

**AFFORDABLE HOUSING COMMUNITY DEVELOPMENT
BLOCK GRANT LOAN AGREEMENT**

between the

CITY OF RIVERSIDE

and

RIVERSIDE HOUSING DEVELOPMENT CORPORATION

for the University Terrace Homes Project

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AFFORDABLE HOUSING COMMUNITY DEVELOPMENT
BLOCK GRANT/LOAN AGREEMENT

THIS AFFORDABLE HOUSING COMMUNITY DEVELOPMENT BLOCK GRANT LOAN AGREEMENT (“Loan Agreement”), dated for identification purposes only as of January ____, 2026, is entered into by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (“City”), and RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation (“Developer”), UEI NO. NGKMFABRZKW9, with reference to the following:

RECITALS

The following recitals are a substantive part of this Agreement:

A. City is a California charter city and municipal corporation and a participating jurisdiction with the United States Department of Housing and Urban Development (“HUD”) that has received Community Development Block Grant funds (“CDBG Funds”) authorized by Title I of the Housing and Community Development Act of 1974, as amended, for the purpose of developing viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Capitalized terms not defined in these Recitals shall have the meaning set forth in Section 1 below.

B. The City has adopted a Housing Element to its General Plan pursuant to Government Code § 65580 *et seq.*, which sets forth the City’s policies, goals and objectives to provide housing to all economic segments of the community, including the preservation and development of rental housing affordable to low and moderate income households.

C. Developer is 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. Developer submitted a proposal to the City of Riverside for the acquisition and rehabilitation of the Quality Inn for the creation of 114 affordable housing units, one (1) manager’s unit, one (1) maintenance staff’s unit and a community building to house the property manager and case managers’ offices and a training room.

D. Developer has entered into a Purchase and Sale Agreement dated May 7, 2025 to acquire a motel located at 1590 University Avenue in the City of Riverside, County of Riverside (APNs 253-020-011) (as legally described in Attachment A hereto, the “Site”). Developer proposes to create one hundred fourteen (114) housing units, one (1) manager’s unit, one (1) maintenance staff’s unit, and a community building to house the property manager and case managers’ offices and a training room together with any improvements appurtenant thereto. The foregoing shall be referred to herein as the “Project”. The Site, together with the improvements currently existing thereon or any constructed in the future thereon (collectively, the “Improvements”) shall be referred to herein as the “Property”.

E. Developer and City submitted a joint Homekey+ grant application to the California Department of Housing and Urban Development in May 2025 for \$23,509,470 for the Project.

F. City and Developer entered into a Memorandum of Understanding for a soft commitment of Seven Million Dollars (\$7,000,000) of Homeless Housing, Assistance and Prevention (HHAP) Round 3 and 4 funding, One Million Two Hundred Thirty-Four Thousand Eight Hundred Ninety Dollars (\$1,234,890) of Community Development Block Grant funding and One Million (\$1,000,000) of HOME Investment Partnerships Program funding.

G. Developer submitted an updated project pro forma requesting new funding commitments of Seven Million Five Hundred Sixty-Nine Thousand Two Hundred Seventy-Two Dollars and Twenty-Five Cents (\$7,569,272.25) of Homeless Housing, Assistance and Prevention (HHAP) Round 3 and 4 funding, Nine Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75) of Community Development Block Grant funding and One Million (\$1,000,000) of HOME Investment Partnerships Program funding

H. Developer proposes that the end use of the Property will be the construction and operation of the Project, along with related amenities, in which 30 units (51% of the Units) in Building One shall be restricted to occupancy by Very Low Income Households in accordance herewith.

I. Developer requires financial assistance from City for the acquisition of the Property. City has agreed to assist Developer with a term loan of Nine Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75) ("**CDBG Loan**"), provided that end use of the Property is restricted to affordable housing complying with the income and rent restrictions set forth herein and in the CDBG Program for low and moderate income housing. The CDBG Loan shall be funded from CDBG Funds that have been allocated to the City by HUD.

J. The CDBG Loan will facilitate the provision of rental housing for low and moderate income households in accordance with the goals of the CDBG Program and provide an opportunity for a more comprehensive and coordinated project consistent with and in furtherance of the goals and objectives of the Housing Element.

K. The acquisition and rehabilitation of the Property as contemplated by this Agreement is in the vital and best interest of the City, is necessary for the protection of the health, safety and welfare of the City's residents, and is in accord with the public purposes and provisions of applicable state and local laws and requirements. This Agreement further implements the City's goals and objectives to increase the community's supply of decent, safe and affordable housing opportunities in the City of Riverside to people of all economic segments of the population.

NOW, THEREFORE, City and Developer hereby agree as follows:

1. DEFINITIONS

1.1. Defined Terms

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

"**Affiliate**" means any person or entity directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with Developer which, if the party is a partnership or limited liability company, shall include each of the constituent members

or general partners, respectively, thereof, or an entity in which Developer has an equity interest and is the managing member, managing partner or controlling shareholder. The term "control" as used in the immediately preceding sentence, means, with respect to a person that is a corporation, the right to the exercise, directly or indirectly, more than 50% of the voting rights attributable to the shares of the controlled corporation, and, with respect to a person that is not a corporation, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled person.

"Affirmative Fair Housing Marketing Plan" means such affirmative marketing procedures and requirements (in accordance with 24 CFR 92.351) for the Project as City hereafter adopts and delivers to Developer.

"Affordability Period" means the period commencing upon the recordation of a Release of Construction Covenants in such form as is required by City and terminating on the fifty-fifth (55th) anniversary thereof.

"Affordable Rent" means a monthly amount, including utilities, that does not exceed Low HOME Rent.

"Affordable Units" means the rental Units in the Project restricted to occupancy by 30 Very Low Income Households (51% of the Units).

"Agreement" means this Affordable Housing Loan Agreement by and between City and the Developer, including the following, which are incorporated herein by this reference (i) the Recitals set forth herein; (ii) all attachments hereto, (iii) all agreements entered into in the form of an attachment hereto; (iv) all agreements delivered by Developer to City in connection herewith; and (v) any amendments and modifications to any of the foregoing.

"Agreement of Limited Partnership" means, if Developer is a limited partnership, the Limited Partnership Agreement of Developer.

"AMI" or "Area-wide Median Income" means the median family income for the Riverside-San Bernardino-Ontario, CA HUD Metro FMR Area as published annually by HUD.

"Annual Reporting Forms" means such forms required by the CDBG Program and City to be submitted at least annually by Developer in connection with the Project, as such forms may be amended or revised from time to time.

"Approved Financing" is defined in Section 4.3.

"BABA" means the Build America, Buy America (BABA) Act set forth in 41 USC 8301 note, and all applicable rules and notices, as may be amended from time to time.

"Business Day(s)" means Monday through Friday, except for federal and state holidays.

"CDBG Funds" is defined in Recital A.

"CDBG Loan" means a term loan from City to Developer in the original principal amount of up to Nine Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75) for acquisition financing for the Project.

“CDBG Loan Documents” means this Loan Agreement, the Promissory Note, the Deed of Trust, the Regulatory Agreement, the Notice of Affordability Restrictions, the Escrow Instructions, and all other attachments hereto, all agreements entered into in the form of an attachment and all other agreements entered into in connection herewith. The term “CDBG Loan Documents” shall include all modifications, amendments, extensions, renewals, and replacements of the aforementioned documents or any other agreement now or hereafter executed by Developer which recites that the obligations thereunder are secured by the Deed of Trust.

“CDBG Program” means the program authorized by and requirements imposed under Title I of the Housing and Community Development Act of 1974, as amended, and all implementing rules and regulations, including, without limitation, those set forth in 24 CFR Part 570.

“Certificate of Occupancy” means a temporary or permanent certificate of occupancy with respect to all residential units in the Project following Construction Closing.

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

“City BABA Policy” means the City’s BABA Policy, as set forth in Attachment H, and any amendments or modifications thereto.

“City Indemnitees” means the City and their respective boards, elected and appointed officials, officers, employees, representatives and agents.

“City Manager” means the City Manager of the City, or his or her designee.

“Closing” or “Closing Date” means the date upon which the conditions precedent set forth in Section 3.3 are satisfied.

“Construction Closing” means the date upon which the financing for the construction of the Project is entered into and the initial funding thereof is disbursed.

“County” means Riverside County.

“Deed of Trust” means a Deed of Trust executed by Developer as Trustor in favor of City as Beneficiary substantially in the form of Attachment C, recorded against the Property in the Official Records upon Closing, and any amendments and modifications thereto.

“Default” is defined in Section 6.1 hereof.

“Deferred Developer Fee” a portion of a developer’s fee in the Project that the developer agrees to receive later, rather than being paid at construction closing.

“Developer” means Riverside Housing Development Corporation, a California nonprofit public benefit corporation, and its successors and assigns as permitted in accordance herewith. Specifically, Developer shall be permitted to assign the Property, the CDBG Loan and CDBG Loan Documents and the related rights and obligations thereunder to a limited partnership controlled and formed to finance construction and operation of the Project, provided that such assignment is made in accordance with Section 2.2 hereof.

“Effective Date” means the date upon which this Agreement shall have been signed by Developer and City.

“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 Health & Safety Code and the Water Code, and any and all successor statutes and regulations, orders, decrees, guidelines, or pronouncements promulgated thereunder).

“Escrow” means the escrow with respect to the purchase of the Property by Developer.

“Escrow Agent” means First American Title located at 3400 Central Avenue, Suite 100, Riverside, CA 92506.

“Event of Default” is defined in Section 6.1.

“Evidence of Financing” is defined in Section 4.3.

“Evidence of Insurance” is defined in Section 4.5.

“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 Materials, the CDBG Program, occupational health and safety, water, earthquake hazard reduction and building and fire codes; and including the National Environmental Policy Act (NEPA) and all Environmental Laws) bearing on the demolition, alteration, replacement, repair, refurbishing, improvement, construction, maintenance, management, use, or operation of the Project.

“Gross Income” shall be determined in accordance with the CDBG Program.

“Hazardous Materials” means:

a. a “Hazardous Substance” as defined by Section 9601 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §§ 9601, *et seq.*, or as “Hazardous Waste” as defined by Section 6903 of the resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, *et seq.*;

b. an “Extremely Hazardous Waste,” a “Hazardous Waste,” or a “Restricted Hazardous Waste,” as defined by The Hazardous Waste Control Law under §§25115, 25117 or 25122.7 of the California Health and Safety Code, or is listed or identified pursuant to § 25140 of the California Health and Safety Code;

c. a “Hazardous Material,” “Hazardous Substance,” “Hazardous Waste,” “Toxic Air Contaminant,” as defined by the California Hazardous Substance Account Act, law pertaining to the underground storage of hazardous substances, hazardous materials release

response plans, or the California Clean Air Act under §§25316, 25281, 25501, 25501.1 or 39655 of the California Health and Safety code;

d. “Oil” or a Hazardous Substance listed or identified pursuant to § 311 of the Federal water Pollution Control Act, 33 U.S.C. § 1321;

e. “Hazardous Waste,” “Extremely Hazardous Waste,” or an “Acutely Hazardous Waste” listed or defined pursuant to Chapter 11 of Title 22 of the California Code of Regulations Sections 66261.1-66261.126;

f. Chemicals listed by the State of California under Proposition 65 Safe Drinking Water and Toxic Enforcement Act of 1986 as a chemical known by the State to cause cancer or reproductive toxicity pursuant to § 25249.8 of the California Health and Safety Code;

g. a material that, due to its characteristics or interaction with one or more other substances, chemical compounds, or mixtures, material damages or threatens to materially damage, health, safety, or the environment, or is required by any law or public agency to be remediated, including remediation which such law or government agency requires in order for the property to be put to any lawful purpose;

h. any material whose presence would require remediation pursuant to the guidelines set forth in the State of California Leaking Underground Fuel Tank Field Manual, whether or not the presence of such material resulted from a leaking underground fuel tank;

i. pesticides regulated under the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.;

j. asbestos, PCBs, and other substances regulated under the Toxic Substances Control Act, 15 U.S.C. §§2601 et seq.;

k. any radioactive material including, without limitation, any “source material,” “special nuclear material,” “by-product material,” “low-level wastes,” “high-level radioactive waste,” “spent nuclear fuel” or “transuranic waste,” and any other radioactive materials or radioactive wastes, however produced, regulated under the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq., the Nuclear Waste Policy Act, 42 U.S.C. §§ 10101 et seq., or pursuant to the California Radiation Control Law, California Health and Safety Code §§ 114960 et seq.;

l. hazardous substances regulated under the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq., or the California Occupational Safety and Health Act, California Labor Code §§ 6300 et seq.; and/or

m. materials, substances and wastes regulated under the Clean Air Act, 42 U.S.C. §§ 7401 et seq., or pursuant to the California Clean Air Act, Sections 3900 et seq. of the California Health and Safety Code.

“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.

“Homeless Housing, Assistance and Prevention Round 3” means the HHAP Program Round 3 pursuant to Chapter 6 (commencing with Section 50216,) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under AB 140 (Amended by Stats 2021, Ch. 111, Sec. 4), the administered by the California Homeless Coordinating and Financing Council in the Business, Consumer Services and Housing Agency (BCSH).

“Homeless Housing, Assistance and Prevention Round 4” means the HHAP Program Round 4 pursuant to Chapter 6 (commencing with Section 50216,) of Part 1 of Division 31 of the Health and Safety Code, and all other relevant provisions established under AB 140 (Amended by Stats 2021, Ch. 111, Sec. 4), the State of California has established the Homeless Housing, Assistance, and Prevention Program (HHAP), administered by the California Homeless Coordinating and Financing Council in the Business, Consumer Services and Housing Agency (BCSH).

“Household” means one or more persons occupying an Affordable Unit.

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

“Improvements” means and includes any construction, demolition, remediation and grading existing or done on the Property, if any, as well as all buildings, structures, fixtures, foundations, excavation, parking, landscaping, underground installations, and any other off site work or improvement existing on the Property, and construction and improvement of whatsoever character undertaken or constructed on, around, under, over or adjacent to the Property by Developer.

“Loan Proceeds” means funds disbursed pursuant to the CDBG Loan Documents.

“Losses and Liabilities” means and includes all claims, suits, causes of action, arbitration proceedings, administrative proceedings, regulatory proceedings, expenses, liabilities, losses, damages (including, without limitation, penalties, fines and monetary sanctions), injuries, expenses, charges, penalties or costs of whatsoever character, nature and kind, including reasonable attorney’s fees and costs, expert witness fees, court costs, interest and defense costs, consultant fees, investigation and laboratory fees, and remedial and response costs incurred by the indemnified party with respect to counsel of its choice, whether to property or to person, whether by direct or derivative action, and whether known or unknown, suspected or unsuspected, latent or patent, actual alleged or threatened.

“Low and Moderate Income Households” shall have the same meaning as “low and moderate income households” under the CDBG Program.

“Low HOME Rent” means rent that does not exceed “Low HOME Rents” calculated in accordance with 24 CFR Section 92.252 (b) of the HOME Program and does not exceed the Low HOME Rent Limit published annually by HUD for the Riverside-San Bernardino-Ontario California HUD Metro FMR Area, as adjusted for the number of bedrooms in the Affordable Unit.

“Management Agreement” means a written agreement between the Developer and the Property Manager as described in Section 5.5.

“Management Plan” means the plan for the management of the Project to be submitted by the Developer and approved by the City Manager pursuant to Section 5.5.

“Management Unit(s)” means the Unit or Units in the Project reserved for occupancy by the Property Manager(s).

“Notice” means a notice in the form prescribed by Section 7.1 hereof.

“Notice of Affordability Restrictions” means that certain Notice of Affordability Restrictions in substantially the form of Attachment G to be recorded in the Official Records at closing.

“Official Records” means the official records of the Riverside County Recorder’s Office.

“Operating Budget” means the Project operating budget prepared in accordance with the Regulatory Agreement.

“Outside Closing Date” means the date upon which the CDBG Loan shall be repaid to City if the Construction Closing has not occurred, which is such date as is thirty-six (36) months from the Date hereof.

“Parties” means City and Developer.

“Project” means a multifamily permanent supportive housing development to be constructed on the Property, in such form and with such number of Units as is ultimately approved by City as a result of Developer’s submission of a Project Scope in accordance with the Schedule of Performance, which shall include affordable rental housing, along with related amenities, in which 30 Units shall be restricted to occupancy by Very Low Income Households in accordance herewith.

“Project Pro Forma” means financial information prepared by Developer, which sets forth Developer’s representations to City as to the Project financing, cash flow, feasibility and other information set forth therein as of the date of Construction Closing.

“Project Scope” means various written and electronic materials prepared by Developer and submitted to City in such form and detail as is reasonably required by City describing the project proposed to be constructed on the Property, including, without limitation, the number of Units, the number of Affordable Units, parking, common areas, and any amenities related thereto.

“Promissory Note” means the promissory note evidencing the CDBG Loan substantially in the form of Attachment B, including any amendments or modifications thereto.

“Property” means Site and any Improvements thereon.

“Property Manager” means a property manager engaged by Developer to manage the Property and approved by City.

“Qualified Tenant(s)” means a tenant or Household who meets the requirements of the CDBG Program and City to the extent then in effect or applicable and qualifies as a Very Low Income Household and otherwise meets the criteria set forth herein.

“Regulatory Agreement” means a Regulatory Agreement containing CDBG Program and other requirements substantially in the form of Attachment D to be recorded in the Official Records upon Closing, and any amendments or modifications thereto, including without limitation, any amendments thereto required by City in connection with the Construction Closing.

“Release of Construction Covenants” means a release of construction covenants in such form as is approved by the City and recorded against the Property upon the completion of construction and issuance of a certificate of occupancy for the Project.

“RHDC” means Riverside Housing Development Corporation, a California nonprofit public benefit corporation.

“Schedule of Performance” means the Schedule of Performance attached hereto as Attachment E, as may be amended from time to time, which establishes the dates and/or time periods by which certain obligations set forth in this Agreement must be accomplished.

“Section 3” means and refers to Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701u, as amended.

“Section 3 Acknowledgment” means an acknowledgement in the form of Attachment F.

“Section 3 Business” means a business that meets at least one of the following criteria documented within the last six-month period: 1) At least fifty one percent (51%) or more of the business is owned and controlled by low-income persons; 2) more than seventy-five percent (75%) of the labor hours performed for the business over the previous 3-month period were performed by Section 3 Workers; or 3) is at least fifty-one percent (51%) owned and controlled by current residents of public housing or Section 8 assisted housing. Notwithstanding anything to the contrary herein, Developer shall at all times comply with 24 CFR Part 75, as may be amended from time to time.

“Section 3 Clause” means the following: For purposes of this Section 3 Clause definition and compliance thereto, whenever the word “contractor” is used it shall mean and include, as applicable, 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 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

members of Low Income Households 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 75 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 75 regulations.

(iii) [reserved]

(iv) The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 75 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 75. 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 75.

(v) [reserved]

(vi) Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts. Notwithstanding anything to the contrary herein, Borrower shall at all times comply with 24 CFR Part 75, as may be amended from time to time.

(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)."

"Section 3 Worker" means a worker who currently fits, or when hired within the past five years (but no earlier than November 30, 2020) fit, at least one of the following categories: 1) Met HUD's income limits in the previous calendar year (*individual* income does not exceed eighty percent (80%) of the area median income for Riverside-San Bernardino-Ontario, 2) is employed by a Section 3 Business, or 3) is a Youthbuild Program participant. Notwithstanding anything to the contrary herein, Developer shall at all times comply with 24 CFR Part 75, as may be amended from time to time.

"Service Area" an area within one mile of the Section 3 project, or within a circle that is sufficient to encompass a population of 5,000 people according to the most recent US Census.

"State" means the State of California.

"Targeted Section 3 Worker" is a sub-category of a Section 3 Worker and is defined based on the fund type. For projects funded by public housing assistance the worker must fit one of the following categories: 1) workers employed by a Section 3 Business, 2) workers who

are currently, or when hired (within the last five years, effective November 30, 2025) were, residents of public housing or Section-8 assisted housing, or 3) are Youthbuild Program participants. For Projects funded by housing and community development assistance, a Targeted Section 3 Worker is a worker who meets one of the following: 1) they are employed by a Section 3 Business, 2) they currently are, or when hired (within the last five years, effective November 30, 2025) were, living within the service area or neighborhood of the project, or 3) are a Youthbuild Program participant.

“Title Company” means First American Title located at 3400 Central Avenue, Suite 100, Riverside, CA 92506, a California corporation.

“Unit(s)” means any or all of the residential rental units in the Project, including, without limitation, the Affordable Units and/or the Management Unit.

“Very Low Income Household” means a household whose aggregate gross income does not exceed fifty percent (50%) of AMI, adjusted for household size.

“Youthbuild Program” is a program receiving assistance under the Workforce Innovation and Opportunity Act (29 U.S.C.3226).

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; Attachments Additional Consideration

All Attachments hereto, as now existing and as the same may from time to time be added, amended or modified, are incorporated herein by this reference. Each Attachment or agreement delivered by Developer or another party substantially in the form of an Attachment hereto in connection with this Agreement is required as and constitutes consideration for City to make the CDBG Loan.

2. REPRESENTATIONS, RELOCATION AND COVENANTS

2.1. Representations by the Developer

Each of the following representations and warranties shall be deemed to be ongoing representations and warranties. Developer shall immediately advise City in writing if there is any change pertaining to any matters set forth or referenced in the foregoing representations and warranties. Developer represents and warrants to City as follows:

2.1.1. Organization

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

2.1.2. Authority

Developer 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 Developer 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. Upon the Closing, Developer will hold fee title to the Property. 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 Developer and all actions required under Developer'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 and 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 Developer enforceable against it in accordance with the terms of each respective document or instrument.

2.1.4. Contingent Obligations

Developer does not have any contingent obligations or any contractual agreements which could adversely affect the ability of Developer to carry out its obligations hereunder.

2.1.5. Litigation

To the Developer's current and actual knowledge, no action, suit or proceedings are pending or threatened before any governmental department, commission, board, bureau, agency or instrumentality to which the Developer is or may be made a party or to which any of its property is or may become subject, which has not been fully disclosed to City which

could materially and adversely affect the ability of the Developer to carry out its obligations hereunder.

2.1.6. No Conflict

Developer'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 Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.

2.1.7. No Developer Bankruptcy

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

2.1.8. Intentionally Omitted

2.1.9. Pro Forma

The Project Pro Forma, when provided to City, will constitute Developer's best estimate as of the date thereof with respect to the information set forth therein. Developer will not omit any material information from the Project Pro Forma, and acknowledges that City is relying on the information set forth therein in approving the Evidence of Financing and Construction Closing.

Each of the foregoing representations shall be deemed to be an ongoing representation and warranty. Developer 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 Developer

2.2.1. Prohibition

The identity and qualifications of Developer, and its members, shareholders, officers and/or partners as experienced and successful developers and operator/managers of affordable housing are of particular concern to City. It is because of this identity and these qualifications that City has entered into this Agreement with Developer. Prior to the expiration of the Affordability Period, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement by assignment or otherwise, nor shall Developer 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 any construction and permanent financing or refinancing of the Project), distribution, assignment

or lease of the whole or any part of the Property or any change in the management or control of Developer (including, without limitation, if applicable, a change in the identity of a general partner of Developer (the "General Partner"), a change in the management or control of General Partner, the retirement of General Partner, or the addition of an additional General Partner) without the prior written approval of 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 City shall have the cumulative options to terminate this Agreement, declare the CDBG Loan immediately due and payable and to seek all remedies available at law or equity.

Notwithstanding the foregoing, in connection with the Construction Closing, City hereby approves any transfer by Developer of the Property and the CDBG Loan Documents to a limited partnership or other entity in which Developer or an Affiliate thereof acts as a general partner or otherwise controls the management of such entity provided that ten (10) days prior written notice is given to the City (which notice shall include draft copies of the assignment and assumption agreements and grant deed, as well as the organizational documents of the assignee). Developer shall not be permitted to refinance any loan secured by an interest in the Property, including the CDBG Loan, without the prior written approval of City, which shall not unreasonably be withheld conditioned or delayed.

2.2.2. Permitted Transfers by Developer

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

- i. the conveyance or dedication of any portion of the Property to City or its successors or assigns, or the granting of easements or permits to public utilities;
- ii. the rental of the Management Unit;
- iii. subject to the restrictions hereof and as set forth in the Regulatory Agreement, the rental of the Affordable Units to Qualified Tenants; and
- iv. if Developer is a limited partnership, the removal of the General Partner for cause and in accordance with the Agreement of Limited Partnership, provided (i) Developer shall provide City with at least ten (10) business days prior written notice of such removal (except in the event of a removal due to an event of emergency), and (ii) that the identity and qualifications of any replacement general partner, other than an Affiliate of the Investor Limited Partner, is approved in writing by City prior to the consummation of the removal of the General Partner (except in the event of a removal due to an event of emergency, in which case City shall be provided with written notice within five (5) business days of the removal, setting forth the identity and qualifications of the replacement);
- v. the assignment of a limited partnership interest in Developer to an Affiliate of the Investor Limited Partner or any assignment of a limited partnership interest in Developer after all required capital contributions of the Investor Limited Partner under the Agreement of Limited Partnership have been made.

2.2.3. City Consideration of Requested Transfer

Except for a transfer permitted pursuant to the last paragraph of section 2.2.1 or Section 2.2.2, Developer shall provide City with sixty (60) calendar days' prior written notice of its intent to assign, finance, refinance or transfer all or any part of the Property or effect a change in the management or control of Developer and shall request any approval sought for such assignment or transfer described in Section 2.2.1 above. The notice shall be accompanied by evidence regarding the proposed transferee's development, operation and management qualifications and experience and its financial commitments and resources sufficient to enable City to evaluate whether the proposed assignee or purchaser is qualified and capable to perform the Developer's obligations pursuant to this Agreement.

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

An assignment or transfer or change in management or control approved by City pursuant to this Section 2.2.3 shall not be effective unless and until the proposed assignee or transferee executes and delivers to City an agreement in form reasonably satisfactory to City's legal counsel assuming the obligations of Developer under the CDBG Loan Documents. Thereafter, the assignor shall remain responsible to City for performance of the obligations assumed by the assignee unless City releases the assignor in writing. Developer shall promptly pay City's costs of evaluating and consummating any request for assignment or transfer, including, without limitation, any reasonable attorneys' fees and costs.

2.2.4. Successors and Assigns

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

2.3. Additional Covenants of Developer

Until the later to occur of (i) the repayment in full of any principal or interest amounts outstanding under the CDBG Loan, or (ii) the expiration of the Affordability Period, Developer covenants and agrees that it shall not, without the prior written consent of City, engage in any of the acts set forth in this Section 2.3.

2.3.1. No Grant of Security Interest in the Property

Except in connection with the Approved Financing, Developer shall not directly or indirectly permit any debt or other obligation to be secured by all or any portion of the Property nor permit any other deed of trust to be filed against the Property, unless such lien is approved in writing by City in accordance with Section 2.2.

2.3.2. No Grant of Security Interests in Assets of the Developer Other Than the Property

Except in connection with the Approved Financing, Developer shall not pledge any of its assets as security for any other debt or obligation.

2.3.3. No Additional Obligations.

Except for the obligations set forth in the CDBG Loan Documents or in connection with the Approved Financing, Developer may not directly or indirectly incur or make payment on any additional debt or obligations in connection with the Property, whether junior or senior to the Developer's obligations to City, except for unsecured debt incurred in the ordinary course of business. Developer shall promptly notify City as to the making and incurrence of any loans made to Developer by any member or partner of Developer or additional capital contributions made by any member or partner of Developer.

2.3.4. No Participation in Other Entities

If Developer is a limited partnership, Developer may not directly or indirectly invest in, become a shareholder, member or partner in, or obtain or obligate itself to enter into any equity interest in or with any other entity.

3. CLOSING; DISBURSEMENTS

3.1. Sources of Financing

The proceeds of the CDBG Loan shall be used to finance the acquisition of the Property.

3.2. CDBG Loan

3.2.1. CDBG Loan

Upon the Closing Date, City hereby agrees to loan to Developer and Developer hereby agrees to borrow from City, the CDBG Loan, in an amount not to exceed the amount of the CDBG Loan. City shall make the CDBG Loan to Developer from available CDBG funds allocated to the City.

3.2.2. Disbursement of CDBG Loan Proceeds

The CDBG Loan shall be disbursed on the Closing Date in accordance with this Agreement upon satisfaction of the conditions precedent set forth in Section 3.3.

3.3. Conditions Precedent to Closing.

Upon the satisfaction of the following conditions precedent to Closing set forth in this Section 3.3 (as determined by City in its discretion) or waiver of such conditions by City in its sole discretion, City agrees to disburse the CDBG Loan in accordance with the terms hereof.

3.3.1. Execution and Delivery of the CDBG Loan Documents

Developer shall have executed and delivered to City or the Escrow Agent, as applicable, the CDBG Loan Documents and all other documents reasonably requested by City. The CDBG Loan Documents shall be in full force and effect.

3.3.2. Recordation in the Official Records

The Deed of Trust, Regulatory Agreement, and Notice of Affordability Covenants shall have been recorded against the Property in the Official Records.

3.3.3. No Default

There shall exist no condition, event or act which would constitute an Event of Default under the CDBG Loan Documents, or which, upon Closing or the giving of notice or the passage of time, or both, would constitute an Event of Default by Developer under any of the foregoing.

3.3.4. Representations and Warranties

All representations and warranties of Developer herein contained shall be true and correct in all material respects as if made on and as of the date of Closing.

3.3.5. Insurance

Developer, at its cost, shall have procured and be maintaining in full force and effect insurance consistent with the requirements of and in the amounts specified herein. Developer shall have provided City with Evidence of Insurance.

3.3.6. Section 3 Acknowledgement

Developer shall have executed and delivered to City a Section 3 Acknowledgement (excluding the Section 3 Plan).

3.3.7. Title Insurance Commitment

City shall have received a commitment by the Title Company to issue an ALTA extended coverage lender's policy of title insurance, underwritten by the Title Company in an amount not less than the amount of the CDBG Loan and insuring the lien of the Deed of Trust to be a first priority lien on the Property, subject only to such exceptions and conditions to title as City has reasonably approved, and containing such endorsements as City may reasonably require, which may include zoning, survey, access, parcel contiguity, environmental, tax parcel, and subdivision endorsements. No title matter may be insured over by any title company without the express written consent of City.

3.3.8. Corporate Authority; Good Standing

Developer shall have delivered to City satisfactory evidence of Developer's authority to enter into the CDBG Loan, and good standing certificates for the Developer dated within thirty (30) days of closing.

3.3.9. Consents

Developer shall have obtained all consents from any private party or governmental entity required in connection with the purchase of the Property.

3.3.10. Deposit of Funds

Sufficient funds shall have been deposited into Escrow by Developer or on Developer's behalf to pay all escrow and title costs of Closing and City's lender policy, respectively, and to reimburse City its attorneys' and consultants' fees incurred in connection with the negotiation, preparation and Closing of the transactions contemplated by the CDBG Loan Documents, and such funds and disbursement thereof shall be included in the estimated settlement statement approved by the Parties prior to Closing.

3.3.11. Timely Closing

The Closing shall have occurred no later than February 28, 2026.

3.3.12. No Default

There shall exist no condition, event or act which would constitute an Event of Default under the CDBG Loan Documents, or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default under any of the foregoing.

3.3.13. Intentionally Omitted

3.3.14. HHAP Subordination Agreement

City and Developer shall execute a Subordination Agreement in such form as is reasonably acceptable to City providing for the Subordination of the lien of the HHAP Loan to the lien of the CDBG Loan. The Subordination Agreement shall have been delivered to title for recordation in the Official Records.

3.3.15. Miscellaneous

Developer shall have delivered to City any other item reasonably deemed necessary by City and shall have fulfilled any other condition reasonably required by City.

3.4. Failure to Satisfy Conditions

If Developer has not satisfied any of the conditions set forth in Section 3.3 prior to the date set forth herein, City, in its sole discretion, may (without notice or an opportunity to cure) (a) terminate this Loan Agreement, therefore terminating City's obligations to disburse any undisbursed Loan Proceeds; (b) if permitted by the CDBG Program, grant an extension for which City may impose other conditions in addition to those specified in this Agreement; or (c) waive the unsatisfied conditions, in which event City will disburse the Loan Proceeds and the Closing shall occur in accordance herewith.

4. **POST-CLOSING COVENANTS; SUBMISSION OF EVIDENCE OF FINANCING; CONSTRUCTION CLOSING**

4.1. Use of Property; Schedule of Performance; Construction Closing

Developer covenants and agrees that the end use of the Property will be the construction and operation of a multifamily permanent supportive housing rental project. Within the time set forth in the Schedule of Performance, Developer shall submit entitlement applications to the City for its approval. In addition, Developer covenants and agrees to submit written updates on the progress of construction and permanent financing applications for the Project, as well as apply for such financing, in accordance with the Schedule of Performance. Developer further agrees to perform all obligations set forth in the Schedule of Performance within the time set forth therein, unless a written extension to such period for performance is granted by City in accordance herewith. Developer shall use commercially reasonable efforts to assemble financing to construct the Project and effect the Construction Closing within the time set forth in the Schedule of Performance.

4.2. Application for Financing; Covenant regarding CDBG National Objective

Developer covenants and agrees to submit applications for construction and permanent financing for the Project (including, without limitation, tax credits) which, in the aggregate, will permit and require that at least fifty one percent (51%) of the Units in the Project's Building 1 (inclusive of the Affordable Units required pursuant to this Agreement) will be restricted to occupancy by Low and Moderate Income Households in compliance with the CDBG national objective. Developer shall provide evidence of compliance with this section 4.2 when submitting the written updates required by Section 4.1 above.

4.3. Evidence of Financing

As a condition precedent to the Construction Closing, and in accordance with the Schedule of Performance, Developer shall submit to the City Manager a Project Proforma accompanied by evidence that Developer has obtained, or will obtain prior to or concurrently with the Construction Closing, sufficient commitments for construction and permanent financing for the Project, such that the City Manager is reasonably satisfied that the Project can be constructed and operated as proposed by the Developer and will be financially feasible. City shall have the right to approve the Evidence of Financing, which shall not be unreasonably withheld or delayed. Such evidence (collectively, the "**Evidence of Financing**") shall include, at a minimum:

i. Construction and other loan documents along with evidence reasonably satisfactory that the lender intends to execute the same and provide an initial funding on or before the Construction Closing. If any such documents shall provide for notice of default to City, the City shall have the right to record a statutory request for notice of default with respect to such loan(s).

ii. A copy of the most recently prepared audited Annual Financial Statement for Developer, and a copy of Developer's most recent internally prepared, unaudited financial statement, which shall include a balance sheet, income statement, statement of retained earnings, statement of cash flows, and footnotes thereto, prepared in accordance with generally accepted accounting principles consistently applied.

iii. A Project Proforma, including schedules of projected sources and uses of financing, including tax credits and any other funds, and a projected operating budget, all in a form reasonably satisfactory to the City Manager, such that the City Manager can determine that sufficient funding for the construction and operation of the Project is likely to be available and provided in a timely manner and that the Project will continue to be financially feasible.

iv. Copies of awards of tax credits and other sources of financing for the Project, including any implementing documents.

On or prior to the Construction Closing, Developer shall deliver to City a final, executed copy of the financing documents, the terms and provisions of which shall be consistent with this Agreement and the Evidence of Financing approved by City. Upon approval by the City of the Evidence of Financing and the Project Proforma, the financing set forth therein shall constitute "**Approved Financing**" for construction and permanent financing of the Project.

4.4. Agreement of Limited Partnership

If Developer proposes to transfer the Property to a limited partnership in connection with the Construction Closing, City shall have the right to review any proposed agreement of limited partnership or similar financing agreement or amendment thereto prior to Developer's entry into such agreement. To protect its rights hereunder, City shall thereafter have the right to reasonably approve amendments to the Agreement of Limited Partnership and amendments to any other agreement entered into in conjunction therewith that affect the amount or timing of capital contributions or which would materially adversely affect the Project, the CDBG Loan or City's security thereunder. Developer shall not materially amend the Agreement of Limited Partnership without the prior written approval of City, which shall not be unreasonably withheld or delayed.

4.5. Insurance, Indemnification

To the maximum extent permitted by law, Developer agrees to and shall defend, indemnify and hold the City Indemnitees harmless from and against any and all liability, loss, damage, costs, or expenses (including reasonable attorneys' fees and costs) resulting from, arising out of or in connection with the purchase of the Property, operation or maintenance of the Property and/or Project, or entry into or performance of this Agreement, including, without limitation, the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person resulting from the alleged negligent or intentional acts or omissions of Developer, its officers, agents or employees in the performance of this Agreement and/or the transactions contemplated hereby.

This indemnification provision supplements and in no way limits the scope of the indemnification set out elsewhere in this Agreement. The indemnity obligation of Developer under this section shall survive the expiration or termination, for any reason, of this Agreement.

Prior to or concurrently with Closing, and during the term of this Agreement, Developer shall:

(a) Procure and maintain, at Developer's expense, for the duration of this Agreement and any extensions, renewals or holding over thereof the following insurance coverages from insurance carriers admitted to write insurance in California or legally authorized non-admitted carriers having a minimum rating of or equivalent to A:VIII by A.M. Best Company:

(i) Commercial general liability insurance equivalent in scope to CG 00 01 11 85 or 10 93 in an amount not less than Four Million Dollars (\$4,000,000) per occurrence and in aggregate (except that solely prior to Construction Closing, Developer may procure and maintain One Million (\$1,000,000) in general liability insurance with excess coverage of Three Million Dollars (\$3,000,000) in lieu of the foregoing requirement). The City, and its directors, officials, employees and agents shall be named as additional insureds by endorsement on a form equivalent in coverage scope to ISO CG 20 26 11 85 and with respect to liability arising out of activities by or on behalf of Developer or in connection with the development, use or occupancy of the Site. This insurance shall contain no special limitations on the scope of protection afforded to the City, and its directors, officials, employees, and agents.

(ii) Commercial automobile liability insurance equivalent in scope to ISO form CA 00 01 06 92 covering Auto Symbol 1 (Any Auto) in an amount not less than One Million Dollars (\$1,000,000) combined single limit.

(iii) Special Perils Property insurance, including builder's risk protection during the course of construction and debris removal, in an amount sufficient to cover the full replacement value of all buildings and structural improvements erected on the Site. City shall be named as loss payee under a standard loss payable endorsement.

(iv) All Risk property insurance in an amount sufficient to cover the full replacement value of Developer's personal property, improvements and equipment on the Site.

(v) Workers' compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance with minimum limits of One Million Dollars (\$1,000,000) per accident or occupational illness. Developer agrees to obtain and furnish evidence to City of the waiver of Developer's workers' compensation insurance carrier of any rights of subrogation against the City.

With respect to damage to property, City hereby waives all rights of subrogation against the Developer, but only to the extent that collectible commercial insurance is available for said damage, and Developer hereby waives all rights of subrogation against the City, but only to the extent that collectible commercial insurance is available for said damage.

Any self-insurance program, self-insured retention, or deductibles must be approved separately in writing by City's Risk Manager or designee and shall protect the City, and its officials, employees, and agents in the same manner and to the same extent as they would have been protected had the policy or policies not contained retention provisions.

In addition to the endorsements specified herein, each insurance policy required herein shall also be endorsed to provide as follows: (a) that coverage shall not be voided, canceled or changed by either party except after thirty (30) days prior written notice to City (or, in the event the policy issuer must reserve the right to cancel without notice, a letter on the letterhead of Developer's insurance broker stating that the insurance broker has used commercially best efforts to endeavor to obtain such an endorsement but has been unable to), (b) that the insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability; and (c) and that coverage shall be primary and not contributing to any other insurance or self-insurance maintained by City or by its directors, officials, employees, and agents.

Prior to the Closing and the Construction Closing, Developer shall deliver to City certificates of insurance and required endorsements evidencing the insurance coverage required by this Agreement for approval as to sufficiency and form. If the endorsements required by the immediately preceding sentence are not available prior to acquisition, the actual endorsements may be provided to City within thirty (30) days of Closing and Developer shall provide, prior to Closing, (a) a letter from its insurance agent or broker on the agent or broker's letterhead stating that the endorsements have been ordered, describing the endorsements ordered and indicating the carrier from who the endorsements were ordered; and/or (b) an insurance binder issued by the insurance broker or agent for the coverage and endorsements required hereby. The certificates and endorsements shall contain the original signature of a person authorized by that insurer to bind coverage on its behalf. In addition, Developer shall, at least thirty (30) days prior to expiration of such policies, furnish City with certificates of insurance and endorsements evidencing renewal of the insurance required herein. City reserves the right to require complete certified copies of all policies of the Developer or any of the Developer's contractors or subcontractors at any time.

If in the reasonable opinion of City's Risk Manager from time to time, the amount, scope, or type of insurance coverage specified herein is not adequate, Developer shall amend its insurance as required by City's Risk Manager or designee. Developer shall not be required to purchase earthquake insurance.

The insurance required herein shall not be deemed to limit Developer's liability relating to performance under this Agreement. The procuring of insurance shall not be construed as a limitation on liability or as full performance of the indemnification and hold harmless provisions of this Agreement. Developer understands and agrees that, notwithstanding any insurance, Developer is obligated to defend, indemnify, and hold the City, and its officials, employees, and agents harmless hereunder for the full and total amount of any damage, injury, loss, expense, cost, or liability caused by the condition of the Property or in any manner connected with or attributed to the acts, omissions or operations of Developer, its officers, agents, contractors, subcontractors, employees, licensees, or visitors, or their use, misuse, or neglect of the Property.

Upon two (2) business days prior written notice, Developer agrees to make available to City or its designee all books, records and other information relating to the insurance coverage required by this Agreement during normal business hours.

Any modification or waiver of the insurance requirements herein shall be made only with the written approval of the City's Risk Manager or design. Developer shall notify City in writing within five (5) business days if any coverage required by this section is voided, canceled or changed.

Prior to the Closing and Construction Closing, and periodically thereafter upon the reasonable request of City, Developer shall deliver said policy or policies of insurance or certified true copies thereof, or endorsement forms furnished by the City ("**Evidence of Insurance**") for approval as to sufficiency by the City Risk Manager and approval as to form by the City Attorney, which approval shall not be unreasonably withheld or delayed. The endorsements are to be signed by a person authorized by that insurer to bind coverage on its behalf. If Workers' Compensation Coverage is placed with the State Compensation Insurance Fund, a State Compensation Insurance Fund Certificate of coverage will be acceptable if endorsed in accordance with the above.

Should Developer fail to maintain policies with the coverages and limits specified in this Section, in full force and effect at all times, City shall have the right to withhold any payment due Developer or to suspend Developer's operations until Developer has fully complied with these provisions and furnished the required evidence of insurance. In the event that Developer's operations are suspended for failure to maintain acceptable insurance coverage, Developer shall not be entitled to an extension of time for completion of the work.

4.6. Developer's Indemnity

To the fullest extent permitted by law, Developer shall indemnify, defend and hold harmless the City Indemnitees from and against any Losses and Liabilities, where the same arise out of, are a consequence of, are in connection with or are in any way attributable to, in whole or in part, to: (i) Developer's or the contractor's failure to comply with all applicable laws, including all applicable federal and state labor standards, including, without limitation, the requirements of Section 3, Labor Code § 1720 and the Davis Bacon Act, if applicable; (ii) defects in the design or construction of the Project, including (without limitation) the violation of any laws, and for defects in any work done according to the City approved plans, or (iii) any breach or failure to perform or act pursuant to this Agreement by Developer, or by any individual or entity that Developer shall engage in connection with the Project, including but not limited to officers, agents, employees or contractors of Developer.

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

Developer agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section identifying the City Indemnitees as named indemnitees from each and every contractor or any other person or entity involved by, for, with or on behalf of Developer in connection with the Property. Such indemnity agreements may be separate agreements, or, at Developer's discretion, may consist of indemnification provisions included in Developer's contract with such third party which such provisions identify the City Indemnitees as named indemnitees. Notwithstanding the foregoing, failure to obtain such indemnity agreements shall not constitute a default hereunder. In the event Developer fails to obtain such indemnity obligations from others as required here, Developer agrees to be fully responsible to City for all acts of each and every contractor or any other person or entity involved by, for, with or on behalf of Developer in the performance of this Agreement and/or the transactions contemplated hereby according to the terms of this Section.

Failure of City Indemnitees to monitor compliance with these requirements imposes no additional obligations on City Indemnitees and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend City Indemnitees as set forth herein is

binding on the successors, assigns or heirs of Developer and shall survive the expiration or termination of this Agreement or this Section.

4.7. Bodily Injury and Property Damage Indemnification

Developer agrees to and shall defend, indemnify and hold the City Indemnitees harmless from and against all Losses and Liabilities, loss, damage, costs, or expenses (including reasonable attorneys' fees and court costs) arising from, in connection with or as a result of the death of any person or any accident, injury, loss, or damage whatsoever caused to any person or to the property of any person resulting from or in connection with the alleged negligent or intentional acts or omissions of Developer, its officers, agents, contractors or employees, in the performance of its obligations under 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 Developer under this Section shall survive the expiration or termination, for any reason, of this Agreement.

4.8. Rights of Access

Upon two (2) business days prior written notice, representatives of City shall have the right of access to the Property, without charges or fees, during normal hours for the purpose of determining compliance with this Agreement, so long as (i) City representatives comply with all safety rules, and (ii) City permits, upon the request of Developer, representatives of the Developer to accompany the representatives of City gaining such access. City representatives shall, except in emergency situations, notify the Developer in writing 2 full business days prior to exercising its rights pursuant to this Section. In the event of an emergency, City may immediately enter upon the Property.

4.9. Environmental Indemnity

Developer agrees to save, protect, defend, indemnify and hold harmless the City Indemnitees from and against any and all Losses and Liabilities (other than those either (a) first arising after foreclosure (or deed in lieu thereof) of the Project by the City, or (b) caused by the gross negligence or intentional misconduct of a City Indemnitee) which may now or in the future be incurred or suffered by City by reason of, resulting from, in connection with or arising in any manner whatsoever as a direct or indirect result of (i) the ownership (or possession) by Developer of all or any part of the Property for purposes of any Governmental Regulations regulating Hazardous Materials, (ii) any act or omission on the part of Developer, any contractors, subcontractors or invitees in violation of Environmental Laws with respect to the Property, (iii) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Materials, (iv) any environmental or other condition of the Property, (v) any liability, loss, damage, costs, or expenses (including attorneys' fees and costs, court costs, interest or defense costs, expert witness fees, reasonable consultants' fees, investigation and laboratory fees, and remedial and response costs) incurred with respect to the Property under any Governmental Regulations relating to Hazardous Materials discovered on the Property, and (vi) the condition of the Property, including but not limited to the existence of any Hazardous Materials or condition requiring remediation, other kinds of soil or water contamination or pollutants of any kind, thereon or therein.

Developer's indemnification obligations under this Section 4 shall survive any termination of this Agreement.

4.10. Compliance with Laws

4.10.1. Labor Standards

Developer shall carry out any construction of improvements on the Property in conformance with all applicable laws, including all applicable federal and state labor standards which such standards shall include, without limitation: (a) the payment of not less than the wages prevailing in the locality as determined by the Secretary of Labor pursuant to the Davis Bacon Act (40 U.S.C. 276a to 276a-5), to all laborers and mechanics employed in the development of any part of the Project if required by applicable Governmental Regulations; (b) the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 332) as applicable; and (c) Labor Code § 1720 *et seq.*, including without limitation the payment of prevailing wage and maintenance of payroll records in accordance with Labor Code §§ 1776 and 1812, and employment of apprentices in accordance with Labor Code § 1777.5 as applicable.

Developer further agrees that all public work (as defined in Labor Code § 1720) performed pursuant to this Agreement (the "Work") shall comply with the requirements of Labor Code § 1770 *et seq.* In all bid specifications, contracts and subcontracts for the Work, Developer (or its general contractor, in the case of subcontracts) shall obtain the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in this locality for each craft, classification or type of worker needed to perform the work, and shall include such rates in the bid specifications, contract or subcontract. Such bid specifications, contract or subcontract must contain the following provision:

"It shall be mandatory for the contractor to pay not less than the said prevailing rate of wages to all workers employed by the contractor in the execution of this contract. The contractor expressly agrees to comply with the penalty provisions of Labor Code § 1775 and the payroll record keeping requirements of Labor Code § 1776."

The provisions of Labor Code §§ 1775 and 1813 regarding penalties to be paid upon the failure to pay prevailing wage and for failure to comply with the hours laws respectively shall be enforced. As set forth in Labor Code § 1810, eight (8) hours labor constitutes a legal day's work. In accordance with the provisions of Labor Code § 3700, Developer is required to secure payment of compensation to its employees. Developer shall include in every contract for the development of the Project: (a) a statement that in accordance with the provisions of Labor Code § 3700, the contractor will be required to secure the payment of compensation to its employees; and (b) copies of Labor Code §§ 1771, 1775, 1776, 1777.5, 1813 and 1815.

Within ten (10) calendar days after the request of the City Manager, Developer shall provide to the City Manager payroll information related to the Project certified by an officer of Developer to be true and correct. In addition, Developer shall require its contractors and subcontractors to provide such certified payroll information within ten (10) calendar days of any request by the City Manager.

4.10.2. Section 3 of the Housing and Development Act of 1968

The work to be performed under this Agreement 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 members of Low Income Households served by the Project), particularly persons who are recipients of HUD assistance for housing.

Developer agrees to comply with HUD's regulations in 24 CFR Part 75, which implement Section 3. As evidenced by its execution of this contract, Developer certifies that it is under no contractual or other impediment that would prevent it from complying with the Part 75 regulations.

If applicable, Developer agrees to include this Section 3 clause in every contract or subcontract entered into in connection with the Project and subject to compliance with regulations in 24 CFR Part 75, and agrees to take appropriate action, as provided in an applicable provision of the contract, subcontract or in this Section 3 clause, upon a finding that the contractor or subcontractor is in violation of the regulations in 24 CFR Part 75. The Developer will not contract or subcontract with any contractor or subcontractor where the Developer has notice or knowledge that the contractor or subcontractor has been found in violation of the regulations in 24 CFR Part 75.

Noncompliance with HUD's regulations in 24 CFR Part 75 may result in sanctions, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

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 Agreement. 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).

4.10.3. General

Developer shall comply with all Governmental Regulations in the use, operation and construction, if any, of the Project, including all applicable federal, state and local statutes, ordinances, regulations and laws, including without limitation, all applicable federal, state, and local labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation (as currently exists or may be amended from time to time) the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq.*, Government Code § 4450, *et seq.*, and Government Code § 11135, *et seq.*

4.10.4. Nondiscrimination in Employment

Developer certifies and agrees that all persons employed or applying for employment by it, its affiliates, subsidiaries, or holding companies, and any and all contractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000, *et seq.*, the Federal Equal Pay Act of 1963, 29 U.S.C. § 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 621, *et seq.*, the Immigration Reform and Control Act of 1986, 8 U.S.C. § 1324b, *et seq.*, 42 U.S.C. § 1981, the California Fair Employment and Housing Act, Government Code § 12900, *et seq.*, the California Equal Pay Law, Labor Code § 1197.5, Government Code § 11135, the Americans with Disabilities Act, 42 U.S.C. § 12101, *et seq.* (applicable to those with fifteen (15) or more employees), Executive Order 11246-Equal Employment Opportunity, as amended, its implementing regulations at 41 CFR Part 60, and all other applicable anti discrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended. Nondiscrimination notices shall be included in all job postings and posted in a visible place in the offices of all applicable parties.

4.11. City Section 3 Requirements

Notwithstanding anything contained in federal law, Developer and its contractors and subcontractors shall comply with Section 3 hiring requirements (24 CFR Part 75) and shall, to the greatest extent feasible, employ Section 3 workers for a minimum of twenty-five percent (25%) of the total number of labor hours worked by all workers on a Section 3 Project. At least five percent (5%) of that 25% must be worked by Targeted Section 3 workers. The Developer and General Contractor shall also utilize their best efforts to hire or contract with Section 3 Businesses for all building trades and non-construction related work at the subject project site.

Developer shall provide to City monthly certified payroll records, contracts, subcontracts and other such documentation that City may require to show Developer's compliance with these Section 3 requirements. Failure to submit certified payroll records and other documentation may delay City's approval of construction loan draw payments or retention payments to Developer. Failure to meet the Section 3 hour requirements set forth above shall result in a penalty of ten percent (10%) of that portion of the CDBG Loan funded for Eligible Construction Costs, if any. Such penalty may be collected by City from any retainage withheld by City pursuant to Section 3.3 hereof, if any. If City's retainage is insufficient to pay the entire penalty, upon the request of City, Developer shall cause the Construction Lender to promptly pay City such amounts out of retainage held by the Construction Lender.

4.12. Taxes and Assessments

The Developer shall pay prior to delinquency all ad valorem real estate taxes and assessments on the Property during Developer's ownership thereof, subject to the Developer's right to contest in good faith any such taxes. The Developer shall remove or have removed any levy or attachment made on the Property or any part thereof, or assure the satisfaction thereof within a reasonable time. Nothing set forth herein shall prohibit Borrower from seeking a reduction in real estate property taxes based on the affordability covenants placed on the Project.

4.13. Compliance with BABA

Developer shall comply with the City BABA Policy and the requirements of the Build America, Buy America (BABA) Act, 41 USC 8301 note, and all applicable rules and notices, as may be amended, if applicable to the Project. Pursuant to HUD's Notice, "Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance" (88 FR 17001), any funds obligated by HUD on or after the applicable listed effective dates, are subject to BABA requirements, unless excepted by a waiver.

4.14. Liens and Stop Notices

Except for financing liens granted in accordance with the terms of this Agreement, Developer shall not allow to be placed on the Property 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 Developer shall within thirty (30) calendar days of such recording or service or within ten (10) Business Days of City's demand, whichever last occurs:

- i. pay and discharge the same (or cause the General Contractor to do so); or
- ii. effect the release thereof by recording and delivering to City a surety bond in sufficient form and amount; or
- iii. demonstrate to City's reasonable satisfaction that One Hundred Twenty Five Percent (125%) of the stop notice amount is set aside in the unfunded portion to account for such claim; or
- iv. provide such other assurances which 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 City from the effect of such lien or bonded stop notice.

4.15. Security Financing; Right of Holders

4.15.1. No Encumbrances Except Mortgages, Deeds of Trust or Other Conveyance for Financing for Development

Subject to the prior written approval of City in accordance herewith, mortgages, deeds of trust or any other form of conveyance required for any reasonable method of financing are permitted, but only for the purpose of securing loans of funds to be used for financing the construction of the Project and any other expenditures necessary and appropriate to operate the Project under this Agreement. Subsequent to Closing, except in connection with the Approved Financing, Developer will not enter into any mortgage or deed of trust without the prior written approval of City.

4.15.2. Holder Not Obligated to Construct Improvements

The holder of any mortgage or deed of trust or other security interest authorized by this Agreement will in no way be obligated by the provisions of this Agreement to construct or complete any Improvements or to guarantee construction or completion; nor will any covenant or any other provision in the deed be construed so to obligate the holder. Nothing in this

Agreement will be deemed to construe, permit, or authorize any holder to devote the Property or any part of it to any uses, or to construct any Improvements, not authorized by this Agreement.

4.15.3. Notice of Default to Mortgage, Deed of Trust or Other Security Interest Holders; Right to Cure

Whenever City will deliver any notice or demand to Developer with respect to any breach or default by Developer, City will at the same time deliver to each holder of record of any mortgage, deed of trust or other security interest authorized by this Agreement a copy of such notice or demand. Each holder will (insofar as the rights of City are concerned) have the right at its option within thirty (30) calendar days after the receipt of the notice, to cure or remedy or commence to cure or remedy any default and to add the cost to the security interest debt and the lien on its security interest. Nothing contained in this Agreement will be deemed to permit or authorize the holder to undertake or continue the construction or completion of any of the Improvements (beyond the extent necessary to conserve or protect the Improvements or construction already made) without first having expressly assumed Developer's obligations to City by written agreement satisfactory to City. The holder in that event must agree to complete, in the manner provided in this Agreement, the Improvements to which the lien or title of such holder relates, and submit evidence satisfactory to City that it has the qualifications and financial responsibility necessary to perform the obligations.

4.16. Liens on Personal Property

Subject to the prior written approval of City in accordance herewith, other than in connection with the provision of vending, laundry, cable, satellite TV, or telecommunications services at the Project, Developer shall not install in, or use in connection with, the Property, any personal property which any party other than City or Developer has the right to remove or repossess under any circumstances, or on which any party other than City or Developer has a lien (other than liens permitted in accordance with the terms of this Agreement).

4.17. Removal of Personal Property

Except in connection with any demolition or development of the Project, Developer shall not cause or permit the removal from the Property of any items of personal property owned by Developer (other than tools and equipment) which would materially and adversely affect the operation, maintenance or value of the Project unless (i) no Event of Default remains uncured and (ii) Developer promptly substitutes and installs on the Property other items of comparable value in the operation of the Property, all of which items shall be free of liens (other than liens permitted in accordance with the terms of this Agreement) and shall be subject to the lien of the Deed of Trust, and executes and delivers to City all documents reasonably required by City in connection with the attachment of such liens to such items. Developer shall keep detailed records of each such removal and shall make such records available to City upon written request from time to time.

4.18. Conditions to Construction Closing

Developer covenants and agrees to use commercially reasonable efforts to complete the Construction Closing by the Outside Closing Date. Developer agrees that City may impose such conditions to Construction Closing as are customary for City, including, without limitation,

the requirement that the CDBG Loan Documents be amended and/or restated in connection with the Construction Closing.

5. COVENANTS AND RESTRICTIONS

5.1. Use Covenants

Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Property or any part thereof, that upon the Closing until the expiration of the Affordability Period, Developer shall devote the Property to the uses specified in, and otherwise comply with the terms and conditions of, this Loan Agreement and the Regulatory Agreement. Developer further covenants and agrees for itself and its successors and assigns that the Affordable Units shall be continuously occupied or held vacant and made available to Low Income Households at an Affordable Rent during the Affordability Period. All uses conducted on the Property, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to all applicable provisions of the Riverside Municipal Code.

5.2. Affordable Housing Requirements

5.2.1. Number of Affordable Units; Rent

Developer shall use commercially reasonable efforts to assemble financing to construct a Project composed primarily of Units affordable to Low Income Households in compliance with the requirements set forth herein. Thirty (30) of the units in the Project shall be restricted to occupancy by Very Low Income Households in accordance herewith. The location, size and specifications of the Affordable Units shall be determined by Developer.

During the Affordability Period, the Affordable Units shall be leased to or held vacant for occupancy by Very Low Income Households. All Affordable Units shall be rented at an Affordable Rent throughout the Affordability Period.

5.2.2. Duration of Affordability Requirements

The Affordable Units shall be subject to the requirements of this Section throughout the Affordability Period.

5.2.3. Selection of Qualified Tenants

Prior to selecting any tenants for the Affordable Units, Developer shall submit to City the Management Plan which shall include proposed tenant selection policies and criteria for the Affordable Units. The tenant selection criteria shall be subject to City's approval or disapproval thereof in writing. The tenant selection policies and criteria for the Affordable Units shall require that, subject to Section 8 requirements, applicable federal and state fair housing, the CDBG Program, and other applicable Governmental Regulations, preference be given to applicants in the following order: first to existing income qualified tenants living on the Property, second to persons who live or work in the City, and otherwise as set forth in the City Housing Policy. In addition, the tenant selection policies and criteria shall:

- (1) Be consistent with the purpose of providing housing for Low Income Households;

(2) Be reasonably related to program eligibility and the applicants' ability to perform the obligations of the lease;

(3) Provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and

(4) Give prompt written notification to any rejected applicant of the grounds for any rejection.

In connection with its tenant selection process, Developer agrees to obtain criminal background checks on all tenant applicants (other than existing leasehold tenants) in accordance with all applicable Governmental Regulations. Developer shall determine, in accordance with all applicable Governmental Regulations, whether or not the tenant applicant's arrest and/or conviction record, if any, warrants denial of such tenant's application. Developer shall maintain or destroy the results of such criminal background checks in accordance with all applicable Governmental Regulations.

5.2.4. Household Income Requirements

In order to assure compliance with the rent and occupancy restrictions set forth in this Agreement and the Regulatory Agreement, the Developer shall, prior to the initial leasing of an Affordable Unit and on an annual basis thereafter throughout the Affordability Period, obtain and cause to be submitted to City, at Developer's expense, a verification of all household sources of income as required by the Regulatory Agreement demonstrating that such household qualifies as a Low Income Household in accordance herewith and meets the eligibility requirements established for the Affordable Unit. Such income verification shall be submitted on such form as prepared and submitted in accordance with the Regulatory Agreement, CDBG Program and/or such other form approved by City.

5.2.5. Annual Reporting Requirement

On or before April 1 of each year following completion of construction of the Project, the Developer shall submit to City a certification of compliance with the terms and conditions of this Agreement and the Regulatory Agreement and such other reports as required thereby on forms prescribed by City. Each annual report shall cover the immediately preceding calendar year. Developer further agrees to provide annually to City true and accurate copies of all reports, audits and compliance forms prepared by Developer, including, without limitation, any TCAC reports.

On April 1 of each year following completion of construction of the Project, Developer shall determine and submit an updated Rent Schedule to City showing the proposed Affordable Rent amount for each Affordable Unit for the following twelve (12) months with supporting documentation that such amounts are consistent with the applicable method for calculating Affordable Rent as set forth herein.

Unless otherwise agreed to in writing by City and Developer, during the Affordability Period, Developer shall annually prepare, and on or before April 1 (or 180 days after end of fiscal year) of each year, shall submit to City, an audited Annual Financial Statement for Developer. Accompanying such Annual Financial Statements shall be copies of such entity's

revised organizational and/or governing corporate documents if any changes to such documents were effected during the fiscal year covered by the Annual Financial Statement.

5.2.6. Relationship to Tax Credit Requirements

Notwithstanding any other provisions of this Agreement, to the extent any applicable Tax Credit Regulatory Agreement is less restrictive with respect to the requirements applicable to tenant selection, Tenant income levels and rent than as provided in this Agreement and the Regulatory Agreement, this Agreement and the Regulatory Agreement shall control.

5.3. Lease Requirements

Prior to rental of any of the Affordable Units after completion of construction of the Project, the Developer shall submit a standard lease form to City for City's approval, which approval shall not unreasonably be withheld or delayed. The standard lease agreement shall not be amended in any material respects (except as required by applicable laws) without prior written City approval. The Developer shall enter into a lease in the form approved by City, and containing those provisions required by the Regulatory Agreement, with each Qualified Tenant of an Affordable Unit.

5.4. Affirmative Fair Housing Marketing Plan

On or prior to completion of construction of the Project, Developer shall submit for the approval of City an Affirmative Fair Housing Marketing Plan. The Affirmative Fair Housing Marketing Plan shall include affirmative marketing procedures and requirements and comply with the City Housing Policy and CDBG Program requirements. The Affirmative Fair Housing Marketing Plan shall include a plan for publicizing the availability of the Affordable Units within the City in a manner which gives notice to existing residents, such as notices in any City sponsored newsletter, newspaper advertising in local newspapers and notices in City offices and community centers.

5.5. Long Term Management of the Project

The parties acknowledge that City is interested in the long term management and operation of the Project and in the qualifications of any person or entity retained by the Developer for that purpose (the "**Property Manager**"). Developer shall obtain City approval of a Property Manager and, once approved, enter into a contract with the Property Manager at least thirty (30) days prior to the proposed date of Construction Closing. Property management fees paid to the Property Manager shall not exceed the maximum amounts permitted by HUD on an annual basis. During the term of the Affordability Period, City may from time to time review and evaluate the identity and performance of the Property Manager of the Project as it deems appropriate in its reasonable judgment. If City reasonably determines that the performance of the Property Manager is deficient, City shall provide notice to Developer of such deficiencies and Developer shall use its best efforts to correct such deficiencies. Upon a default of the terms of this Agreement by the Property Manager that has not been cured within the applicable cure period, City shall have the right to require the Developer to immediately remove and replace the Property Manager with another property manager or property management company which is reasonably acceptable to City. Any Property Manager or successor thereto shall have not less than five (5) years experience

in property management, including experience managing multifamily residential developments of the size, quality and scope of the Project.

Developer will not appoint any Property Manager without the prior written consent of City, which approval shall not be unreasonably withheld or delayed. Developer shall submit a written notice to City requesting approval of any proposed Property Manager, along with documentation regarding such proposed manager's experience. If City does not object in writing to the proposed Property Manager within ten (10) business days of the date of receipt by City of the notice and all information about the proposed manager reasonably requested by City, such Property Manager shall be deemed approved by City. Upon City's prior approval thereof, Developer and the Property Manager shall enter into a written agreement regarding the services of the Property Manager (the "**Management Agreement**"). Except for the Management Agreement, Developer shall not enter into any other management agreement without the prior written consent of City. The Management Agreement shall contain, inter alia, an express provision (a) obligating the Property Manager to permit inspection by City, during normal business hours upon two (2) Business Days prior written notice, of the books and records relating to the management and operation of the Property that are in the Property Manager's possession or subject to its control, (b) obligating the Property Manager to cooperate fully with City with respect to the on-site inspections to be made by City pursuant to the Regulatory Agreement, and (c) indicating that the term thereof shall not exceed twelve (12) months including a provision for termination by Developer with or without cause at any time upon notice not to exceed thirty (30) days. The Management Agreement shall state that City shall have the right (x) to require Developer, within thirty (30) days after written notice of default and the failure by Property Manager to cure or, if a breach cannot reasonably be cured within thirty (30) days, to commence to cure the default, to terminate any Property Manager and the Management Agreement, and (y) to approve or disapprove any and all amendments and modifications to the Management Agreement.

Prior to Construction Closing, the Developer shall submit for the reasonable approval of the City Manager a detailed "**Management Plan**" which sets forth in detail the identity and the duties of the Property Manager, tenant selection criteria, the tenant selection and income certification process, a security system and crime prevention program, the procedures for determining Affordable Rent and for the collection of rent, occupancy limits and the procedures for monitoring of occupancy levels, the procedures for eviction of tenants, the rules and regulations of the Project and manner of enforcement, the initial standard lease form, and other matters relevant to the management of the Project. The terms of the Management Plan shall comply with, and Developer shall insure that the Project is at all times operated in compliance with (i) the City Housing Policy, and (ii) all other programs providing funding for the Project, including, without limitation, the CDBG Program. Developer may from time to time submit amendments and modifications to the Management Plan for the reasonable approval of City. Developer shall not change the identity of the Property Manager without the prior written consent of City. The management of the Project shall be in compliance with the Management Plan approved by City.

In addition, during the term of the Affordability Period, on each April 1, Developer shall annually submit to City for its reasonable approval a budget for the operation of the Project and other reports reasonably requested by City, all in accordance with the terms and conditions of the Regulatory Agreement and Promissory Note. The fees and payments paid to the Property Manager shall not exceed prevailing market rates for the services performed. Developer shall use

commercially reasonable best efforts to ensure that the expenses of operating the Project do not exceed the budget which has been approved by City. Developer shall annually provide to City a detailed accounting of operating expenses and shall make available its books and records to City for inspection and copying, upon reasonable advance notice during its normal hours of business, and in accordance with the terms and conditions of the Regulatory Agreement and Promissory Note.

Developer agrees (i) to promptly pay taxes prior to delinquency on the Property in accordance with all Governmental Regulations, (ii) not to make any physical alterations to the Project other than as a result of regular maintenance and repair activities without the prior written consent of City, and (iii) to otherwise comply with all of the covenants set forth in the Regulatory Agreement, Promissory Note, this Agreement and the Deed of Trust with respect to the Project.

5.6. Maintenance of Property

Developer shall manage, operate and maintain the Property in accordance with the Regulatory Agreement and shall maintain or cause to be maintained the interiors and exteriors of the Property in a decent, safe and sanitary manner, and in accordance with the requirements of the Riverside Municipal Code and all applicable Governmental Regulations.

5.7. Nondiscrimination Covenants

Developer covenants and agrees that there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of any Unit or the Project nor shall the Developer establish or permit any such practice or practices of discrimination or segregation with reference to the location, subtenants, or vendees of any Unit or in connection with the employment of persons for the construction, operation and management of the Project.

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

All deeds, rental agreements, leases, or contracts made or entered into by the Developer as to the Units or the Project or any portion thereof, shall contain and be subject to the following nondiscrimination and nonsegregation clauses:

a. In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of

subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land.”

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

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

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

c. In contracts: “There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in connection with the performance of this contract nor shall the contracting party himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants, lessees, sublessees, subtenants, contractors, subcontractors or vendees with respect to the premises.”

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in

Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

The covenants established herein shall, without regard to technical classification and designation, be binding on Developer and any successors in interest to the Project, or any part thereof, for the benefit and in favor of City and its successors and assigns. The covenants against discrimination shall run with the land and remain in effect in perpetuity.

5.8. CDBG Program Covenants

Developer covenants and agrees to comply with all requirements of the CDBG Program set forth in the Regulatory Agreement, as well as all additional covenants and conditions set forth in this Loan Agreement, the Regulatory Agreement and in all applicable Governmental Regulations. In the event of any conflict between this Loan Agreement or the Regulatory Agreement and the CDBG Program, the CDBG Program shall prevail.

6. DEFAULTS, REMEDIES AND TERMINATION

6.1. Defaults - General

Subject to extensions of time approved in writing by the parties, failure or delay by either party to timely perform, comply with or observe any of the conditions, provisions, terms, covenants or representations of this Agreement, including any of the Attachments or agreements entered into the form of an Attachment, shall constitute a default under this Agreement. In addition to the foregoing, the following shall constitute a default hereunder:

i. Subject to applicable notice and cure periods, the occurrence of any default under any other financing secured by an interest in the Property which is not waived by the applicable lender; or

ii. A court of competent jurisdiction enters an order enjoining the purchase of the Property by Developer, or such a court or an authorized governmental agency orders that leasing of the Project be suspended or halted, or any required approval, license or permit is withdrawn or suspended, and the order, withdrawal or suspension remains in effect for a period of thirty (30) days; or

iii. Subject to applicable notice and cure periods, the occurrence of any material default by the Developer under any contract for purchase of the Project, or any contract for or pertaining to the construction related to the Project; or

iv. Any surety obligated for the Developer is called upon to perform its obligations; or

v. Subject to applicable notice and cure periods, the occurrence of any material default under (i) the CDBG Program or any other financing for the Project, or (ii) the organizational documents of Developer or similar or related agreement after the expiration of all notice and cure periods therein; or

vi. Subject to applicable notice and cure periods, the occurrence of any default under any of the loan documents secured by an interest in the Property; or

vii. Developer fails to perform an act by the time set forth therefore in the Schedule of Performance subject to force majeure which qualifies for a delay pursuant to Section 8.6; or

viii. After the expiration of all notice and cure periods therein a petition is filed in bankruptcy, or other bankruptcy or similar proceeding is commenced by or against Developer or any guarantor of Developer under any applicable bankruptcy, insolvency or similar law now or hereafter in effect which is not released within ninety (90) days.

As provided hereinbelow, 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 that a default as described above has occurred, and such default has continued uncured for sixty (60) calendar days after notice thereof is mailed, or, if the default cannot reasonably be cured in sixty (60) calendar days, without the defaulting party commencing to diligently cure for sixty (60) 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 or another Agreement, including any of the Attachments, or any agreement referred to herein under which the default has occurred, the specific provision shall control; and provided further, that if such failure is not reasonably capable of being cured within such sixty (60) day or different period, despite the defaulting party's good faith and timely efforts, such time as is reasonably necessary to complete such cure but in no event shall such time exceed one hundred twenty (120) calendar days after notice thereof is mailed to the defaulting party.

The City shall send Developer's limited partner at the address provided to City in writing, a copy of any notice of default sent to Developer and the limited partner shall have the right but not the obligation to cure any default within the time periods set forth above. Notwithstanding anything to the contrary herein any cure of any violation of or default under this Agreement made or tendered by any limited partner of Developer shall be deemed to be a timely cure tendered by Developer and shall be accepted or rejected on the same basis as if made or tendered by the Developer.

Developer's limited partner(s) (collectively, **"Limited Partner"**), if any, shall have the right but not the obligation to cure any Event of Default of Developer under the CDBG Loan Documents, and City agrees to accept any cure tendered by Limited Partner on behalf of Developer within the cure periods described herein. In addition to any notice required to be given by City to

Developer, City shall give concurrent written notice of any Event of Default under the CDBG Loan Documents to Limited Partner. The notice shall specify: (i) the nature of the event or deficiency giving rise to the Event of Default, (ii) the action required to cure the event or deficiency, if an action to cure is possible and can be ascertained, and (iii) a date by which such action to cure must be taken, if applicable, which date shall in no event be less than thirty (30) calendar days from the mailing of the notice for monetary defaults or ninety (90) calendar days from the mailing of the notice for non-monetary defaults. If the cure of a non-monetary default requires more than ninety (90) days, City may, in its reasonable discretion, extend the time within which the Event of Default must be cured, provided Limited Partner promptly commences to cure the Event of Default and thereafter diligently pursues or prosecutes such cure to completion, or diligently pursues the removal and replacement of the general partner of Developer. In the event City fails to provide notice of an Event of Default to Limited Partner as set forth herein, City's failure to provide such notice to Limited Partner shall not result in liability to City, but City shall grant Limited Partner thirty (30) calendar days from receipt of actual notice of a monetary default or ninety (90) days from receipt of actual notice of a non-monetary default to pay any and all sums or perform any and all acts necessary to cure such Events of Default, provided Limited Partner has recorded a request for notice of default and has taken any and all other steps necessary to mitigate its damages in the event of a default by Developer. Notwithstanding the foregoing, in no event shall Limited Partner's right to cure an Event of Default extend beyond five (5) calendar days prior to City's foreclosure of its interest in the Property. The occurrence of an "Event of Default" hereunder shall entitle City to declare all amounts outstanding under the Promissory Note immediately due and payable and pursue any other remedies permitted by law. Prepayment of the CDBG Loan, whether a result of a default or due to another occurrence, shall not result in a termination of the Developer's obligations under the Regulatory Agreement.

6.2. Termination

In the event that Developer fails, after best efforts and timely due diligence, to secure the Construction Closing by the Outside Closing Date, then the CDBG Loan shall be immediately due and payable to City. Except as otherwise expressly provided in the Regulatory Agreement and elsewhere herein, following such repayment, neither City nor the Developer shall have any further rights against or liability to the other under this Agreement or with respect to the Property or otherwise with respect to the subject matter of this Agreement. Developer's indemnification obligations under this Agreement shall remain in force following such repayment.

6.3. Remedies of the Parties for Default

6.3.1. Acceleration of CDBG Loan

Upon the occurrence of an Event of Default, at the option of City and in addition to any other remedies available to City at law or in equity, City may withhold any remaining funds not disbursed under the CDBG Loan and/or declare all amounts outstanding under the Promissory Note immediately due and payable. For purposes of this Agreement, repayment of any or all amounts outstanding under the Promissory Note shall not constitute a cure for any default hereunder other than a default resulting from a failure to pay any sums when due under the Promissory Note. The covenants set forth in the Regulatory Agreement shall survive any payment or prepayment of the CDBG Loan.

6.3.2. Survival

Developer's indemnification obligations under this Agreement shall survive any termination of this Agreement and/or any repayment of the CDBG Loan.

6.4. Limitation on Liability

Neither Developer nor City shall in any event be entitled to, and each hereby waives, any right to seek loss of profits, or any special, incidental or consequential damages of any kind or nature, however caused, from the other Party arising out of or in connection with this Agreement, even if the other Party has been advised of the possibility of the damages, and in connection with such waiver each Party is familiar with and hereby waives the provision of § 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."

6.5. Legal Actions

6.5.1. 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 Los Angeles, State of California, or in the Federal District Court in the Central District of California.

6.5.2. Applicable Law

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

6.5.3. Acceptance of Service of Process

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

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

6.6. 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.

6.7. 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.

6.8. Attorneys' Fees

In any action between the Parties to interpret, enforce, reform, modify, rescind or otherwise in connection with any of the terms or provisions of this Agreement, the prevailing Party in the action or other proceeding shall be entitled, in addition to damages, injunctive relief or any other relief to which it might be entitled, reasonable costs and expenses including, without limitation, litigation costs, expert witness fees and reasonable attorneys' fees.

As used herein, the terms "attorneys' fees" or "attorneys' fees and costs" means the fees and expenses of counsel to the parties hereto (including, without limitation, in-house or other counsel employed by City or Developer) 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 and fees and costs for expert witnesses. 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.

7. GENERAL PROVISIONS

7.1. Notices, Demands and Communications Between the Parties

All notices, demands, requests, elections, approvals, disapprovals, consents or other communications given under this Agreement shall be in writing ("**Notice**") and shall be given by personal delivery, certified mail, return receipt requested, or overnight guaranteed delivery service and addressed as follows:

To City:

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

Copy to:

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

To Developer:

Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501
Attention: Bruce Kulpa, Chief Executive Officer

Any Notice shall be deemed received immediately if delivered by hand and shall be deemed received on the third day from the date it is postmarked if delivered by certified mail.

7.2. Conflicts of Interest

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

7.3. Warranty Against Payment of Consideration for Agreement

Developer 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.

7.4. Nonliability of Developer and City Officials and Employees

No member, official, employee, representative or agent of the Developer shall be personally liable to City, or any successor in interest thereof, in the event of any default or breach by Developer under the terms of this Agreement.

No member, official, employee, representative or agent of City shall be personally liable to Developer, or any successor in interest thereof, in the event of any default or breach by City under the terms of this Agreement.

7.5. Approvals by City and Developer

Approvals required of the parties shall be given within the time set forth in this Agreement, the Schedule of Performance or, if no time is given, within a reasonable time. Wherever this Agreement requires City or Developer to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not be unreasonably withheld or delayed, unless expressly provided to the contrary.

7.6. 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 nature; acts or threats of the public enemy or terrorists; epidemics; pandemics; quarantine restrictions; freight embargoes; lack of transportation; governmental restrictions or priority; litigation including litigation challenging the validity of this transaction or any element thereof, or any portion thereof; unusually severe weather; inability to secure necessary labor, materials or tools; acts of the other party; acts or failure to act of the City or any other public or governmental agency or entity (other

than that acts or failure to act of City shall not excuse performance by City); or any other causes beyond the reasonable control or without the fault of the Party claiming an extension of time to perform or relief from default.

The lack of funding to complete the construction of the Project shall not constitute grounds of Force Majeure delay pursuant to this Section. Developer expressly assumes the risk of real estate market conditions, construction costs, interest rates, and other similar general economic circumstances that may make funding and/or construction of the Project difficult, more expensive, or infeasible, whether or not such events or causes are foreseeable as of the date of this Agreement. Developer acknowledges and agrees that the provisions of this Section shall not operate to excuse Developer from prompt payment when due under the Promissory Note or any other CDBG Loan Document.

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 City and the Developer. That notwithstanding, if said prevention or delay extends for one hundred and eighty (180) calendar days, any party, by notice in writing to the other, may terminate this Agreement.

7.7. Interpretation

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.

7.8. Inspection of Books and Records, Reports

Upon two (2) Business Days prior written notice, City or its designee has the right at all reasonable times during normal business hours to inspect the books and records and other related documents of the Developer pertaining to the satisfaction of its 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 Developer at locations as agreed by the parties. Throughout the term of this Agreement, the Developer shall submit to City reasonable written progress reports as and when reasonably requested by City on all matters pertaining to the Project or the Property.

7.9. Administration

This Agreement shall be administered by the City Manager or his or her designee following approval of this Agreement by City. Whenever a reference is made in this Agreement to an action, finding or approval to be undertaken by City, the City Manager or his or her designee are authorized to act on behalf of City unless specifically provided otherwise or the context should require otherwise. The City Manager or his or her designee shall have the authority to issue interpretations, waive provisions and enter into amendments of this Agreement on behalf of City, so long as such actions do not substantially change the uses or development permitted on the Property, or add to the costs of City as specified herein or as agreed to by the board of City. Notwithstanding the foregoing, the City Manager or his or her designee may in their sole and

absolute discretion refer any matter to the City board and/or City Council for action, direction or approval.

7.10. 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.

7.11. Ground Breaking and Grand Openings

To ensure proper protocol and recognition of the board of City and/or the City Council, Developer shall cooperate with City staff in the organization of any Project-related ground breaking, grand openings or any other such inaugural events/ceremonies sponsored by Developer and celebrating the development which is the subject of this Agreement by providing City staff with at least thirty (30) calendar days prior written notice of any such event.

7.12. Independent Contractor

The parties agree that the Developer, 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 City.

7.13. Time

Time is of the essence in the performance of this Agreement.

7.14. Intentionally Omitted

7.15. Modification of CDBG Loan Documents. Notwithstanding the foregoing, Developer and City acknowledge and agree that the CDBG Loan Documents may require amendment on or prior to Construction Closing in accordance with the requirements of the Approved Financing and the City shall not unreasonably withhold, condition, or delay its consent to such modifications of the CDBG Loan Documents. City agrees to reasonably consider subordination of the CDBG Loan Documents if required by any senior lender approved by City as part of the Approved Financing.

7.16. Executive Order Addendum. Developer agrees to comply with all requirements set forth in the Addendum, attached hereto as Exhibit I and incorporated herein by this reference (the "Addendum"). In the event of a conflict between the Addendum and this Agreement, including all exhibits to this Agreement, the terms contained in the Addendum shall control.

8. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement includes Forty-three (43) pages, two (2) signature pages and Attachments A through I 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 and the other CDBG Loan Documents integrate all of the terms and conditions mentioned herein or incidental hereto, and supersede 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 City or Developer, and all amendments hereto must be in writing and signed by the appropriate authorities of City and Developer.

[Signatures on Next Page]

IN WITNESS WHEREOF, City and Developer have signed this Agreement as of the date and year first above written.

"CITY"

CITY OF RIVERSIDE, a California charter city
and municipal corporation

By: _____
Mike Futrell
City Manager

CERTIFIED AS TO AVAILABILITY OF FUNDS:

By: _____
Edward Enriquez
Chief Financial Officer

APPROVED AS TO FORM:

By: _____
Sean Murphy
Deputy City Attorney

ATTEST"

By: _____
Donesia Gause
City Clerk

CA #312283 SBM 11.21.25

[SIGNATURE PAGE TO LOAN AGREEMENT]


[PAGE 1 OF 2]

CERTIFIED AS TO FUNDS AVAILABILITY:

BY: _____
ASSISTANT CHIEF FINANCIAL OFFICER

“DEVELOPER”

_____, a California
nonprofit public benefit corporation

By: 
Bruce Kulpa
Chief Executive Officer

[SIGNATURE PAGE TO LOAN AGREEMENT]

[PAGE 2 OF 2]

ATTACHMENT A
LEGAL DESCRIPTION

EXHIBIT "A"
LEGAL DESCRIPTION

PROJECT: HOME AGREEMENT/CDBG/HHAP
APN: 253-020-011
ADDRESS: 1590 UNIVERSITY AVENUE

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 21079, AS SHOWN BY MAP ON FILE IN BOOK 136, PAGES 1 AND 2 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY.

EXCEPTING THEREFROM THE NORTHERLY 10.50 FEET AS CONVEYED TO THE CITY OF RIVERSIDE BY GRANT DEED RECORDED MAY 6, 1988, AS INSTRUMENT NO. 121667, OFFICIAL RECORDS OF RIVERSIDE COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER THOSE PORTIONS OF PARCELS 3 AND 4 OF SAID PARCEL MAP NO. 21079, DESCRIBED AS FOLLOWS:

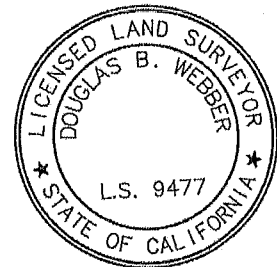
THE WESTERLY 15 FEET OF SAID PARCEL 4 AND THE EASTERLY 15 FEET OF SAID PARCEL 3;

TOGETHER WITH A STRIP OF LAND 30 FEET WIDE LYING 15 FEET ON EACH SIDE OF THE WESTERLY AND SOUTHERLY LINES OF SAID PARCEL 3.

EXCEPTING THEREFROM THOSE PORTIONS THEREOF LYING WITHIN THE HEREINABOVE DESCRIBED PARCEL "A".

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

DB Webb 9/22/2015 Prep. dbw
Douglas B. Webber, L.S. 9477 Date



ATTACHMENT B
PROMISSORY NOTE

[ATTACHED]

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROMISSORY NOTE**

Loan Amount: \$965,617.75

Riverside, California

FOR VALUE RECEIVED, RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("**Borrower**") promises to pay to the **CITY OF RIVERSIDE**, a California charter city and municipal corporation ("**City**"), or order, the principal sum of Nine Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75), or so much of such principal as may be disbursed pursuant hereto and in accordance with that certain Community Development Block Grant Loan Agreement by and between the City and the Borrower dated for identification purposes only as of _____ ("**CDBG Loan Agreement**"). The record of such disbursements shall be recorded on Exhibit "A" to this CDBG Promissory Note by the City and acknowledged by the Borrower. This CDBG Promissory Note evidences the obligation of the Borrower to the City for the repayment of certain funds ("**CDBG Loan**") loaned to the Borrower by the City and required to be paid by the Borrower pursuant to the CDBG Loan Agreement, in connection with construction of the Project located at 1590 University Avenue located in the City of Riverside, California and further identified in the CDBG Loan Agreement ("**Property**"). All capitalized terms unless otherwise defined herein shall have the same meaning as set forth in the CDBG Loan Agreement.

1. Source of Funds.

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

2. Interest.

2.1 Basic Interest. Except as provided in Section 2.2 below, the disbursed and unpaid principal balance of the CDBG Loan shall bear interest for the period of time commencing on the date on which the CDBG Loan proceeds are first disbursed for the account of the Borrower and ending on the date upon which the CDBG Loan is repaid in full at the rate of zero percent (0.0%) per annum, simple interest. Interest shall be computed on the basis of actual number of days elapsed and a 360-calendar day year.

Provided the Borrower complies with all conditions outlined in this Agreement, the Loan Principal shall be forgiven in equal annual installments over a period of fifty-five (55) years. Each year, one fifty-fifth (1/55th) of the Principal balance shall be forgiven. Any failure to comply with the conditions will result in suspension of forgiveness until compliance is restored.

2.2 Default Rate. Any amounts (including but not limited to amounts of principal and interest on the CDBG Loan) which the Borrower does not pay when otherwise due under the terms of this CDBG 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. Intentionally Omitted.

4. Annual Financial Statement.

Not later than May 1, 2027, 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.

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 CDBG Promissory Note shall be fully forgiven at the end of fifty-five (55) years from the date of the recording of the CDBG Release of Construction Covenants (“**Maturity Date**”) if Developer complies with the affordability requirements.

6. Intentionally Omitted.

7. Acceleration.

Notwithstanding the payment terms set forth in Section 3 above and subject to the rights of senior lenders and the Tax Credit Investor Cure Rights, 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 CDBG Loan proceeds, the Borrower may prepay all or a portion of the unpaid principal amount of the CDBG 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 CDBG Loan principal or interest thereon) due under this CDBG Promissory Note or the CDBG 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 CDBG Promissory Note.

9. Security For Note.

The Borrower’s obligations under this CDBG Promissory Note and the CDBG 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 (“**CDBG Deed of Trust**”) of even date herewith, and of which the City is the beneficiary, recorded against Borrower’s leasehold interest in the Property.

10. Obligation of Borrower Unconditional.

The obligation of the Borrower to repay the CDBG 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 CDBG 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 CDBG Promissory Note, the CDBG 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 CDBG Promissory Note, the CDBG Loan Agreement or any document executed hereunder or in connection herewith.

11. Purpose of CDBG Loan.

The CDBG 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 CDBG Loan Agreement. In no event shall the Borrower use or otherwise invest the proceeds of the CDBG Loan except as expressly provided in this CDBG Promissory Note and the CDBG Loan Agreement.

12. Covenants of Borrower.

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

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

13. Assignment of this Note.

This CDBG Promissory Note shall be assignable by the Borrower in accordance with Section 2.2 of the CDBG Loan Agreement. Notwithstanding anything which may be or appear to be herein to the contrary, no purported assignment of this CDBG Promissory Note and/or the

CDBG 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. Where notice is required, the City shall notify the Tax Credit Investor concurrently with the notice delivered to the Borrower.

(a) The failure of the Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the CDBG Deed of Trust or the CDBG 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 CDBG Deed of Trust or the CDBG 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 CDBG Promissory Note, the CDBG Loan Agreement or the CDBG Deed of Trust;

(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 a 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 CDBG Promissory Note, the CDBG Regulatory Agreement and/or the CDBG 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 CDBG Loan Agreement;

(h) If the Borrower is in default under the terms of the CDBG Regulatory Agreement, Senior Financing or 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, and subject to the rights of any senior lenders 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 CDBG 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 CDBG 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 CDBG Deed of Trust, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this CDBG Promissory Note, the CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG Promissory Note;
- (b) Bring an action in equitable relief seeking the specific performance by the City of the terms and conditions of this CDBG 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 CDBG 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 CDBG 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. [Intentionally Omitted].

16. Conflict of Interest; No Individual Liability.

No official or employee of the City shall have any personal interest, direct or indirect, in this CDBG Promissory Note, nor shall any official or employee of the City participate in any decision relating to this CDBG 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 CDBG Promissory Note by the City.

17. Amendments, Changes and Modifications.

This CDBG 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 CDBG 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 Housing Development Corporation 4250 Brockton Avenue Riverside, CA 92501 Attn: Bruce Kulpa, Chief Executive Officer
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To City:	City of Riverside Attn: City Manager 3900 Main Street Riverside, California 92522
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Copies to:	City of Riverside Attn: City Attorney 3900 Main Street Riverside, California 92522
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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 CDBG 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 CDBG 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 CDBG 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 CDBG Promissory Note by the Borrower. Each party hereto has been represented by counsel in the negotiation of this CDBG 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 CDBG Promissory Note, nothing herein or in this CDBG 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 CDBG Promissory Note shall be interpreted to require in each instance the lesser of (a) the amount stated in this CDBG 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 CDBG Promissory Note shall be governed by the laws of the State of California.

23. Nonrecourse Obligation After Completion of Construction.

This CDBG 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 CDBG 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 CDBG 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 CDBG 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 this CDBG 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 CDBG Loan Documents that are payable or applicable prior to any foreclosure under the CDBG Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) 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 CDBG 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 (vi) breach of any environmental covenant or representation made by the Borrower relating to the Project.

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 CDBG 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 CDBG Promissory Note, 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.

(Signatures on following page)

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

BORROWER:

Date: _____

RIVERSIDE HOUSING DEVELOPMENT
CORPORATION, a California nonprofit public
benefit corporation

By: _____
Bruce Kulpa
Chief Executive Officer

EXHIBIT "A"
DISBURSEMENT RECORD

- | |
|----|
| 1. |
| 2. |
| 3. |
| 4. |
| 5. |
| 6. |
| 7. |
| 8. |

ATTACHMENT C

DEED OF TRUST

[ATTACHED]

DEED OF TRUST

City of Riverside
3900 Main Street
Riverside, CA 92522
Attn: Housing Project Manager

Project: University Terrace Homes
1590 University Avenue

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

LEASEHOLD DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS

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 Nine Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75) made by Beneficiary ("**CDBG Loan**") evidenced by that certain CDBG Promissory Note of even date herewith ("**CDBG Promissory Note**") and made in accordance with that certain Community Development Block Grant Loan Agreement by and between the City and the Borrower, dated for identification purposes only as of _____, 2026 ("**CDBG Loan Agreement**") and the performance of Trustor's obligations thereunder and under this CDBG Deed of Trust and the CDBG Regulatory Agreement as hereinafter defined. The CDBG 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 one hundred fourteen (114) housing unit, one (1) manager's unit, one (1) maintenance staff's unit, and any improvements appurtenant thereto by the Trustor in accordance with the CDBG Loan Agreement ("**Project**"). The real property is located at 1590 University Avenue in the City of Riverside, State of California, further identified in the CDBG Loan Agreement, and 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 Nine Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75), or so much of such principal as may be disbursed pursuant to the CDBG Promissory Note, with non-compounding simple interest at 0.0% per annum according to the terms of the CDBG Promissory Note, and any and all additions, modifications or extensions thereof;

(b) performance of every obligation, covenant and agreement of Trustor contained in the CDBG Loan Agreement, the CDBG Promissory Note, and that certain CDBG Regulatory Agreement by and between Trustor and Beneficiary dated and recorded concurrently herewith ("**CDBG 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 CDBG Deed of Trust and the CDBG Notice of Default (collectively, "**CDBG Loan Documents**");

(c) payment of all sums advanced by Beneficiary or its successors and assigns, or Trustee, to enforce the CDBG Promissory Note, the CDBG Loan Agreement, the CDBG Regulatory Agreement or this CDBG 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 CDBG Promissory 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 CDBG Deed of Trust.

All initially capitalized terms used herein which are defined in the CDBG 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 CDBG Loan Documents, including without limitation the CDBG 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 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.

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 CDBG 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 CDBG 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 CDBG 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 CDBG 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, 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 CDBG Loan Documents or this CDBG 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, whether required by the CDBG Loan Documents or otherwise, and Trustor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Beneficiary. If Trustor receives any proceeds of insurance resulting from such casualty, whether required by the CDBG Loan Documents or otherwise, Trustor shall promptly pay over such proceeds to Beneficiary, except where the insurance proceeds for such casualty are less than \$50,000. 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 CDBG Loan Documents with respect thereto have been satisfied. If any one or more of such conditions in the CDBG Loan Documents has not been met, Beneficiary shall not be obligated to make any further disbursements pursuant to the CDBG Promissory Note and Beneficiary shall apply all loss proceeds, 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 CDBG Loan 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 CDBG 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 CDBG Deed of Trust or any of the CDBG 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 sole 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 CDBG Deed of Trust.

(c) All sums payable by Trustor in accordance with the terms of this CDBG Deed of Trust, the CDBG Promissory Note or the CDBG Loan 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 CDBG 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 CDBG 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 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 by Trustor and upon written request by Beneficiary, 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 refunded to Trustor in any manner and in such amount as Beneficiary may elect. Beneficiary may 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 CDBG Loan Documents or this CDBG 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 CDBG 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 CDBG Deed of Trust or any of the rights or powers of Beneficiary or Trustee under the terms of the CDBG Loan Documents or any of the obligations of Trustor or any guarantor under the CDBG 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 CDBG Promissory Note or the recording of this CDBG 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 CDBG Promissory Note or the recording of this CDBG 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 without 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 CDBG Loan Documents or by law), Beneficiary and Trustee shall have and are hereby given the right, but not the obligation, (a) to enter upon 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 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 CDBG 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 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 CDBG 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 CDBG Loan Agreement, Beneficiary shall have the absolute right at its option, upon notice and demand in accordance with Section 7 of the CDBG 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 CDBG 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 CDBG Loan Documents, including without limitation, the CDBG Regulatory Agreement.

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

1.13 Eminent Domain.

(a) Subject to the provisions of any senior liens, 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 \$50,000. 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 CDBG 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 CDBG Loan 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 CDBG Promissory 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 CDBG Loan Agreement or the other CDBG Loan Documents. If the Condemnation Proceeds are not sufficient to repay the CDBG Promissory 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 CDBG 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 CDBG 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 CDBG 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 CDBG 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 owner and holder of the CDBG Promissory 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 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 CDG 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 CDBG Deed of Trust and the CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG Promissory Note. The CDBG 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 CDBG Promissory Note shall be to the Property securing the indebtedness evidenced by the CDBG Promissory Note. No judgment, or execution thereon, entered in any action, legal or equitable, on the CDBG Promissory Note or this CDBG Deed of Trust securing the CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG Loan Documents that are payable or applicable prior to any foreclosure under this CDBG Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) 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 CDBG 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 (vi) 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 CDBG Deed of Trust and/or in the CDBG Loan Agreement, Trustor hereby indemnifies, and shall defend and save harmless, Beneficiary and its authorized representatives from and against any and all losses, liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including, without limitation, architects', engineers' and 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 CDBG Deed of Trust, the CDBG Promissory Note or the CDBG Loan Agreement, (h) any contest due to Trustor's actions or failure to act, permitted pursuant to the provisions of this CDBG Deed of Trust, (i) subject to the nonrecourse provisions set forth in Section 23 of the CDBG Promissory Note, any Event of Default under the CDBG Promissory Note, the CDBG Regulatory Agreement, this CDBG Deed of Trust or the CDBG 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 to the extent caused by the Beneficiary'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, 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

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 CDBG 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 CDBG Promissory Note when the same is due and payable (subject to any notice and cure period provided hereunder or under the CDBG Promissory Note), 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 ten (10) 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 CDBG Loan Documents.

3.2 Acceleration Upon Default, Additional Remedies. Subject to the rights of senior lenders and the Tax Credit Investor Cure Rights, upon the occurrence of an Event of Default, 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, 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 CDBG Loan Documents or this CDBG Deed of Trust or notice of default hereunder;

(b) Commence an action to foreclose this CDBG 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 CDBG 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 CDBG Deed of Trust and the CDBG 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 section 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 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 CDBG Deed of Trust or under any CDBG 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 CDBG 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 CDBG 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 CDBG 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 with a copy to the Tax Credit Investor at the address set forth in Section 4.3 of this CDBG 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 CDBG 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 CDBG Deed of Trust nor shall Beneficiary's receipt of any awards, proceeds or damages under this CDBG Deed of Trust operate to cure or waive any Event of Default with respect to any payment secured by this CDBG Deed of Trust.

3.8 Environmental Provisions. Without limiting any of the remedies provided in the CDBG Loan Documents, Trustor acknowledges and agrees that portions of Section 4 of the CDBG Loan Agreement and Section 1.2 of this CDBG 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 CDBG 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 CDBG Deed of Trust or to any action brought to enforce the CDBG Loan Agreement or any other obligation secured by this CDBG 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 Housing Development Corporation 4250 Brockton Avenue. Riverside, CA 92501 Attn: Chief Executive Officer
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If to Beneficiary:	City of Riverside Attn: City Manager 3900 Main Street Riverside, California 92522
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Copies to:	City of Riverside Attn: City Attorney 3900 Main Street Riverside, California 92522
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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 CDBG 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 CDBG Deed of Trust.

4.6 Invalidity of Certain Provisions. Every provision of this CDBG 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 CDBG 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 owner 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 owner, this CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG Deed of Trust. Any married person signing this CDBG Deed of Trust agrees that recourse may be had against community assets and against his or her separate property for the satisfaction of all obligations contained herein.

4.12 Interpretation. In this CDBG 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 CDBG 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, 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 CDBG Regulatory Agreement have been satisfied, and upon surrender of this CDBG Deed of Trust and the CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG 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. 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 CDBG DEED OF TRUST OR ANY OTHER CDBG LOAN DOCUMENTS OR RELATING THERETO OR ARISING FROM THE RELATIONSHIP WHICH IS THE SUBJECT OF THE CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG 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 CDBG Deed of Trust upon termination of the Affordability Period as that term is defined in the CDBG Loan Agreement.

4.22 Subordination. This CDBG Deed of Trust and the provisions contained herein shall be subordinate to any senior financing approved by Beneficiary in accordance with the CDBG Loan Agreement.

(Signatures on following page.)

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

TRUSTOR:

Riverside Housing Development Corporation,
a California nonprofit public benefit corporation

By: _____
Bruce Kulpa
Chief Executive Officer

ATTACHMENT D
REGULATORY AGREEMENT

[ATTACHED]

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

(Space above for Recorder's Use Only)

REGULATORY AGREEMENT (CDBG)

RECITALS

A. The City is a California charter city and municipal corporation.

B. The Developer is a California nonprofit public benefit corporation.

C. In furtherance of the City's affordable housing goals and activities, the City and Developer entered into that certain Affordable Housing Community Block Grant Loan Agreement, dated for identification purposes only as of _____, 2026 ("Loan Agreement"), which is incorporated herein by this reference and a copy of which is on file as public record of the City at it offices located at 3900 Main Street, Riverside, CA 92522.

D. The Developer owns a leasehold interest in the parcels described in the Property Legal Description attached hereto as Exhibit "A".

E. Pursuant to the Loan Agreement, the City has agreed to provide financial assistance (“City Loan”) in connection with the development of the Property (“Project”).

F. This Regulatory Agreement is intended to ensure that Developer, 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 Regulatory Agreement, including that the CDBG 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 City Loan to Developer and the completion and operation of the Project pursuant to the terms and conditions of the Loan Agreement and this 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 Regulatory Agreement and in consideration of their mutual covenants and conditions, the Parties hereto agree as follows:

1. DEFINITIONS

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

"Affordability Period" means the period commencing upon the recordation of the Release of Construction Covenants and terminating on the fifty-fifth (55th) anniversary thereof.

"Affordable Rent" means, with respect to the CDBG-Assisted Units, the amount of monthly rent, including a reasonable utility allowance, to be charged by the Developer and paid by a tenant household in the Project which does not exceed for a Very Low-Income 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 Regulatory Agreement, including all of the Attachments hereto.

"CDBG Assisted Units" means the thirty (30) of the Units in the Project which shall be available to Very Low Income 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 CDBG Assisted Units shall be a "floating" designation such that the requirements of this Regulatory Agreement will be satisfied so long as the total number of CDBG Assisted Units remains the same throughout the Affordability Period and each substituted CDBG Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated CDBG Assisted Units.

"CDBG Program" means the program authorized by and requirements imposed under Title I of the Housing and Community Development Act of 1974, as amended, and all implementing rules and regulations, including, without limitation, those set forth in 24 CFR Part 570.

"CDBG Regulations" means the implementing regulations of the CDBG Program set forth at 24 CFR 570, et seq. as such now exist and as may hereafter be amended.

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

"City Loan" means the loan from the City in an amount not to exceed Nine

Hundred Sixty-Five Thousand Six Hundred Seventeen Dollars and Seventy-Five Cents (\$965,617.75) as provided in the Loan Agreement.

"City Loan Documents" means the following documents evidencing the City Loan and required as consideration for the City to make the City Loan: (i) Loan Agreement; (ii) the associated Promissory Note, (iii) the associated Leasehold Deed of Trust, Fixture Filing and Assignment of Rents and (iv) this Regulatory Agreement.

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

"Effective Date" means the Effective Date of the 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 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 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.

"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.

"Loan Agreement" is defined in Recital C.

"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 CDBG Assisted Units to be submitted by the Developer, as set forth in Section 3.B. of this Regulatory Agreement.

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

"Operating Reserve" is defined in Section 3.D. of this Regulatory Agreement.

"Parties" means the City and Developer; **"Party"** means the City or the Developer.

"Project" means predevelopment activities related to the Property, the acquisition of the Property, and the construction of an affordable housing development by the Developer upon the Property 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 Developer.

"Qualified Tenant(s)" means those households seeking to rent a CDBG

Assisted Unit who satisfy all of the following requirements:

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

b. The household is qualified as a Very Low Income Household for a Very Low Income Household designated unit.

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

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

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

“Unit” or “Units” means the one hundred fourteen (114) individual dwelling units (including one unrestricted manager’s unit and one unrestricted maintenance’s unit) within the Project to be constructed and operated by the Developer on the Property.

“Very Low Income Household” means households that are eligible as very low-income families, with total, annual household incomes certified to be at or below 50% of the Area Median Income for the 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.** Developer covenants and agrees for itself, its successors, its assigns and every successor in interest to the Property or any part thereof, that Developer, and such successors and assigns, shall (i) acquire the Property and construct the Project; and (ii) make available, restrict occupancy to, and rent the CDBG Assisted Units at an Affordable Rent to Qualified Tenant(s).

During the Affordability Period, all uses undertaken by Developer on the Property shall conform to this Regulatory Agreement and to all applicable provisions of the Riverside Municipal Code and Governmental Regulations. None of the CDBG Assisted Units on the Property shall at any time be utilized on a transient basis, 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. Developer shall not convert the Property to condominium ownership during the Affordability Period without the prior written approval of City, which approval City may grant, withhold or deny in its sole and absolute discretion.

B. **Affordable Housing.** Commencing upon and throughout the Affordability Period, Developer covenants and agrees that all of the CDBG Assisted Unit 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 Regulatory Agreement.

In the event Developer desires to change the affordable housing, maintenance, or operation requirements for the Project from the specific requirements set forth in this Regulatory Agreement in order to comply with a subsequently enacted amendment to the CDBG Program, Developer shall notify City in writing of such proposed change and the amendment related thereto at least thirty (30) days prior to implementing such change. In the event City disapproves of such change and Developer's interpretation of the amendment related thereto, City shall notify Developer of its disapproval in writing and the parties shall seek clarification from the appropriate HUD Field Office. Only if HUD concurs with Developer's interpretation of the CDBG Program shall Developer be permitted to implement the proposed change.

C. **Income Requirements.** Prior to leasing a CDBG Assisted Unit and annually thereafter, Developer shall certify the eligibility of each tenant applicant as a Qualified Tenant. The Developer shall, upon request by City, complete such certification on forms provided by the City. Developer shall submit such income certification and such additional information as may be required prospectively by City or the State of California. 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, two months of tenant's most recent bank statements 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 City if none of the above forms of verification is available to Developer.

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

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

(2) **Increases in Tenant Income.** Units shall qualify as CDBG Assisted Units as required by this 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 the City are being taken to ensure that all vacancies are filled in accordance with this Section until the noncompliance is corrected.

A Household occupying a CDBG 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 and such Unit shall continue to be designated as a CDBG Assisted Unit.

(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. Developer must provide Households occupying the CDBG Assisted Units not less than thirty (30) days prior written notice before implementing any rent increase.

E. **Tenant Protections.**

(1) **Rental Agreement/Lease.** Prior to rental of any of the CDBG Assisted Units, the Developer 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 Developer. The Developer shall enter into a lease, in the form approved by the Housing Project Manager, with each Qualified Tenant of a CDBG Assisted Unit.

F. **Termination of Tenancy.** The Developer 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) day's notice, or as permitted by state law, by the Developer'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, Developer shall submit to City, for its review and approval, Developer's written tenant selection plan (the "Tenant Selection Plan"), which approval shall not be unreasonably withheld or delayed.

H. **Compliance with Use and Occupancy Laws.** Developer agrees that for each lease, the Developer 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.

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

A. **General Maintenance.** Developer 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. Developer 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, Developer 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 Regulatory Agreement. Developer 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 curblane. 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.

City agrees to notify Developer 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 Developer to cure the deficiencies. Upon notification of any maintenance deficiency, Developer shall have thirty (30) days within which to correct, remedy or cure the deficiency. If the written notification states the problem is urgent relating to the public health and safety of the City, then Developer shall have seventy-two (72) hours to rectify the problem. In the event Developer does not maintain the Property in the manner set forth herein and in accordance with the Maintenance Standards, 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 Developer, and Developer shall be responsible for the payment of all such costs incurred by City.

B. Management of the Project.

(1) Property Manager. Developer 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 Developer 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. City hereby approves Riverside Housing Development Corporation as Property Manager

(2) Management Plan. Prior to the initial or any subsequent disbursement of the City Loan Proceeds, Developer 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. Developer 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.

C. **Capital Replacement Reserve Requirements.** The Developer 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"), or as otherwise approved by the Tax Credit Investor and/or other lenders. 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 Developer of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Project in the manner prescribed herein. Developer, at its expense, shall submit to the Housing Project Manager annually an accounting for the Capital Replacement Reserve. City approval is not required for withdrawals from the Capital Replacement Reserve in accordance with this Regulatory Agreement. Not less than once per year, Developer, at its expense, shall submit to 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 Developer shall, or shall cause the Property Manager to, set aside at the time the Release of Construction Covenants is recorded in a separate interest-bearing trust account held by the Developer with an initial amount equal to three (3) months of the projected annual Operating Expenses for the Project or in such other amount as allowed by the senior lender or investor (the "***Operating Reserve***"). Interest earned on funds in the Operating Reserve shall remain in the Operating Reserve. The Developer may withdraw from the Operating Reserve those amounts exceeding the current year budget for operating expenses. The City approval is not necessary for withdrawals made in accordance with this Agreement. Funds may be disbursed from the Operating Reserve to cover shortfalls between the income and actual Operating Expenses and Debt Service of the Project. Upon making disbursements to cover operating shortfalls, the Operating Reserve shall be replenished to the level prior to the disbursement from available Project cash flow unless such replenishment is not required by the senior lender or investor.

E. **Operating Budget.** Developer shall submit to 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. City shall not unreasonably withhold, condition, or delay City's approval of the annual Operating Budget, or any amendments thereto. City's failure to approve or disapprove the Operating Budget within thirty days of submission shall be deemed approval

F. **Monitoring and Recordkeeping.** Developer shall comply with all applicable recordkeeping and monitoring requirements set forth in the CDBG Program and shall annually complete and submit to City a Certification of Continuing Program Compliance in such form as provided by City. Representatives of City shall be entitled to enter the Property, upon at least twenty-four (24) hours' notice, to monitor compliance with this Regulatory Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. Developer agrees to cooperate with City in making the Property and all CDBG Assisted Units thereon available for such inspection or audit. Developer agrees to maintain records in a businesslike manner, to make such records available to City upon seventy-two (72) hours' notice,

and to maintain such records for the entire Affordability Period.

G. **Units Available to the Disabled.** Developer shall construct the Development 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 Developer 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 Developer with respect to graffiti, debris, waste material, and general maintenance, or sixty (60) 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 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 Developer upon demand.

I. **Damage and Destruction; Developer'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 Developer 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., Developer 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 Loan Agreement. In the event of loss, Developer shall give prompt notice to the insurance carrier and the City.

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

J. **Time Limitation.** Upon damage to the Property or the improvements thereon, the Developer shall be obligated to proceed with all due diligence hereunder and commence reconstruction within two (2) months after the receipt of insurance proceeds and complete reconstruction within a term deemed acceptable by the parties after damage occurs, or if appropriate, to demolition and vacation of the Property within two (2) months, unless prevented by causes beyond its reasonable control.

4. MISCELLANEOUS PROJECT REQUIREMENTS

A. **Equal Opportunity.** As set forth in Section 570.904 of the CDBG 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 CDBG funds.

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

C. **Compliance with Law.** Developer shall comply with all applicable Federal, State and Local Law.

5. COVENANTS

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

B. **Covenants to Run with the Land.** City and Developer hereby declare their express intent that the covenants and restrictions set forth in this Regulatory Agreement shall run with the land, and shall bind all successors to Developer. 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 City expressly releases such conveyed portion of the Property from the requirements of this Regulatory Agreement.

6. ENFORCEMENT AND REMEDIES

A. **Remedies.** Subject to the notice and cure rights of the Developer set forth in Section 8.1 of the Loan Agreement and the Tax Credit Investor Cure Rights, in the Event of Default of any of the terms or conditions of this Regulatory Agreement by Developer, its administrators or assigns, 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 Regulatory Agreement. This 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. Developer 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 Developer, to effect emergency repairs or maintenance which the Developer has failed to perform. Subsequent to sixty (60) days written notice to the Developer specifically outlining the noncompliance, the City shall have the right of entry at reasonable hours to enforce compliance with this Regulatory Agreement which the Developer 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 Developer 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 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 Regulatory Agreement shall not constitute a waiver of the right to enforce the same thereafter.

7. HOLD HARMLESS

Developer agrees to defend and to hold 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 Developer or those of Developer's contractors, subcontractors, agents, employees or other persons acting on Developer's behalf and which relate to the Project. Developer agrees to and shall defend 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 Developer's activities in connection with the Project.

8. THIRD PARTY BENEFICIARIES

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

9. RECORDATION

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

10. NOTICE

Written notice, demands and communications between City and Developer 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 Developer: Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501
Attn: Chief Executive Officer

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 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 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 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 Regulatory Agreement, and this 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 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 Regulatory Agreement may be modified or amended by mutual consent of the

Developer and City provided that all amendments are in writing and signed by all of the parties hereto.

15. SOLE AND ONLY AGREEMENT

This Regulatory Agreement, the 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 Regulatory Agreement and Loan Agreement, the provisions of this Regulatory Agreement shall control.

City and Developer acknowledge and agree that neither of them has made any representation with respect to the subject matter of this 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 Regulatory Agreement. City and Developer 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 page]

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

"DEVELOPER"

RIVERSIDE HOUSING DEVELOPMENT CORPORATION,
a California nonprofit public benefit
corporation

Dated: _____

By: _____
Bruce Kulpa
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: _____
City Attorney

CA#312283 SBM 11.21.2025

EXHIBIT "A"

LEGAL DESCRIPTION

EXHIBIT "A"
LEGAL DESCRIPTION

PROJECT: HOME AGREEMENT/CDBG/HHAP
APN: 253-020-011
ADDRESS: 1590 UNIVERSITY AVENUE

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 21079, AS SHOWN BY MAP ON FILE IN BOOK 136, PAGES 1 AND 2 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY.

EXCEPTING THEREFROM THE NORTHERLY 10.50 FEET AS CONVEYED TO THE CITY OF RIVERSIDE BY GRANT DEED RECORDED MAY 6, 1988, AS INSTRUMENT NO. 121667, OFFICIAL RECORDS OF RIVERSIDE COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER THOSE PORTIONS OF PARCELS 3 AND 4 OF SAID PARCEL MAP NO. 21079, DESCRIBED AS FOLLOWS:

THE WESTERLY 15 FEET OF SAID PARCEL 4 AND THE EASTERLY 15 FEET OF SAID PARCEL 3;

TOGETHER WITH A STRIP OF LAND 30 FEET WIDE LYING 15 FEET ON EACH SIDE OF THE WESTERLY AND SOUTHERLY LINES OF SAID PARCEL 3.

EXCEPTING THEREFROM THOSE PORTIONS THEREOF LYING WITHIN THE HEREINABOVE DESCRIBED PARCEL "A".

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

DB Webb 9/22/2015 Prep. dbw
Douglas B. Webber, L.S. 9477 Date



ATTACHMENT E
SCHEDULE OF PERFORMANCE

ACTIVITY	DATE
Purchase and Sale Agreement	May 7, 2025
CEQA Determination/Categorically Exempt	May 16, 2025
NEPA Environmental Review/Exempt Status	June 2, 2025
Finalize Construction Documents and Submit for Permit Review	July 5, 2025
Subcontractor Bid Period and Finalizes GMP with General Contractor	December 15, 2025 – January 30, 2026
Receipt of Building Permit	December 15, 2025
Acquisition: At Close of Financing	January 15, 2026
Construction Period	January 15, 2026 – January 15, 2027
Start Lease Up	January 1, 2027
Project Closeout	January 15, 2027
Complete Occupancy	April 1, 2027

ATTACHMENT F
SECTION 3 ACKNOWLEDGEMENT

[ATTACHED]

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

Section 3 of the HUD Act of 1968 (12 U.S.C § 1701u) and its associated regulations (24 C.F.R. Part 75)

Project Name: _____ HUD Grant: CDBG / HOME HUD Assistance: \$ _____

The requirements of Section 3 apply to contractors and subcontractors performing work on construction or rehabilitation projects for which the amount of HUD financial assistance exceeds \$200,000. All contractors and subcontractors, regardless of the funding total, must execute the following acknowledgement (referred to as the Acknowledgement of Compliance Requirements) to acknowledge they have reviewed and understand Section 3 compliance for the HUD-funded project.

Review and initial each statement:

_____ HUD financial assistance for the project does / does not (circle one) exceed \$200,000.

_____ The parties will comply with HUD's regulations in 24 CFR part 75, which implement Section 3. The parties certify that they are under no impediment that would prevent them from complying with the Part 75 regulations.

_____ The parties acknowledge noncompliance with HUD's regulations in 24 CFR part 75 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD-assisted contracts.

SECTION 3 BUSINESS CONCERN:

_____ A Section 3 business concern is a business that meets at least one of the following criteria, documented within the last six-month period:

1. At least 51 percent owned and controlled by low- or very low-income persons;
2. Over 75 percent of the labor hours performed for the business over the prior three-month period are performed by Section 3 workers; or
3. A business at least 51 percent owned and controlled by current public housing residents or residents who currently live in Section 8-assisted housing.

SECTION 3 WORKER:

_____ A Section 3 worker is any worker who currently fits, or when hired within the past five years fit, at least one of the following categories, as documented:

1. The worker's income for the previous or annualized calendar year is below the income limit established by HUD:

Individual Annual Income	1
80 % (gross income)	*\$62,650

*RIVERSIDE-SAN BERNARDINO-ONTARIO, CA HUD Metro FMR Area

2. The worker is employed by a Section 3 business concern; or
3. The worker is a YouthBuild participant.

SECTION 3 TARGETED WORKER:

_____ A Section 3 targeted worker is a worker who:

1. Is employed by a Section 3 business concern; or
2. Currently fits, or when hired fit, at least one of the following categories, as documented within the past five years:
 - a. Living within the service area or the neighborhood of the project, as defined in 24 CFR § 75.5; or
 - b. A YouthBuild participant.

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

HIRING

_____ Contractors, to the greatest extent feasible, will fill vacant positions with Section 3 workers or Section 3 targeted workers. Any vacant employment positions, including training positions, that are filled *after* the contractor is selected but *before* the contract is executed, with persons other than those to whom the regulations of 24 CFR part 75 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 75.

REPORTING

_____ Contractors, to the greatest extent feasible, will make efforts to have Section 3 workers conduct *25 percent* or more of the total number of labor hours worked by all workers on a Section 3 project and Targeted Section 3 workers conduct *5 percent* or more of the total number of labor hours worked by all workers on a Section 3 project (This *5 percent* is included as part of the *25 percent* threshold).

_____ Contractors will track labor hours in pursuit of meeting the above outlined benchmarks.

EQUAL OPPORTUNITIES

_____ The parties agree affirmative action and equal employment opportunity to those who do business with the federal government. It is illegal to discriminate against a job applicant or an employee because of the person's race, color, religion, sex (including pregnancy), national origin, age (40 or older), disability or genetic information (medical history or predisposition to disease).

OUTREACH

_____ Contractors, to the greatest extent feasible, will conduct outreach to hire Section 3 workers and/or Section 3 targeted workers which includes, but is not limited to:

1. Notify labor organizations or representatives of workers of Section 3 preference, including job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
2. Provide technical assistance to help Section 3 workers compete for jobs.

_____ Contractors, to the greatest extent feasible, will support hired Section 3 workers and/or Section 3 targeted workers to ensure they have access to resources which includes, but is not limited to:

1. Provide training and/or apprenticeship opportunities.
2. Refer Section 3 workers to services supporting work readiness and retention (e.g., work readiness activities, interview clothing, test fees, transportation, childcare, financial literacy, etc.).
3. Notify laborers on the jobsite of the Section 3 worker qualifications to ensure all employees may complete eligibility certification.

The undersigned agrees to comply with the Section 3 Guidelines when applicable as referenced by HUD regulations in 24 CFR part 75 as amended.

Name/Title (printed)	Company	Signature
Name/Title (printed)	Company	Signature
Name/Title (printed)	Company	Signature

ATTACHMENT G
NOTICE OF AFFORDABILITY RESTRICTIONS

[ATTACHED]

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)

)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: City Manager)
)
Project: University Terrace Homes)

(Space above for Recorder's Use Only)

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

NOTICE OF AFFORDABILITY RESTRICTIONS ON TRANSFER OF PROPERTY

In accordance with Health and Safety Code Section 33334.3(f)(3)(B), notice is hereby given that certain real property located in the City of Riverside, County of Riverside, State of California, as more particularly described on Exhibit A, attached hereto and incorporated herein by this reference, is subject to certain affordability covenants and restrictions identified by that certain Regulatory Agreement by and between the **CITY OF RIVERSIDE**, a California charter city and municipal corporation ("*City*") and **RIVERSIDE HOUSING DEVELOPMENT CORPORATION**, a California nonprofit public benefit corporation ("*Owner*"), dated and recorded concurrently herewith ("*Regulatory Agreement*") and incorporated herein by this reference.

The affordability covenants and restrictions set forth in the aforementioned Regulatory Agreement shall expire fifty-five (55) years after the recordation of that certain Release of Construction Covenants by and between Owner and the City, which is referenced in the aforementioned Regulatory Agreement and is provided for in the Loan Agreement of even date.

This notice is prepared for notice and recordation purposes only, and in no way modifies the terms, conditions, provisions and covenants set forth in the Regulatory Agreement. In the event of any inconsistency between the terms, conditions, provisions and covenants set forth in the Regulatory Agreement and this notice, the terms, conditions, provisions and covenants set forth in the Regulatory Agreement shall prevail.

(Signatures on following page.)

IN WITNESS WHEREOF, this Notice of Affordability Restrictions on Transfer of Property has been executed as of the date set forth below.

“DEVELOPER”

RIVERSIDE HOUSING DEVELOPMENT
CORPORATION, a California nonprofit public benefit
corporation

By: _____
Bruce Kulpa
Chief Executive Officer

“CITY”

CITY OF RIVERSIDE, a California charter city and
municipal corporation

By: _____
City Manager

ATTESTED TO:

By: _____
City Clerk

APPROVED AS TO FORM:

By: _____
City Attorney

EXHIBIT A

LEGAL DESCRIPTION

EXHIBIT "A"
LEGAL DESCRIPTION

PROJECT: HOME AGREEMENT/CDBG/HHAP
APN: 253-020-011
ADDRESS: 1590 UNIVERSITY AVENUE

THAT CERTAIN REAL PROPERTY LOCATED IN THE CITY OF RIVERSIDE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL A:

PARCEL 2 OF PARCEL MAP NO. 21079, AS SHOWN BY MAP ON FILE IN BOOK 136, PAGES 1 AND 2 OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF RIVERSIDE COUNTY.

EXCEPTING THEREFROM THE NORTHERLY 10.50 FEET AS CONVEYED TO THE CITY OF RIVERSIDE BY GRANT DEED RECORDED MAY 6, 1988, AS INSTRUMENT NO. 121667, OFFICIAL RECORDS OF RIVERSIDE COUNTY.

PARCEL B:

A NON-EXCLUSIVE EASEMENT FOR INGRESS AND EGRESS OVER THOSE PORTIONS OF PARCELS 3 AND 4 OF SAID PARCEL MAP NO. 21079, DESCRIBED AS FOLLOWS:

THE WESTERLY 15 FEET OF SAID PARCEL 4 AND THE EASTERLY 15 FEET OF SAID PARCEL 3;

TOGETHER WITH A STRIP OF LAND 30 FEET WIDE LYING 15 FEET ON EACH SIDE OF THE WESTERLY AND SOUTHERLY LINES OF SAID PARCEL 3.

EXCEPTING THEREFROM THOSE PORTIONS THEREOF LYING WITHIN THE HEREINABOVE DESCRIBED PARCEL "A".

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

DB Webb 9/22/2015 Prep. dbw
Douglas B. Webber, L.S. 9477 Date



ATTACHMENT H
CITY BABA POLICY

[ATTACHED]



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

Special Attention of:
All CPD Division Directors
HUD Field Offices
HUD Regional Offices
All CDBG Grantees
All CoC Grantees
All HOME Participating Jurisdictions
All HTF Grantees
All ESG Grantees
All HOPWA Grantees

NOTICE: **CPD-25-01**

Issued: **January 13, 2025**

Supersedes: CPD-2023-12

Expires: This Notice remains in effect until amended, superseded, or rescinded.

Cross Reference:

Sections 70901-52 of Pub. L. No. 117-58

Subject: CPD Implementation Guidance for the Build America, Buy America Act's Buy America Preference.

Overview

This updated Community Planning and Development (CPD) Notice supersedes CPD Notice 2023-12 to provide clarified implementation guidance for the "Buy America Preference" (BAP) imposed by the Build America, Buy America Act (BABA) enacted under Division G, Title IX of the Infrastructure Investment and Jobs Act (IIJA, Pub. L. No. 117-58) signed into law on November 15, 2021. It describes how grantees can use covered CPD program funds for public infrastructure projects to bolster America's industrial base, protect national security, and support high-paying jobs.

The refreshing of this Notice is intended to provide greater clarity to grantees implementing BABA. Specifically, the Notice clarifies how the BAP applies to public infrastructure for housing projects. Projects with one- to four-units should be classified as private and not subject to BABA. Housing projects with five or more units should be considered as public infrastructure subject to BABA unless another BABA waiver or exemption applies. In addition, the Notice includes a reclassification of HOME-ARP to CPD programs not covered by the BAP, clarification on determining a project scope, BAP applicability to program income, additional recordkeeping considerations, guidance on using HUD's online project-specific waiver application website, and new resources to assist with compliance and determining when a project-specific waiver is appropriate.

This Notice also highlights issues that grantees will want to consider when preparing for

HUD’s full implementation of the BAP in FY2025, as described in “Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance” (88 Fed. Reg. 17001, effective March 15, 2023 (“Phased Implementation Waiver”), which establishes BAP implementation points according to a schedule across HUD programs.

More in-depth technical assistance related to both BABA compliance and best practices is available on the HUD Exchange and hud.gov websites. HUD also encourages grantees to contact their assigned local field offices to discuss issues and concerns within the regulatory framework. This Notice uses the term “grantee” generically to also include HOME participating jurisdictions. The guidance provided in this Notice is subject to change if the Office of Management and Budget (OMB) updates guidance on the application of BABA for Federal financial assistance (FFA) programs for infrastructure.

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I. The Build America, Buy America Act (BABA)

The Build America, Buy America Act (BABA) was signed into law by President Biden on November 15, 2021, as part of the Infrastructure Investment and Jobs Act (IIJA) as Sections 70901-52 of Pub. L. No. 117-58. In addition to providing funding for roads, bridges, rails, and high-speed internet access, it created an incentive to increase domestic manufacturing across the country through the inclusion of BABA's "Buy America Preference" (BAP). In general, the BAP requires that all iron, steel, manufactured products, and construction materials used in public infrastructure projects funded with Federal financial assistance (FFA), as outlined in Section 70914(a) of BABA, must be produced in the United States. The intent of the BAP is to stimulate private-sector investments in domestic manufacturing, bolster critical supply chains, and support the creation of well-paying jobs for people in the United States. The preference is also intended to bolster American firms' ability to compete and lead globally for years to come by requiring entities that receive Federal infrastructure funds to use American materials and products.

The BAP applies to all spending on public infrastructure projects by Federal agencies, including HUD. In BABA, and for purposes of this Notice, the Federal infrastructure spending with a BAP is referred to as "Federal financial assistance" or "FFA." Under Section 70912(7), FFA for public infrastructure "projects" includes the "construction, alteration, maintenance, or repair of infrastructure in the United States". Under Section 70914(a), the use of American iron and steel, construction materials, and manufactured products generally applies to funding from CPD programs for public infrastructure projects. However, the BAP does not apply to "pre and post disaster or emergency response expenditures" under Section 70912(4)(B). A list of CPD disaster or emergency funding meeting these criteria can be found in Section IV.

Effective May 14, 2022, the BAP applies to infrastructure spending unless an agency issues a waiver in three limited situations: 1) when applying the domestic content procurement preference would be inconsistent with the public interest, 2) when types of iron, steel, manufactured products or construction materials are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality, or 3) where the inclusion of those products and materials will increase the cost of the overall project by more than 25 percent. Before issuing a waiver, HUD, must make a detailed written explanation for the proposed determination to issue the waiver publicly available and provide a period of not less than 15 days for public comment on the proposed waiver. Additional details on waivers can be found in Sections VIII and IX of this Notice.

A. Federal Government-wide Guidance on BABA

As a part of the Federal government's support of domestic production and manufacturing through infrastructure investments, OMB and HUD have taken several steps to implement the BAP by providing guidance and issuing HUD general waivers.

On August 23, 2023, OMB issued final rules for 2 CFR Parts 184 and 200 and provided further guidance on implementing the statutory requirements and improving FFA management and transparency (88 Fed. Reg. 57750, effective October 23, 2023). These government-wide regulations apply to HUD programs and provide direction on implementing a BAP waiver process. The new and revised regulations also provide additional guidance on construction material standards, the cost

components of manufactured products, and their definitions.

On October 25, 2023, OMB issued guidance to all Federal agencies on how to implement BABA consistently across the government. The “Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure” (M-24-02) (OMB Guidance) directs Federal agencies, including HUD, on how to apply the BAP and provides an overview of the BAP waiver requirements. OMB may also issue additional or updated guidance in the future, and HUD will update its guidance as necessary.

B. HUD Actions and Guidance on BABA

BABA is a new and complex statute that became effective in 2022. As such, establishing governmentwide guidance on these new statutory requirements has been an iterative process. Since the passage of BABA, HUD has worked diligently to implement the BAP for all HUD programs. Before the law became effective on May 14, 2022, HUD established a Department-wide BABA leadership committee. On June 1, 2022, HUD issued a Request for Information (RFI) to collect public comments on potential BABA implications for HUD grantees (87 FR 33193). To ease the transition in complying with the BAP, HUD proposed and received several general applicability waivers for covered FFA, which includes CPD programs. These waivers and other BABA information are available on HUD’s website at <https://www.hud.gov/baba>. Further details on these waivers and their application to CPD programs are provided in Section V of this Notice.

CPD has taken several actions to notify and communicate with stakeholders and grantees on BABA requirements and their impact on CPD programs. Since Fiscal Year (FY) 2022, all grant transmittal letters and notices of funding opportunities (NOFOs) have included a reference to the BAP under BABA. For the FY2023 and FY2024 funding allocations, all CPD grant agreements with covered FFA included a clause to require that the grantee must comply with BABA, as applicable, which will remain in place for future allocations. Throughout 2023 and 2024, CPD has held BABA information sessions for CPD grantees and operates a dedicated email box at CPDBABA@hud.gov to answer questions from individual grantees and stakeholders. In October 2023, CPD established a HUD Exchange page (hudexchange.info/programs/baba/) as a central resource for grantees. CPD has developed technical assistance products, including quick guides, webinars, and frequently asked questions (FAQs), that are available to CPD grantees on this site.

II. Definitions

CPD has aligned its definitions regarding policy interpretations of BABA with regulations at 2 CFR part 184 and Appendix 1 of OMB guidance M-24-02 as stated below.

1. Build America, Buy America Act is defined in 2 CFR § 184.3 and means division G, title IX, subtitle A, parts I–II, sections 70901 through 70927 of the Infrastructure Investment and Jobs Act (Pub. L. No. 117-58).
2. Buy America Preference is defined in 2 CFR § 184.3 and means the “domestic content procurement preference” set forth in section 70914 of BABA, which requires the head of each Federal agency to ensure that none of the funds made available for a Federal award for

an infrastructure project may be obligated unless all of the iron, steel, manufactured products, and construction materials incorporated into the project are produced in the United States.

3. Categorization of Articles. The term “categorization of articles” refers to the requirement that articles, materials, and supplies should only be classified into one of the following categories:
 - i. Iron or steel products;
 - ii. Manufactured products;
 - iii. Construction materials; or
 - iv. Section 70917(c) materials.

Each article, material, or supply should be classified in only one of the categories listed above. In some cases, an article, material, or supply may not fall under any of the categories listed in this paragraph. The classification of an article, material, or supply as falling into one of the categories listed in this paragraph must be made based on its status at the time it is brought to the work site for incorporation into an infrastructure project. In general, the work site is the location of the infrastructure project at which the iron, steel, manufactured products, and construction materials will be incorporated.

4. Component is defined in 2 CFR § 184.3 and means an article, material, or supply, whether manufactured or unmanufactured, incorporated directly into: a manufactured product; or, where applicable, an iron or steel product.
5. Construction Materials is defined in 2 CFR § 184.3 and means articles, materials, or supplies that consist of only one of the items listed in paragraph (1) of this definition, except as provided in paragraph (2) of this definition. To the extent one of the items listed in paragraph (1) contains as inputs other items listed in paragraph (1), it is nonetheless a construction material.

(1) The listed items are:

- i. Non-ferrous metals;
- ii. Plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables);
- iii. Glass (including optic glass);
- iv. Fiber optic cable (including drop cable);
- v. Optical fiber;
- vi. Lumber;
- vii. Engineered wood, and
- viii. Drywall.

(2) Minor additions of articles, materials, supplies or binding agents to a construction material do not change the categorization of the construction material.

6. Covered Materials includes the following when used in connection with an Infrastructure Project:
 - (A) all iron and steel;

- (B) all Manufactured Products; and
- (C) all Construction Materials.

7. Covered CPD Programs. The term “covered CPD programs” means any Federal financial assistance administered by CPD that is used for public infrastructure projects, excepting expenditures related to pre and post disaster or emergency response.
8. Grantee. The term “grantee,” as defined at 24 CFR 5.100, means the person or legal entity to which a grant is awarded and that is accountable for the use of the funds provided.
9. Federal Financial Assistance (FFA) has the meaning given to the term in 2 CFR 200.1 (or successor regulations) and includes all expenditures by a Federal agency to a Non-Federal Entity for an Infrastructure Project, except that it does not include:
 - (A) expenditures for assistance authorized under section 402, 403, 404, 406, 408, or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5170a, 5170b, 5170c, 5172, 5174, or 5192) relating to a major disaster or emergency declared by the President under section 401 or 501, respectively, of such Act (42 U.S.C. 5170, 5191); or
 - (B) pre and post disaster or emergency response expenditures.
10. Infrastructure as described in 2 CFR 184.4(c), encompasses public infrastructure projects in the United States, which includes, at a minimum: the structures, facilities, and equipment for roads, highways, and bridges; public transportation; dams, ports, harbors, and other maritime facilities; intercity passenger and freight railroads; freight and intermodal facilities; airports; water systems, including drinking water and wastewater systems; electrical transmission facilities and systems; utilities; broadband infrastructure; and buildings and real property; and structures, facilities, and equipment that generate, transport, and distribute energy including electric vehicle (EV) charging. See also 2 CFR 184.4(d).
11. Infrastructure Project The term “infrastructure project” is defined in 2 CFR 184.3 and means any activity related to the construction, alteration, maintenance, or repair of public infrastructure in the United States regardless of whether infrastructure is the primary purpose of the project. See also 2 CFR 184.4(c) and (d).
12. Iron and Steel Products The term “iron and steel products” is defined in 2 CFR 184.3 and means articles, materials, or supplies that consists wholly or predominantly of iron or steel, or a combination of both.
13. Predominantly of iron or steel or a combination of both is defined in 2 CFR 184.3 and means that the cost of the iron and steel content exceeds 50 percent of the total cost of all its components. The cost of iron and steel is the cost of the iron or steel mill products (such as bar, billet, slab, wire, plate, or sheet), castings, or forgings utilized in the manufacture of the product and a good faith estimate of the cost of iron or steel components.

14. Made in America Office. The term “Made in America Office” or “MIAO” means the office at the Office of Management and Budget, established by section 70923 of BABA, that is charged with implementing the BAP and establishing the procedures to review waiver requests.
15. Manufactured Products is defined in 2 CFR 184.3 and means:
- (1) Articles, materials, or supplies that have been:
 - (i) Processed into a specific form and shape; or
 - (ii) Combined with other articles, materials, or supplies to create a product with different properties than the individual articles, materials, or supplies.
 - (2) If an item is classified as an iron or steel product, a construction material, or a section 70917(c) material under 2 CFR 184.4(e) and the definitions set forth in this section, then it is not a manufactured product. However, an article, material, or supply classified as a manufactured product under 2 CFR 184.4(e) and paragraph (1) of this definition may include components that are construction materials, iron or steel products, or section 70917(c) materials.
16. Manufacturer is defined in 2 CFR 184.3 and means the entity that performs the final manufacturing process that produces a manufactured product.
17. Non-Federal Entity means a State, local government, Indian tribe, Institution of Higher Education (IHE), or nonprofit organization that carries out a Federal award as a recipient or subrecipient., as provided in 2 CFR 200.1.
18. Not Listed Construction Materials The term “not listed construction materials” refers to the category of construction materials that are subject to the BAP, but not included in HUD’s specifically listed construction materials, as defined in the Phased Implementation Waiver. This includes:
- i. plastic and polymer-based products other than composite building materials or plastic and polymer-based pipe or tube;
 - ii. glass (including optic glass); and
 - iii. drywall.
19. Obligate means an action taken by HUD that creates a legal liability of the government for the payment of goods and services ordered or received or that administratively recognizes a legal duty on the part of the Agency that could mature into a legal liability by virtue of actions outside of HUD’s control. The milestone in the federal assistance award process that establishes the obligation date varies for each program, but for many CPD programs the obligation date occurs upon HUD’s execution of the grant agreement.
20. OMB Guidance. The term “OMB guidance” refers to 2 CFR Part 184, the “Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure” (M-24-02), issued October 25, 2023, by the Office of Management and Budget, and any subsequent guidance to rescind or replace M-24-02. This

guidance is applicable to the heads of all Federal agencies for the implementation of BABA's Buy America Preference.

21. Pre and Post Disaster or Emergency Response Expenditures. The term "pre and post disaster or emergency response expenditures" means Federal funding authorized under section 402, 403, 404, 406, 408, or 502 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) relating to a major disaster or emergency declared by the President under section 401 or 501, respectively. The BAP does not apply to pre- and post-disaster or emergency response expenditures authorized by statutes other than the Stafford Act and made in anticipation of or in response to an event that qualifies as an emergency or major disaster within the meaning of the Stafford Act.
22. Produced in the United States is defined in 2 CFR 184.3 and means:
- i. In the case of iron or steel products, all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States.
 - ii. In the case of manufactured products:
 - 1. The product was manufactured in the United States; and
 - 2. The cost of components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard that meets or exceeds this standard has been established under applicable law or regulation for determining the minimum amount of domestic content of the manufactured product. See 2 CFR 184.2(a). The costs of components of a manufactured product are determined according to 2 CFR 184.5.
 - iii. In the case of construction materials, all manufacturing processes for the construction material occurred in the United States. See 2 CFR 184.6 for more information on the meaning of "all manufacturing processes" for specific construction materials.
23. Section 70917(c) Materials. The term "section 70917(c) materials" is defined in 2 CFR 184.3 and means cement and cementitious materials; aggregates such as stone, sand, or gravel, or aggregate binding agents or additives.

The Federal Register Notice implementing new BABA regulations at 2 CFR 184 (88 FR 57787) clarifies that all categorizations of Covered Materials should be made based on the status of the material when it arrives at the work site. Section 70917(c) materials that are used at the work site, such as wet concrete or hot asphalt, are not subject to the BAP. However, Section 70917(c) materials may be components of manufactured products if, for example, they are used to produce precast concrete products before being transported to the work site.

24. Specifically listed construction materials. The term "specifically listed construction materials" for HUD programs includes:

- a. non-ferrous metals;
- b. lumber;
- c. composite building materials; and
- d. plastic and polymer-based pipe and tube.

III. Applicability of the BAP to CPD Programs and Projects

The BAP applies to the purchase of iron, steel, manufactured products, and construction materials for Covered CPD Programs when funds are used for the construction, alteration, maintenance, or repair of public infrastructure, as defined by BABA. This list of Covered CPD Programs is subject to change if there are any changes to the eligible uses of funds or the establishment of new programs that fund public infrastructure projects and are covered by BABA. Covered CPD Programs currently include:

- Community Development Block Grant Formula Programs (CDBG)
- Section 108 Loan Guarantee
- HOME Investment Partnerships Program (HOME)
- Housing Trust Fund (HTF)
- Recovery Housing Program (RHP)
- Emergency Solutions Grants (ESG)
- Continuum of Care (CoC)
- Housing Opportunities for Persons With AIDS (HOPWA)
- Self-Help Homeownership Opportunity Program (SHOP)
- Special NOFA for unsheltered and rural homeless
- Veterans Housing Rehabilitation and Modification Program (VHRMP)
- Community Project Funding (CPF)/Economic Development Initiatives (EDI)
- Section 4 Capacity Building
- Rural Capacity Building
- Pathways to Removing Obstacles to Housing (PRO Housing)
- Preservation and Reinvestment Initiative for Community Enhancement (PRICE)
- Continuum of Care Builds Notice of Funding Opportunity (CoCBuilds NOFO)

BABA applies to any project that involves the construction, alteration, maintenance, or repair of public infrastructure, regardless of whether infrastructure is the primary purpose of the project. Since the term “infrastructure” includes the structures, facilities, and equipment for “buildings and real property”, the BAP generally applies to Covered CPD Program funds provided for housing projects. OMB acknowledged at 2 CFR 184.4(d) that some projects may be “private” in nature and are not considered public infrastructure subject to BABA. An example OMB provided in M-24-02 is a project consisting solely of the purchase, construction, or improvement of a private single-family home for personal use.

Through this notice, CPD provides further clarification on when grantees should apply BABA’s requirements to housing projects as described in M-24-02.

1. Housing projects with one to four units are considered “private,” consistent with HUD’s definition of single-family housing. Housing projects with one to four units, including

onsite utilities and related activities are therefore not considered public infrastructure and are not subject to the BAP.

2. Housing projects with five or more units are considered public infrastructure. Housing projects with five or more units are therefore subject to the BAP unless another BABA waiver or exemption applies.

Covered Materials incorporated into the public infrastructure project are subject to the BAP, regardless of the specific project costs for which Covered CPD Program funds are expended. To determine the scope of an individual public infrastructure project for BABA purposes, grantees should use the definition of a project as determined by the Covered CPD Program in question. For example, 24 CFR 92.2 defines a HOME project as “a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking under this part. The project includes all the activities associated with the site and building.”¹

Where no program-specific definition of a project exists, grantees should use the definition of a “project” at 24 CFR 58 to assist with determining project scope: “an activity or group of integrally related activities designed by the recipient to accomplish, in whole or in part, a specific objective.” Grantees cannot split an infrastructure project to avoid application of the BAP to the project, such as by dividing procurements, subgrants, cooperative agreements, etc., into separate and smaller awards or contracts, particularly where the procurements, subgrants, cooperative agreements, etc., are integrally and proximately related to the whole.

IV. CPD Programs and Funding Not Covered by the BAP

The BAP does not apply to Federal funds for “pre and post disaster or emergency response.” The following list of CPD funds are administered for disaster or emergency-related purposes and therefore the BAP does not apply to them.

- Community Development Block Grant – Disaster Recovery Funds (CDBG-DR)
- Community Development Block Grant – Mitigation (CDBG-MIT)
- Community Development Block Grant – National Disaster Resilience Competition (CDBG-NDR)
- Community Development Block Grant CARES Act (CDBG-CV)
- HOME Investment Partnerships American Rescue Plan Program (HOME-ARP)
- Housing Opportunities for Persons With AIDS CARES Act (HOPWA-CV)
- Emergency Solutions Grants CARES Act (ESG-CV)
- Rapid Unsheltered Survivor Housing (RUSH)

In addition to the funding sources listed above, the BAP does not apply to projects funded solely with program income generated through any Covered CPD Program. Program income is not considered FFA.

¹ See also 24 CFR 93.2 for HTF, 24 CFR 578.3 for CoC, etc.

BABA does not apply to projects that do not include any construction, alteration, maintenance, or repair of public infrastructure. Equipment, tools, and supplies that are brought to a construction site and removed upon completion of the project or furnishings used within the finished project that are not permanently affixed to the public infrastructure project are not covered by the BAP.

V. HUD's General Waivers Applicable to Covered CPD Programs

BABA requirements may be waived by HUD and OMB when applying the BAP would be inconsistent with the public interest, when Covered Materials are not reasonably available in sufficient quantities or quality, or if the inclusion of Covered Materials produced in the United States will increase the overall project by more than 25 percent. The term "general applicability waiver" refers to waivers that have broad applicability across multiple HUD programs. The general applicability waivers for HUD FFA that are currently in effect for all Covered CPD Programs as of publication of this Notice are listed below.

General public interest waivers may be applied to all or a portion of a project without prior approval from HUD when a project meets the conditions established by the waiver. Grantees should maintain documentation demonstrating that the project meets the conditions of each general waiver applied to the project. HUD is responsible for processing and reviewing all waivers, which may only apply prospectively to future expenditures incurred after the effective date of the final waiver. The table below is current as of the publication of this Notice. Details of all proposed and approved waivers can be found at HUD's website at <https://www.hud.gov/baba>.

General Waiver Type	Purpose	Effective Dates
Public Interest Phased Implementation	HUD issued a public interest waiver, " <u>Public Interest Phased Implementation Waiver for FY 2022 and 2023 of Build America, Buy America Provisions as Applied to Recipients of HUD Federal Financial Assistance</u> " to allow for orderly implementation of the BAP across HUD programs. The Phased Implementation Waiver establishes a schedule for the phased implementation of the BAP across CPD programs and infrastructure materials.	The public interest waiver was issued in March 2023 and established a phased implementation schedule for the application of the BAP to HUD programs through FY2025. The BAP has been in effect since November 15, 2022, for the use of iron and steel for infrastructure projects funded with newly obligated FFA through the CDBG program.
Exigent Circumstances	HUD issued a public interest waiver for exigent circumstances, " <u>Public Interest Waiver of Build America, Buy America Provisions for Exigent Circumstances as Applied to Certain Recipients of HUD Federal Financial Assistance</u> ". This waiver applies when there is an urgent need by a CPD grantee to immediately	The public interest waiver for exigent circumstances is effective from November 23, 2022, until November 23, 2027, or such shorter time as HUD may announce via Notice.

General Waiver Type	Purpose	Effective Dates
	complete an infrastructure project because of a threat to life, safety, or property of residents and the community.	
De Minimis and Small Grants	<p>HUD issued a public interest titled “<u>Public Interest De Minimis and Small Grants Waiver of Build America, Buy America Provisions as Applied to Certain Recipients of HUD Federal Financial Assistance</u>”. This waives the BAP for all infrastructure projects whose total cost (from all funding sources) is equal to or less than the simplified acquisition threshold at 2 CFR 200.1, which is currently \$250,000.</p> <p>This Notice also waives the application of the BAP for a <i>de minimis</i> portion of an infrastructure project, meaning a cumulative total of no more than five percent of the total cost of the iron, steel, manufactured products, and construction materials used in and incorporated into the infrastructure project, up to a maximum of \$1 million.</p>	The public interest <i>de minimis</i> , and small grants waiver is effective from November 23, 2022, until on November 23, 2027, or such shorter time as HUD may announce via Notice.
Tribal Recipients Waiver	HUD issued a public interest waiver, “ <u>Extension of Public Interest, General Applicability Waiver of Build America, Buy America Provisions as Applied to Tribal Recipients of HUD Federal Financial Assistance</u> ” for the BAP as it applies to Tribal recipients.	The waiver of the BAP as it applies to Tribal recipients was effective for FFA obligated by HUD from May 23, 2023, until September 30, 2024.
Pacific Island Territory Waiver	HUD issued a “ <u>Public Interest, General Applicability Waiver of Build America, Buy America Provisions as Applied to Pacific Island Territory Recipients of HUD Federal Financial Assistance: Final Notice</u> ” which waives the BAP for any FFA used for infrastructure projects in the Commonwealth of the Northern Mariana Islands, Guam, and American Samoa.	The waiver is effective from November 15, 2023, until February 15, 2025.

VI. Understanding HUD's Public Interest Phased Implementation General Waiver

Under Section 70914(a), the BAP was required to be in effect for all FFA for public infrastructure projects no later than 180 days after it was signed into law. Thus, starting May 14, 2022, all new awards of covered FFA for infrastructure projects obligated by HUD would have been required to comply with the BAP. Due to the short implementation period of 180 days, and to allow for the domestic industry and FFA recipients to have the time and notice necessary to implement BABA efficiently and effectively, HUD issued a Phased Implementation Waiver. This waiver enabled HUD to implement the BAP in an incremental process, resulting in full compliance with the BAP for all HUD obligations in FY 2025.

Covered CPD Programs began applying the BAP to public infrastructure projects beginning with CDBG funds obligated by HUD on and after November 15, 2022. The table below outlines the timeline for applicability of the BAP to each classification of Covered Materials incorporated into public infrastructure projects undertaken with Covered CPD Program funds. The columns identify categories of Covered Materials subject to the BAP and the rows identify covered HUD FFA, some of which are Covered CPD Programs and some of which are FFA from other HUD offices that may contribute funding to CPD-funded projects. Note that HUD's Phased Implementation Waiver divides the statutorily defined category of construction materials into two separate buckets for purposes of applying the BAP. See definitions of specifically listed and not listed construction materials in Section II.

To use the table, find the program(s) that funds the project under consideration, then identify which Covered Materials will be used in the project. The cell in the table where the applicable row and column intersect indicates the date on which the BAP will begin applying to each classification of Covered Materials used in the project. It is important to note that the date of obligation is typically the date on which HUD executed the legal instrument creating the relationship between HUD and the grantee for an award of FFA, commonly the date the grant agreement is signed by HUD. The date on which the grantee commits funds to a project or awards funds to a subrecipient does not impact applicability of the BAP.

For example, a grantee uses FY24 CDBG funding to build a new senior center and the HUD grant agreement was signed by the CPD Director on September 15, 2024. The grantee would use the phased implementation table to determine that:

- Since the funds were from FY24 appropriations and HUD executed the grant agreement after November 15, 2022, the BAP applies to all iron or steel materials and any specifically listed construction materials incorporated into the public infrastructure project; and
- Any not listed construction materials and manufactured products incorporated into the project are not subject to the BAP.
- However, if the grantee were to add funds from an FY25 CDBG grant in the future, then the BAP would apply to all Covered Materials used in the public infrastructure project.

A public infrastructure project may use funding from multiple Covered CPD Programs that impose the BAP to Covered Materials at different points in time. In that case, the procurement of Covered Materials for the project must comply with the program that applies the BAP most broadly.

For example, a public infrastructure project uses FY23 CDBG funding and FY24 HOME funding in the construction of a new multifamily housing development with 12 total units. HUD executed the CDBG grant agreement on September 15, 2023, and HUD executed the HOME grant agreement on September 12, 2024. The phased implementation table is used to determine that:

- HUD executed the CDBG grant agreement after November 15, 2022, but prior to FY24 appropriations. The BAP would apply to iron and steel products incorporated in the public infrastructure project.
- HUD executed the HOME grant agreement after August 23, 2024. The BAP would apply to iron and steel products, construction materials, and manufactured products (all Covered Materials) incorporated into the public infrastructure project.
- In this case, the HOME requirements are broader. Therefore, the procurement of all iron and steel products, construction materials, and manufactured products incorporated in the public infrastructure project must comply with the BAP.

Grantees who are considering adding Covered CPD Program funds for construction, maintenance, alteration, or repair of an infrastructure project that was not previously subject to BABA should contact their local CPD Field Office for technical assistance.

BAP will apply to...	Iron and Steel	Construction Materials – Specifically Listed	Construction Materials – Not Listed	Manufactured Products
CDBG Formula Grants	All funds obligated on or after November 15, 2022	As of the date HUD obligates new FFA from Fiscal Year 2024 appropriations	As of the date HUD obligates new FFA from Fiscal Year 2025 appropriations	As of the date HUD obligates new FFA from Fiscal Year 2025 appropriations
Choice Neighborhood, Lead Hazard Reduction, and Healthy Homes Production Grants	New FFA obligated by HUD on or after February 22, 2023	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024
Recovery Housing Program (RHP) Grants	New FFA obligated by HUD on or after August 23, 2023	As of the date HUD obligates new FFA from Fiscal Year 2024 appropriations	As of the date HUD obligates new FFA from Fiscal Year 2025 appropriations	As of the date HUD obligates new FFA from Fiscal Year 2025 appropriations
All other HUD FFA except HOME, Housing Trust Fund, and Public Housing FFA used for maintenance projects	New FFA obligated by HUD on or after February 22, 2024	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024
HOME, Housing Trust Fund, and Public Housing FFA used for maintenance projects	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024	New FFA obligated by HUD on or after August 23, 2024

VII. Applying the BAP and HUD General Waivers to Covered CPD Programs

Grantees should assess each project undertaken with Covered CPD Program funds to determine which Covered Materials incorporated into the project are subject to the BAP based on the effective dates in the Phased Implementation Waiver described above. This section describes the process grantees should follow to determine whether a project is subject to the BAP and if the project may be exempted in whole or in part by one of HUD's general waivers.

As a part of its record-keeping, a CPD grantee should document its process to analyze if the

BAP applies to a public infrastructure project using the approach described below. An optional “Buy America Preference Applicability Checklist” is included in Appendix 2 of this Notice. Grantees may choose to use or adapt the tool to serve as a record of the analysis completed for each project.

Step 1: Type of project/activity

Determine if the project is a public infrastructure project as defined in Sections II and III of this Notice. If the project is a public infrastructure project, the analysis continues to step 2.

Step 2: Funding sources

Identify the source(s) of the project funding, including Covered CPD Programs, other HUD funds, or other Federal agency funding. If the project includes funding from a Covered CPD Program listed in this Notice, the analysis continues to Step 3.

Step 3: Covered Materials

Identify and classify all the materials that will be incorporated into the project. Each material should be classified into only one category: iron and steel, specifically listed construction materials, not listed construction materials, or manufactured products. It is important to classify all Covered Materials used in the project to accurately determine BAP applicability because the BAP may only apply to some Covered Materials used in the project under the Phased Implementation Waiver.

The classification must be made based on the material’s status at the time it is brought to the location for incorporation into a public infrastructure project. If the project contains any Covered Materials, continue to Step 4.

Step 4: Date of obligation

Use the phased implementation table provided in Section VI of this Notice to determine when the BAP applies to each classification of Covered Materials, based on the obligation date for the Covered CPD Program funds. If the project uses any Covered CPD Program funds subject to the BAP based on the HUD obligation date, identify which Covered Materials must be produced in the United States. The obligation date is generally the date that HUD makes a legal commitment for Covered CPD Program funds to the grantee. The date on which a grantee commits funds to a specific project does not impact the applicability of the BAP.

The obligation date is typically when HUD executes the grant agreement, but this may vary by program. For example, the obligation date for CDBG funds can be found in the CDBG grant agreement. Refer to Appendix 1 or contact your local CPD Field Office for assistance regarding the obligation date. If the project needs a waiver of the BAP for any Covered Materials, continue the analysis to Step 5.

Step 5: General waivers

Analyze each available HUD general waiver, based upon the specific requirements of that waiver. Public infrastructure projects that meet the conditions of a general waiver may be exempt in whole or in part from the BAP. Most HUD general waivers provide exemptions for an entire public infrastructure project that meets the waiver's conditions. Grantees that apply a general waiver to an entire project should maintain documentation in their project records.

The *De Minimis and Small Grants Waiver* is uniquely useful for public infrastructure projects that are not covered in their entirety by the other general waivers. The *De Minimis and Small Grants Waiver* offers flexibility to incorporate Covered Materials of foreign or unknown origin up to 5% of the total cost of Covered Materials used in the project or \$1 million, whichever is less. The total cost of Covered Materials includes all classifications of materials, regardless of whether they are subject to the BAP based on HUD's Phased Implementation Waiver. This waiver advances compliance with the BAP by reducing the administrative burden to grantees where the costs of compliance with the BAP could distract from the focus on higher value BAP-compliant items. When using the *De Minimis* waiver, the grantee should document which Covered Materials the waiver was applied to in the project records.

For example, if the total cost of Covered Materials in a project is \$100,000, then the grantee should calculate 5% of that total, which equals \$5,000. The grantee may use the *De Minimis* waiver to use Covered Materials from foreign or unknown sources up to \$5,000. This flexibility can be used towards a specific high-value item or multiple items with lesser values, up to a total of \$5,000.

Grantees should calculate this limit for all public infrastructure projects and maximize this flexibility before seeking project-/product-specific waivers. For projects where general waivers do not provide relief for Covered Materials that cannot be procured from domestic sources, a project-/product-specific waiver may be appropriate. Continue the analysis in Step 6.

Step 6: Project-/Product-Specific Waivers

If the BAP applies to a project and all general waiver flexibilities have been utilized, but there are remaining Covered Materials that can only be sourced from foreign or unknown sources, then a grantee may apply for a project-/product-specific waiver. Prior to submitting a project-/product-specific waiver, the grantee must conduct market research to demonstrate its efforts to procure domestic products. One optional resource for conducting market research is the National Institute of Standards and Technology Manufacturing Extension Partnership (NIST MEP) center in the grantee's state. Grantees are encouraged to collaborate with relevant members of the project team to identify Covered Materials that cannot be obtained from domestic sources as early as possible in the project life cycle. NIST MEP's free supplier scouting resources can attempt to identify a domestic manufacturer that can supply the necessary materials or conduct the necessary market research to support the need for a project-/product-specific waiver.

As a part of its record-keeping, a grantee should document its process to analyze how the

BAP applies to a public infrastructure project using the approach described in this section and in Appendix 2. Grantees may also consult their local CPD Field Office for assistance in confirming the analysis completed for a specific project before applying for a project-/product-specific waiver.

VIII. Federal Government-wide Guidance on Project-/Product-Specific Waivers

Once a grantee has completed the analysis described in Section VII and determined that a project-/product-specific waiver is required, the grantee should consider which type of project-/product-specific waiver is appropriate, as described below.

The three types of project-/product-specific waivers for which a grantee may apply are described below.

1. A **nonavailability waiver** may be requested if the types of iron, steel, manufactured products, or construction materials required for the project are not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality
2. An **unreasonable cost waiver** may be requested when the inclusion of iron, steel, manufactured products, or construction materials produced in the United States will increase the cost of the overall project by more than 25 percent.
3. A **public interest waiver** may be requested if the use of American made products would be inconsistent with the public interest. Grantees should explain how waiving the BABA requirement for this project or covered material will serve the public interest and demonstrate definite impacts on the community if specific items, products, or materials are not utilized in an infrastructure project to support this waiver type.

A. Waivers for Infrastructure Projects Funded by Multiple Federal Agencies

If a waiver is required for a public infrastructure project funded by multiple Federal agencies, the Federal agency contributing the greatest amount of Federal funds for the project may be considered the Cognizant Agency for Made in America ("Cognizant Agency") and may take responsibility for coordinating with the other Federal awarding agencies. Each Federal agency waiving the BAP must make its own waiver determination. A Cognizant Agency cannot independently issue a waiver that applies to other agencies. Grantees that fund public infrastructure projects with other Federal agencies should contact the local CPD office as early as possible to coordinate review with other Federal agencies in the event a project-/product-specific waiver is needed.

OMB guidance outlined the waiver review process for agencies to follow before issuing a waiver. Based on this guidance, HUD has developed a Department-wide project-/product-specific waiver submission process, described in Section IX.

IX. Applying for a HUD Specific Waiver

This section describes the process a grantee should follow to request a project-/product-specific waiver. Only the direct HUD recipient should submit a waiver request. Subrecipients and/or subcontractors may not submit a waiver request. The direct recipient should work with project partners to obtain necessary information. Project-/product-specific waivers cannot be approved retroactively for items that have already been purchased or incorporated into a project, so grantees should determine if a project-/product-specific waiver is needed as early as possible in the planning process.

1. Complete the BAP analysis described in Section VII of this Notice to confirm that the project is subject to the BAP and that the grantee has maximized the flexibility provided by HUD general waivers. Grantees may use the optional recordkeeping tool in Appendix 2 and contact the local CPD Field Office if technical assistance is needed.
 - a) This step should always include calculating the *De Minimis* limit allowed by HUD's *De Minimis* waiver and applying that flexibility to the products used in the project that cannot be procured from domestic manufacturers, as described in Section VII, Step 5.
2. Complete the necessary market research to support the need for a waiver. Market research may be completed by the grantee or the subrecipient/contractor who has been awarded funds and is purchasing the materials that will be incorporated into the infrastructure project. Acceptable market research strategies may include one or more of the following:
 - b) Document the report showing results of supplier scouting services provided by the NIST MEP, or similar supplier scouting service. For more information about the supplier scouting process, contact the local MEP center.
 - c) Document that the purchaser has made a good faith effort to contact a minimum of three (3) manufacturers or suppliers to determine if a BABA-compliant material is available in sufficient quantity and satisfactory quality. Documentation may include PDF files or screenshots of Internet searches or email communications, or documentation of phone conversations that notes the date and time of the call, the contact person with whom the purchaser spoke, and a summary of the information received.
3. Collect the required information to complete a waiver application using HUD's BABA Waiver Submission Site (<https://babawaiver.hud.gov/s/>). Access the PDF version of the application form to see questions ahead of time to assist with preparation. Once started, the application cannot be saved, so make sure all information has been collected in advance.
4. Submit a BABA waiver application through the BABA Waiver Submission Site. For help with completing the application, access the Grantee User Manual or view the BABA Waiver System Training video. For additional technical assistance navigating the waiver system, please email BuildAmericaBuyAmerica@hud.gov.
5. HUD may contact the grantee for additional information as part of a review of the waiver application to validate the need for a waiver.

6. If an application is approved, HUD will post the proposed waiver in the Federal Register for a minimum 15-day public comment period and submit the request to the Made In America Office (MIAO). The MIAO will then review the proposed waiver and public comments for final approval, and communicate a final decision to HUD, which will communicate it to the grantee.

X. Documentation of Compliance with the BAP

This section describes documentation that grantees should maintain to demonstrate compliance with the BAP for Covered Materials, including required terms and conditions of subawards. Project records should describe the public infrastructure project, identify the Covered Materials subject to the BAP, and include documentation that all iron and steel, manufactured products, and construction materials were produced in the United States or evidence of how a waiver was applicable.

Grantees are encouraged to coordinate with relevant members of the public infrastructure project team to ensure that the Covered Materials delivered to the project site are accompanied by documentation that demonstrates compliance with the BAP. Early and frequent coordination, such as pre-bid meetings to identify any Covered Materials that may be a challenge to source domestically, are recommended.

Grantees must maintain documentation of compliance with the BAP in hard copy or electronic formats, or in grant management software and must make it available to HUD upon request for monitoring purposes. Records should be consistent with existing records retention requirements for each of the Covered CPD programs. If there are no CPD program-specific records requirements, the CPD grantee may follow “retention requirements for records,” under 2 CFR § 200.334 as applicable to Federal grants. The compliance documentation must support the following:

- Documentation of the determination of BAP applicability to the Covered Materials used in the public infrastructure project. Even if the project is determined to be exempt, documentation of that determination should be retained in the grant files to support the determination. See Section VII and the optional BAP Applicability Checklist in Appendix 2.
- If a project is subject to the BAP, documentation that all Covered Materials subject to the BAP were procured from BABA-compliant sources, as determined by HUD’s Phased Implementation Waiver.
- If a general waiver was applied to the project, documentation that supports that the project meets the conditions of the waiver.
- If a project-/product-specific waiver was obtained for the project, a copy of the approved waiver and market research supporting the need for the waiver.

CPD grantees are required to identify whether an activity is an infrastructure project, as defined by BABA, in the Integrated Disbursement and Information System (IDIS) or the Disaster Recovery Grant Reporting System (DRGR), depending on the covered CPD program. Grantees will be prompted to answer a question regarding BAP applicability when creating a new activity or adding new funds to an existing activity. Grantees should answer the question based on the analysis in Section VII.

If the project is subject to the BAP requirements, the following are examples of information and documentation that the grantee may retain to demonstrate compliance. This is not an exhaustive or mandatory list and simply provides examples of documentation that can be maintained to support the conditions outlined above.

- A. Project budget specifying the total project cost and the cost of Covered Materials.
- B. Procurement list(s) of Covered Materials purchased for the public infrastructure project, either by the grantee, subrecipient, or contractor. This list(s) should reflect, for example:
 - a. Type of covered material, (iron, steel, manufactured product, or construction material);
 - b. Product or Material;
 - c. FFA Source(s);
 - d. FFA Obligation Date(s);
 - e. Costs per unit;
 - f. Total cost of product purchase or contract;
 - g. Manufacturer or Vendor;
 - h. Actual purchaser (grantee, sub-recipient, contractor);
 - i. Special Quality Standards, if applicable; and
 - j. U.S. Made verification, if available (Made in the USA label, product specifications, vendor or contractor certification, etc.).
- C. Documentation supporting the Covered Materials incorporated into the public infrastructure were made in the United States, for example:
 - a. A copy of the label indicating the product was made in the United States;
 - b. A copy of the product description or technical specifications that provides sufficient detail to conclude that the Covered Materials comply with BABA;
 - c. A certificate or other documentation from the manufacturer demonstrating that the Covered Materials comply with BABA;
 - d. A signed certification from the contractor of a project certifying compliance with BABA. (See Appendix 3 for an example.);
 - e. A signed certification from the manufacturer of the Covered Materials certifying compliance with BABA.
- D. Results of market research and product sourcing to include, for example, the following:
 - a. Results of a supplier scouting search conducted by NIST MEP or another supplier scouting service;
 - b. Copies of web searches used (e.g., PDF/JPEG copies of web pages showing search terms and results including sources considered, eliminated, and chosen for further research);
 - c. Copies of email, fax, or mail correspondence with Covered Materials manufacturers or suppliers; and

- d. Records of phone communications with Covered Materials manufacturers or suppliers, including:
 - i. Dates and times of phone calls,
 - ii. Phone numbers used,
 - iii. Whether the phone communication was successful in making it possible to reach a staff person manufacturer or supplier able to respond to questions about BABA compliance, or whether the attempt at communication was 14 unsuccessful (e.g., left a message, phone line was busy, or phone line was disconnected),
 - iv. If the phone communication resulted in reaching someone, the name of the person contacted,
 - v. Notes describing the substance of the conversation (e.g., manufactured product is assembled in U.S., but the manufacturer is uncertain whether 55% of the value of the materials/components are sourced in the United States).

XI. Subrecipient Compliance with BABA Requirements

The terms and conditions of Federal awards attach to the FFA and flow down to subrecipients at all tiers. This means that all subgrantees, contractors, developers, etc., who receive Covered CPD Program funds through a CPD grantee must comply with BABA requirements. Language notifying subrecipients that the procurement of materials for public infrastructure projects must comply with the BAP must be included in all subawards, contracts, purchase orders, requests for proposals, and all other relevant procurement and bid documents. Sample language that grantees may use for this purpose is included below.

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

XII. Contact Information

Grantees that have questions on this Notice should contact their assigned CPD Field Office Representative or request technical assistance from CPD staff at CPDBABA@hud.gov.

Appendix 1 - Frequently Asked Questions

This Notice includes CPD-specific frequently asked questions (FAQs). For additional FAQs, please view the BABA HUDEXchange site, hudexchange.info/programs/baba.

1. What projects or activities does the BAP apply to?

The BAP applies to the Covered Materials used in construction, alteration, maintenance, or repair of public infrastructure projects funded by Covered CPD Programs. The term “infrastructure” includes the structures, facilities, and equipment for projects traditionally considered infrastructure, and buildings and real property. For CPD programs, this may include, but is not limited to, certain funding for:

- road and sidewalk improvement projects;
- water, sewer, and other utility projects;
- broadband infrastructure;
- affordable housing construction and rehabilitation of buildings with five or more units;
- community facility construction and rehabilitation;
- homeless shelter construction and rehabilitation; and
- other activities that are defined as public infrastructure according to BABA.

2. What projects or activities are not subject to the BAP?

The BAP does not apply to projects undertaken with Covered CPD Program funds that do not involve any construction, alteration, maintenance, or repair of public infrastructure. Examples of CPD-funded projects to which the BAP does not apply include planning, capacity building, program administration, public services, training, counseling, short-term rental assistance, land acquisition and demolition projects where there are no articles, materials or supplies that are consumed in, incorporated into, or affixed to infrastructure. The BAP does not apply to affordable housing development projects with one to four units.

3. How can I find products that are Made in the USA?

The Federal Trade Commission requires that products advertised or labeled as “Made in the USA” are generally assembled with parts and materials made of U.S. origin. Some manufacturers provide certification letters available on their website or upon request. HUD encourages grantees to coordinate with their local NIST Manufacturing Extension Partnership (MEP) center or similar supplier scouting service to find potential domestic manufacturers of items that cannot readily be sourced domestically.

4. If a project is already underway with funds not subject to the BAP and new funding is added that is subject to the BAP, does the entire project need to comply with the BAP?

Yes, if any funds subject to the BAP are included in a project, the entire project must comply with the BAP for Covered Materials based on HUD’s and any other applicable

general waivers, regardless of when the project was originally funded. Grantees who are considering adding Covered CPD Program funds for construction, maintenance, alteration or repair of an infrastructure project that was not previously subject to BABA requirements, should contact the local CPD Field Office for technical assistance.

5. How do I find the obligation date of my grant?

The obligation date is, in most cases, the date the grant agreement was signed by the CPD Director. You can locate this date by looking at the original grant agreement or navigating to IDIS or DRGR. For grants managed in IDIS, navigate to the View Grant screen and locate the date in the Obligation Date field. For grants managed in DRGR, navigate to the View Grant screen and locate the Contract Effective Date.

Appendix 2 - Optional Buy America Preference Applicability Checklist

This checklist is an optional tool that may be used or adapted to assist with determining if the Buy America Preference (BAP) applies to a public infrastructure project funded by a covered CPD program. This checklist follows the analysis steps as described in Section VII of Notice CPD-25-01 and may be retained for recordkeeping purposes.

Project Information

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

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

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

Step 2. Is the project funded using a Covered CPD Program?

Check the box below for each CPD program funding this project.

Group A: Covered CPD Programs

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

Group B: CPD Programs Not Covered by the BAP

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

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

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

Step 3. Will the project use Covered Materials?

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

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

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

If you checked any boxes above, answer yes.

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

Analysis continues on next page.

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

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

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

BAP will apply to...	Iron and Steel	Specifically Listed Construction Materials	Not Listed Construction Materials	Manufactured Products
CDBG	CDBG funds obligated on or after 11/15/22	Projects using FY24 CDBG funds	Projects using FY25 CDBG funds	Projects using FY25 funds.
RHP	RHP funds obligated on or after 8/23/23	RHP funds obligated on or after 8/23/24	RHP funds obligated on or after 8/23/24	RHP funds obligated on or after 8/23/24
All other CPD programs except HOME and HTF	Funds obligated on or after 2/22/24	Funds obligated on or after 8/23/24	Funds obligated on or after 8/23/24	Funds obligated on or after 8/23/24
HOME and HTF	HOME or HTF funds obligated on or after 8/23/24	HOME or HTF funds obligated on or after 8/23/24	HOME or HTF funds obligated on or after 8/23/24	HOME or HTF funds obligated on or after 8/23/24

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

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

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

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

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

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

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

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

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

The amount in the third row above is the *De Minimis* limit for this project. The BAP can be waived for Covered Materials from foreign or unknown sources at a cost not to exceed the *De Minimis* limit of 5% of the total cost of materials or \$1,000,000 (whichever is less). The BAP

will still apply to other Covered Materials used in the project. **Attach a list of Covered Materials and their associated costs to which the *De Minimis* limit has been applied.**

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

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

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

Completed by

Date Completed

Appendix 3 - Optional Buy America Preference Certification

Project Information

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

This “*Optional Buy America Preference Certification*” is used to certify that, as required by the Build America, Buy America (BABA) Act, all of the iron, steel, manufactured products, and construction materials incorporated into a public infrastructure project are produced in the United States, unless exempted by a HUD general waiver or a project-/product-specific waiver approved by HUD and the Made in America Office (MIAO) at the Office of Management and Budget (OMB).

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

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

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

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

Signature	Title/Organization	Date

ATTACHMENT I
EXECUTIVE ORDER ADDENDUM
(The “ADDENDUM”)

EXHIBIT "I"
Addendum

1. "Agreement Funds" shall mean funds provided by the City to the Developer under this Agreement that are Federal grant funds.
2. Developer agrees to use Agreement Funds in compliance with all applicable White House Executive Orders ("Executive Order" or "E.O."), including but not limited to E.O. 14168, E.O. 14173, E.O. 14218, and E.O. 14332, and as further set forth herein.
3. To the extent applicable, Developer is not required to use Agreement Funds in compliance with Executive Orders that have been revoked or invalidated by court order, including but not limited to E.O. 14154 and E.O. 14008.
4. To the extent applicable, and as long as E.O. 14168 "Defending Women from Gender Ideology Extremism and Restoring Biological Truth to the Federal Government" is in effect, Developer agrees that Agreement Funds shall not be used to promote "gender ideology," as defined in E.O. 14168.
5. To the extent applicable, and as long as E.O. 14182 "Enforcing the Hyde Amendment" is in effect, Developer agrees that Agreement Funds shall not be used to fund or promote elective abortions.
6. To the extent required by applicable Executive Orders, Developer shall administer the Loan Agreement in accordance with all applicable immigration restrictions and requirements, including eligibility and verification requirements that apply under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended (8 U.S.C. 1601-1646)(PRWORA), Executive Order 14218, or other applicable Executive Orders.
7. To the extent required by applicable Executive Orders, for so long as such Executive Orders are in effect and as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), Developer shall utilize the Systematic Alien Verification for Entitlements (SAVE) system, or an equivalent verification system approved by the Federal government, unless excepted by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193)(PRWORA).
8. To the extent applicable, Developer shall ensure that the use of Agreement Funds shall comply with Federal anti-discrimination laws, including Title VI of the Civil Rights Act of 1964.
9. Developer agrees that pursuant to E.O. 14332, the City may terminate this Agreement "if an award no longer effectuates the program goals or agency priorities" or, in the case of a partial termination by the City, if the federal granting agency "determines that the remaining portion of the Federal award will not accomplish the purposes for which the Federal award was made."
10. Developer acknowledges that Executive Orders included in this Addendum may be subject to interpretation and decision by various federal courts which may be binding upon the Agreement.
11. Developer acknowledges that this Addendum does not include an exhaustive list of current Executive Orders and that Executive Orders are subject to change and modification.
12. Developer is responsible for monitoring and being knowledgeable of all White House Executive Orders.
13. In executing the Agreement, Developer acknowledges that 1) the City has not provided legal interpretations or advice related to this Addendum; and 2) Developer has had the opportunity

to consult with, and be advised by, an independent legal counsel regarding matters pertaining to this Addendum.

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