WITHOUT SUPERVISION BY ANY COURT AFTER EXPIRATION OF A PERIOD PRESCRIBED BY LAW. UNLESS YOU PROVIDE AN ADDRESS FOR THE GIVING OF NOTICE, YOU MAY NOT BE ENTITLED TO NOTICE OF THE COMMENCEMENT OF ANY SALE PROCEEDINGS. BY EXECUTION OF THIS HOME DEED OF TRUST, YOU CONSENT TO SUCH PROCEDURE. BENEFICIARY URGES YOU TO GIVE PROMPT NOTICE OF ANY CHANGE IN YOUR ADDRESS SO THAT YOU MAY RECEIVE PROMPTLY ANY NOTICE GIVEN PURSUANT TO THIS HOME DEED OF TRUST.

4.20 Request for Notice. Pursuant to California Government Code Section 27321.4(b) Trustor hereby requests that a copy of any notice of default or notice of sale given under this HOME Deed of Trust be mailed to Trustor at the address for Trustor set forth herein.

4.21 Reconveyance. Except upon the Event of Default by Trustor, Beneficiary shall reconvey this HOME Deed of Trust upon termination of the Affordability Period as that term is defined in the Agreement.

4.22 Subordination. This HOME Deed of Trust and the provisions contained herein shall be subordinate to any senior financing approved by Beneficiary in accordance with the HOME Loan Agreement and such exceptions to title shown in the title report for the Property which are approved in writing.

4.33 Tax Credit Provisions. Notwithstanding anything to the contrary contained herein or in any documents secured by this HOME Deed of Trust or contained in any subordination agreement, and to the extent applicable, the Beneficiary acknowledges and agrees that in the event of a foreclosure or deed-in-lieu of foreclosure (collectively, "Foreclosure") with respect to the Security encumbered by this HOME Deed of Trust, the following rule contained in 26 U. S.C. Section 42(h)(6)(E)(ii), as amended, applies:

For a period of three (3) years from the date of Foreclosure, with respect to an existing tenant of any low-income unit, (i) such tenant may not be subject to eviction or termination of their tenancy (other than for good cause), (ii) nor may such tenant's gross rent with respect to such unit be increased, except as otherwise permitted under Section 42 of the Internal Revenue Code of 1986, as amended.

(Signatures on following page.)

IN WITNESS WHEREOF, Trustor has executed this HOME Deed of Trust as of the day and year first above written.

TRUSTOR:

RIVERSIDE SUPPORTIVE HOUSING, L.P.,
a California limited partnership,

By: Supportive Housing LLC,
a California Limited Liability Company,
its Managing General Partner

By: A Community of Friends,
a California nonprofit public benefit
corporation, its Sole Member/Manager

By: _____
Dora Leong Gallo,
President & Chief Executive Officer

EXHIBIT "A"
LEGAL DESCRIPTION
(Attached)

EXHIBIT "A"
LEGAL DESCRIPTION

Project: Oasis Senior Villas
APN: 221-132-020
Address: 2340 14th Street

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 19 of Castleman's Addition to Riverside, as shown by map on file in Book 3, Page 19 of Maps, Records of San Bernardino County, California, lying Northeasterly of that portion of said Lot 19 Condemned by the City of Riverside, a Certified Copy of Lot Condemnation being recorded November 30, 1942, in Book 559, Page 497, et seq. of Official Records of Riverside County, California.

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

Curtis C. Stephens 5/4/21 Prep. (S)
Curtis C. Stephens, L.S. 7519 Date



ATTACHMENT NO. 8

HOME REGULATORY AGREEMENT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:)

)
)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Housing Project Manager)
)
Project: Oasis Senior Villas Project)

(Space above for Recorder’s Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 6103.

HOME INVESTMENT PARTNERSHIPS (HOME)
REGULATORY AGREEMENT

THIS HOME INVESTMENT PARTNERSHIPS (HOME) REGULATORY AGREEMENT (“HOME Regulatory Agreement”) dated for identification purposes only as of _____, 2021, by and between the **CITY OF RIVERSIDE**, a California charter city and municipal corporation (“City”) and **RIVERSIDE SUPPORTIVE HOUSING, L.P.**, a California limited partnership (“Borrower”).

RECITALS

Capitalized terms used in these recitals and not otherwise defined shall have the meaning set forth in Section 1 of this HOME Regulatory Agreement.

- A. The City is a California charter city and municipal corporation.
- B. The sole member and manager of the general partner of the Borrower is a California nonprofit public benefit corporation.
- C. In furtherance of the City’s affordable housing goals and activities, the City and the Borrower entered into that certain Home Investment Partnerships (HOME) Loan Agreement, dated for identification purposes only as of _____, 2021 (“**HOME Loan Agreement**”), which is incorporated herein by this reference and a copy of which is on file as public record of the City at its offices located at 3900 Main Street, Riverside, CA 92522.
- D. The Borrower owns the parcel described in the Property Legal Description attached hereto as Exhibit “A.”
- E. Pursuant to the HOME Loan Agreement, the City has agreed to provide financial assistance (“**HOME Loan**”) in connection with the development of the Property (“**Project**”).

F. This HOME Regulatory Agreement is intended to ensure that the Borrower, its successors, its assigns and every successor in interest to the Property or any part thereof, shall use, maintain and operate the Project in accordance with the terms and conditions of this HOME Regulatory Agreement, including that the HOME-Assisted Units shall be available only to Qualified Tenants at Affordable Rent as specified herein for not less than fifty-five (55) years.

G. The provision of the HOME Loan to the Borrower and the completion and operation of the Project pursuant to the terms and conditions of the HOME Loan Agreement and this HOME Regulatory Agreement are in the vital and best interest of the health, safety and welfare of the residents of the City of Riverside, and are in accord with the public purposes and provisions of applicable state and local laws.

NOW, THEREFORE, the foregoing recitals are a substantive part of this HOME Regulatory Agreement and in consideration of their mutual covenants and conditions, the Parties hereto agree as follows:

1. DEFINITIONS

The following terms of this HOME Regulatory Agreement shall have the meanings set forth below. Any capitalized terms not defined below shall have the meaning set forth therefor in the HOME Loan Agreement and attachments thereto:

“Act” means the Housing Act of 1959, as amended or the Cranston-Gonzales National Affordable Housing Act.

“Affordability Period” means the period commencing upon the recordation of the Release of Construction Covenants and terminating on the twentieth (20th) anniversary thereof.

“Affordable Rent” means, with respect to the HOME-Assisted Units, the amount of monthly rent, including a reasonable utility allowance, to be charged by the Borrower and paid by a tenant household which does not exceed for a Very Low Income Senior Citizen Household, the Low HOME Rent. For purposes of calculating Affordable Rent a “reasonable utility allowance” shall be the allowance established by the Housing Authority of the County of Riverside or such lesser allowance reasonably permitted by the City

“City” means the City of Riverside, a California charter city and municipal corporation.

“HOME Loan” means the grant from the City in an amount not to exceed Two Million Dollars (\$2,000,000) as provided in the HOME Loan Agreement.

“City Manager” means the City Manager of the City or his/her designated representative.

“Effective Date” means the Effective Date of the HOME Loan Agreement.

“Environmental Laws” means any and all present and future federal, state and local laws (whether under common law, statute, ordinance, rule, regulation or otherwise), court or administrative orders or decrees, requirements of permits issued with respect thereto, and other requirements of governmental authorities relating to the environment or to any Hazardous

Substance or Hazardous Substance Activity (including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601, *et seq.*), as heretofore or hereafter amended from time to time (“**CERCLA**”), and the applicable provisions of the California Health & Safety Code and the California Water Code, and any and all successor statutes and regulations, orders, decrees, guidelines, or pronouncements promulgated thereunder).

“**Event of Default**” means the failure of a party to perform any action or covenant required by this Regulatory of Agreement within the time periods provided herein following notice and opportunity to cure, as set forth in Section 8.1 of the HOME Loan Agreement.

“**Governmental Regulations**” means any local, state, and federal laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, environmental, labor relations, prevailing wage, notification of sale to employees, Hazardous Substance, occupational health and safety, water, earthquake hazard reduction and building and fire codes) bearing on the demolition, alteration, replacement, repair, refurbishing, improvement, construction, maintenance, management, use, or operation of the Project.

“**Hazardous Substance**” means (i) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101), as amended from time to time, or now or hereafter otherwise classified or regulated pursuant to any Environmental Laws as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, “toxic substance”, “toxic pollutant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or “EP toxicity”, (ii) any asbestos or asbestos containing material, (iii) any polychlorinated biphenyls (PCB’s), (iv) any ureaformaldehyde, and (v) any petroleum, natural gas, natural gas liquid, liquefied natural gas, synthetic gas usable for fuel (or mixtures of natural gas and such synthetic gas), ash produced by a resource recovery facility utilizing a municipal solid waste stream, and drilling fluids, produced waters, and other wastes associated with the exploration, development or production of crude oil, natural gas, or geothermal resources. Notwithstanding the foregoing, “Hazardous Substances” shall not include any chemical, compound, material, mixture or substance used in the normal course of operating an apartment complex, so long as such chemical, compound, material, mixture or substance is used in accordance with Environmental Laws.

“**Hazardous Substance Activity**” means any actual, proposed or threatened storage, holding, existence or suspected existence, release or suspected release, emission, discharge, generation, processing, abatement, removal, disposition, treatment, handling or transportation of any Hazardous Substance from, under, into, on, above, around or across the Property or surrounding property or any other use of or operation on the Property or the surrounding property that creates a risk of Hazardous Substance contamination of the Property.

“**HOME-Assisted Units**” means the forty (40) units to be constructed on the Site to be restricted to Very Low Income Senior Citizen Households for which all HOME Regulations apply, including without limitation, Affordable Rent, and HOME occupancy and monitoring requirements. Pursuant to Section 92.252(j) of the HOME Regulations, the HOME-Assisted Units shall be a “floating” designation such that the requirements of this Agreement will be satisfied so

long as the total number of HOME-Assisted Units remains the same throughout the Affordability Period and each substituted HOME-Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME-Assisted Units.

“HOME Loan Agreement” is defined in Recital C.

“HOME Program” means the HOME Investment Partnerships Act, 42 U.S.C. Section 12701, *et seq.* and the implementing HOME Regulations as such now exist and as may hereafter be amended.

“HOME Regulations” means the implementing regulations of the HOME Program set forth at 24 CFR 92.1, *et seq.* as such now exist and as may hereafter be amended.

“HOME Regulatory Agreement” means this HOME Regulatory Agreement, including all of the Attachments hereto, by and between the Parties.

“Housing Project Manager” means that person designated by the City Manager to manage affordable housing projects within the City of Riverside.

“HUD” means the United States Department of Housing and Urban Development.

“Low HOME Rent” means tenant paid rent that is in accordance with Section 92.252(b) of the HOME regulations.

“Management Plan” means the plan for the management of the Project and marketing of the HOME-Assisted Units to be submitted by the Borrower, as set forth in Section 3.C. of this HOME Regulatory Agreement.

“Notice” means a notice in the form prescribed by Section 10.

“Operating Reserve” is defined in Section 3.E. of this HOME Regulatory Agreement.

“Parties” means the City and Borrower; **“Party”** means the City or the Borrower.

“Permitted Health Care Resident” is defined in California Civil Code § 51.11, as may be amended.

“Project” means the predevelopment activities and development activities related to construction of a multi-family, affordable housing project for seniors, consisting of approximately ninety-three (93) units plus two (2) managers’ units together with any improvements appurtenant thereto, in accordance with Governmental Regulations and all applicable permits and entitlements.

“Property” means that certain real property described in the Property Legal Description.

“Property Legal Description” means the legal description of the fee interest in the Property which is attached hereto as Exhibit “A”.

“Property Manager” means the resident Project manager selected and retained by the Borrower.

“Qualified Household” means a Very Low Income Senior Citizen Household.

“Qualified Tenant” means those individuals in a Qualified Household who meet all of the following requirements:

a. Upon execution of a lease with the Borrower each member of the household will occupy the HOME-Assisted Unit as his or her principal residence, and each member intends thereafter continuously to occupy such HOME-Assisted Unit as his or her principal residence.

b. The household is qualified under the HOME Regulations and is a Very Low Income Senior Citizen Household.

c. The household has been selected in accordance with the Management Plan.

“Qualifying Resident” is defined in California Civil Code § 51.11, as may be amended.

“Section 3 Clause” means and refers to Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, as amended. For purposes of this Section 3 Clause and compliance thereto, whenever the word “contractor” is used it shall mean and include, as applicable, the Borrower, contractor(s), and subcontractor(s). The particular text to be utilized in (a) any and all contracts of any contractor doing work covered by Section 3 entered into on or after the Effective Date and (b) notices to contractors doing work covered by Section 3 pursuant to contracts entered into prior to the Effective Date shall be in substantially the form of the following, as reasonably determined by the City, or as directed by HUD or its representative:

a. “The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (“Section 3”). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons [inclusive of Very Low-Income Persons, Very Low Income Senior Citizen Households, and Very Low Income Tenants served by the Project], particularly persons who are recipients of HUD assistance for housing.

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

c. The contractor agrees to send to each labor organization or representative of workers with which the contractor has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers’ representative of the contractor’s commitments under this Section 3 clause, and will post copies of notices in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number of job titles subject to hire, availability of apprenticeship and training

positions, the qualifications for each; and the name and location of person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

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

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

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

g. With respect to work performed in connection with Section 3 covered Indian Housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible, (a) preference and opportunities for training and employment shall be given to Indians, and (b) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of Section 3 and section 7(b) agree to comply with Section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b)."

"Senior Citizen Household" means a household whose head, spouse, or sole member is a Qualifying Resident and every other member is a Qualified Permanent Resident or Permitted Health Care Resident, in accordance with this Agreement and all applicable federal and state laws governing the use and occupancy of the Project (including, without limitation, the Unruh Civil Rights Act, § 51 *et seq.* of the California Civil Code, and the Federal Fair Housing Act, 42 USC § 3607 *et seq.*).

"Site Plan" means the map of the Property which is attached as Attachment No. 1 to the HOME Loan Agreement.

"Unit" or **"Units"** means the ninety-three (93) units plus two (2) managers' units to be constructed and operated by the Borrower on the Site.

"Very Low Income" means a household with total annual household incomes certified to be at or below 50% of the Area Median Income for Riverside County, according to data published by HUD annually. Annual household income is defined in regulations at 24 CFR 5.609 and shall be calculated using source documents or third party certifications of all income and assets held or generated by all members of the applicant or tenant household, in accordance

with regulations published at 24 CFR 5.203(a)(1)(i) and 24CFR 92.203(a)(1)(i), or 24 CFR 5.617 when calculating the income of persons with disabilities.

2. USE RESTRICTIONS

A. **Permitted Uses.** The Borrower covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that the Borrower, and such successors and assigns, shall (i) acquire the Property and construct the Project; and (ii) make available, restrict occupancy to, and rent the HOME-Assisted Units at an Affordable Rent to Qualified Tenants.

During the Affordability Period, all uses undertaken by the Borrower on the Property shall conform to this HOME Regulatory Agreement and to all applicable provisions of the Riverside Municipal Code and Governmental Regulations. None of the HOME-Assisted Units on the Property shall at any time be utilized on a transient basis (unless consistent with the HOME Regulations), nor shall the Property or any portion thereof ever be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium or rest home. The Borrower shall not convert the Property to condominium Ownership during the Affordability Period without the prior written approval of the City, which approval the City may grant, withhold or deny in its sole and absolute discretion.

B. **Affordable Housing.** Commencing upon and throughout the Affordability Period, the Borrower covenants and agrees that all of the HOME-Assisted Units in the Project shall be operated and maintained for affordable housing purposes available for occupancy exclusively to Qualified Tenants at an Affordable Rent in accordance with the provisions of this HOME Regulatory Agreement.

The HOME-Assisted Units shall be a “floating” designation as defined in Section 92.252(j) of the HOME Regulations. Each substituted HOME-Assisted Unit shall be comparable in terms of size, features, and number of bedrooms to the originally designated HOME-Assisted Units. In the event the Borrower desires to change the affordable housing, maintenance, or operation requirements for the Project from the specific requirements set forth in this HOME Regulatory Agreement in order to comply with a subsequently enacted amendment to the HOME Program, the Borrower shall notify the City in writing of such proposed change and the amendment related thereto at least thirty (30) calendar days prior to implementing such change. In the event the City disapproves of such change and the Borrower’s interpretation of the amendment related thereto, the City shall notify the Borrower of its disapproval in writing and the parties shall seek clarification from the appropriate HUD Field Office. Only if HUD concurs with the Borrower’s interpretation of the HOME Program shall the Borrower be permitted to implement the proposed change.

C. **Income Requirements.** Prior to leasing a HOME-Assisted Unit and annually thereafter, the Borrower shall certify the eligibility of each tenant applicant as a Qualified Tenant. The Borrower shall, upon request by the City, complete such certification on forms provided by the City. The Borrower shall submit such income certification and such additional information as may be required prospectively by the City, the State of California or HUD. Such supporting documentation shall include true copies of income tax returns from the tenant applicant for the most recent tax year in which a return was filed and at least one of the following:

- (1) two (2) paycheck stubs from the tenant's two (2) most recent pay periods;
- (2) an income verification certification from the tenant's employer;
- (3) an income verification certification from the Social Security Administration and/or the California Department of Social Services if the tenant receives assistance from such agencies, or
- (4) an alternate form of income verification reasonably requested by the City if none of the above forms of verification is available to the Borrower.

D. **Determination of Affordable Rent.** All HOME-Assisted Units shall be rented at Affordable Rent.

(1) **Rent Schedule and Utility Allowance.** The Borrower will use the Riverside County Housing Authority Utility Allowance Calculator to establish maximum monthly allowances for utilities and services to be used by the Borrower in calculating Affordable Rent. The Borrower shall submit to the Housing Project Manager for review and approval the Affordable Rent proposed by the Borrower for all of the HOME-Assisted Units. The maximum monthly rent must be recalculated by the Borrower and reviewed and approved by the City annually.

(2) **Increases in Tenant Income.** A Unit shall still qualify as a HOME-Assisted Unit, as required by this HOME Regulatory Agreement, despite a temporary noncompliance with this Section D, if the noncompliance is caused by increases in the incomes of existing tenants and if actions satisfactory to HUD are being taken to ensure that all vacancies are filled in accordance with this Section until the noncompliance is corrected.

A household occupying a HOME-Assisted Unit whose income increases to an amount that exceeds the maximum qualifying income of a Qualified Tenant may continue to occupy his or her Unit subject to the requirements of Section 92.252(i) of the HOME Regulations.

(3) **Adjustment of Affordable Rent.** Affordable Rent may change as changes in the applicable gross rent amounts, the income adjustments, or the monthly allowance for utilities and services warrant. Any increase in rents is subject to the provisions of outstanding leases. The Borrower must provide households occupying the HOME-Assisted Units not less than thirty (30) calendar days prior written notice before implementing any rent increase.

E. **Tenant Protections.**

(1) **Rental Agreement/Lease.** Prior to rental of any of the HOME-Assisted Units, the Borrower shall submit a standard lease form to the Housing Project Manager for approval, which approval shall not unreasonably be withheld or delayed, and must be for not less than six (6) months, unless otherwise mutually agreed by the tenant and the Borrower. The Borrower shall enter into a lease, in the form approved by the Housing Project Manager, with each Qualified Tenant of a HOME-Assisted Unit.

(2) **Prohibited Rental Agreement/Lease Terms.** The Borrower shall not permit the lease to contain any provision that is prohibited by Section 92.253(b) of the HOME Regulations.

F. **Termination of Tenancy.** The Borrower may not terminate the tenancy of a tenant of the Project except for an uncured violation(s) of the terms and conditions of the lease; for violation of applicable federal, state, or local law; or for other good cause. Any termination or refusal to renew must be preceded by not less than thirty (30) calendar days' notice, or as permitted by state law, by the Borrower's service upon the tenant of a written notice specifying the grounds for the action.

G. **Tenant Selection.** No later than six (6) months prior to the date construction of the Project is anticipated to be completed, the Borrower shall submit to the City, for its review and approval, the Borrower's written tenant selection plan ("***Tenant Selection Plan***"). The Tenant Selection Plan must, at a minimum, meet the requirements of tenant selection set out in Section 92.252(h) of the HOME Regulations. In addition, and to the extent legally allowable, preference shall be given to tenant applicants residing in the City.

H. **Compliance with Use and Occupancy Laws.** The Borrower agrees that for each lease, the Borrower shall comply with all applicable state and local laws, statutes, ordinances, rules and regulations, which in any way restrict the use and occupancy and resale of the Property.

F. **Loss of Subsidy or Senior Loan Foreclosure.** In the event of a loss of subsidy to the Project, including but not limited to a reduction or termination of the Section 8 Project Based Vouchers or VASH vouchers, through no fault of Borrower, (a) Borrower shall notify the City of such loss, (b) rents and income levels of the Affordable Units in the Project shall be increased to the extent allowed by TCAC and HOME Regulations, and (c) the Borrower will develop and implement a plan reasonably acceptable to the City that will help minimize disruption to and support residents in any of the permanent supportive housing units transition to higher rents or reduced services that may result from such loss of subsidy.

Additionally, following the foreclosure (or deed-in-lieu) of the Construction Loan or Permanent Loan, the rents and income levels of the Affordable Units in the Project shall be automatically increased to the extent allowed by TCAC and HOME Regulations.

3. **OPERATION AND MANAGEMENT OF THE PROJECT**

A. **General Maintenance.** The Borrower shall maintain the Property and all improvements thereon, including lighting and signage, in good condition, free of debris, waste and graffiti, and in compliance with the Riverside Municipal Code and HUD's Uniform Physical Conditions Standards ("UPCS", 24 CFR, Part 5 and 200). The Borrower shall maintain the improvements and landscaping on the Property in accordance with the Maintenance Standards (as hereinafter defined). Such Maintenance Standards shall apply to all buildings, signage, lighting, landscaping, irrigation of landscaping, architectural elements identifying the Property and any and all other improvements on the Property. To accomplish the maintenance, the Borrower shall either staff or contract with and hire licensed and qualified personnel to perform the maintenance work, including the provision of labor, equipment, materials, support facilities, and any and all other items necessary to comply with the requirements of this HOME Regulatory Agreement. The Borrower and its maintenance staff, contractors or subcontractors shall comply with the following standards (collectively, "Maintenance Standards"):

(1) The Property shall be maintained in conformance and in compliance with the approved Development Plans, as finalized, and reasonable maintenance standards for

comparable first quality affordable housing projects, including but not limited to painting and cleaning of all exterior surfaces and other exterior facades comprising all private improvements and public improvements to the curblin. The Property shall be maintained in good condition and in accordance with the custom and practice generally applicable to comparable first quality affordable apartment complexes in the City.

(2) Landscape maintenance shall include, but not be limited to: watering/irrigation; fertilization; mowing; edging; trimming of grass; tree and shrub pruning; trimming and shaping of trees and shrubs to maintain a healthy, natural appearance and safe road conditions and visibility, and irrigation coverage; replacement, as needed, of all plant materials; control of weeds in all planters, shrubs, lawns, ground covers, or other planted areas; and staking for support of trees.

(3) Clean-up maintenance shall include, but not be limited to: maintenance of all sidewalks, paths and other paved areas in clean and weed-free condition; maintenance of all such areas clear of dirt, mud, trash, debris or other matter which is unsafe or unsightly; removal of all trash, litter and other debris from improvements and landscaping prior to mowing; clearance and cleaning of all areas maintained prior to the end of the day on which the maintenance operations are performed to ensure that all cuttings, weeds, leaves and other debris are properly disposed of by maintenance workers.

The City agrees to notify the Borrower in writing if the condition of the Property does not meet with the Maintenance Standards and to specify the deficiencies and the actions required to be taken by Borrower to cure the deficiencies. Upon Borrower's written receipt of notification of any maintenance deficiency, the Borrower shall have thirty (30) calendar days within which to correct, remedy or cure the deficiency, or if the maintenance deficiency cannot be corrected, remedied, or cured within a thirty (30) day period, Borrower will have a longer period of time, provided, however, that Borrower commences to correct, remedy or cure the maintenance deficiency within the thirty (30) day period and diligently pursues it to completion. If the written notification states the problem is urgent relating to the public health and safety of the City, then the Borrower shall have forty-eight (48) hours to rectify the problem. In the event the Borrower does not maintain the Property in the manner set forth herein and in accordance with the Maintenance Standards, the City shall have, in addition to any other rights and remedies hereunder, the right to maintain the Property, or to contract for the correction of such deficiencies, after written notice to the Borrower, and the Borrower shall be responsible for the payment of all such costs incurred by the City.

B. Management of the Project.

(1) Property Manager. The Borrower shall cause the Project to be managed in a prudent and business-like manner, consistent with property management standards for other comparable first quality, well-managed rental housing projects in Riverside County, California. If the Borrower contracts with a property management company or property manager to operate and maintain the Project ("*Property Manager*"), the selection and hiring of the Property Manager shall be subject to prior written approval of the City Manager, which approval shall not be unreasonably withheld provided that the Property Manager has prior experience with rental housing projects and properties comparable to the Project.

(2) Management Plan. Prior to the initial or any subsequent disbursement of the HOME Loan Proceeds (as defined in the HOME Loan Agreement), the Borrower shall prepare and submit to the City for review and approval an updated and supplemented management plan which includes a detailed plan and strategy for long term operation, maintenance, repair, security, social/supportive services for, and marketing of the Project, method of selection of tenants, rules and regulations for tenants, and other rental and operational policies for the Project (“**Management Plan**”). The approval of the Management Plan shall not be unreasonably withheld, conditioned or delayed. Subsequent to approval of the Management Plan by the City, the ongoing management and operation of the Project shall be in compliance with the approved Management Plan. The Borrower may from time to time submit to the City proposed amendments to the Management Plan, which are also subject to the prior written approval of the City, which approval shall not be unreasonably withheld, conditioned or delayed.

C. **Capital Replacement Reserve Requirements.** The Borrower shall, or shall cause the Property Manager to, set aside an amount equal to Two Hundred Fifty Dollars (\$250) per Unit per year (“**Capital Replacement Reserve**”). Funds in the Capital Replacement Reserve shall be used for capital replacements to the Project fixtures and equipment which are normally capitalized under generally accepted accounting principles. Interest on funds in the Capital Replacement Reserve shall remain in the Capital Replacement Reserve. The non-availability of funds in the Capital Replacement Reserve does not in any manner relieve the Borrower of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Project in the manner prescribed herein. The Borrower, at its expense, shall submit to the Housing Project Manager annually an accounting for the Capital Replacement Reserve. The City approval is not required for withdrawals from the Capital Replacement Reserve in accordance with this HOME Regulatory Agreement or any senior lender’s requirements. Not less than once per year, the Borrower, at its expense, shall submit to the City an accounting for the Capital Replacement Reserve, preferably set forth in an annual financial statement, demonstrating compliance with this Section 3.C.

D. **Operating Reserve Requirements.** The Borrower shall not be required to maintain an Operating Reserve for this Project

E. **Operating Budget.** The Borrower shall submit to the City on not less than an annual basis the Operating Budget for the Project that sets forth the projected Operating Expenses for the upcoming year. The City shall not unreasonably withhold, condition, or delay the City’s approval of the annual Operating Budget, or any amendments thereto.

F. **Monitoring and Recordkeeping.** The Borrower shall comply with all applicable recordkeeping and monitoring requirements set forth in the HOME Program, including Section 92.508 of the HOME Regulations, and shall annually complete and submit to the City a Certification of Continuing Program Compliance in such form as provided by the City. Representatives of the City shall be entitled to enter the Property, upon at least forty-eight (48) hours’ notice, to monitor compliance with this HOME Regulatory Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. The Borrower agrees to cooperate with the City in making the Property and all HOME-Assisted Units thereon available for such inspection or audit. The Borrower agrees to maintain records in a businesslike manner, to make such records available to the City upon seventy-two (72) hours’ notice, and to maintain such records for the entire Affordability Period.

G. **Units Available to the Disabled.** The Borrower shall construct the Project in compliance with all applicable federal and state disabled persons accessibility requirements including but not limited to the Federal Fair Housing Act; Section 504 of the Rehabilitation Act of 1973; Title II and/or Title III of the Americans with Disabilities Act; and Title 24 of the California Code of Regulations.

H. **Right To Enter To Cure.** If at any time the Borrower fails to maintain the Property in accordance with this Section 3 and such condition is not corrected within seventy-two (72) hours after written notice from the City to the Borrower with respect to graffiti, debris, waste material, and general maintenance, or sixty (60) calendar days after written notice from the City with respect to landscaping and building improvements with such additional time as may be reasonably necessary to diligently prosecute the cure to completion, then the City, in addition to whatever remedies it may have at law or at equity, shall have the right, after written notice to Borrower, to enter upon the Property and perform all acts and work necessary to protect, maintain, and preserve the improvements and landscaped areas on the Property, and to attach a lien upon the Property, or to assess the Property, in the amount of the expenditures arising from such acts and work of protection, maintenance, and preservation by the City and/or costs of such cure, including a fifteen percent (15%) administrative charge, which amount shall be promptly paid by the Borrower upon demand.

I. **Damage and Destruction; Borrower's Duty to Rebuild.** If all or any portion of the Property and the improvements thereon is damaged or destroyed by fire or other casualty, it shall be the duty of the Borrower to rebuild, repair or construct said portion of the Property and/or the improvements in a timely manner which will restore it to Riverside Municipal Code or Building Code compliance condition as approved by the City, but only to the extent of available insurance proceeds.

In furtherance of the requirements of this Section 3.I., the Borrower shall keep the improvements on the Property insured by carriers at all times satisfactory to the City against loss by fire, rent loss and such other hazards, casualties, liabilities and contingencies as included within an all risk extended coverage hazard insurance policy as required by the HOME Loan Agreement. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the City.

If the Property is abandoned by the Borrower, or if the Borrower fails to respond to the City within thirty (30) calendar days from the date notice is mailed by the City to the Borrower that the insurance carrier offers to settle a claim for insurance benefits, subject to the rights of any senior lienholder, the City is authorized to collect and apply the insurance proceeds at its option either to restoration or repair of the Property.

J. **Time Limitation.** Subject to the terms of any senior loan and the rights of the senior lender, upon damage to the Property or the improvements thereon, the Borrower shall be obligated to proceed with all due diligence hereunder and commence reconstruction within six (6) months after the receipt of insurance proceeds and complete reconstruction within a term deemed acceptable by the parties after damage occurs, or if appropriate, demolition and vacation of the Property within six (6) months, unless prevented by causes beyond its reasonable control.

4. MISCELLANEOUS PROJECT REQUIREMENTS

A. **Equal Opportunity.** As set forth in Section 92.350 of the HOME Regulations as currently exists or as may be amended from time to time, no person shall be excluded from participation in, be denied the benefits of or be subjected to discrimination under any program or activity funded in whole or in part with HOME funds.

B. **Affirmative Marketing.** The Borrower shall comply with the City of Riverside's affirmative marketing policies and procedures as set forth in Exhibit "B" hereto, in accordance with Section 92.351 of the HOME Regulations.

C. **Displacement, Relocation and Acquisition.** The Borrower shall take all reasonable steps to minimize the displacement of persons from the Property as a result of implementation of this HOME Regulatory Agreement and shall comply with all applicable relocation laws.

D. **Compliance with Law.** The Borrower shall comply with all applicable Federal, State and Local Law and such other rules and regulations designated in Exhibit "C" attached hereto.

E. **Conflict of Interest.** The Borrower will hereby comply with all requirements set forth regarding conflict of interest provisions as they apply in Section 92.356 of the HOME Regulations as currently exists or as may be amended from time to time.

5. COVENANTS

A. **Affordability Period.** The provisions of this HOME Regulatory Agreement shall apply to the Property throughout the Affordability Period. This HOME Regulatory Agreement shall bind any successor or assign of the Borrower whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, with or without the approval of the City, except as expressly released by the City. The City makes the HOME Loan on the condition, and in consideration of, this provision, and would not do so otherwise.

B. **Covenants to Run with the Land.** The City and the Borrower hereby declare their express intent that the covenants and restrictions set forth in this HOME Regulatory Agreement shall run with the land, and shall bind all successors to the Borrower. Each and every contract, deed or other instrument hereafter executed covering or conveying an interest in the Property or any portion thereof shall be held conclusively to have been executed, delivered and accepted subject to such covenants and restrictions, regardless of whether such covenants or restrictions are set forth in such contract, deed or other instrument, unless the City expressly releases such conveyed portion of the Property from the requirements of this HOME Regulatory Agreement.

6. ENFORCEMENT AND REMEDIES

A. **Remedies.** Subject to the notice and cure rights of the Borrower set forth in Section 8.1 of the HOME Loan Agreement, in the Event of Default of any of the terms or conditions of this HOME Regulatory Agreement by the Borrower, its administrators or assigns, the City may pursue the remedy thereof by any and all means of enforcement, both in equity and at law, as provided by the laws of the State of California, including, but not limited to, injunctive relief and/or specific performance.

B. **Rights of the City.** The City has the right to enforce all of the provisions of this HOME Regulatory Agreement. This HOME Regulatory Agreement does not in any way infringe on the right or duties of the City to enforce any of the provisions of the Riverside Municipal Code including, but not limited to, the abatement of dangerous buildings. In addition to the general rights of enforcement, the City shall have the right, through its agents and employees, to enter upon any part of the Property for the purpose of enforcing the Riverside Municipal Code, and the ordinances and other regulations of the City, and for maintenance and/or repair of any or all publicly owned utilities.

C. **Jurisdiction and Venue.** Legal actions must be instituted and maintained in the Superior Court of the County of Riverside, State of California. The Borrower specifically waives any rights provided to it pursuant to California Code of Civil Procedure Section 394 or state statutes or judicial decisions of like effect.

D. **Right of Entry.** The City has the right of entry at reasonable hours and upon and after reasonable attempts to contact the Borrower, to effect emergency repairs or maintenance which the Borrower has failed to perform. Subsequent to sixty (60) calendar days written notice to the Borrower specifically outlining the noncompliance, the City shall have the right of entry at reasonable hours to enforce compliance with this HOME Regulatory Agreement which the Borrower has failed to perform.

E. **Costs of Repair.** The costs borne by the City of any such repairs or maintenance emergency and/or non-emergency, shall become a charge for which the Borrower shall be responsible; and may, if unpaid, be assessed as a lien against the Property.

F. **Cumulative Remedies.** The remedies herein provided for breach of the covenants contained in this HOME Regulatory Agreement shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

G. **Failure to Enforce.** The failure to enforce any of the covenants contained in this HOME Regulatory Agreement shall not constitute a waiver of the right to enforce the same thereafter.

7. **HOLD HARMLESS**

Except to the extent of the City's gross negligence or willful misconduct, the Borrower agrees to defend and to hold the City and its respective officers, agents, employees, representatives, elected and appointed boards and officials harmless from liability for damage or claims for any type of damage including, but not limited to, personal injury and claims for property damage, which may arise from the activities of the Borrower or those of the Borrower's contractors, subcontractors, agents, employees or other persons acting on the Borrower's behalf and which relate to the Project. The Borrower agrees to and shall defend the City and its respective officers, agents, employees, representatives, elected and appointed boards and officials from any action for damages caused or alleged to have been caused by reason of the Borrower's activities in connection with the Project.

8. THIRD PARTY BENEFICIARIES

This HOME Regulatory Agreement is made and entered into for the sole protection and benefit of the City, its successors and assigns, and the Borrower, its permitted successors and assigns, and no other person or persons shall have any right of action hereon.

9. RECORDATION

The Borrower agrees that this HOME Regulatory Agreement and any amendment or cancellation hereof shall be recorded in the official records of Riverside County by the Borrower within ten (10) calendar days of the date of this HOME Regulatory Agreement and within ten (10) calendar days after any amendment or cancellation hereof.

10. NOTICE

Written notice, demands and communications between the City and the Borrower shall be sent by first-class registered or certified mail, postage prepaid, return receipt requested, or by private courier service which provides evidence of delivery. Unless a different address is given by any party as provided in this Section, all such communications will be addressed as follows:

To Borrower: RIVERSIDE SUPPORTIVE HOUSING, L.P.
3701 Wilshire Boulevard, Suite #700
Los Angeles, CA 90010
Attn: President and Chief Executive Officer
Email: dgallo@acof.org

Copies to: Gubb & Barshay LLP
505 14th Street, Suite 450
Oakland, CA 94612
Attn: Sarah Perez
Email: sperez@gubbandbarshay.com

And to: Bank of America, N.A.
Mail Code: MA1-225-02-02
225 Franklin Street
Boston, MA 02110
Attention: Asset Management
Facsimile: 617-346-2257

And to: Buchalter, a Professional Corporation
1000 Wilshire Boulevard, Suite 1500
Los Angeles, CA 90017
Attn: Michael A. Williamson, Esq.
Facsimile: (213) 630-5799
Matter No: B0965-0592 (Oasis Senior)

To City: City of Riverside
Attn: City Manager
3900 Main Street
Riverside, California 92522

Copies to: City of Riverside
Attn: City Attorney
3900 Main Street
Riverside, California 92522

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent. Any address for service of notice on any party may be changed by that party serving a notice upon the other of the new address, except that any change of address to a post office box shall not be effective unless a street address is also specified for use in effectuating personal service.

11. WAIVER

Failure by a party to insist upon the strict performance of any of the provisions of this HOME Regulatory Agreement by the other party or the failure by the party to exercise its rights under or upon a default by the other party herein shall not constitute a waiver of such party's right to demand strict compliance from such other party in the future.

12. SEVERABILITY

If any one or more of the provisions contained in this HOME Regulatory Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this HOME Regulatory Agreement, and this HOME Regulatory Agreement shall be construed as if such invalid, illegal or unenforceable provision(s) had never been contained herein.

13. CAPTION AND PRONOUNS

The captions and headings of the various sections of this HOME Regulatory Agreement are for convenience only, and are not to be construed as confining or limiting in any way the scope or intent of the provisions hereof. Whenever the context requires or permits, the singular shall include the plural, the plural shall include the singular, and masculine, feminine and neuter shall be freely interchangeable.

14. MODIFICATION OF AGREEMENT

This HOME Regulatory Agreement may be modified or amended by mutual consent of the Borrower and the City provided that all amendments are in writing and signed by all of the parties hereto.

15. SOLE AND ONLY AGREEMENT

This HOME Regulatory Agreement, the HOME Loan Agreement and all of the attachments thereto and incorporated therein integrate all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the Property. In the event of a conflict between this HOME Regulatory Agreement and HOME Loan Agreement, the provisions of this HOME Regulatory Agreement shall control.

The City and the Borrower acknowledge and agree that neither of them has made any representation with respect to the subject matter of this HOME Regulatory Agreement or any representations inducing the execution and delivery, except representations set forth herein, and each party acknowledges that it has relied on its own judgment in entering this HOME Regulatory Agreement. The City and the Borrower further acknowledge that all statements or representations that heretofore may have been made by either of them to the other are void and of no effect, and that neither of them has relied thereon in its dealings with the other.

(Signatures on following pages.)

IN WITNESS WHEREOF, the parties hereto have executed this HOME Regulatory Agreement as of the date and year set forth below.

“BORROWER”

RIVERSIDE SUPPORTIVE HOUSING, L.P.,
a California limited partnership,

By: Supportive Housing LLC,
a California Limited Liability Company,
its Managing General Partner

By: A Community of Friends,
a California nonprofit public benefit
corporation, its Sole Member/Manager

By: _____
Dora Leong Gallo,
President & Chief Executive Officer

“CITY”

CITY OF RIVERSIDE, a California charter city
and municipal corporation

Dated: _____

By: _____
City Manager

ATTEST:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____

Deputy City Attorney

EXHIBIT "A"

LEGAL DESCRIPTION

(Attached)

EXHIBIT "A"
LEGAL DESCRIPTION

Project: Oasis Senior Villas
APN: 221-132-020
Address: 2340 14th Street

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 19 of Castleman's Addition to Riverside, as shown by map on file in Book 3, Page 19 of Maps, Records of San Bernardino County, California, lying Northeasterly of that portion of said Lot 19 Condemned by the City of Riverside, a Certified Copy of Lot Condemnation being recorded November 30, 1942, in Book 559, Page 497, et seq. of Official Records of Riverside County, California.

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

Curtis C. Stephens 5/4/12 Prep. (S)
Curtis C. Stephens, L.S. 7519 Date



EXHIBIT "B"
MARKETING PLAN
(Attached)

EXHIBIT “C”

HOME PROGRAM RELATED FEDERAL LAWS AND REGULATIONS

1.1 HOME Laws and Regulations

The Borrower shall comply with all applicable laws and regulations governing the HOME Program and the use of the HOME Loan, including but not limited to, the requirements set forth in this HOME Regulatory Agreement. In the event of any conflict between the HOME Regulatory Agreement and applicable laws and regulations governing the HOME Program and the use of the HOME Loan Proceeds, the applicable HOME Program laws and regulations shall govern. The Borrower agrees to enter into any modification of this HOME Regulatory Agreement reasonably required by the City to attain compliance with the requirements of the HOME Program. The Borrower acknowledges and agrees that it has received and reviewed a copy of the regulations regarding the HOME Program in effect as of the date of execution of this Regulatory

1.2 Specific Requirements

The laws and regulations governing the HOME Program and the use of the HOME Loan include (but are not limited to) the following, as may be amended from time to time:

1.2.1 Miscellaneous Federal Mandates

i. Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601-20 (Public Law 90-284) and implementing regulations at 24 CFR Part 107;

ii. Executive Order 11063 and regulations at 24 CFR Part 107;

iii. Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 107;

iv. The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and regulations at 24 CFR Part 146;

v. Executive Order 12372 and implementing regulations at 24 CFR Part 52, regarding intergovernmental review of federal programs;

vi. Flood Disaster Act of 1973, 42 U.S.C. 4001, *et seq.*;

vii. Drug Free Workplace Act of 1988, P.L. 100-690,

Title V, Subtitle D.

viii. The Fair Housing Act (42 U.S.C. 3601-3620)(Pub. L. 90-284) as it ensures fair housing practices and prohibits housing discrimination based on race, color, religion, sex, national origin, disability, or familial status;

ix. Section 109 of the Housing and Community Development Act of 1974, as amended; and the regulations issued pursuant thereto at 24 CFR Section 470.601 as it relates to prohibiting discriminatory actions in activities funded by Community Development Funds;

x. Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (Equal Employment Opportunity) and implementing regulations issued at 41 CFR Chapter 60 and Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), as amended and implementing regulations at 24 CFR Part 135 as they relate to equal employment opportunities;

xi. Executive Orders 11625 and 12432 (concerning minority business enterprise) and 12138 (concerning women's business enterprise) to encourage the use of women and minority owned businesses to the maximum extent possible.

xii. The applicable policies, guidelines, and requirements of OMB Circulars Nos. A-87, A-102 (Revised), A-110, A-122, and A-128, or successor regulations.

1.2.2 Environment and Historic Preservation

Section 104(f) of the Housing and Community Residence Act of 1974 and 24 CFR Part 58, which prescribe procedures for compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321-4361), and the additional laws and authorities listed at 24 C.F.R. 58.5.

1.2.3 Architectural Barriers

The requirements of the Architectural Barriers Act of 1968 (42 U.S.C. 4151-4157).

1.2.4 Americans With Disabilities Act

The requirements of the Americans with Disabilities Act (42 U.S.C 12131; 47 U.S.C. 155, 201, 218 and 255) which protects the comprehensive civil rights of individuals with disabilities.

1.2.5 Relocation

The requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601-4655), and similar state laws. If and to the extent

that development of the Project results in the permanent or temporary displacement of residential tenants, homeowners, or businesses, then the Borrower shall comply with all applicable local, state and federal statutes and regulations with respect to relocation planning, advisory assistance and payment of monetary benefits. The Borrower shall be solely responsible for payment of any relocation benefits to any displaced persons and any other obligations associated with complying with such relocation laws.

1.2.6 Disabled Discrimination

The requirements of Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 706), and federal regulations issued pursuant thereto (24 CFR Part 8), which prohibit discrimination against the disabled in any federally assisted program.

1.2.7 Future HOME Regulations

Any other Department of Housing and Urban Development regulations currently in effect or as may be amended or added in the future pertaining to the HOME Program.

1.2.8 Ineligible Contractors

Use of debarred, suspended, or ineligible contractors or subrecipients is prohibited directly or indirectly as part of this award as set forth in 24 CFR Part 5.

1.2.9 Conflict of Interest

No member, officer or employee of the organization, or its designees or agents, no member of the governing body of the locality in which the program is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the program during his/her tenure or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the loan, and the Borrower shall incorporate, or cause to be incorporated, in all such contracts or subcontracts a provision prohibiting such interest pursuant to the purposes of the certification.

1.2.10 Affirmative Marketing

The requirements of the City of Riverside's affirmative marketing policies and procedures as set forth in Exhibit B to the HOME Regulatory Agreement, and as may be amended, in accordance with Section 92.351 of the HOME Regulations.

1.2.11 Property Standards

The HOME-Assisted Units must meet all applicable federal, state and local housing quality standards and code requirements, including the Uniform Physical Conditions Standards ("UPCS", 24 CFR, Part 5 and 200) established by HUD for housing that is decent, safe, sanitary, and in good repair.

1.2.12 HUD Regulations

Any other HUD regulations present or as may be amended, added, or waived in the future pertaining to the use of HOME funds, including but not limited to HUD

regulations as may be promulgated regarding subrecipients.

1.2.13 Successor Rules

In the event HUD ceases to provide definitions, determinations and calculations under the HOME Program related to Income Eligible Households or Annual Income, or both, the provisions of this Section shall be performed in accordance with definitions, determinations and calculations related to such matters as established by the City with a view toward establishing such definitions, determinations and calculations in a manner consistent, as nearly as possible, with those formerly promulgated by HUD under the HOME Program.

1.3 Certification Regarding Lobbying

The undersigned certifies, to the best of his or her knowledge and belief, that:

iii. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement; and

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

1.4 Religious Activity

In addition to, and not in substitution for, other provisions of this HOME Regulatory Agreement regarding the provision of services with funds, pursuant to Title II of the Housing and Community Development Act of 1990, as amended, the Borrower:

iii. Represents that it is not, or may not be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes which is supervised or controlled by or in connection with a religious or denominational institution or organization; and,

iv. Agrees that, in connection with such services:

(a) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in

employment to persons on the basis of religion;

(b) It will not discriminate against any person applying for housing on the basis of religion and will not limit such services or give preference to persons on the basis of religion;

(c) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence on or in the Project; and,

(d) The common portion of the Property shall contain no sectarian or religious symbols or decorations.

1.5 Disclosure of Confidential Tenant Information.

To the extent allowed by law, the Borrower and the City agree to maintain the confidentiality of any information regarding Tenants or applicants for residency under this Project, or their immediate families, pursuant to this HOME Regulatory Agreement, which may be obtained through application forms, interviews, tests, reports, from public agencies or counselors, or any other source. Without the written permission of the applicant, such information shall be divulged only as necessary for purposes related to the performance or evaluation of the services and work to be provided pursuant to this HOME Regulatory Agreement, and then only to persons having responsibilities under the Agreement, including those furnishing services under the Project through subcontracts.

1.6 Compliance with Federal, State and Local Laws

The Borrower shall comply with all applicable federal, state and local statutes, ordinances, regulations and laws, (including the Governmental Requirements) with respect the development and the operation and management of the Property by the Borrower (all of which comprises the Project hereunder). The Borrower shall carry out the design, construction, rehabilitation and completion of improvements, and operation and management of the Project, in conformity with all applicable laws, including all applicable federal, state, and local labor standards, the City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the Riverside Municipal Code.

1.7 Prevailing Wage Laws

The Borrower shall carry out the development through completion of the Project and the overall rehabilitation of the Property in conformity with all applicable federal, state and local labor laws and regulations, including without limitation, if and to the extent applicable, the requirements to pay prevailing wages under federal law (the Davis Bacon Act, 40 U.S.C. Section 3141, *et seq.*, and the regulations promulgated thereunder set forth at 29 CFR Part 1 (collectively, "Davis Bacon")) and, if and to the extent applicable, California law (Labor Code Section 1720, *et seq.*).

The Borrower shall be solely responsible, expressly or impliedly, for determining and effectuating compliance with all applicable federal, state and local public works requirements, prevailing wage laws, labor laws and standards, and the City makes no representations, either legally or financially, as to the applicability or non-applicability of any federal, state or local laws

to the Project or any part thereof, either onsite or offsite. The Borrower expressly, knowingly and voluntarily acknowledges and agrees that the City has not previously represented to the Borrower or to any representative, agent or affiliate of the Borrower, or its General Contractor or any subcontractor(s) for the construction or development of the Project, in writing or otherwise, in a call for bids or otherwise, that the work and construction undertaken pursuant to this HOME Regulatory Agreement is (or is not) a “public work,” as defined in Section 1720 of the Labor Code or under Davis Bacon.

1.8 Section 3 Compliance

The Borrower agrees to comply with and to cause the general contractor, each subcontractor, and any other contractors and/or subcontractors or agents of the Borrower to comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. §1701u, and the implementing regulations, in connection with the rehabilitation of the Property. The Borrower shall submit to the City each Construction Contract with appropriate provisions providing for the development of the Property in conformance with the terms of this HOME Regulatory Agreement, including the Section 3 Clause, in accordance with Section 206(d). The General Contractor, each subcontractor, and any other contractors or subcontractors or agents of the Borrower (subject to compliance with 24 CFR Part 135) shall have provided to the City the certification in appendix B of 24 CFR Part 24 that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation from this Project, and the City shall be responsible for determining whether each contractor has been debarred.

The City has prepared a Section 3 “checklist” and other forms related to Section 3 compliance; and as provided by the City to the Borrower, and its contractor(s) or subcontractor(s), if any, and as applicable, such forms shall be utilized in all contracts and subcontracts to which Section 3 applies. The Borrower hereby acknowledges and agrees to take all responsibility for compliance with all Section 3 Clause federal requirements as to the Borrower, general contractor, subcontractors, or other contractor(s), subcontractor(s), and other agents. The Borrower shall provide or cause to be provided to the General Contractor and each subcontractor, and each of its other contractor(s), subcontractor(s) and agents the checklist for compliance with the Section 3 Clause federal requirements provided by the City, to obtain from the General Contractor, each subcontractor, and other contractor(s), subcontractor(s), and agents all applicable items, documents, and other evidence of compliance with the items, actions, and other provisions within the checklist, and to submit all such completed Section 3 Clause documentation and proof of compliance to the City. To the extent applicable, the Borrower shall comply and/or cause compliance with all Section 3 Clause requirements for the Project. For example, when and if the Borrower or its contractor(s) hire(s) full time employees, rather than volunteer labor or materials, Section 3 is applicable and all disclosure and reporting requirements apply.

1.9 Labor Standards

In addition to compliance with Section 1304.1, the Construction Contract for the Project, as well as any other contract for the development work, shall be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. §3701, *et seq.*). Participating contractors, subcontractors, and other participants must comply with regulations issued under these Acts and with other federal laws and regulations pertaining to labor

standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. The Borrower shall supply to the City certification, in form and substance satisfactory to HUD and the City, as to compliance with the provisions of this Section before receiving any disbursement of federal funds for the development work.

1.10 Lead-Based Paint

The City and the Authority, as recipient(s) of federal funds, has modified and conformed all of its federally funded housing programs to the Lead-Based Paint Poisoning Prevention Act, Title X of the 1992 Housing and Community Development Act, 42 U.S.C. §4800, *et seq.*, specifically §§4821–4846, and the implementing regulations thereto, which are aimed to take advantage of rehabilitation events as a cost-effective opportunity to reduce lead based paint and lead based paint hazards (LBP) in existing housing.

The implementing regulations to Title X, set forth in 24 CFR Part 35 (LBP Regs), were adopted by HUD on September 15, 1999 and are now effective for compliance by all recipients and subrecipients of federal funds. Subpart J of the LBP Regs focuses on the requirements for programs that provide assistance for housing rehabilitation, such as this Project. In this regard, the Borrower shall comply with the requirements, as and to the extent applicable, of Title X and the implementing LBP Regs for the Project.

The Development of the Property comprising the Project shall be undertaken and completed by qualified contractor(s) selected by the Borrower and, if applicable, meeting the requirements of the LBP Regs. All work relating to LBP and LBP hazards and the reduction and clearance thereof shall be undertaken using safe work practices and shall be conducted by qualified contractor(s) and inspectors(s) meeting the requirements of the LBP Regs. Under the LBP Regs, treatment and clearance shall be conducted by separate contractors. All treatment and clearance using safe work practices of LBP and LBP hazards at the Property shall be completed first and prior to any other part of the development work.

Prior to commencing any part of the development, if applicable, the Borrower shall cause each household in occupancy at the Property to receive (and shall obtain proof of receipt through signature) (1) a complete copy of the HUD issued informational pamphlet/brochure about LBP and LBP hazards, (2) any necessary disclosure forms relating to information about LBP and LBP Hazards, and (3) the results of any evaluation for LBP or LBP hazards at the applicable Unit within the Property.

1.11 Duty to Prevent Release of Hazardous Substances

During the development of the Property, the Borrower shall take all necessary precautions to prevent the release of any Hazardous Substances (with particular regard to any asbestos, or asbestos-containing materials, or lead-based paint or other lead containing products which are regulated by the HOME Program) into the environment or onto or under the Property. Such precautions shall include compliance with all Environmental Laws with respect to Hazardous Substances. In addition, the Borrower shall install and utilize such equipment and implement and adhere to such procedures as are consistent with applicable Environmental Laws and then-prevailing industry standards as respects the disclosure, storage, use, abatement, removal and disposal of Hazardous Substances.

ATTACHMENT NO. 9

RENT SCHEDULE

(Attached)

ATTACHMENT NO. 10

RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:)

)

)

City of Riverside)

3900 Main Street)

Riverside, CA 92522)

Attn: Housing Project Manager)

)

Project: Oasis Senior Villas Project)

(Space above for Recorder's Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS ("Release") is hereby made as of this ___ day of _____, _____, by the CITY OF RIVERSIDE, a California charter city and municipal corporation ("City") in favor of RIVERSIDE SUPPORTIVE HOUSING, L.P., a California limited partnership ("Borrower").

RECITALS

A. The City and the Borrower entered into that certain HOME Investment Partnerships Loan dated for identification purposes only as of _____, 2021 ("*HOME Loan Agreement*").

B. Pursuant to the Agreement, the City and the Borrower entered into that certain HOME Regulatory Agreement dated _____, 2021. The HOME Loan Agreement provides for the completion of certain improvements ("*Project*") to certain real property ("*Site*") situated in the City of Riverside, California, and more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the HOME Regulatory Agreement.

C. As required in the HOME Loan Agreement and the HOME Regulatory Agreement, the City shall furnish the Borrower with a Release of Construction Covenants upon completion of the Project which Certificate shall be in such form as to permit it to be recorded in the Riverside County Recorder's Office.

D. The City has conclusively determined that the construction of the Project required by the HOME Loan Agreement, and the HOME Regulatory Agreement on the Site has been satisfactorily completed.

NOW, THEREFORE, the City hereto certifies as follows:

1. As provided in the HOME Regulatory Agreement, the City does hereby certify that all of the construction of the Project on the Site has been fully and satisfactorily performed and completed in accordance with the HOME Loan Agreement and the HOME Regulatory Agreement.

2. After the recordation of this Release any person or entity then owning or thereafter purchasing, or otherwise acquiring any interest in the Site will not (because of such Ownership, purchase, or acquisition) incur any obligation or liability under the HOME Regulatory Agreement to construct the Project, however, such party shall be bound by any and all of the covenants, conditions, and restrictions concerning the use, maintenance and operation of the Site which survive such recordation.

3. This Release is not a notice of completion as referred to in Section 3093 of the California Civil Code.

IN WITNESS WHEREOF, the City has executed this Release as of the date set forth above.

CITY OF RIVERSIDE, a California charter city and municipal corporation

By: _____
City Manager

ATTEST:

City Clerk

APPROVED AS TO FORM:

By: _____
Deputy City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION

(Attached)

EXHIBIT "A"
LEGAL DESCRIPTION

Project: Oasis Senior Villas
APN: 221-132-020
Address: 2340 14th Street

That certain real property located in the City of Riverside, County of Riverside, State of California, described as follows:

That portion of Lot 19 of Castleman's Addition to Riverside, as shown by map on file in Book 3, Page 19 of Maps, Records of San Bernardino County, California, lying Northeasterly of that portion of said Lot 19 Condemned by the City of Riverside, a Certified Copy of Lot Condemnation being recorded November 30, 1942, in Book 559, Page 497, et seq. of Official Records of Riverside County, California.

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

Curtis C. Stephens 5/4/21 Prep. (S)
Curtis C. Stephens, L.S. 7519 Date



ATTACHMENT NO. 11

REQUEST FOR NOTICE OF DEFAULT

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:)

)
)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Housing Project Manager)
)
Project: Oasis Senior Villas Project)

(Space above for Recorder's Use Only)

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383.

REQUEST FOR NOTICE OF DEFAULT
(Under Section 2924b Civil Code)

In accordance with Section 2924b, Civil Code, request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust recorded on _____, 20__, in Book _____, Page _____, Official Records of Riverside County, California, executed by **RIVERSIDE SUPPORTIVE HOUSING, L.P.**, a California limited partnership, as Trustor, in which _____ is named as Beneficiary, and _____ as Trustee, be mailed to:

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

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

CITY OF RIVERSIDE, a California charter city and municipal corporation

By: _____
City Manager

ATTACHMENT NO. 12

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)