

HOME INVESTMENT PARTNERSHIPS PROGRAM

LOAN AGREEMENT

by and between the

THE CITY OF RIVERSIDE

and

RIVERSIDE HOUSING DEVELOPMENT CORPORATION

(University Terrace Homes Project)

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**HOME INVESTMENT PARTNERSHIPS PROGRAM
LOAN AGREEMENT**

(UNIVERSITY TERRACE HOMES PROJECT)

THIS HOME INVESTMENT PARTNERSHIPS LOAN PROGRAM AGREEMENT (the "**Agreement**") dated for reference purposes only as of _____, 2026, is made and entered into by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (the "**City**"), and RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("**Owner**" or "**Borrower**"), UEI NO. NGKMFABRZKW9, with reference to the following:

RECITALS

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

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

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

C. Riverside Housing Development Corporation 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 Motel for the creation of 114 affordable housing units.

D. The Borrower has entered into a Purchase and Sale Agreement dated May 7, 2025 to acquire a motel located at 1590 University Avenue, Riverside, CA 92507 ("**Site**") as depicted on the Site Plan (Attachment No. 1) and described in the Site Legal Description (Attachment No. 2), incorporated herein by this reference, to create one hundred fourteen (114) units housing units, one (1) manager's unit and one (1) maintenance staff's unit, together with any improvements appurtenant thereto ("**Project**").

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 Three Hundred Thousand Dollars (\$7,300,000) 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 Dollars (\$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. The Borrower and the City desire to enter into this Agreement to allow the City to provide financial assistance to the Borrower for certain development costs in the form of a HOME Program loan in an amount not to exceed One Million Dollars (\$1,000,000) for purpose of rehabilitating eleven (11) HOME-Assisted Units for occupancy by Very Low Income Households, as permitted by and in accordance with the HOME requirements.

I. The provision of financial assistance to the Owner and the development of the Project pursuant to the terms and conditions of this Agreement are in the vital and best interest of the City and the health, safety and welfare of the City's residents, and in accord with the public purposes and provisions of applicable federal, state and local laws.

NOW, THEREFORE, for and in consideration of the foregoing recitals, which are hereby incorporated into this Agreement by this reference, and for other good and valuable consideration, the receipt and sufficiency of which is hereby incorporated, the City and the Owner hereby agree as follows:

1. DEFINITIONS

1.1 Defined Terms.

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

"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.

“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 HOME Assisted Units, the amount of monthly rent, including a reasonable utility allowance, to be charged by the Owner and paid by a tenant household 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 HOME Investment Partnerships Loan Agreement, including all of the Attachments hereto.

“AMF” 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.

“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.

“Capital Replacement Reserve” is defined in Section 5.4.

“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 14, 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/her designated representative.

“*Close*” or “*Closing*” means the execution of the HOME Loan Documents and the closing of the HOME Loan.

“*Commitment Requirements*” means all necessary financing is secured, the underwriting and subsidy layering have been completed and construction can be expected to begin within 12 months as required in Section 92.250.

“*Construction Contract*” is defined in Section 3.2.

“*Construction Lender*” means the maker of any Construction Loan or beneficiary of any deed of trust securing performance of the Construction Loan.

“*Construction Loan*” is defined in Section 3.8.1.

“*Conversion*” means the date upon which the Construction Loan is converted to the Permanent Loan.

“*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.

“*Disbursement Request*” is defined in Section 3.4.

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

“*Environmental Laws*” means any and all applicable present and future federal, state and local laws (whether under common law, statute, ordinance, rule, regulation or otherwise), court or administrative orders or decrees, requirements of permits issued with respect thereto, and other requirements of governmental authorities relating to the environment or to any Hazardous Substance or Hazardous Substance Activity (including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601, *et seq.*), as heretofore or hereafter amended from time to time (“*CERCLA*”), and the applicable provisions of the California Health and Safety Code and the California Water Code, and any and all successor statutes and regulations, orders, decrees, guidelines, or pronouncements promulgated thereunder).

“*Event of Default*” means the failure of a party to perform any action or covenant required by this Agreement within the time periods herein provided following notice and opportunity to cure, as set forth in Section 7.1.

“Evidence of Financing” is defined in Section 3.1.

“Federal Funding Accountability and Transparency Act (FFATA)” is a federal law that aims to increase transparency in federal spending by requiring information on federal awards, including contracts, grants, and other financial assistance, to be made publicly available.

“General Contractor” is defined in Section 3.2.

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

“Hazardous Substance” means (i) any chemical, compound, material, mixture or substance that is now or hereafter defined or listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101), as amended from time to time, or now or hereafter otherwise classified or regulated pursuant to any Environmental Laws as a “hazardous substance”, “hazardous material”, “hazardous waste”, “extremely hazardous waste”, “infectious waste”, “toxic substance”, “toxic pollutant” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or “EP toxicity”, (ii) any asbestos or asbestos containing material, any polychlorinated biphenyls (PCB’s), (iii) any polychlorinated biphenyls (PCB’s), (iv) any urea formaldehyde, 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 household cleaner or chemical, compound, material, mixture or substance used in the normal course of operating an apartment complex, so long as such household cleaner, chemical, compound, material, mixture or substance is used in accordance with Environmental Laws and stored in reasonable quantities.

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

“HOME Assisted Units” means the eleven (11) 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 HOME 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 HOME Assisted Units remains the same throughout the Affordability Period and each substituted HOME Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME Assisted Units.

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

“HOME Funds” is defined in Recital B.

“HOME Loan” means the loan of HOME Program funds set aside for affordable housing activities to the Owner in an amount not to exceed One Million Dollars (\$1,000,000).

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

“HOME Loan Proceeds” is defined in Section 3.4.1.

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

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

“HOME Request For Notice of Default” means a request for notice of default to be recorded in accordance with Section 3.3.3 against the Site in substantially the form shown in Attachment No. 10.

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

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

“HOME Release of Construction Covenants” means the document which evidences the Owner’s satisfactory completion of the development of the Site, as set forth in Section 4.17, in substantially the form of Attachment No. 9.

“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 a HOME Assisted Unit.

“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.

“Lender” means either the Permanent Lender or the Construction Lender, as applicable.

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

“Low Income Household” means households that are eligible as low-income families, with total, annual household incomes certified to be at or below 60% of the Area Median Income for the 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.

“Management Plan” means the plan for the management of the Project to be submitted by the Owner and approved by the City in its reasonable discretion, as set forth in Section 5.7 hereof.

“Manager’s Unit” shall mean one (1) unrestricted Unit in the Project reserved for occupancy by an on-site manager of the Project who performs substantial duties directly related to the management and/or the maintenance of the Project.

“Maintenance’s Unit” shall mean one (1) unrestricted Unit in the Project reserved for occupancy by an on-site maintenance staff of the Project who performs maintenance of the Project.

“Marketing Plan” means the plan for the marketing of the HOME Assisted Units to be submitted by the Owner and approved by the City, as set forth in Section 5.6 hereof.

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

“Owner” means RIVERSIDE HOUSING DEVELOPMENT CORPORATION, nonprofit public benefit corporation, and any permitted successors and assigns pursuant to Section 2.2.

“Parties” means the City and the Owner.

“Permanent Lender” means the maker of any Permanent Loan or beneficiary of any Permanent Loan Deed of Trust.

“Permanent Loan” means the source of financing in the form of a permanent loan to be made to the Owner, its successors or assigns under this Agreement, at Conversion, secured against the leasehold interest in the Site by a Permanent Loan Deed of Trust.

“Permanent Loan Deed of Trust” means the deed of trust securing the Permanent Loan that is first in priority and shall be senior to the HOME Deed of Trust.

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

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

“Project” is defined in Recital D.

“Project Budget” is attached hereto as Attachment 5.

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

“Property Manager” means the property manager of the Project, as set forth in Section 5.7.

“Qualified HOME Assisted Unit Household” means a Very Low Income Household for a Very Low Income Household designated unit, or a Low Income Household for a Low Income Household designated unit.

“Release of Construction Covenants” means the document which evidences the Owner’s satisfactory completion of the Project, as set forth in Section 4.17, in substantially the form of Attachment No. 9.

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

“Section 3” 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 13.

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

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

(ii) The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of

this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

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

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

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

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

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

"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.

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

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

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

“**Subordination Agreement**” is defined in Section 3.3.3.

“**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 #100, Riverside, CA 92506, or other qualified title company approved in writing by the Parties.

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

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

“**Very Low Income Household**” means a household whose aggregate gross income does not exceed fifty (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.

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

2. REPRESENTATIONS AND TRANSFERS

2.1 Representations by the Owner. The Owner hereby represents and warrants to the City as follows:

2.1.1 Organizations. The Owner is duly organized or formed, validly existing, and in good standing under the laws of the State of California and has the requisite power and authority to own and lease property and carry on its business as now being conducted. The copies of the documents evidencing the respective formation and organization of the Owner delivered to the City are true and correct copies of the originals as of the Effective Date.

2.1.2 Authority. The Owner has the requisite 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 each party in order to carry out, give effect to, and consummate the transactions contemplated by this Agreement, and to perform and observe the terms and provisions of all of the above. The parties who have executed this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered, pursuant to this Agreement, are authorized to execute and deliver the same on behalf of the Owner, as the case may be, and all actions required under the Owner's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

2.1.3 Valid Binding Agreements. This Agreement and all other documents or instruments which have been executed and delivered pursuant to or in connection with this Agreement constitute, or if not yet executed or delivered will constitute when so executed and delivered, legal, valid and binding obligations of the Owner, enforceable against the Owner in accordance with their respective terms.

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

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

2.1.6 No Conflict. The Owner'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 conflict and will not conflict with or will not result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on the Owner, or any provision of the organizational documents of the Owner, nor will they conflict with or constitute a breach of or a default under any agreement to which either the Owner is a party, nor will they result in the creation or imposition of any lien upon any assets or property of the Owner, other than liens established pursuant hereto.

2.1.7 No Bankruptcy. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings are pending or, to the best of the Owner's knowledge, threatened against the Owner or any parties affiliated with the Owner, nor are any of such proceedings contemplated by the Owner or any parties affiliated with the Owner. Each of the foregoing representations shall be deemed to be an ongoing representation and warranty. The Owner 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 Owner.

2.2.1 Prohibition. The identity and qualifications of the Owner as an experienced and successful Owner and operator/manager of affordable housing are of particular concern to the City. It is because of this identity and these qualifications that the City has entered into this Agreement with the Owner. Prior to the expiration of the Affordability Period, other than a transfer set forth in Sections 2.2.2 and 2.2.3 below, the Owner shall not make any total or partial sale, transfer, conveyance, encumbrance to secure financing (including, without limitation, the grant of a deed of trust to secure funds necessary for construction and permanent financing of the Project), distribution, assignment or lease of the whole or any part of the Site or any material change in the management or control of the Owner without the prior written approval of the City which shall not be unreasonably withheld, conditioned or delayed.

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

- a. the conveyance or dedication of any portion of the Site to the City or other appropriate governmental agencies, or the granting of easements or permits to public utilities to facilitate the development of the Project;
- b. subject to the restrictions of Section 5.2 hereof and as set forth in the HOME Regulatory Agreement, the rental of the Units to individual households, including but not limited to the rental of the HOME Assisted Units to Qualified Households;
- c. any requested assignment for financing purposes (subject to such financing being considered and reasonably approved by the City pursuant to Section 2.2 herein), including the grant of a deed of trust and assignment of leases and rents to secure funds necessary for construction and permanent financing of the Project; notwithstanding anything to the contrary herein, no consent from City shall be required in connection with the exercise of a foreclosure, deed in lieu of foreclosure, power of sale or similar action taken pursuant to and in accordance with the terms of a senior security instrument encumbering the Property;

d. following the execution of the HOME Loan Documents, any transfer of the HOME Loan Documents, or an interest in the Owner, to an entity controlled by the Owner;

e. grants of easements required for construction of the Project;

2.2.3 City Consideration of Requested Transfer.

Except for a transfer permitted pursuant to Sections 2.2.2 above, the Owner shall provide the City with thirty (30) calendar days' prior written notice of its intent to assign or transfer and shall request any approval sought for such assignment or transfer described in Sections 2.2.2 above. Such notice shall be accompanied by evidence regarding the proposed assignee's or purchaser's development, operation and management qualifications and experience and its financial commitments and resources sufficient to enable the City to evaluate the proposed assignee or purchaser is qualified and capable to perform the Owner'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 the Owner's written request for the City approval of an assignment or transfer pursuant to this Section 2.3, the City shall respond in writing either approving the proposed assignee or transferee or requesting further information reasonably required by the City in order to determine whether or not to grant the requested approval failure of the City to respond shall be deemed approval of such request. Upon receipt of such a request for further information, the Owner shall promptly furnish to the City such requested information.

An assignment or transfer approved by the City pursuant to this Section 2.3 shall not be effective unless and until the proposed assignee or transferee executes and delivers to the City an agreement in form reasonably satisfactory to the City's legal counsel assuming the obligations of the Owner under the HOME Loan Documents. Thereafter, the assignor shall remain responsible to the City for performance of the obligations assumed by the assignee unless the City releases the assignor in writing.

2.3 Successors and Assigns.

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

3. FINANCING OF THE PROJECT

3.1 Sources of Financing.

As set forth in the Project Budget, the parties anticipate that Project costs shall be financed with a combination of funds from the proceeds of the Homekey+, the CDBG

Loan, the HOME Loan, the HHAP 3 and 4 Loan and such other financing sources as secured pursuant to Section 3.8.

Not later than January 31, 2026, the Owner shall submit to the City Manager evidence that the Owner has obtained, or will obtain, as evidenced by an application for funding, sufficient commitments for (a) financing to finance the completion of the Project or (b) equity capital for completion of the Project, such that the City Manager is reasonably satisfied based upon the review and findings of the City's financial consultant that the Project can be constructed and operated in accordance with this Agreement. Such evidence (collectively, the "***Evidence of Financing***") shall include, at a minimum:

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

b. Evidence of such other loans or grants as may be required to pay (i) the amount of the "Construction Contract" (as defined in Section 3.2 below) for the Project, plus (ii) an amount equal to all consultant and loan fees, points, commissions, bond issuance costs, charges, furnishings, fixtures, taxes, interest, start-up costs, the Owner's overhead and administration, and other costs and expenses of developing and completing the Project.

c. A copy of the most recently prepared Annual Financial Statement for the Owner.

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

3.2 Construction Contract.

Not later than January 31, 2026 the Owner agrees to deliver to the City, for its review and approval, a fixed price or guaranteed maximum cost construction contract(s) (the "***Construction Contract***") for all of the improvements necessary to complete the Project, which Construction Contract shall obligate a reputable and financially responsible general contractor(s) ("***General Contractor***"), capable of being bonded and licensed in California and with experience in completing the type of project contemplated by this Agreement, to commence and complete the construction of those improvements in accordance with this Agreement and under the terms provided therein. The Construction Contract shall contain a schedule of values in such form as is

reasonably satisfactory to the City. The City shall not unreasonably withhold its approval of the Construction Contract provided that such contract conforms to the requirements of this Agreement.

Each Construction Contract shall give the City the right, but not the obligation, to cure defaults thereunder and to assume the Owner's obligations and rights under the contract; provided that such right to cure and assume that contract shall be subject to the right, if any, of the Construction Loan lender. In addition, each Construction Contract shall provide, among other matters, that any single change order in excess of Two Hundred Fifty Thousand Dollars (\$250,000) must be approved by the City Manager, which approval shall not be unreasonably withheld, conditioned or delayed and provided within five (5) Business Days or otherwise deemed approved. Further, each Construction Contract shall set forth a reasonably detailed schedule for completion of each stage of construction.

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

In connection with delivery of the Construction Contract, the Owner shall furnish the City with a contractor's performance bond in an amount not less than one hundred percent (100%) of the costs for the applicable Project improvements and a payment bond guaranteeing contractor's completion of those improvements free from liens of material men, contractors, subcontractors, mechanics, laborers, and other similar liens. Said bonds shall be issued by a responsible surety company, licensed to do business in California and with a financial strength and credit rating reasonably acceptable to the City and shall remain in effect until the entire costs for such improvements shall have been paid in full. Any such bonds shall be in a form reasonably satisfactory to the City legal counsel. In lieu of the payment and performance bonds, the Owner may provide (i) a guaranty, in such form as reasonably required by the City, to be executed by the Owner or an affiliate thereof for the lien free completion of the Project in accordance with this Agreement; or (ii) a letter of credit issued to the City in the amount of not less than one hundred percent (100%) of the costs for the applicable improvements, in a form and from a financial institution approved by the City, which approval shall not be unreasonably withheld.

3.3 HOME Loan.

The City hereby agrees to loan to the Owner, and the Owner hereby agrees to borrow from the City, the HOME Loan in an amount not to exceed One Million Dollars (\$1,000,000) pursuant to the terms and conditions of the HOME Loan Documents. Said final amount shall be determined once all the Owner's financing has been obtained.

3.3.1 Funding. The City shall make the HOME Loan to the Owner from available funds allocated to the City pursuant to the HOME Program. The HOME Loan shall be made in accordance with and subject to the terms and conditions set forth in the HOME Promissory Note, the HOME Deed of Trust, and this Agreement.

3.3.2 Security for HOME Loan; Nonrecourse Obligation.

The HOME Loan shall be evidenced by the HOME Promissory Note and shall be secured by the HOME Deed of Trust. The HOME Loan shall constitute nonrecourse obligations of the Owner such that the City shall resort only to the Site for repayment upon an Event of Default by the Owner, and the Owner and its partners, members, directors, officers, agents or employees shall have no further liability for repayment in the event the Site or any portion thereof is foreclosed upon.

3.3.3 Subordination.

The HOME Deed of Trust shall be subordinate to the liens and encumbrances of the HOME Regulatory Agreement, the Construction Loan, Permanent Loan, and such exceptions to title as are approved by the City in writing, which approval shall not be unreasonably withheld, conditioned or delayed. In addition, the City agrees to consider in good faith any other reasonable request by the Owner for subordination of the HOME Deed of Trust to other loans obtained by the Owner pursuant to Section 3.8 where the City's interests are protected and secure, and only to the extent that the terms and conditions of such subordination(s) thereof constitute(s) a lien or charge. The HOME Request for Notice of Default shall be recorded in the official records of Riverside County concurrent with any documents evidencing the subordination of the HOME Loan. The priority of restrictions, covenants, or limitations as to the use of the HOME Assisted Units, including affordability provisions and the HOME Regulatory Agreement shall not be subordinated except as provided in this section below.

The HOME Regulatory Agreement may be subordinated to any approved sources of permanent financing upon a finding by the City Manager pursuant to Health & Safety Code Section 33334.14 and based upon evidence submitted by the Owner and/or lender that an economically feasible alternative method of financing on substantially comparable terms and conditions, but without subordination, is not reasonably available and the City obtains written commitments reasonably designed to protect the City's investment and related affordability restrictions, covenants and limitations as to the use of the HOME Assisted Units in the Event of Default.

The subordination by the City pursuant to this Section 3.3.3 shall be made in accordance with a subordination agreement in the form and substance approved by the City's legal counsel which agreement shall include written commitments reasonably designed to protect the City's investment and covenants in the event of default, including, but not limited to, reasonable notice and cure rights ("***Subordination Agreement***").

3.4 Disbursement of Loan Proceeds. The HOME Loan shall be used for Project Costs incurred following the Effective Date of this Agreement and shall be disbursed as follows:

3.4.1 HOME Loan. Following the Closing, up to One Million Dollars (\$1,000,000) of the proceeds of the HOME Loan (the "***HOME Loan Proceeds***") shall be made available for disbursement for Project Costs, subject to the disbursement provisions contained herein.

Upon satisfaction of the conditions precedent to the disbursement of the HOME Loan Proceeds set forth in Section 3.6 below, the HOME Loan Proceeds shall be disbursed to the Owner not later than thirty (30) calendar days after receipt by the Housing Project Manager of a written disbursement request from the Owner (each, a “*Disbursement Request*”). The Disbursement Request shall set forth the amount of the requested disbursement of the Loan Proceeds and shall certify that (a) all conditions precedent to disbursement of the HOME Loan Proceeds set forth in Section 3.6 below have been and remain satisfied in all material respects and (b) no Event of Default has occurred and is continuing under the HOME Loan Documents beyond any applicable notice and cure period. The City shall use its commercially reasonable efforts to wire transfer such disbursements when the Owner requests disbursements by wire transfer.

3.5 Retention.

Except as otherwise provided herein, as to each Disbursement Request made to the City for Project Costs, disbursements of the Loan Proceeds shall be made for such item in the amount of ninety percent (90%) of the costs for such item properly incurred and substantiated by the Owner during the course of the Project. Upon satisfaction of the conditions set forth in Section 3.7 below, the City shall disburse the HOME Loan Proceeds in the amount of Ninety Percent (90%) of each Disbursement Request for Project Costs; provided, however, that (a) the amounts so retained on account of rough grading, wet and dry utilities, concrete foundations, and framing shall be released on a trade by trade basis, so long as the construction of the trade improvements has been completed substantially in accordance with the plans and has been fully paid for and is lien free, and (b) all work requiring inspection or certification by any governmental agency has been completed and all requisite certificates, approvals and other necessary authorizations required at such time have been obtained.

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

Upon satisfaction of the conditions precedent to the disbursement of the Retention set forth in Section 3.7, the proceeds shall be disbursed to the Owner not later than thirty (30) calendar days after receipt by the Housing Project Manager of a written disbursement request from the Owner (the “*Final Disbursement Request*”). The Final Disbursement Request shall set forth the amount of the requested disbursement of the HOME Loan Proceeds and shall certify that (a) all conditions precedent to disbursement of the HOME Loan Proceeds set forth in Section 3.6 have been and remain satisfied in all material respects, and (b) all conditions precedent to disbursement of the Retention set forth in Section 3.7 have been and remain satisfied. The City shall use its best commercially reasonable efforts to wire transfer such disbursement when requested by the Owner.

3.6 Conditions Precedent to Disbursement of the Loan Proceeds.

All disbursements of the HOME Loan Proceeds shall be recorded by the Housing Project Manager and acknowledged by the Owner on Exhibit A to the HOME Promissory Note.

The City shall authorize the disbursement of the HOME Loan Proceeds to or on behalf of the Owner only upon satisfaction of the conditions precedent set forth in this Section 3.6.

3.6.1 Execution and Delivery of HOME Loan Documents. The Owner shall have each executed and delivered to the City this Agreement, the HOME Regulatory Agreement, the HOME Promissory Note, and the HOME Deed of Trust.

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

3.6.3 Evidence of Insurance. The Owner shall have furnished City with proper evidence of insurance as required by Section 6.2. Notwithstanding the foregoing, the City waives evidence of insurance as a condition precedent to disbursement of the HOME Loan Proceeds for any Disbursement Request that is for Predevelopment Costs only.

3.6.4 Valid Title. The Owner shall have a good and valid leasehold interest, and except as expressly provided for herein, there will exist thereon or with respect thereto no mortgage, lien, pledge or other encumbrance of any character whatsoever, other than liens for current real property taxes and assessments not yet due and payable, the deeds of trust approved by the City and any other matters approved in writing by the City in its reasonable discretion.

3.6.5 Recordation and Priority of HOME Regulatory Agreement. The HOME Regulatory Agreement will be executed and recorded as an encumbrance against the Borrower's leasehold interest in the Site before the liens of the HOME Loan and shall be subordinate only to those liens permitted pursuant to Section 3.3.3.

3.6.6 Recordation of the HOME Deed of Trust. The HOME Deed of Trust shall have been recorded as a lien against the Borrower's leasehold interest in the Site and shall be subordinate only to those liens permitted pursuant to Section 3.3.3.

3.6.7 Title Policy. Concurrently with the recordation of the HOME Deed of Trust, the Title Company shall issue and deliver to the City an extended ALTA lender's policy of title insurance in an amount equal to the HOME Loan, together with such endorsements as requested by the City, insuring that leasehold interest in the Site is vested in the Owner and that the priority of the HOME Deed of Trust and the HOME Regulatory Agreement are consistent with Section 3.3.3. The Title Company shall provide the Owner with copies of such title policy. The Title Company shall, if requested by the City, provide any extended coverage and any endorsements reasonably requested by the City (collectively, the "***Additional Endorsements***"). The Owner shall pay the cost of such title policies issued in connection with the acquisition of the Site.

3.6.8 Environmental Compliance:

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

3.6.9 Evidence of Eligible Project Costs. The Owner shall have submitted to the City paid invoices, receipts, canceled checks or other written documentation reasonably satisfactory to the City Manager evidencing the Owner's expenditure for Project Costs.

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

3.6.11 No Default. There shall exist no condition, event or act which would constitute an Event of Default by the Owner (as defined in Section 7.1) hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default by the Owner.

3.6.12 Construction Contracts. The Owner shall have submitted to the City and City shall have approved the Construction Contract entered into in connection with the development Project.

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

3.6.14 Representations and Warranties. All representations and warranties of the Owner herein contained shall be true and correct in all material respects.

3.7 Conditions Precedent to Disbursement of Retention.

Upon satisfaction or waiver of the conditions precedent set forth below, as reasonably determined by the City Manager, the City shall disburse the Retention. No disbursement of the HOME Loan Proceeds shall be made for the Retention until all of the following conditions precedent have been satisfied (as determined by the City in its reasonable discretion) or waived:

3.7.1 Compliance with Previous Conditions. The Owner shall be in compliance with the conditions precedent to disbursement of the Loan Proceeds set forth in Section 3.6 above.

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

(a) Any portion of the Project requiring inspection or certification by any governmental agency shall have been inspected and certified as complete, a final certificate of occupancy shall have been issued covering the Project and all other necessary approvals, licenses, exemptions and other authorizations of governmental agencies shall have been duly obtained.

(b) At least one of the following shall have occurred:

(i) thirty-five (35) calendar days shall have passed since the recording of a valid notice of completion for the construction of the Project and no mechanic's or materialman's lien shall be outstanding; or

(ii) ninety-five (95) calendar days shall have passed since actual completion of the construction of the Project and no mechanic's or materialman's lien shall be outstanding; or

(iii) The City shall be satisfied that no mechanic's or materialman's lien will impair its interest in the Site, the City hereby agrees to consider that a CLTA Form No. 101.1 Endorsement to the Title Policy, in form and substance reasonably satisfactory to the City, may satisfy the requirement of this subparagraph (iii).

(c) The City shall be reasonably satisfied that the Project was completed in accordance with all applicable Governmental Regulations in all material respects, including, without limitation, all laws described in any Prevailing Wage Clause.

(d) All requirements for release of Retention set forth in this Agreement have been met.

(e) The City has issued and the Owner has recorded a Release of Construction Covenants.

3.8 Other Sources of Financing.

3.8.1 Homekey+ Grant. The Owner shall obtain Homekey+ funds for the construction of the Project in excess of the Loan Proceeds by way of a grant in an amount not to exceed Twenty Million One Hundred Thirty-Seven Thousand Four Hundred Ten Dollars (\$20,137,410)] (the "**Construction Loan**"). The terms and provisions of the Construction Loan shall be similar to ordinary and customary provisions of construction lenders on loans similar to the Construction Loan. The Construction Loan shall provide for normal and customary disbursement controls, the payment of normal and customary fees and expenses for a loan of similar size and purpose, and for the payment of other expenses contained in the Project Budget. Documentation for the Construction Loan shall be subject to the review of the City. The Construction Loan shall have the terms and conditions generally available to the Owner in the marketplace and more specifically shall be:

(a) an approximate original principal amount (not including interest that may accrue thereon) as set forth in the Project Budget;

(b) the term of the Construction Loan shall be for at least twelve (12) months (exclusive of the Lender's right to accelerate the maturity in the event of a default);

(c) the Construction Loan shall be secured by a lien on the Site, which lien shall be in the form and substance as reasonably required by the Construction Lender; and

(d) the Construction Loan shall have such other customary and normal terms and conditions as are reasonably required by Construction Lender.

3.8.2 Permanent Loan. If the Owner obtains funds by way of the Permanent Loan at or before the maturity of the Construction Loan, the terms and provisions of the Permanent Loan shall be similar to ordinary and customary provisions of construction lenders on loans similar to the Permanent Loan. Documentation for the Permanent Loan shall be subject to the review of the City.

3.8.3 Additional Sources of Financing. The Owner and the City agree to work together to obtain additional sources of financing for unfunded budgeted Project Costs. The Owner agrees to exercise diligent efforts to identify and obtain additional sources of financing. If and to the extent that the Parties successfully obtain additional sources of financing, such funds shall be allocated first to fund Project Costs, if any, in excess of the costs identified in the final Project Budget.

3.9 Obligation to Update Project Budget

The Owner shall update the Project Budget in the event of a proposed material change to the Project Budget that results in an increase or decrease in excess of One Hundred Fifty Thousand Dollars (\$150,000). In the event of a proposed material change to the Project Budget that results in an increase or decrease in excess of One Hundred Fifty Thousand Dollars (\$150,000), the Owner shall notify the City in writing of the nature of the proposed change, including a detailed description of the effect of such change, and submit a revised, pro forma Project Budget reflecting such change to the City. The City shall have the right to approve such change prior to the Owner taking any action in furtherance of such change, such approval not to be unreasonably withheld or delayed. Upon submission of a proposed change to the City by the Borrower, the City shall provide a response to the Borrower within twenty-one (21) business days. In the event the City fails to respond within the twenty-one (21) business day period, the proposed change shall be deemed approved.

4. DEVELOPMENT OF THE SITE

4.1 Scope of Work

The Owner shall construct the Project substantially in accordance with the attached Project Description (Attachment No. 3), applicable Governmental Regulations, including (without limitation) all applicable zoning, planning and design review requirements of the City and all permits and entitlements issued for the Project. Pursuant to Section 4.2 below, the Owner shall, by the respective times established thereof in the Schedule of Performance, obtain the necessary permits, or permit ready letter, and commence and complete (or cause to be commenced and completed) the improvements on the Site and construction of the Project.

Project construction may be phased. Notwithstanding the foregoing, the Project shall be completed by the time established thereof in the Schedule of Performance.

4.2 Permits and Entitlements.

Before commencement of the Project or other works of improvement upon the Site, the Owner shall at its own expense secure or cause to be secured any and all permits, entitlements or approvals which may be required by the City, to the extent applicable, in accordance with its Municipal Code and land use entitlement process and by any other governmental entity with jurisdiction over the Site and/or the Project in accordance with applicable Governmental Regulations. Such expenses shall be deemed Project Costs. The City shall reasonably cooperate and assist the Owner's efforts to comply with this Section 4.2; provided, however that the execution of this Agreement does not constitute the granting of or a commitment to obtain any required land use entitlements or approvals required by the City.

4.3 Defects in Plans.

The City shall not be responsible to the Owner or to third parties in any way for any defects in the design of the Project, nor for any structural or other defects in any work done according to the approved design of the Project, nor for any delays reasonably caused by the review and approval processes established by this Section 4.3. The Owner shall hold harmless, indemnify and defend the City and its officers, employees, agents and representatives from and against any claims, suits for damages to property or injuries to persons arising out of or in any way relating to defects in the design of the Project, including (without limitation) the violation of any laws, and for defects in any work.

4.4 Merger of Parcels; Modification of Deed of Trust and HOME Regulatory Agreement.

Intentionally omitted because it is not applicable.

4.5 Demolition and Clearance of the Site.

The Owner shall perform any demolition, clearance or preparation of the Site, or any remediation thereon, necessary for the Project. The Owner shall carry out or cause to be carried out the demolition and Site clearance in compliance with all applicable Federal, State and local laws, regulations and enactments, including, without limitation, obtaining building or demolition permits, as required, and inspection for and removal as required of asbestos.

4.6 Construction of the Project.

4.6.1 Construction Contract. Not later than the Effective Date, the Owner shall have submitted to the City, and the City shall have approved, the Construction Contract entered into in connection with the development of the Project.

4.6.2 Construction Bonds; Completion Guaranty. The Owner shall furnish the City with a completion bond guaranteeing General Contractor's completion of the improvements for the Project free from liens of material men, contractors, subcontractors, mechanics, laborers, and other similar liens. Said bonds shall be issued by a responsible surety company, licensed to do business in California, and with a financial strength and credit rating reasonably acceptable to City and shall remain in effect until the entire costs for such Improvements shall have been paid in full. Any such bonds shall be in a form reasonably satisfactory to the City's legal counsel and the City Risk Manager. In lieu of the performance bonds, the Owner may provide a letter of credit issued to the City in the amount of not less than one hundred percent (100%) of the costs for the applicable improvements in a form and from a financial institution approved by the City, which approval shall not be unreasonably withheld.

4.6.3 Owner as General Contractor. Notwithstanding Section 4.6.1 above, the Owner may act as the general contractor. The Owner shall have submitted to the City, and the City shall have approved the proposed contractor/subcontractor bidding procedures and the proposed form of the contract to be entered into with the contractor and/or subcontractors. All such contracts shall be entered into with a duly licensed and insured contractor or subcontractors.

4.7 Design.

The Owner assumes the responsibility for the design and construction of and shall let contracts for (or cause contracts to be let for) the Project. All additional costs incurred for any reason in constructing the Project shall be at the sole cost and expense of the Owner. The Owner assumes all obligation for ensuring conformity with all applicable Federal, State and local nondiscrimination, labor standards, prevailing wage rate requirements and competitive bidding requirements to the extent applicable to the Project.

4.8 Construction Schedule.

Subject to Section 4.1 and Section 8.7, the Owner shall commence and complete all development activities within the times established thereof in the Schedule of Performance (Attachment No. 4).

4.9 Bodily Injury and Property Damage Insurance: Indemnity.

4.9.1 Insurance.

The Owner shall maintain or shall cause its contractor(s) to maintain until the completion of the Project as determined by the City pursuant to Section 6.2 insurance in accordance with the City's uniform insurance requirements or as otherwise approved in writing by the City Manager. The obligations set forth in this Section 4.9.1 shall remain in effect only until a Release of Construction Covenants has been furnished to the Owner as provided in Section 4.17.

4.10 Other Governmental Authority Permits and Environmental Compliance.

Before commencement of demolition activities or construction or other works of improvement upon the Site, the Owner shall secure or cause to be secured any and all land use and other entitlements or approvals, if any, which may be required by any other governmental agency affected by such construction or work.

The parties acknowledge and agree the California Environmental Quality Act, Public Resources Code Section 21000, *et seq.*, ("**CEQA**") may become applicable to the Project as a result of processing the Owner's entitlement requests, if so required. Pursuant to CEQA, certain environmental documents may be required to be prepared. The Owner agrees to cooperate with the City in obtaining information to determine environmental impact associated with such entitlements. The Owner shall be responsible to pay all costs incurred by the City to prepare or cause to be prepared such environmental documents with respect to any land use entitlements affecting the Site and to comply with any required mitigation measures imposed pursuant thereto.

Should the CEQA reviews reveal environmental impacts from the Project which cannot be sufficiently mitigated, the Owner and the City shall then negotiate in good faith to restructure the Project in a manner that may reduce the environmental impacts of the projects.

4.11 Rights of Access.

Prior to the issuance of a Release of Construction Covenants (as specified in Section 4.17), for purposes of assuring compliance with this Agreement, representatives of the City shall have the right of access to the Site, at its own risk but without charges or fees, and at normal construction hours and, except in emergency situations, upon at least forty-eight (48) hours' advance notice during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing the Project so long as the City representatives comply with all safety rules. The City representatives shall, except in emergency situations, notify the Owner prior to exercising its rights pursuant to this Section 4.11.

4.12 Federal, State and Local Laws.

4.12.1 Labor Standards. The Owner shall carry out the Project in conformance with all applicable laws, including any and all applicable federal and state labor standards.

4.12.2 General. The Owner shall comply with all applicable Governmental Regulations in the construction, use and operation of the Project, including all applicable federal, state and local statutes, ordinances, regulations and laws, including, without limitation, 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 Riverside Municipal Code, and all applicable disabled and handicapped access requirements, including, without limitation, the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq.*, Government Code § 4450, *et seq.*, and Government Code § 11135, *et seq.*

4.13 Nondiscrimination During Construction.

The Owner, for itself and its successors and assigns, agrees that, in the construction of the Project provided for in this Agreement, the Owner will not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, gender, gender identity, gender expression, marital status, national origin or ancestry.

4.14 Taxes and Assessments.

The Owner shall pay, prior to delinquency, all applicable ad valorem real estate taxes and assessments on the Site during the Owner's ownership thereof, subject to the Owner's right to contest in good faith any such taxes. The Owner shall remove or have removed any levy or attachment made on the Site or any part thereof, or assure the satisfaction thereof within a reasonable time.

4.15 Liens and Stop Notices.

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

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

4.16 Mortgage Deed of Trust. Sale and Lease-Back Financing; Rights of Holders.

4.16.1 No Encumbrances Except Mortgages, Deeds of Trust. Construction mortgages, deeds of trust, sales and leases-back shall be permitted before completion of the Project, but only for the purpose of securing loans of funds to be used for financing the Project, and any other purposes necessary for the construction of the Project, and necessary and appropriate under this Agreement. The Owner shall notify the City in advance of any mortgage, deed of trust or sale and lease-back financing, if the Owner proposes to enter into the same before completion of the Project. Notwithstanding any contrary provision contained herein, the City's approval shall not be required for any financing after the issuance of a Release of Construction Covenants for the Project as specified in Section 4.17 below.

4.16.2 Holder Not Obligated to Construct Improvements. The holder of any mortgage or deed of trust authorized by this Agreement shall not be obligated by the provisions of this Agreement to construct or complete the Project or to guarantee such construction or completion. Nothing in this Agreement shall be deemed to construe, permit or authorize any such holder to devote the Site to any uses or to construct any improvements thereon, other than those uses or improvements provided for or authorized by this Agreement.

4.16.3 Notice of Default to Mortgagee or Deed of Trust Holders Right to Cure. Whenever the City delivers any notice or demand to the Owner with respect to any breach or default by the Owner in completion of the Project and the Owner fails to cure or commence to cure to the City's satisfaction within sixty (60) calendar days from the date of such notice, the City shall at the same time deliver to each holder of record of any mortgage or deed of trust authorized by this Agreement and granted by the Owner, a copy of such notice or demand. Except as otherwise agreed to in the Subordination Agreement with a senior lender, each such holder shall (insofar as the rights granted by the City are concerned) have the right, at its option, within sixty (60) calendar days after the receipt of the notice, to cure or remedy or commence to cure or remedy and diligently prosecute such cure or remedy to completion any such default and to add the cost thereof to the mortgage debt and the lien of its mortgage. Written notice of such holder's intention to cure the Owner's default shall be deemed to be commencement of cure. Nothing contained in this Agreement shall be deemed to permit or authorize such holder to undertake or continue the construction or completion of the Project (beyond the extent necessary to conserve or protect the improvements or construction already made) without first having expressly assumed the Owner's obligations under this Agreement by written agreement satisfactory to the City. The holder, in that event, must agree to complete, in the manner provided in this Agreement, the Project to which the lien or title of such holder relates, and submit evidence satisfactory to the City that it has the qualifications and financial responsibility necessary to perform such obligations. Any such holder properly completing the Project shall be entitled, upon compliance with the requirements of this Agreement, to a Release of Construction Covenants as specified in Section 4.17.

4.16.4 Failure of Holder to Complete Project. Except as otherwise agreed to in the Subordination Agreement with a senior lender, in any case where, thirty (30) calendar days after the holder of any mortgage or deed of trust creating a lien or encumbrance upon the Site or any part thereof receives notice of default by the Owner in connection with the construction of the Project under this Agreement, and such holder has not exercised the option to construct as set forth in Section 4.16.2, or if it has exercised the option and has not proceeded diligently with construction, or to obtain title after institution of foreclosure or trustee's sale proceedings, the City may purchase the mortgage or deed of trust by payment to the holder of the amount of the unpaid mortgage or deed of trust debt, including principal and interest and all other sums secured by the mortgage or deed of trust. If the ownership of the Site or any part thereof has vested in the holder by virtue of a deed in lieu of foreclosure, the City, if it so desires, shall be entitled to a conveyance from the holder to the City, upon payment to the holder of an amount equal to the sum of the following items (a) through (e) less any income derived by the lender from operations conducted on the Site (the receipt of principal and interest payments in the ordinary course of business shall not constitute income for the purposes of this Section):

(a) The unpaid mortgage or deed of trust debt at the time title became vested in the holder (less all appropriate credits, including those resulting from collection and application of rentals and other income received during foreclosure proceedings);

(b) All expenses with respect to foreclosure;

(c) The net expense, if any (exclusive of general overhead), incurred by the holder as a direct result of the subsequent management of the Project or part thereof;

(d) The costs of any improvements made by such holder; and

(e) An amount equivalent to the interest that would have accrued on the aggregate of such amounts had all such amounts become part of the mortgage or deed of trust debt and such debt had continued in existence to the date of payment by the City.

4.16.5 Right of the City to Cure Mortgage or Deed of Trust Default.

Except as otherwise agreed to in the Subordination Agreement with a senior lender, in the event of a mortgage or deed of trust default or breach by the Owner past any applicable notice and cure period and prior to the issuance by the City of the Release of Construction Covenants in accordance with Section 4.17, the Owner shall immediately deliver to the City a copy of any mortgage holder's notice of default. If the holder of any mortgage or deed of trust has not exercised its option to construct, the City shall have the right, but not the obligation to cure the default. In such event, the City shall be entitled to reimbursement from the Owner of all proper costs and expenses incurred by the City in curing such default. Such costs and expenses incurred by the City shall accrue interest until paid by the Owner at the rate of ten percent (10%)

per annum or the maximum allowable interest rate permitted by applicable law, whichever is lower. Such costs and expenses and any interest accrued thereon shall be secured as additional advances by and pursuant to the Deed of Trust and the Assignment of Rents.

In furtherance of this Section 4.16.5, every subordination agreement entered into by and between the City and a senior lien holder pursuant to Section 3.3.3 shall include an acknowledgment and agreement by the senior lien holder to provide notice of the Owner's default to the City.

4.16.6 Right of the City to Satisfy Other Liens on the Site. Subject to the rights of any senior lender, prior to the issuance by the City of the Release of Construction Covenants in accordance with Section 4.17 and after the Owner has had written notice and has failed after a reasonable time (but in any event not less than thirty (30) calendar days) to challenge, cure, adequately bond against, or satisfy any liens or encumbrances on the Site which are not otherwise permitted under this Agreement, the City shall have the right (but not the obligation) to satisfy any such liens or encumbrances. The costs and expenses of such cure shall accrue interest until paid by the Owner at the rate of ten percent (10%) per annum or the maximum allowable interest rate provided by applicable law, whichever is lower. Such costs and expenses and any interest accrued thereon shall be secured as additional advances by and pursuant to the Deed of Trust and the Assignment of Rents.

4.17 Release of Construction Covenants.

Within thirty (30) calendar days of completion of the Project in conformity with this Agreement, the City shall furnish the Owner with a "Release of Construction Covenants" upon written request therefor by the Owner. The City shall not unreasonably withhold such Release of Construction Covenants. The Release of Construction Covenants shall be substantially in the form of the "Release of Construction Covenants" (Attachment No. 9). The Release of Construction Covenants shall be a conclusive determination of satisfactory completion of the Project and the Release of Construction Covenants shall so state. Except as provided in the HOME Regulatory Agreement, any party then owning or thereafter purchasing, leasing or otherwise acquiring any interest in the Site shall not (because of such ownership, purchase, lease or acquisition) incur any obligation or liability under this Agreement except for those continuing covenants as set forth in Section 6, *et seq.*

If the City refuses or fails to furnish the Release of Construction Covenants within thirty (30) calendar days of completion, the City shall within ten (10) calendar days of written request therefor, provide the Owner with a written statement of the reasons the City refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the City's opinion of the actions the Owner must take to obtain the Release of Construction Covenants. If the City shall have failed to provide such written statement within said ten (10) calendar day period, and on the condition that the City has issued a certificate of occupancy or equivalent document for the Project, the Project shall thereafter be deemed approved by the City and the City shall promptly issue the Release of Construction Covenants.

The Release of Construction Covenants shall not constitute evidence of compliance with or satisfaction of any obligation of the Owner to any holder of any mortgage, or any insurer of a mortgage securing money loaned to finance the Project, or any part thereof. The Release of Construction Covenants is not a notice of completion as referred to in Section 3093 of the California Civil Code.

5. COVENANTS AND RESTRICTIONS

5.1 Use Covenants.

The Owner covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof that during construction and thereafter, the Owner shall devote the Site to the uses specified in the HOME Regulatory Agreement. All uses conducted on the Site, including, without limitation, all activities undertaken by the Owner 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 Units. The Owner agrees to make available, restrict occupancy to, and rent at an Affordable Rent eleven (11) HOME Assisted Units 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 HOME 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 HOME Assisted Units remains the same throughout the Affordability Period and each substituted HOME Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME Assisted Units.

5.2.2 Duration of Affordability Requirements. The HOME Assisted Units shall be subject to the requirements of Section 5.2 throughout the Affordability Period.

5.2.3 Selection of Tenants. The Owner shall be responsible for the selection of tenants for the HOME Assisted Units in compliance with lawful and reasonable criteria, and in accordance with the procedures set forth in the Management Plan which shall be submitted to the City for approval pursuant to Section 5.7. In addition, to the extent legally allowable and all other Project funding sources, preference shall also be given to tenant applicants residing and/or working in the City.

5.2.4 Household Income Requirements. In order to assure compliance with the rent and occupancy restrictions set forth in this Agreement and the HOME Regulatory Agreement, the Owner shall, prior to the initial leasing of a HOME Assisted Unit and on an annual basis thereafter throughout the Affordability Period, obtain and cause to be submitted to the City, at the Owner's expense, a verification of all household sources of income demonstrating that such household is a Qualified HOME Assisted Unit Household, as applicable, and meets the eligibility requirements established for the HOME Assisted Unit. Such income verification shall be submitted on such form as prepared and submitted in accordance with the City's form or other form approved by the City.

5.2.5 Annual Reporting Requirement.

In order to satisfy the monitoring requirements of the City and the State of California, the Owner shall, following the issuance of the Release of Construction Covenants, and on or before June 30 of each year, submit to the City a certification of compliance with the terms and conditions of this Agreement and the HOME Regulatory Agreement and such other reports as required thereby on forms provided by the City. Each annual report shall cover the immediately preceding fiscal year. The Owner further agrees to provide true and accurate copies of all required reports, audits and compliance forms prepared.

Additionally, the Owner shall determine and submit a report to the City showing the proposed Affordable Rent amount for each HOME Assisted Unit for the preceding twelve (12) months with supporting documentation comparing the methods for calculating Affordable Rent as set forth in Section 1.1.

5.2.6 No Substitute Satisfaction. Satisfaction of any other affordability covenants applicable to the Project shall not constitute substitute satisfaction of the requirements set forth in the HOME Regulatory Agreement.

5.3 Lease Requirements.

Prior to rental of any of the HOME Assisted Units, the Owner shall submit a standard lease form to the City for the City's approval, which approval shall not unreasonably be withheld, conditioned or delayed. The Owner shall enter into a lease, in the form approved by the City, or such other forms as the City may approve from time to time, with each tenant of a HOME Assisted Unit.

5.4 Capital Replacement Reserve.

The Owner shall, or shall cause the Property Manager to, set aside the greater of (a) an amount equal to Two Hundred Fifty Dollars (\$250.00) per Unit per year or (b) the minimum amount required by TCAC into a separate interest-bearing trust account held by the Owner (the "***Capital Replacement Reserve***"). The amount required to be placed into the Capital Replacement Reserve shall increase at the rate determined by the Permanent Lender. 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 Owner of the obligation to undertake necessary capital repairs and improvements and to continue to maintain the Project in the manner prescribed herein. Not less than once per year, the Owner, at its expense, shall submit to the City an accounting for the Capital Replacement Reserve. The City approval is not required for withdrawals from the Capital Replacement Reserve in accordance with this Agreement or any senior lender's requirements.

To the extent that a senior lender requires the Owner to maintain a separate reserve fund or account for any or all of the same purposes as the Capital Replacement Reserve, the City shall not require the Owner to establish or maintain the Capital Replacement Reserve, provided that the Owner actually deposits the amounts required by such senior lender into such reserve fund or account with the senior lender and provides all information and performs all acts required pursuant to this Section 5.4 for the benefit of the City regarding such separate reserve fund or account maintained pursuant to the requirements of such senior lender, as though such account is the Capital Replacement Reserve.

5.5 [Intentionally Omitted].

5.6 Marketing Plan.

By the time specified therefor in the Schedule of Performance, the Owner shall submit for the approval of the City, which approval shall not unreasonably be withheld, a plan for marketing the rental of the HOME Assisted Units (the "**Marketing Plan**"). The Marketing Plan shall include affirmative marketing procedures and requirements consistent with the provisions of Section 5.A. of the HOME Regulatory Agreement. The Marketing Plan shall include a plan for publicizing the availability of the HOME Assisted 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. The Marketing Plan shall require the Owner to obtain from the City the names of Qualified Households who have been displaced by the Project and other persons who have indicated to the City their interest in the HOME Assisted Units, and to notify persons on such list of availability of units in the Project prior to undertaking other forms of marketing. The Marketing Plan shall provide that the persons on such list be given not fewer than ten (10) calendar days after receipt of such notice to respond by completing application forms for rental of HOME Assisted Units, as applicable.

5.7 Long Term Management.

The parties acknowledge that the 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 Owner for that purpose (the "**Property Manager**"). Prior to the issuance of a Release of Construction Covenants by the City and the initial rental of the HOME Assisted Units in accordance with this Agreement, the Owner shall submit for the reasonable approval of the City a detailed "**Management Plan**" which sets forth in detail the duties of the Property Manager, the tenant selection process, a security system and compliance with the City's Crime-Free Multi-

Family Housing 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, a standard lease form, and other matters relevant to the management of the Project. The Owner may from time to time submit amendments and modifications to the Management Plan for the reasonable approval of the City. The management of the Project shall be in compliance with the Management Plan that is approved by the City.

The Owner shall, prior to the rental of the first HOME Assisted Unit, contract with a Property Manager, subject to the reasonable approval of the City. During the term of the Affordability Period, such Property Manager may subcontract for property management services with an experienced and qualified property management entity (based upon the criteria set forth herein below) only upon prior written approval by the City which approval shall not be unreasonably withheld.

During the Affordability Period, the 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 the City reasonably determines that the performance of the Property Manager is deficient based upon the standards and requirements set forth in this Agreement, the City shall provide notice to the Owner of such deficiencies and the Owner shall use its best efforts to correct such deficiencies within sixty (60) calendar days. Upon default of the terms of this Agreement by the Property Manager, the City shall have the right to require the Owner to immediately remove and replace the Property Manager with another property manager or property management company who is reasonably acceptable to the City, and who has 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. If the entity removed is related to or affiliated with the Owner, the City may require that the Property Manager be replaced with another entity that is not related to or affiliated with the Owner. City hereby approves Riverside Housing Development Corporation as Property Manager

In addition, during the term of the Affordability Period, the Owner shall annually submit to the City for its reasonable approval a budget for the operation of the Project. The fee paid to Property Manager shall not exceed the reasonable and customary fees paid to such property managers for similar rental properties in Riverside County. Other fees and payments shall be consistent with prevailing market rates for the services performed and goods provided in consideration for such fees and payments. The Owner shall ensure that the reasonably foreseeable expenses of operating the Project do not materially exceed the budget which has been approved by the City. The Owner shall annually provide to the City a detailed accounting of operating expenses and shall make available its books and records to the City for inspection and copying, upon reasonable advance notice during its normal hours of business. 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

5.8 HOME Regulatory Agreement.

The Owner shall execute, acknowledge, and deliver to the City the HOME Regulatory Agreement to be recorded with respect to the Site in the official records of Riverside County. The HOME Regulatory Agreement shall contain those portions of this Agreement relating to affordable housing requirements, and other provisions which are intended to survive the completion of construction of the Project.

5.9 Maintenance of Site.

During construction of the Project and throughout the Affordability Period, the Owner shall maintain the Site and the improvements thereon in conformity with the HOME Regulatory Agreement in all material respects.

5.10 Nondiscrimination Covenants.

The Owner covenants by and for itself and any successors in interest 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 Site, or any part of it, nor shall the Owner or any person claiming under or through it, 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 Site, including the Units, or any portion thereof. 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.

The Owner shall refrain from restricting the sale of the Site, including the Units, 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. All such deeds, leases, contracts or subcontracts shall contain or be subject to substantially 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.”

(b) 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 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.”

(d) 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.

(e) 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.

5.11 Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction.

The City is deemed the beneficiary of the terms and provisions of this Agreement and of the covenants running with the land, for and in its own right and for the purposes of protecting the interests of the community and other parties, public or private, in whose favor and for whose benefit this Agreement and the covenants running with the land have been provided, without regard to whether the City has been, remains or is an owner of any land or interest therein in the Site. The City shall have the right, if this Agreement or any covenants in any agreement pursuant to this Agreement, or the HOME Regulatory Agreement, are breached, following notice and expiration of all applicable cure periods, to exercise all rights and remedies, and to maintain any actions or suits at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and such covenants may be entitled.

5.12 Monitoring and Recordkeeping.

The Owner shall comply with all applicable recordkeeping and monitoring requirements set forth in the HOME Guidelines and shall annually complete and submit to the City a certification of continuing program Compliance in such form as provided by the City. Representatives of the City shall be entitled to enter the Site, upon at least twenty-four (24) hours' notice, to monitor compliance with this Agreement, to inspect the records of the Project, and to conduct an independent audit or inspection of such records. The Owner agrees to cooperate with the City in making the Site and all HOME-Assisted Units thereon available for such inspection or audit. The Owner 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.

6. INDEMNITY AND INSURANCE

6.1 Owner's Indemnity.

To the full extent permitted by law, the Owner shall indemnify, defend and hold harmless the City, and any and all of its employees, officials and agents (the "*Indemnitees*") from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, regulatory proceedings, losses, expenses or cost of any kind, whether actual, alleged or threatened, including reasonable attorneys' fees and costs, court costs, interest or defense costs, including expert witness fees), where the same arise out of: (i) the Owner's failure to comply with all applicable laws; (ii) defects in the design of the Project as to all or any portion of the Project developed or caused to be developed by the Owner, or (iii) any grossly negligent performance or act or grossly negligent failure to perform or act pursuant to this Agreement by the Owner, or by any individual or entity that the Owner shall bear the legal liability thereof, including, but not limited to, officers, agents, or employees of the Owner.

Without affecting the rights of Indemnitees under any provisions of this Agreement, the Owner shall not be required to indemnify and hold harmless Indemnitees for liability attributable to the active negligence or willful misconduct of Indemnitees.

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

This indemnification provision supplements and in no way limits the scope of any the indemnification set out elsewhere in this Agreement. The indemnity obligation of the Owner under this Section 6.1 shall survive the expiration or termination, for any reason, of this Agreement.

6.2 Insurance.

Prior to the commencement of any work of improvement upon the Site and without limiting the Owner's indemnity obligations set forth in the Agreement, the Owner shall procure and maintain in full force during the term of this Agreement, the following forms of insurance coverage:

(a) Workers' Compensation insurance which complies with all applicable state laws and requirements.

(b) Comprehensive General Liability insurance with limits not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) general aggregate for bodily injury and property damage, including coverages for contractual liability, personal injury, broad form property damage, products and completed operations. The insurance company

providing the insurance shall have at least an A rating and a financial class of at least VII.

(c) Property insurance covering all real and personal (non-expendable) property leased or purchased in connection with the completion of the Project in a form appropriate for the nature of such property, covering all risks of loss, excluding earthquake and flood, for 100% of the replacement value, with deductible, if any, acceptable to the City, naming the City as loss payee.

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

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

(f) Each insurance policy required by this Agreement shall contain the following clauses:

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

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

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

(g) Prior to the disbursement of any portion of the Loan Proceeds, the Owner shall deliver to the City insurance endorsements evidencing the existence of the insurance policies required by this Agreement, and including the applicable clauses referenced above.

(h) In addition to any other remedies the City may have if the Owner fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, City may at its sole option:

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

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

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

(4) Exercise of any of the above remedies shall not be deemed the exclusive remedy for the Owner's failure to maintain insurance or secure appropriate endorsements. Nothing herein contained shall be construed as limiting in any way the extent to which the Owner may be held responsible for payments of damages to persons or property resulting from the Owner's performance of the work covered under this Agreement.

7. DEFAULTS, REMEDIES AND TERMINATION

7.1 Defaults – General.

Subject to the extensions of time set forth at Section 3.2 above, Section 9.7 below, and in this Section 7.1, and subject to the rights of senior lenders, (a) failure or delay by either party to substantially perform, comply with or observe any of the conditions, provisions, terms, covenants or representations of this Agreement, including any of the Attachments hereto, or (b) the failure to go forward with the Project shall constitute an Event of Default (as defined below) under this Agreement. As provided herein below, the party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the date of default.

Except as required to protect against further damages, the injured party may not institute legal proceedings against the party in default until an "Event of Default" (as such term is hereinafter defined) has occurred. For purposes of this Agreement, an "*Event of Default*" for

purposes of instituting legal proceedings by a non-defaulting party against the defaulting party shall mean, in addition to the events constituting an Event of Default described in the paragraph directly above, a failure to satisfy, perform, comply with or observe any of the conditions, provisions, terms, covenants or representations contained in this Agreement, including any Attachment hereto, and such failure having continued uncured or without the defaulting party commencing to diligently cure such default for a period of thirty (30) calendar days after notice thereof in writing is mailed by the injured party to the defaulting party; provided, however, that if such event of default is of the nature that cannot be cured within such thirty (30) calendar day period and the defaulting party has diligently commenced and continued such efforts in good faith to cure, such party shall have such reasonable time to diligently prosecute such cure to completion. If a different period or notice requirement is specified for any particular default under any other provision of this Agreement, including any of the Attachments hereto, the specific provision shall control.

7.2 Legal Actions.

7.2.1 Institution of Legal Actions. In addition to any other rights or remedies and subject to the restrictions otherwise set forth in this Agreement, either party may institute an action at law or equity to cure, correct or remedy any Event of Default, to recover damages as provided herein for any Event of Default, or to obtain any other remedy consistent with the purpose of this Agreement, including the right of foreclosure under the City Deeds of Trust, subject to the nonrecourse nature of the loans. Such legal actions may be instituted in the Superior Court of the County of Riverside, State of California.

7.2.2 Acceptance of Service of Process.

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

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

7.3 Specific Performance.

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

7.4 Rights of Termination and Damages.

7.4.1 Termination by Owner. Provided the Owner is not in default of any of the terms and conditions of this Agreement, then in the Event of Default by the City, the Owner shall have the right to terminate this Agreement by written notice to the City in accordance with the provisions of Section 8.1 below and shall be reimbursed for all reasonable costs incurred prior to the termination. Upon termination by the Owner pursuant to this Section 7.4.1, except as expressly provided to the contrary herein with respect to obligations that survive the termination of this Agreement, there shall be no further rights or obligations between the City and the Owner.

7.4.2 Termination by City. Provided the City is not in default of any of the terms and conditions of this Agreement, then upon an Event of Default by the Owner, the City shall have the right to terminate this Agreement by written notice to the Owner in accordance with the provisions of Section 8.1. In addition, the City may exercise its rights under the HOME Deed of Trust and/or apply to a court of competent jurisdiction for relief at law or in equity as may be appropriate and permissible.

7.4.3 Termination for Non-Appropriation of Funds. This Agreement is contingent upon the appropriation of HOME Funds. If such funds are not appropriated in an amount sufficient to provide for this Agreement, this Agreement shall terminate and be of no further force and effect.

7.5 Plans Specs and Reports.

In addition to any remedy contained herein, in the event the Owner defaults under this Agreement prior to the completion of the Project and such default is not cured within the applicable notice and cure period or such period has not been extended, then the City may exercise its rights under the Assignment of Plans, Reports and Data, to require the Owner to deliver to the City any and all plans, drawings, studies and related documents concerning the Project within the Owner's possession and control, without representation or warranty. Upon delivery to the City, the City shall have the right to use such materials as it deems necessary and appropriate to fulfill the purposes of this Agreement without obligation to the Owner.

7.6 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.

7.7 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.

8. HOME PROGRAM LIMITATIONS; COMPLIANCE WITH LAWS

8.1 HOME Program

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

8.2 HOME Laws and Regulations

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

8.3 Specific Requirements

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

8.3.1 Miscellaneous Federal Mandates

- i. Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601-20 (Public Law 90-284) and implementing regulations at 24 CFR Part 107;
- ii. Executive Order 11063 and regulations at 24 CFR Part 107;
- iii. Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and regulations at 24 CFR Part 107;
- iv. The Age Discrimination Act of 1975, 42 U.S.C. 6101-07, and regulations at 24 CFR Part 146;
- v. Executive Order 12372 and implementing regulations at 24 CFR Part 52, regarding intergovernmental review of federal programs;
- vi. Flood Disaster Act of 1973, 42 U.S.C.

4001, *et seq.*;

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

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

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

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

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

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

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

8.3.2 Environment and Historic Preservation

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

8.3.3 Architectural Barriers

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

8.3.4 Americans With Disabilities Act

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

8.3.5 Relocation

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

8.3.6 Disabled Discrimination

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

8.3.7 Future HOME Regulations

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

8.3.8 Ineligible Contractors

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

8.3.9 Conflict of Interest

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

8.3.10 Affirmative Marketing

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

8.3.11 Property Standards

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

8.3.12 HUD Regulations

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

8.3.13 Successor Rules

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

8.4 Certification Regarding Lobbying

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

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

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

8.5 Religious Activity

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

- i. Represents that it is not, or may not be deemed to be, a religious or denominational institution or organization or an organization operated for religious purposes which is supervised or controlled by or in connection with a religious or denominational institution or organization; and,
- ii. Agrees that, in connection with such services:
 - (a) It will not discriminate against any employee or applicant for

employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion;

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

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

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

8.6 Disclosure of Confidential Tenant Information.

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

8.7 Layering Review

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

8.8 Compliance with Federal, State and Local Laws

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

8.8.1 Prevailing Wage Laws

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

“Davis Bacon”) and, if and to the extent applicable, California law (Labor Code Section 1720, *et seq.*).

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

8.8.2 Section 3 Compliance

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

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

8.8.3 Labor Standards

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

8.8.4 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 as attached hereto as Attachment 14.

8.8.5 Lead-Based Paint

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

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

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

Prior to commencing any part of the development, if applicable, the Borrower shall cause each household in occupancy at the Site to receive (and shall obtain proof of receipt through signature) (1) a complete copy of the HUD issued informational pamphlet/brochure about LBP

and LBP hazards, (2) any necessary disclosure forms relating to information about LBP and LBP Hazards, and (3) the results of any evaluation for LBP or LBP hazards at the applicable Unit within the Site.

8.8.6 Federal Funding Accountability and Transparency Act of 2006 (FFATA)

Borrower acknowledges that this agreement may be subject to the reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (FFATA), as amended, and related regulations. Borrower agrees to provide, upon request, all necessary information to enable the City to comply with FFATA reporting requirements attached hereto as Attachment 12.

8.8.7 Duty to Prevent Release of Hazardous Substances

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

8.8.8 Executive Order Addendum

Developer agrees to comply with all requirements set forth in the Addendum, attached hereto as Attachment 15 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.

9. GENERAL PROVISIONS

9.1 Notices, Demands and Communications Between the Parties.

Unless otherwise specified in this Agreement, it shall be sufficient service or giving of any notice, request, certificate, demand or other communication if the same is sent by (and all notices required to be given by mail will be given 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 Owner: Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501
Attention: Bruce Kulpa, Chief Executive Officer

To City: City of Riverside
3900 Main Street

Riverside, California 92522
Attn: City Manager

With a copy to: City of Riverside
3900 Main Street
Riverside, California 92522
Attn: City Attorney

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

9.2 Subordination of Indebtedness.

Any indebtedness of the City to the Owner created by this Agreement is subordinate to any pledge of tax increments to the bondholders of any tax increment bonds which have been or may hereafter be issued by the City. The Parties hereby agree to execute any and all ancillary documents as may reasonably be requested by any bondholder or other purchaser of bonds, notes or other forms of indebtedness of the City entitled to receive the tax increment revenues for the repayment of any other indebtedness of the City for which the tax increment revenues have been or may hereafter be pledged.

9.3 Conflicts of Interest.

No member, official or employee of the 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.

9.4 Warranty Against Payment of Consideration for Agreement.

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

9.5 Nonliability of City Officials and Employees.

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

9.6 Approval by City and Owner.

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

Agreement requires the City or the Owner to approve any contract, document, plan, proposal, specification, drawing or other matter, such approval shall not be unreasonably withheld or delayed. In the event that a Party declines to approve any contract, document, plan, proposal, specification, drawing or other matter, such denial shall be in writing and shall include the reasons for such denial. The Party considering the request for such approval shall use commercially reasonable efforts to respond to such request for approval within fifteen (15) calendar days of receipt unless expressly provided to the contrary herein.

9.7 Force Majeure.

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

9.8 Applicable Law; Interpretation; Captions.

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

9.9 Inspection of Books and Records, Reports.

The City or its designee has the right at all reasonable times, and upon reasonable advance notice of not less than forty-eight (48) hours, to inspect the books and records and other related documents of the Owner pertaining to the satisfaction of their obligations hereunder as reasonably necessary for purposes of enforcing the provisions of this Agreement. Such books, records and related documents shall be maintained by the Owner at locations as agreed by the parties. Throughout the term of this Agreement, the Owner shall submit to the City

reasonable written progress reports as and when reasonably requested by the City on all matters pertaining to the Project and the Site.

9.10 Administration.

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

9.11 Mutual Cooperation.

Each party agrees to cooperate with the other in this transaction and, in that regard, to sign any and all documents which may be reasonably necessary, helpful or appropriate to carry out the purposes and intent of this Agreement. To the extent that any lender in the Project requires modifications to this Agreement or any attachment hereto, the City agrees to make such modification within a reasonable time on the condition that such modification does not materially change the rights and obligations of the Parties as set forth herein.

9.12 Ground Breaking and Grand Openings.

To insure proper protocol and recognition of the City Council, the Owner 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 the Owner and celebrating the development which is the subject of this Agreement providing City staff with at least two (2) weeks prior notice of any such event.

9.13 Independent Contractor.

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

9.14 Entire Agreement.

This Agreement includes fifty-five (55) pages and Attachment Nos. 1 through 15 which constitute the entire understanding and agreement of the Parties. Except as otherwise provided herein, this Agreement integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties with respect to all or any part of the subject matter hereof.

9.15 Digital and Counterpart Signatures.

Each party to this Agreement intends and agrees to the use of digital signatures that meets the requirements of the California Uniform Electronic Transactions Act (Civil Code §§ 1633.1, et seq.), California Government Code § 16.5, and California Code of Regulations Title 2 Division 7 Chapter 10, to execute this Agreement. The parties further agree that the digital signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures for purposes of validity, enforceability, and admissibility. For purposes of this section, a “digital signature” is defined in subdivision (d) of Section 16.5 of the Government Code and is a type of “electronic signature” as defined in subdivision (h) of Section 1633.2 of the Civil Code. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each certified or authenticated electronic copy of an encrypted digital signature shall be deemed a duplicate original, constituting one and the same instrument and shall be binding on the parties hereto.

9.16 Counterparts.

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. Three (3) duplicate originals of this Agreement shall be executed each of which shall be deemed to be an original.

9.17 Waivers and Amendments.


All waivers of the provisions of this Agreement must be in writing and signed by the appropriate authorities of the City and the Owner, and all amendments hereto must be in writing and signed by the appropriate authorities of the City and the Owner. The City hereby authorizes the City Manager to enter into any amendment, or modification of this Agreement and the HOME Loan Documents and to extend any deadlines hereunder.

[Signature Page Follows]

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

“OWNER”

RIVERSIDE HOUSING DEVELOPMENT CORPORATION,
a California nonprofit public benefit
corporation

By: 
Bruce Kulpa
Chief Executive Officer

“CITY”

THE CITY OF RIVERSIDE, a California charter city and
municipal corporation

By: _____
Mike Futrell
City Manager

CERTIFIED AS TO AVAILABILITY OF FUNDS:

By: 
Chief Financial Officer

ATTEST:

By: _____
Donesia Gause
City Clerk

APPROVED AS TO FORM:

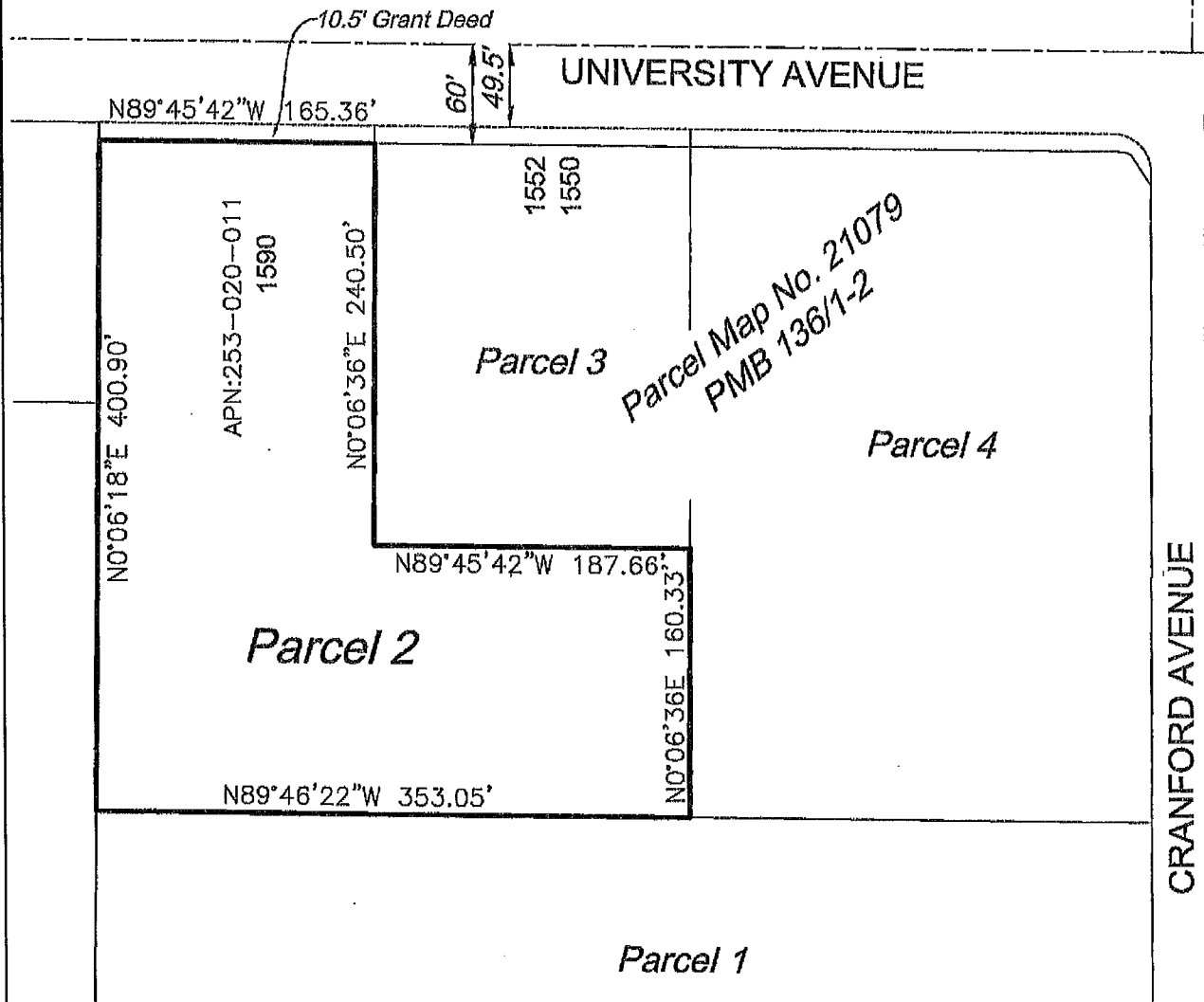
By: _____
Sean B. Murphy
Deputy City Attorney

ATTACHMENT NO. 1

SITE PLAN

[ATTACHED]

EXHIBIT



• CITY OF RIVERSIDE, CALIFORNIA •

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

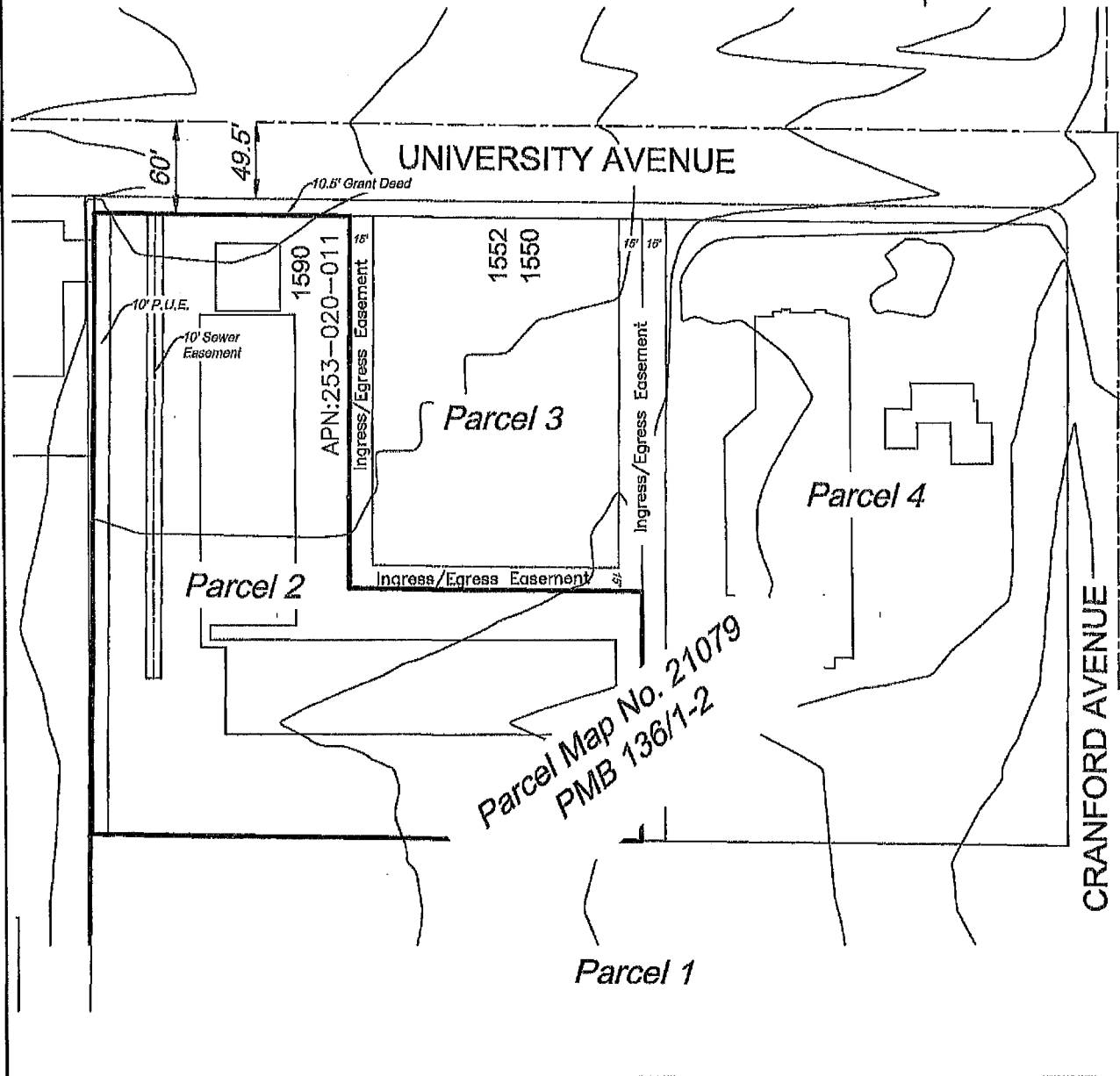
SHEET 1 OF 1

SCALE: 1' = 100'

DRAWN BY: dbw DATE: 9/22/25

SUBJECT: 1590 University Avenue APN 253-020-011

EXHIBIT



• CITY OF RIVERSIDE, CALIFORNIA •

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

SHEET 1 OF 1

SCALE: 1" = 100'

DRAWN BY: dbw DATE: 9/22/25

SUBJECT: 1590 University Avenue APN 253-020-011

ATTACHMENT NO. 2
SITE LEGAL DESCRIPTION
[ATTACHED]

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



ATTACHMENT NO. 3

PROJECT DESCRIPTION

The acquisition of a motel located at 1590 University Avenue, Riverside, CA 92501 to be converted into 114 housing units, which eleven (11) units will be HOME-assisted units rented to very low income (50% or below Area Median Income) households.

ATTACHMENT NO. 4
SCHEDULE OF PERFORMANCE
[ATTACHED]

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 31, 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 NO. 5

PROJECT BUDGET

Project costs by Source	HCD Homekey+	City CDBG	City HOME	City HCD HHAP	TOTAL
Property acquisition	\$11,900,000.00	\$965,617.75	\$935,110.00	\$269,272.25	\$14,070,000.00
Renovations	\$ 7,237,410.00			\$2,481,494.23	\$9,718,904.23
Architecture & Survey			\$64,890.00	\$410,841.00	\$475,731.00
Soft costs				\$1,150,844.77	\$1,150,844.77
Developer Fee	\$ 1,000,000.00				\$1,000,000.00
Project reserves				\$3,506,820.00	\$3,506,820.00
TOTAL	\$ 20,137,410.00	\$965,617.75	\$1,000,000.00	\$7,819,272.25*	\$29,922,300.00

*On April 2, 2025, the City and RHDC executed a Subrecipient Agreement for the Homeless Housing, Assistance and Prevention Program (HHAP) Round 3 funding agreement to provide \$250,000 to cover the Project's soft costs. The \$7,819,272.25 amount includes the previously allocated \$250,000 of HHAP 3 funding.

ATTACHMENT NO. 6
HOME PROMISSORY NOTE
[ATTACHED]

**HOME INVESTMENT PARTNERSHIP PROGRAM (HOME)
PROMISSORY NOTE**

Loan Amount: \$1,000,000

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 One Million Dollars and (\$1,000,000), or so much of such principal as may be disbursed pursuant hereto and in accordance with that certain HOME Investment Partnerships Program Loan Agreement by and between the City and the Borrower dated for identification purposes only as of _____ ("**HOME Loan Agreement**"). The record of such disbursements shall be recorded on Exhibit "A" to this HOME Promissory Note by the City and acknowledged by the Borrower. This HOME Promissory Note evidences the obligation of the Borrower to the City for the repayment of certain funds ("**HOME Loan**") loaned to the Borrower by the City and required to be paid by the Borrower pursuant to the HOME 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 HOME Loan Agreement ("**Property**"). All capitalized terms unless otherwise defined herein shall have the same meaning as set forth in the HOME Loan Agreement.

1. Source of Funds.

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

2. Interest.

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

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

3. Payment Dates and Amounts.

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

for the previous calendar year, commencing on July 1st in the calendar year immediately following the calendar year in which the Release of Construction Covenants is recorded in the official records of Riverside County. Absent prepayment or acceleration, the Borrower agrees to pay the indebtedness of the HOME Loan to the City in annual payments equal to the City's pro rata share of twenty-five percent (25%) of the Residual Receipts, shared pro rata with all other public agency loans receiving residual receipts payments ("**City Share of Residual Receipts**"), for the prior fiscal year.

3.1 Definition of Annual Project Revenue. "**Annual Project Revenue**" shall mean all gross income and all revenues of any kind from the development in a fiscal year, including without limitation, Project rents, Section 8 housing assistance payments, if any, late charges, vending machine income, and any other revenues of whatever kind or nature from the development, except that interest on security deposits, required reserves, capital contributions, loan proceeds, insurance proceeds, and, condemnation proceeds, shall not be considered Annual Project Revenue.

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

3.3 Definition of Debt Service. "**Debt Service**" means mandatory payments made in the fiscal year regardless of available cash flow or Residual Receipts pursuant to the terms and conditions of promissory notes and loan agreements with lenders and excluding payments made pursuant to this HOME Promissory Note and notes made with other sources of subsidy financing.

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

3.5 Definition of Operating Expenses. "**Operating Expenses**" shall mean actual, reasonable and customary costs, fees and expenses directly incurred, paid, and attributable to the operation, maintenance and management of the Project in a fiscal year, including, without limitation: painting, cleaning, repairs, alterations, landscaping, utilities, refuse removal, certificates, permits and licenses, sewer charges, real and personal property taxes, assessments, insurance, security, advertising and promotion, janitorial services, cleaning and building supplies, purchase, repair, servicing and installation of appliances, equipment, fixtures and furnishings which are not paid from the capital replacement reserve, annual loan monitoring fees, fees and expenses of property management, fees and expenses of accountants, attorneys and other professionals, and other actual, reasonable and customary operating costs and capital costs which are

directly incurred and paid by the Borrower, but which are not paid from the operating reserve or other reserve accounts. The Operating Expenses shall not in any event include expenses not related to the development's operations, including without limitation, depreciation, amortization, non-cash expenses, and accrued principal and interest expense on deferred payment debt.

3.6 Definition of Residual Receipts. "*Residual Receipts*" means Annual Project Revenue less the sum of actual reasonable payments made on the following:

- (a) Operating Expenses;
- (b) Debt Service;
- (c) Reserve Deposits, which shall include required replacement reserve annual funding requirements and operating reserve replenishment;
- (d) Reasonable and customary Asset Management Fee consistent with the Borrower's pro forma upon the acquisition of the Property plus interest thereon;
- (h) Completion Loan plus interest thereon; plus
- (i) Payment of credit adjusters to Borrower's investor limited partner.

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

3.8 Definition of Senior Financing. "*Senior Financing*" shall mean any senior source of financing for the Project pursuant to the HOME Lona Agreement.

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. All calculations and records shall be based upon the Borrower's Annual Financial Statement and shall be subject to audit by the City. In connection with any audit, the Borrower shall provide to the City for inspection and copying any records, receipts, account books, ledgers, checks, or other documents or other evidence requested by the City for the purpose of verifying the Borrower's calculation of Residual Receipts, and shall promptly pay to the City any further amount due but not paid as a result of any miscalculation by the Borrower. The City shall promptly pay the Borrower any overpayments made by the Borrower as shown by such audit.

5. Maturity Dates.

Notwithstanding any other provision hereof, unless due sooner by virtue of the acceleration of the balance hereof in accordance with Section 7, the outstanding principal balance together with

any accrued and unpaid interest due thereon and any other sums payable under this HOME Promissory Note shall be due and payable in full on the date which is fifty-five (55) years from the date of the recording of the HOME Release of Construction Covenants ("*Maturity Date*").

6. Intentionally Omitted

7. Acceleration.

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

8. Prepayment; Application of Payments.

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

9. Security For Note.

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

10. Obligation of Borrower Unconditional.

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

11. Purpose of HOME Loan.

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

12. Covenants of Borrower.

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

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

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

13. Assignment of this Note.

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

14. Events of Default and Remedies.

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

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

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

(c) The material falsity, when made, of any representation or breach of any material warranty or covenant made by the Borrower under the terms of this HOME Promissory Note, the HOME Loan Agreement or the HOME Deed of Trust;

(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 HOME Promissory Note, the HOME Regulatory Agreement and/or the HOME Loan Agreement for a continuous period of more than sixty (60) calendar days;

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

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

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

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

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

14.3 No Remedy Exclusive. No remedy herein conferred upon or reserved to the City intended to be exclusive of any other available remedy or remedies, but each such remedy shall be cumulative and shall be in addition to every other remedy given under this HOME Promissory Note or now existing at law or in equity or by statute; and may be exercised in such number, at such times and in such order as the City may determine in its

sole discretion. No delay or omission to exercise any right or power upon the occurrence of any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient by the City. In order to entitle the City to exercise any right or remedy reserved to it under this HOME Promissory Note, no notice shall be required except as expressly provided herein.

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

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

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

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

15. Agreement to Pay Attorneys' Fees and Expenses.

In the event that either party hereto brings any action or files any proceeding in connection with the enforcement of its respective rights under this HOME Promissory Note or any of the HOME Loan Documents, defined as the HOME Loan Agreement, this HOME Promissory Note, the HOME Deed of Trust, the HOME Regulatory Agreement, the Request for Notice of Default and all other documents contemplated by the HOME Loan Agreement, as a consequence of any breach by the other party of its obligations thereunder, the prevailing party in such action or proceeding shall be entitled to have its reasonable attorneys' fees and out-of-pocket expenditures paid by the losing party. The attorneys' fees so recovered shall include fees for prosecuting or defending any appeal and shall be awarded for any supplemental proceedings until the final

judgment is satisfied in full. In addition to the foregoing award of attorneys' fees, the prevailing party in any lawsuit on this HOME Promissory Note or any other HOME Loan Document shall also be entitled to its attorneys' fees incurred in any post-judgment proceedings to collect or enforce the judgment. In addition to the foregoing, the Borrower agrees to pay or reimburse the City, upon demand by the City, for all costs incurred by the City in connection with enforcement of this HOME Promissory Note, and any other HOME Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against the Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the City is a creditor in such proceedings or otherwise.

16. Conflict of Interest; No Individual Liability.

No official or employee of the City shall have any personal interest, direct or indirect, in this HOME Promissory Note, nor shall any official or employee of the City participate in any decision relating to this HOME Promissory Note which affects such official's or employee's pecuniary interest in any corporation, partnership or association in which such official or employee is directly or indirectly interested. No official or employee of the City shall be personally liable in the event of a breach of this HOME Promissory Note by the City.

17. Amendments, Changes and Modifications.

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

18. Notices.

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

To Borrower: Riverside Housing Development Corporation
4250 Brockton Avenue
Riverside, CA 92501
Attn: Bruce Kulpa, 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 (3rd) calendar day from the date it is postmarked if delivered by registered or certified mail. Each party shall promptly notify the other party of any change(s) of address to which notice shall be sent pursuant to this HOME Promissory Note. Any address for service of notice on any party may be changed by that party serving a notice upon the other of the new address, except that any change of address to a post office box shall not be effective unless a street address is also specified for use in effectuating personal service.

19. Severability.

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

20. Interpretation.

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

21. No Waiver; Consents.

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

22. Governing Law.

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

23. Nonrecourse Obligation After Completion of Construction.

This HOME Promissory Note shall constitute a recourse obligation of the Borrower until recordation of the Release of Construction Covenants in the official records of the County of Riverside. Upon completion of construction of the Project as evidenced by the recordation of a

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

Nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for this HOME Promissory Note of all the rights and remedies of the City, or (b) be deemed in any way to impair the right of the City to assert the unpaid principal amount of this HOME Promissory Note as a demand for money within the meaning and intendment of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on this HOME Promissory Note; nothing contained therein is intended to relieve the Borrower and, if the Borrower is a partnership, any general partner of the Borrower of liability for (i) fraud or willful misrepresentation of the Borrower; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the HOME Loan Documents that are payable or applicable prior to any foreclosure under the HOME Deed of Trust (to the full extent of such taxes, assessments or other charges); (iii) the retention of any rental income or other income arising with respect to the Project collected by the Borrower after the City has given any notice that the Borrower is in default to the full extent of the rental income or other income retained and collected by the Borrower after the giving of any such notice; (iv) the fair market value as of the time of the giving of any notice referred to in subparagraph (iii) above of any personal property or fixtures removed or disposed of by the Borrower other than in accordance with the HOME Loan Documents after the giving of any notice referred to above; and (v) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (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 HOME Promissory Note shall be solely for the benefit of the City, and neither the Borrower nor any other person shall rely upon such review or approval as an indication of the wisdom, soundness, safety, appropriateness, or presence or absence of any matter. Without limiting the generality of the foregoing, the Borrower and not the City shall be solely responsible for assuring compliance with laws, the suitability of the Property for the Project, the adequacy of the plans, and the safety of the Project construction site, the completed Project, and the operation thereof.

25. Waiver.

The Borrower agrees that it will still be liable for repayment of this HOME Promissory Note, 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 HOME Promissory Note as of the date and year first above written.

BORROWER:

Date: _____ RIVERSIDE HOUSING DEVELOPMENT CORPORATION,

a California nonprofit public benefit corporation

By: _____
Bryce Kulpa
Chief Executive Officer

312176 SBM 11/21/25

EXHIBIT "A"
DISBURSEMENT RECORD

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

ATTACHMENT NO. 7
HOME DEED OF TRUST
[ATTACHED]

HOME INVESTMENT PARTNERSHIP (HOME)

DEED OF TRUST

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

)
)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Housing Project Manager)
)
Project: University Terrace Homes)
1590 University Avenue)

(Space above for Recorder’s Use Only)

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

HOME INVESTMENT PARTNERSHIPS (HOME)

LEASEHOLD DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS

THIS LEASEHOLD DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS (“**Deed of Trust**”) is made as of _____, 2026 by RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation (“**Trustor**”), whose address is 4250 Brockton Avenue, Riverside, CA 92501; to First American Title, located at 3400 Central Avenue, Suite 100, , Riverside, California 92506 (“**Trustee**”), for the benefit of the **CITY OF RIVERSIDE**, a California charter city and municipal corporation (“**Beneficiary**”).

THIS DEED OF TRUST is given, inter alia, for the purpose of securing the obligation of Trustor to repay Beneficiary all principal and interest due under that certain loan in the amount of One Million Dollars (\$1,000,000) made by Beneficiary (“**HOME Loan**”) evidenced by that certain HOME Promissory Note of even date herewith (“**HOME Promissory Note**”) and made in accordance with that certain HOME Investment Partnership Loan Agreement by and between the City and the Borrower, dated for identification purposes only as of _____, 2026 (“**HOME Loan Agreement**”) and the performance of Trustor’s obligations thereunder and under this HOME Deed of Trust and the HOME Regulatory Agreement as hereinafter defined. The HOME Loan shall be made in connection with the acquisition and assembly of certain real property and predevelopment activities in preparation for construction of improvements thereon containing one hundred fourteen (114) Units and any improvements appurtenant thereto by the Trustor in accordance with the HOME Loan Agreement (“**Project**”). The real property is located at 1590

University Avenue in the City of Riverside, State of California, further identified in the HOME 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 One Million Dollars (\$1,000,000), or so much of such principal as may be disbursed pursuant to the HOME Promissory Note, with non-compounding simple interest at 0.0% per annum according to the terms of the HOME Promissory Note, and any and all additions, modifications or extensions thereof;

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

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

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

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

ARTICLE 1.
COVENANTS AND AGREEMENTS OF TRUSTOR

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

1.2 Maintenance, Repair, Alterations. Subject to normal wear and tear, Trustor (a) shall keep the Property and the Improvements thereon in good condition and repair in accordance with the HOME Loan Documents, including without limitation the HOME Regulatory Agreement; (b) shall not remove, demolish or substantially alter any of the Improvements except upon the prior written consent of Beneficiary; (c) shall complete promptly and in a good and workmanlike manner any Improvement which may be now or hereafter constructed on the Property and promptly restore in like manner any portion of the Improvements which may be damaged or destroyed thereon from any cause whatsoever, and pay when due all claims for labor performed and materials furnished therefore; (d) shall comply in all material respects with all 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 HOME Loan Documents in form and amounts, providing for deductibles, and issued by companies, associations or organizations covering such casualties, risks, perils, liabilities and other hazards as required by the HOME Loan Documents or by Beneficiary pursuant thereto.

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

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

1.4 Delivery of Policies, Payment of Premiums.

(a) At Beneficiary's option Trustor shall furnish Beneficiary with a copy of all policies of insurance required under Section 1.3 above or evidence of insurance issued by the applicable insurance company for each required policy setting forth the coverage, the limits of liability, the name of the carrier, the policy number and the period of coverage, and otherwise in form and substance satisfactory to Beneficiary in all respects.

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

1.5 Casualties; Insurance Proceeds. Trustor shall give prompt written notice thereof to Beneficiary after the happening of any casualty to or in connection with the Property, the Improvements, or any part thereof, whether or not covered by insurance subject to the provisions of any senior liens, in the event of such casualty, all proceeds of insurance shall be payable to Beneficiary, whether required by the HOME Loan Documents or otherwise, and Trustor hereby authorizes and directs any affected insurance company to make payment of such proceeds directly to Beneficiary. If Trustor receives any proceeds of insurance resulting from such casualty, whether required by the HOME Loan Documents or otherwise, Trustor shall promptly pay over such proceeds to Beneficiary, 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 HOME Loan Documents with respect thereto have been satisfied. If any one or more of such conditions in the HOME Loan Documents has not been met, Beneficiary shall not be obligated to make any further disbursements pursuant to the HOME Promissory Note and Beneficiary shall apply all loss proceeds, 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 HOME 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 HOME Deed of Trust or invalidate any act done pursuant to such notice.

1.6 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party to any litigation concerning this HOME Deed of Trust or any of the HOME Loan Documents, the Trust Estate or any part thereof or interest therein, or the occupancy of the Property or the Improvements by Trustor, then Trustor shall indemnify, defend and hold Beneficiary harmless from all liability by reason of that litigation, including reasonable attorneys' fees and expenses incurred by Beneficiary as a result of any such litigation, whether or not any such litigation is prosecuted to judgment, except to the extent that such liability is caused by the 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 HOME Deed of Trust.

(c) All sums payable by Trustor in accordance with the terms of this HOME Deed of Trust, the HOME Promissory Note or the HOME 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 HOME Deed of Trust by any trustee or receiver of Beneficiary, or by any court, in any such proceeding; (v) any claim which Trustor has or might have against Beneficiary, which does not relate to the HOME Loan; or (vi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Trustor shall have notice or knowledge of any of the foregoing. Except as expressly provided herein and subject to any limitation thereon provided by law, Trustor waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any sum secured hereby and payable by Trustor.

1.7 Taxes and Impositions.

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

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

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

(f) If, by the laws of the United States of America, or of the State of California or any political subdivision thereof having jurisdiction over Trustor, Beneficiary or the Trust Estate or any portion thereof, any tax, assessment or other payment is due or becomes due in respect of the issuance of the HOME Promissory Note or the recording of this HOME Deed of Trust, Trustor covenants and agrees to pay each such tax, assessment or other payment in the manner required by any such law. Trustor further covenants to defend and hold harmless and agrees to indemnify Beneficiary, its successors or assigns, against any liability incurred by reason of the imposition of

any tax, assessment or other payment on the issuance of the HOME Promissory Note or the recording of this HOME Deed of Trust.

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

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

1.10 Actions By Trustee or Beneficiary to Preserve Trust Estate. During the continuation of an event of default, Beneficiary and/or Trustee, each in its own discretion, without obligation so to do, without releasing Trustor from any obligation, and 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 HOME Loan Documents or by law), Beneficiary and Trustee shall have and are hereby given the right, but not the obligation, (a) to enter upon 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 HOME Deed of Trust or be prior or superior hereto; and (e) in exercising such powers, to pay necessary expenses, including reasonable attorneys' fees and costs or other necessary or desirable consultants. Trustor shall, immediately upon demand therefor by Beneficiary and Trustee or either of them, pay to Beneficiary and Trustee an amount equal to all respective costs and expenses incurred by such party in connection with the exercise of the foregoing rights, including, without limitation, reasonable costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's and attorneys' fees, together with interest thereon from the date of such expenditures at the Default Rate.

1.11 Transfer of Trust Estate by Trustor. Subject to the provisions of the HOME Loan Agreement, in the event the Trust Estate or any part thereof, or any interest therein is sold, transferred or leased in violation of Section 2 of the HOME Loan Agreement, Beneficiary shall have the absolute right at its option, upon notice and demand in accordance with Section 9 of the HOME Loan Agreement, to declare all sums secured hereby immediately due and payable. Consent to one such transaction shall not be deemed to be a waiver of the right to require consent to future or successive transactions. As a condition of the HOME Loan, Trustor agrees for itself, its successors and assigns that the use of the Property shall be subject to the restrictions on rent and occupancy and use of the Property set forth in the HOME Loan Documents, including without limitation, the HOME Regulatory Agreement.

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

1.13 Eminent Domain.

(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 HOME Loan Agreement, Beneficiary shall apply all such Condemnation Proceeds to the restoration of the Improvements, provided that (i) the taking or damage will not, in Beneficiary's reasonable judgment, materially and adversely affect the contemplated use and operation of Property and the Improvements; and (ii) all applicable conditions set forth in the HOME 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 HOME 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 HOME Loan Agreement or the other HOME Loan Documents. If the Condemnation Proceeds are not sufficient to repay the HOME 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 HOME Loan Documents or invalidate any act done pursuant to such notice.

1.14 Additional Security. No other security now existing, or hereafter taken, to secure the obligations secured hereby shall be impaired or affected by the execution of this HOME Deed

of Trust and all additional security shall be taken, considered and held as cumulative. The taking of additional security, execution of partial releases of the security, or any extension of the time of payment of the indebtedness shall not diminish the force, effect or lien of this HOME Deed of Trust and shall not affect or impair the liability of any Trustor, surety or endorser for the payment of the indebtedness. In the event Beneficiary at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently, or after a sale is made hereunder.

1.15 Successors and Assigns. This HOME Deed of Trust applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term "Beneficiary" shall mean the owner and holder of the HOME 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 HOME Loan Documents. Without limiting the generality of the foregoing, Trustor agrees that Beneficiary will have the same right, power and authority to enter and inspect the Property and the Improvements as is granted to a secured lender under Section 2929.5 of the California Civil Code, and that Beneficiary will have the right to appoint a receiver to enforce this right to enter and inspect the Property and the Improvements to the extent such authority is provided under California law, including the authority given to a secured lender under Section 564(c) of the California Code of Civil Procedure.

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

1.18 Trustee's Powers. At any time, or from time to time, without liability therefor and without notice, upon written request of Beneficiary and presentation of this HOME Deed of Trust

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

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

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

Subsequent to the recordation of the Release of Construction Covenants in the official records of the County of Riverside, California, the sole recourse of the Beneficiary with respect to the principal of, or interest on, the HOME Promissory Note shall be to the Property securing the indebtedness evidenced by the HOME Promissory Note. No judgment, or execution thereon, entered in any action, legal or equitable, on the HOME Promissory Note or this HOME Deed of Trust securing the HOME Promissory Note shall be enforced personally against the Trustor or, if the Trustor shall be a partnership, any partner of the Trustor, but shall be enforced only against the Trustor and such other or further security as, from time to time, may be hypothecated for the HOME Promissory Note; provided, however, that nothing contained in the foregoing limitation of liability shall (a) limit or impair the enforcement against all such security for the HOME Promissory Note of all the rights and remedies of the Beneficiary, or (b) be deemed in any way to impair the right of the Beneficiary to assert the unpaid principal amount of the HOME Promissory Note as a demand for money within the meaning and intent of Section 431.70 of the California Code of Civil Procedure or any successor provision thereto. The foregoing limitation of liability is intended to apply only to the obligation for the repayment of the principal of, and payment of interest on the HOME Promissory Note; nothing contained therein is intended to relieve the Trustor and, if Trustor is a partnership, any general partner of Trustor of liability for (i) fraud or willful misrepresentation; (ii) the failure to pay taxes, assessments or other charges which may create liens on the real property described in the HOME Loan Documents that are payable or applicable prior to any foreclosure under this HOME Deed of Trust (to the full extent of such taxes,

assessments or other charges); (iii) the retention of any rental income or other income arising with respect to the Project collected by Trustor after the Beneficiary has given any notice that Trustor is in default to the full extent of the rental income or other income retained and collected by Trustor after the giving of any such notice; (iv) the fair market value as of the time of the giving of any notice referred to in subparagraph (iii) above of any personal property or fixtures removed or disposed of by Trustor other than in accordance with the HOME Loan Documents after the giving of any notice referred to above; and (v) the misapplication of any proceeds under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain or by reason of damage, loss or destruction to any portion of the Project; and (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 HOME Deed of Trust and/or in the HOME Loan Agreement, Trustor hereby indemnifies, and shall defend and save harmless, Beneficiary and its authorized representatives 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 HOME Deed of Trust, the HOME Promissory Note or the HOME Loan Agreement, (h) any contest due to Trustor's actions or failure to act, permitted pursuant to the provisions of this HOME Deed of Trust, (i) subject to the nonrecourse provisions set forth in Section 1.21, any Event of Default under the HOME Promissory Note, the HOME Regulatory Agreement, this HOME Deed of Trust or the HOME Loan Agreement, or (j) any claim by or liability to any contractor or subcontractor performing work or any party supplying materials in connection with the Property or the Improvements, except 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 HOME Loan Documents or invalidate any act done in response to such Event of Default or pursuant to such notice of default.

ARTICLE 3 REMEDIES UPON DEFAULT

3.1 Events of Default. For all purposes hereof, the term "Event of Default" shall mean (a) at Beneficiary's option, the failure of Trustor to pay any amount due hereunder or under the HOME Promissory Note when the same is due and payable (subject to any notice and cure period provided hereunder or under the HOME 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 HOME Loan Documents.

3.2 Acceleration Upon Default, Additional Remedies. Subject to the rights of senior lenders, 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 HOME Loan Documents or this HOME Deed of Trust or notice of default hereunder;

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

(c) Deliver to Trustee a written declaration of default and demand for sale and a written notice of default and election to cause Trustor's interest in the Trust Estate to be sold, which notice Trustee or Beneficiary shall cause to be duly filed of record in the Official Records of the county in which the Property is located; or

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

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

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

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

(c) Subject to California Civil Code 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 HOME Deed of Trust or under any HOME Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the indebtedness and obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this HOME Deed of Trust nor its enforcement whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect Trustee's or Beneficiary's right to realize upon or enforce any other security now or hereafter held by Trustee or Beneficiary, it being agreed that Trustee and Beneficiary, and each of them, shall be entitled to enforce this HOME Deed of Trust and any other security now or hereafter held by Beneficiary or Trustee in such order and manner as they or either of them may in their absolute discretion determine. No remedy herein conferred upon or reserved to Trustee or Beneficiary is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by any of the HOME Loan Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

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

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

3.8 Environmental Provisions. Without limiting any of the remedies provided in the HOME Loan Documents, Trustor acknowledges and agrees that portions of Section 4 of the HOME Loan Agreement and Section 1.2 of this HOME Deed of Trust are environmental provisions (as defined in Section 736(f)(2) of the California Code of Civil Procedure) made by the Trustor relating to the real property security (the "Environmental Provisions"), and that Trustor's failure to comply with the Environmental Provisions is a breach of contract such that Beneficiary shall have the remedies provided under Section 736 of the California Code of Civil Procedure ("Section 736") for the recovery of damages and for the enforcement of the Environmental Provisions. Pursuant to Section 736, Beneficiary's action for recovery of damages or enforcement of the Environmental Provisions shall not constitute an action within the meaning of Section 726(a) of the California Code of Civil Procedure or constitute a money judgment for a deficiency or a deficiency judgment within the meaning of Sections 580a, 580b, 580d, or 726(b) of the California Code of Civil Procedure. Other than the remedy provided under Section 736, all remedies provided for by the HOME Loan Documents are separate and distinct causes of action that are not abrogated, modified, limited or otherwise affected by the remedies provided under Section 736(a) of the California Code of Civil Procedure.

ARTICLE 4. MISCELLANEOUS

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

4.2 Trustor Waiver of Rights. Trustor waives to the extent permitted by law, (a) the benefit of all laws now existing or that may hereafter be enacted providing for any appraisalment before sale of any portion of the Trust Estate, (b) all rights of redemption, valuation, appraisalment, stay of execution, notice of election to mature or declare due the whole of the secured indebtedness and marshalling in the event of foreclosure of the liens hereby created, (c) all rights and remedies which Trustor may have or be able to assert by reason of the laws of the State of California pertaining to the rights and remedies of sureties, (d) the right to assert any statute of limitations as a bar to the enforcement of the lien of this HOME Deed of Trust or to any action brought to enforce the HOME Loan Agreement or any other obligation secured by this HOME Deed of Trust, and (e) any rights, legal or equitable, to require marshalling of assets or to require upon foreclosure

sales in a particular order, including any rights under California Civil Code Sections 2899 and 3433. Beneficiary shall have the right to determine the order in which any or all of the Trust Estate shall be subjected to the remedies provided herein. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Nothing contained herein shall be deemed to be a waiver of Trustor's rights under Section 2924c of the California Civil Code.

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

If to Trustor: Riverside Housing Development Corporation
4250 Brockton Avenue.
Riverside, CA 92501
Attn: Executive Officer

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

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

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

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

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

4.6 Invalidity of Certain Provisions. Every provision of this HOME Deed of Trust is intended to be severable. In the event any term or provision hereof is declared to be illegal, invalid or unenforceable for any reason whatsoever by a court of competent jurisdiction, such illegality or

invalidity shall not affect the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

4.7 Subrogation. To the extent that proceeds of the HOME Promissory Note are used to pay any outstanding lien, charge or prior encumbrance against the Trust Estate, such proceeds have been or will be advanced by Beneficiary at Trustor's request and Beneficiary shall be subrogated to any and all rights and liens held by any 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 HOME Deed of Trust and the lien created hereby shall not be destroyed or terminated by application of the doctrine of merger unless Beneficiary so elects as evidenced by recording a written declaration so stating, and, unless and until Beneficiary so elects, Beneficiary shall continue to have and enjoy all of the rights and privileges of Beneficiary as to the separate estates. In addition, upon the foreclosure of the lien created by this HOME Deed of Trust on the Trust Estate pursuant to the provisions hereof, any leases or subleases then existing and affecting all or any portion of the Trust Estate shall not be destroyed or terminated by application of the law of merger or as a matter of law or as a result of such foreclosure unless Beneficiary or any purchaser at such foreclosure sale shall so elect. No act by or on behalf of Beneficiary or any such purchaser shall constitute a termination of any lease or sublease unless Beneficiary or such purchaser shall give written notice thereof to such tenant or subtenant.

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

4.11 Joint and Several Obligations. Should this HOME Deed of Trust be signed by more than one party, all obligations herein contained shall be deemed to be the joint and several obligations of each party executing this HOME Deed of Trust. Any married person signing this HOME 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 HOME Deed of Trust the singular shall include the plural and the masculine shall include the feminine and neuter and vice versa, if the context so requires.

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

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

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

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

4.17 Substitute Trustee. Beneficiary at any time and from time to time, by instrument in writing, may substitute and appoint a successor Trustee (either corporate or individual) to any

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

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

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

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

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

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

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

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

(Signatures on following page.)

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

TRUSTOR:

Riverside Housing Development Corporation,
a California nonprofit public benefit
corporation

By: _____
Bruce Kulpa
Chief Executive Officer

EXHIBIT "A"

LEGAL DESCRIPTION

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



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

STATE OF CALIFORNIA)
)ss
COUNTY OF RIVERSIDE)

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

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

WITNESS my hand and official seal.

Notary Signature

ATTACHMENT NO. 8
HOME REGULATORY AGREEMENT
[ATTACHED]

ATTACHMENT NO. 8

CITY REGULATORY AGREEMENT

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

)
)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Housing Project Manager)
)
Project: University Village Terrace Homes)
1590 University Avenue)

(Space above for Recorder’s Use Only)

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

REGULATORY AGREEMENT (HOME)

THIS REGULATORY AGREEMENT (HOME) (“Regulatory Agreement”) dated for identification purposes only as of _____, 2025, 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”).

RECITALS

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

- 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 HOME Investment Partnership Loan Agreement, dated for identification purposes only as of _____, 2025 (“Loan Agreement”), which is incorporated herein by this reference and a copy of which is on file as public record of the City at its offices located at 3900 Main Street, Riverside, CA 92522.

D. The 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 HOME Assisted Units shall be available only to Qualified Tenants at Affordable Rent as specified herein for not less than fifty-five (55) years.

G. The provision of the 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:

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

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

“Affordable Rent” means, with respect to the HOME-Assisted Units, the amount of monthly rent, including a reasonable utility allowance, to be charged by the 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.

“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 One Million Dollars (\$1,000,0000) 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 Assisted Units" means the eleven (11) 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 HOME 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 HOME Assisted Units remains the same throughout the Affordability Period and each substituted HOME Assisted Unit is comparable in terms of size, features, and number of bedrooms to the originally designated HOME Assisted Units.

"HOME 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.

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

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

"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 HOME 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 HOME Assisted Unit as his or her principal residence, and each member intends thereafter continuously to occupy such HOME Assisted Unit as his or her principal residence.

b. The household is qualified 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 HOME 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 HOME 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 HOME 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 HOME 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 HOME Program shall Developer be permitted to implement the proposed change.

C. **Income Requirements.** Prior to leasing a HOME 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 HOME 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 HOME 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 HOME 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 HOME Assisted Unit whose income increases to an amount that exceeds the maximum qualifying income of a Qualified Tenant may continue to occupy his or her Unit and such Unit shall continue to be designated as a HOME 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 HOME 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 HOME 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 HOME 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"). To the extent legally allowable, the Tenant Selection Plan shall give first preference to tenant applicants residing in the City and second preference to tenant applicants working in the City.

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 curblin. The Property shall be maintained in good condition and in accordance with the custom and practice generally applicable to comparable first quality affordable apartment complexes in the City.

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

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

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 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.D.

D. **Operating Reserve Requirements.** Developer shall not be required to maintain and Operating Reserve for this Project.

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

B. **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, 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

EXHIBIT "A"

LEGAL DESCRIPTION

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



ATTACHMENT NO. 9
RELEASE OF CONSTRUCTION COVENANTS
[ATTACHED]

**ATTACHMENT NO. 9
RELEASE OF CONSTRUCTION COVENANTS**

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

)
)
)
City of Riverside)
3900 Main Street)
Riverside, CA 92522)
Attn: Housing Project Manager)
)
Project: University Terrace Homes)
1590 University Avenue)

(Space above for Recorder's Use Only)

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

RELEASE OF CONSTRUCTION COVENANTS

THIS RELEASE OF CONSTRUCTION COVENANTS ("Release") is hereby made as of this ___ day of _____, 2025, by the **CITY OF RIVERSIDE**, a California charter city and municipal corporation ("City") in favor of **RIVERSIDE HOUSING DEVELOPMENT CORPORATION**, a California nonprofit public benefit corporation ("Developer").

RECITALS

A. The City and the Developer entered into that certain HOME Investment Partnership (HOME) Loan Agreement dated for identification purposes only as of _____, 2025 (the "Agreement").

B. Pursuant to the Agreement, the City and the Developer entered into that certain Regulatory Agreement dated _____, 2025. The Agreement provides for the completion of certain improvements ("Project") to certain real property ("Site") situated in the City of Riverside, California, and more particularly described on Exhibit "A" attached hereto and made a part hereof by this reference. Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Regulatory Agreement.

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

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

NOW, THEREFORE, City hereto certifies as follows:

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

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

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

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

CITY OF RIVERSIDE, a California charter city and municipal corporation

By: _____
City Manager

ATTEST:

City Clerk

EXHIBIT "A"
LEGAL DESCRIPTION

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.

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



ATTACHMENT NO. 10
HOME REQUEST FOR NOTICE OF DEFAULT
[ATTACHED]

RECORDING REQUESTED BY)
 AND WHEN RECORDED MAIL TO:)
)
)
 City of Riverside)
 3900 Main Street)
 Riverside, CA 92522)
 Attn: Housing Project Manager)
)
 Project: University)
 Terrace Homes)
 1590 University Avenue)

(Space above for Recorder's Use Only)

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

REQUEST FOR NOTICE OF
 DEFAULT
 HOME Investment Partnership (HOME) Loan
 Agreement

(Under Section 2924b Civil Code)

In accordance with Section 2924b of the California Civil Code, request is hereby made that a copy of any notice of default and a copy of any notice of sale under the deed of trust recorded on _____, in Book __, Page ___ of the official records of Riverside County, California, executed by Riverside Housing Community Development, a California nonprofit public benefit corporation, as Trustor, in which the CITY OF RIVERSIDE, a California charter city and municipal corporation, is named as Beneficiary, and Commonwealth Land Title, as Trustee, be mailed to:

City of Riverside
 3900 Main Street
 Riverside, CA 92522

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

CITY OF RIVERSIDE, a California charter city
 and municipal corporation

By: _____
 City Manager

EXHIBIT A

LEGAL DESCRIPTION

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:

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



ATTACHMENT NO. 11

HOME ASSIGNMENT OF PLANS, REPORTS, AND DATA

[ATTACHED]

ASSIGNMENT OF PLANS, REPORTS AND DATA

(University Terrace Homes)

FOR VALUE RECEIVED, and subject to the rights of any senior lender, RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("**Borrower**"), does hereby assign, pledge, transfer and set over to the CITY OF RIVERSIDE, a California charter city and municipal corporation ("**City**"), all of its rights, title and interest in and to the following (collectively, "**Plans, Reports and Data**"), subject to the rights of the authors of the Plans, Reports and Data, and any limitations on assignment contained in agreements between Borrower and such authors: any and all plans, drawings, studies, reports and related documents concerning the Property, and all amendments, modifications, supplements, general conditions and addenda thereto, including, without limitation, Environmental Reports, all architectural and engineering plans, any architect's agreement entered into hereafter ("**Architect's Agreement**") by and between Borrower and any architect engaged to perform services with respect to the Property ("**Architect**") and those certain plans and specifications referred to therein, and all amendments, modifications, supplements, general conditions and addenda thereto (collectively, "**Architectural Plans**") prepared by Architect for the account of Borrower in connection with the development of certain real property located in the City of Riverside, County of Riverside, State of California more particularly described on Exhibit A attached hereto ("**Property**"). The Plans, Reports and Data, including, without limitation, the Architect's Agreement and the Architectural Plans, are hereby assigned as collateral security for certain indebtedness of Borrower to City evidenced by that certain City Promissory Note ("**City Promissory Note**") of even date herewith in the principal amount of One Million Dollars (\$1,000,000) ("**City Loan**"). The City Loan is made pursuant to that certain Loan Agreement, entered into by and among Borrower and the City, dated for identification purposes only as of _____ ("**Loan Agreement**"). All capitalized terms not defined herein shall have the meaning set forth in the Loan Agreement. For purposes hereof, "Environmental Reports" means any "Phase 1" and/or "Phase 2" investigations of the Property and all final reports and test results (not including drafts) provided by Developer's environmental consultant, if any.

Upon the occurrence and continuance of an Event of Default under the Loan Agreement beyond any applicable notice and cure period, the City Promissory Note or any other document relating to the City Loan (collectively, "**City Loan Documents**"), the City shall have the right, but not the obligation, prior to the recordation of that certain Release of Construction Covenants to be entered into by and between the City and Borrower, at any time, in its own name or in the name of Borrower, or otherwise, to take such action as City may at any time or from time to time determine to be necessary or desirable in order to cure any default by Borrower under the Architect's Agreement, including, without limitation, the protection of Borrower's rights with respect to the Architectural Plans or to protect the rights of Borrower thereunder. City shall not incur any liability if any action taken by City or on its behalf in good faith, pursuant to the foregoing sentence, shall prove to be, in whole or in part, inadequate or invalid, and Borrower hereby indemnifies and agrees to hold City harmless from and against any and all loss, claim, demand, cost, liability, damage or expense, including, without limitation, reasonable attorneys'

fees and expenses in connection with any such action or actions, except to the extent resulting from the negligence or misconduct of the City. Borrower agrees to have each architect engaged to perform services in connection with the Property execute a Consent in the form attached hereto.

Upon the occurrence and continuance of an Event of Default under the Loan Agreement, the City may exercise its rights hereunder and take possession of and title to the Plans, Reports and Data, including, without limitation, all architectural plans and the Architect's Agreement. City shall notify Borrower in writing of its exercise of its rights hereunder in accordance with the notice provisions set forth in the Loan Agreement. Borrower shall deliver possession of and title to the Plans, Reports and Data to City within forty-eight (48) hours of receipt of City's written notice.

Borrower and Architect, by executing the Consent to this Assignment, agree that the City does not assume any of Borrower's obligations or duties concerning the Architect's Agreement and the Architectural Plans, including, but not limited to, the obligation to pay for the preparation of the Architect's Agreement and the Architectural Plans, until and unless City shall exercise its rights hereunder.

Except for an Assignment to the senior lender, Borrower hereby represents and warrants to City that no previous assignment of its interest in the Plans, Reports and Data, including, without limitation, the Architect's Agreement and the Architectural Plans, has been made, and Borrower agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Plans, Reports and Data, including, without limitation, the Architect's Agreement and the Architectural Plans, so long as this Assignment is in effect.

This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, or successors in interest of the Borrower and City.

[Signatures Appear on the Following Page]

IN WITNESS WHEREOF, Borrower has caused this Assignment of Plans, Reports and Data to be executed as of _____, 2025.

BORROWER:

RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a
California nonprofit public benefit corporation

By: _____
Bruce Kulpa
Chief Executive Officer

CONSENT TO ASSIGNMENT OF PLANS,
REPORTS AND DATA

The undersigned has prepared the Architectural Plans and hereby consents to the assignment and other conditions set forth in the above Assignment of Plans, Reports and Data. The undersigned also agrees that in the event of a breach by Borrower of any of the terms and conditions of the Architect's Agreement or any other agreement entered into with the undersigned in connection with the Architectural Plans, that so long as Borrower's interest in the Plans is assigned to City, the undersigned will give written notice to City of such breach. City shall have sixty (60) days from the receipt of such notice of default to remedy or cure said default; provided, however, nothing herein shall require City to cure said default, City shall only have the option to do so.

The undersigned also agrees that in the event of default by Borrower under any of the documents or instruments entered into in connection with the Loan Agreement, the undersigned, at City's request, shall continue performance under the Architect's Agreement in accordance with the terms hereof, provided that the undersigned shall be reimbursed in accordance with the Architect's Agreement for all services rendered on City's behalf.

Dated: _____

ARCHITECT:

By: _____

Name: _____

Title: _____

EXHIBIT A

LEGAL DESCRIPTION

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 NO. 12

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

[ATTACHED]

FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

The Federal Funding Accountability and Transparency Act (FFATA or “Transparency Act”) was signed on September 26, 2006. The FFATA legislation requires information on federal awards (federal financial assistance and expenditures) be made available to the public via a single, searchable website, which is www.USASpending.gov.

The FFATA Subaward Reporting System (FSRS) is the reporting tool Federal prime awardees (i.e. prime contractors and prime grants recipients) use to capture and report subaward and executive compensation data regarding their first-tier subawards to meet the FFATA reporting requirements. Prime contract awardees will report against sub-contracts awarded and prime grant awardees will report against sub-grants awarded. The sub-award information entered in FSRS will then be displayed on www.USASpending.gov associated with the prime award furthering Federal spending transparency.

The Transparency Act requires information disclosure concerning entities receiving Federal financial assistance through Federal awards such as Federal contracts, sub-contracts, grants, and sub-grants.

Specifically, the Transparency Act’s section 2(b)(1) requires the City to provide the following information about each sub-award(s) greater than \$25,000:

- Name of the entity receiving the award;
- Amount of the award;
- NAICS code for contracts / CFDA program number for grants;
- Information on the award including purpose of the funding action;
- Location of the entity receiving the award and primary location of performance under the award;
- Unique identifier (DUNS #) of the entity receiving the award and the parent entity of the recipient;
- Names and total compensation of the five most highly compensated officers of the entity if the entity:

In the preceding fiscal year, received 80 percent or more of its annual gross revenues in Federal awards; and \$25,000,000 or more in annual gross revenues from Federal awards; and the public does not have access to this information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. §§ 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986.

I, _____ (print name), hereby agree that: I

read and understand the information provided above.

I acknowledge and agree that:
(Please check one of the following)

_____ (agency name) does not meet the above threshold requiring names and total compensation of the five most highly compensated officers of the entity if the entity.

_____ (agency name) does meet the above threshold* requiring names and total compensation of the five most highly compensated officers of the entity if the entity.

*If agency meets the above threshold, the agency MUST complete the section below identifying the names and total compensation of the five most highly compensated officers of the entity, signed and dated by the one of the following: President; Executive Director; CEO; Board Chairperson; Finance Director; CFO; or Treasurer.

	Names of Executive	Total Compensation
1.		
2.		
3.		
4.		
5.		

Signature of President/Executive Director/Board Chair

Printed Name of President/Executive Director/Board Chair

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

ATTACHMENT NO. 13

SECTION 3 ACKNOWLEDGEMENT

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

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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.

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

ATTACHMENT NO. 14

CITY BABA POLICY

[ATTACHED]

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

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

Special Attention of:

NOTICE: **CPD-25-01**

All CPD Division Directors
HUD Field Offices

Issued: **January 13, 2025**

HUD Regional Offices
All CDBG Grantees
All CoC Grantees
All HOME Participating Jurisdictions
All HTF Grantees
All ESG Grantees
All HOPWA Grantees

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

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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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SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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;

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

- (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.

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

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:

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

- 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

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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.

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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.

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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.

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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.

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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.

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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.

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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.

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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

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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.

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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 \(https://babawaiver.hud.gov/s/\)](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.

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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.

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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

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- 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.

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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

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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.

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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		

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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.

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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.

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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

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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

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ATTACHMENT NO. 15

ADDENDUM

[ATTACHED]

SECTION 3: ACKNOWLEDGEMENT OF COMPLIANCE REQUIREMENTS

Addendum

1. "Agreement Funds" shall mean funds provided by the City to the RIVERSIDE HOUSING DEVELOPMENT CORPORATION, a California nonprofit public benefit corporation ("Borrower") under this Agreement that are Federal grant funds.
2. Borrower 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, Borrower 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, Borrower 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, Borrower agrees that Agreement Funds shall not be used to fund or promote elective abortions.
6. To the extent required by applicable Executive Orders, Borrower 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), Borrower 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, Borrower 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. Borrower 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. Borrower 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. Borrower acknowledges that this Addendum does not include an exhaustive list of current Executive Orders and that Executive Orders are subject to change and modification.

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12. Borrower is responsible for monitoring and being knowledgeable of all White House Executive Orders.
13. In executing the Agreement, Borrower acknowledges that 1) the City has not provided legal interpretations or advice related to this Addendum; and 2) Borrower has had the opportunity to consult with, and be advised by, an independent legal counsel regarding matters pertaining to this Addendum.