

**FIRST AMENDMENT TO
PERMANENT LOCAL HOUSING ALLOCATION PROGRAM LOAN AGREEMENT**

SUNRISE AT BOGART, LP

(Sunrise at Bogart Project)

THIS FIRST AMENDMENT TO PERMANENT LOCAL HOUSING ALLOCATION PROGRAM LOAN AGREEMENT (“First Amendment”) is made and entered into this ____ day of _____, 2025 (“Effective Date”), by and between the CITY OF RIVERSIDE, a California charter city and municipal corporation (“City”) and SUNRISE AT BOGART, LP, a California limited partnership (“Owner” or “Developer”).

RECITALS

A. WHEREAS, 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; and

B. WHEREAS, On March 25, 2025, City and Owner entered into that certain Permanent Local Housing Allocation Program Loan Agreement (“Agreement”), wherein the City agreed, subject to the satisfaction of certain conditions precedent, to provide financial assistance to Owner for the construction of a permanent supportive multi-family housing project, consisting of twenty-three (23) one-bedroom units, including one (1) manager’s unit, and a community building to provide supportive services to resident-clients (“Project”). All capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Agreement; and

C. WHEREAS, the Owner in is in the process of pursuing additional funding sources from commercial lenders in order to promote the viability of the Project and, said commercial lenders require modifications of the Agreement to include modification of Section 3.3.3 Subordination and the addition of “float up” language to permit temporary modification of the regulatory agreement in the event that foreclosure of approved financing source results in the financial unfeasibility of the project; and

D. WHEREAS, the commercial lenders will not provide the additional funding necessary for the viability of the Project without the above mentioned modifications to the Agreement.

NOW THEREFORE, for good and valuable consideration the receipt and adequacy of which is hereby acknowledge, the City and Owner mutually agree to the following amendment to the Agreement.

1. The term “Sunrise at Bogart L.P.” shall be replaced throughout the Agreement and the other PLHA Loan Documents with the term “Sunrise at Bogart, LP”.

2. Section 1.1 of the Agreement (Defined Terms), is hereby amended to include the addition and/or modification to the following terms:

- a. **“Owner”** shall be replaced in its entirety with the definition “means SUNRISE AT BOGART, LP, a California limited partnership and any permitted successors and assigns pursuant to Sections 2.2 and 2.3.”

3. Section 3.3.3 of the Agreement (Subordination) shall be replaced in its entirety with the following:

“The PLHA Deed of Trust shall be subordinate to the liens and encumbrances of the PLHA Regulatory Agreement, the Construction Loan, the Permanent Loan (including any refinance thereof) 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 PLHA 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 thereof constitute a lien or charge. The priority of restrictions, covenants, or limitations as to the use of the PLHA Assisted Units, including but not limited to affordability and extremely low-income housing provisions, shall not be subject to any such subordination. The PLHA Request for Notice of Default shall be recorded in the official records of Riverside County concurrent with any documents evidencing the subordination of the PLHA Loan.

So long as the conditions set forth in this Section 3.3.3 are satisfied, the PLHA Regulatory Agreement shall be subordinate to the liens of the Construction Loan and such exceptions to title as are approved by the City in writing.

The PLHA 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 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”***).”

4. Section 5.2.5 of the Agreement (Annual Reporting Requirement) shall be replaced in its entirety with the following:

“In order to satisfy the monitoring requirements of the City and the State of California, the Owner shall, following the issuance of the Certificate of Occupancy, 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 PLHA 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 in accordance with applicable Tax Credit Rules upon request.

Additionally, the Owner shall determine and submit a report to the City showing the proposed Affordable Rent amount for each PLHA-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. A new Section 5.2.6 No Substitute Satisfaction (below) shall be added to the end of Section 5 of the Agreement (COVENANTS AND RESTRICTIONS) with the following:

“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 PLHA Regulatory Agreement.”

6. A new Section 5.2.7 shall be added to the end of Section 5 of the Agreement (COVENANTS AND RESTRICTIONS) with the following:

“5.2.7 Float-up: Notwithstanding any other covenant of this Agreement or the PLHA Regulatory Agreement to the contrary, the Parties agree that the following shall apply to the PLHA-Assisted Units:

- (a) City agrees that, upon Owner’s written request, with supporting documentation, following a loss or reduction in rental subsidies, or a foreclosure of any approved financing, or deed in lieu thereof, that render(s) the Project financially unfeasible, and upon City's prior written approval, which will not be unreasonably withheld, the maximum tenant household income and maximum annual rent for PLHA Assisted Units may be increased to amounts necessary to make operation of the Project financially feasible as determined by the Owner, including the payment of all required operating costs and debt service, but in no event may (a) the maximum tenant income limitation exceed 60 percent of AMI or, (b) the maximum annual rent limitation exceed 30 percent of 60 percent of AMI.
- (b) In the event of such above mentioned financial unfeasibility, any increases to the maximum tenant household income and maximum annual rent for PLHA Assisted Units may only continue until such time, if any, that the rental assistance or equivalent operating subsidy is restored. Notwithstanding anything to the contrary in this section, the Owner may

not displace tenant households and must use good faith efforts to reduce the effect of rent increases permitted to be imposed on existing tenant households by (a) the use of operating and transition reserves to the extent such funds exist and are available, and (b) the use of other subsidy sources available that would mitigate the rent increases.

- (c) Any such increase to the maximum tenant household income and maximum annual rent for PLHA Assisted Units may only be implemented after exhausting all transition reserve funds, and such increases shall only be permitted to the minimum extent required for financial feasibility, as reasonably determined by Owner based upon written documentation provided to City and approved by City, which approval shall not be unreasonably withheld, and which such increase shall conform to the HCD definition and requirements of a Low Income Household, and which shall not be of an amount in excess of 30 percent of 60 percent of AMI, adjusted for household size for the number of bedrooms. The City shall be notified at least three (3) months in advance of any Rent increase of the PLHA Assisted Units.
- (d) In order to enact an increase in the maximum household income and rents for PLHA Assisted Units, the Owner must submit a written request to the City which shall outline a plan with an explanation of the fiscal necessity of adjusting the maximum household income and the rents charged for the PLHA Assisted Units. The plan shall provide the following items along with any additional requirements from the City:
 - 1. An explanation of the efforts the Owner has made to secure other rental subsidies to sustain overall project operations;
 - 2. An explanation of the fiscal necessity of adjusting the maximum household income and the rents charged for the PLHA Assisted Units;
 - 3. A process for increasing the Project rent for all affected units (both PLHA Assisted Units and non-restricted units) and make reasonable efforts to continue to market and rent Project units to members of the target population originally contemplated, as well as ensuring that any increases to the household income limit are applied, as much as possible, only to vacant units as they become available. This portion of the plan shall discuss changes in both maximum household incomes and rents, and;

4. The plan for continuing, throughout the tax credit compliance period, to apply for other subsidies that will allow a return to all Units to members of the target population and rents originally contemplated.
- (e) During any period in which such increase maximum tenant household income and maximum annual rent for PLHA Units exists, the Owner shall provide City bi-annual documentation to support its ongoing determinations regarding financial feasibility of the Project, including documentation supporting the efforts of Owner to identify and obtain replacement financing to restore the financial feasibility of the Project, along with any additional requirements from the City.
- (f) No increase in maximum tenant household income and maximum annual rent for PLHA Units shall occur if such increase is in violation of any law or any duties or obligations of any other Project Financing Source (Section 3.1).”

7. A new Section I shall be added to the end of Section 2 of the PLHA Agreement Regulatory Agreement (USE RESTRICTIONS) to read as follows:

“I. Float-up: Notwithstanding any other covenant of this Agreement or the PLHA Regulatory Agreement to the contrary, the Parties agree that the following shall apply to the PLHA -Assisted Units:

- (1) City agrees that, upon Owner’s written request, with supporting documentation, following a loss or reduction in rental subsidies, or a foreclosure of any approved financing, or deed in lieu thereof, that render(s) the Project financially unfeasible and upon City's prior written approval, which will not be unreasonably withheld, the maximum tenant household income and maximum annual rent for PLHA Assisted Units may be increased to amounts necessary to make operation of the Project financially feasible as determined by the Owner, including the payment of all required operating costs and debt service, but in no event may (a) the maximum tenant income limitation exceed 60 percent of AMI or, (b) the maximum annual rent limitation exceed 30 percent of 60 percent of AMI.
- (2) In the event of such above mentioned financial unfeasibility, any increases to the maximum tenant household income and maximum annual rent for PLHA Assisted Units may only continue until such time, if any, that the rental assistance or equivalent operating subsidy is restored. Notwithstanding anything to the contrary in this section, the Owner may

not displace tenant households and must use good faith efforts to reduce the effect of rent increases permitted to be imposed on existing tenant households by (a) the use of operating and transition reserves to the extent such funds exist and are available, and (b) the use of other subsidy sources available that would mitigate the rent increases.

- (3) Any such increase to the maximum tenant household income and maximum annual rent for PLHA Assisted Units may only be implemented after exhausting all transition reserve funds, and such increases shall only be permitted to the minimum extent required for financial feasibility, as reasonably determined by Owner based upon written documentation provided to City and approved by City, which approval shall not be unreasonably withheld, and which such increase shall conform to the HCD definition and requirements for a Low Income Household, and which shall not be of an amount in excess of 30 percent of 60 percent of AMI, adjusted for household size for the number of bedrooms. The City shall be notified at least three (3) months in advance of any Rent increase of the PLHA Assisted Units.
- (4) In order to enact an increase in the maximum household income and rents for PLHA Assisted Units, the Owner must submit a written request to the City which shall outline a plan with an explanation of the fiscal necessity of adjusting the maximum household income and the rents charged for the PLHA Assisted Units. The plan shall provide the following items along with any additional requirements from the City:
 - (a) An explanation of the efforts the Owner has made to secure other rental subsidies to sustain overall project operations;
 - (b) An explanation of the fiscal necessity of adjusting the maximum household income and the rents charged for the PLHA Assisted Units;
 - (c) A process for increasing the Project rent for all affected units (both PLHA Assisted Units and non-restricted units) and make reasonable efforts to continue to market and rent Project units to members of the target population originally contemplated, as well as ensuring that any increases to the household income limit are applied, as much as possible, only to vacant units as they become available. This portion of the plan shall discuss changes in both maximum household incomes and rents, and;
 - (d) The plan for continuing, throughout the tax credit compliance period, to apply for other subsidies that will allow a return to all Units to members of the target population and rents originally contemplated.

- (5) During any period in which such increase maximum tenant household income and maximum annual rent for PLHA Units exists, the Owner shall provide City bi-annual documentation to support its ongoing determinations regarding financial feasibility of the Project, including documentation supporting the efforts of Owner to identify and obtain replacement financing to restore the financial feasibility of the Project, along with any additional requirements from the City.
- (6) No increase in maximum tenant household income and maximum annual rent for PLHA Units shall occur if such increase is in violation of any law or any duties or obligations of any other Project financing source.”

8. All other terms and conditions of the Agreement and the other PLHA Loan Documents between the Parties which are not inconsistent with the terms of this First Amendment shall remain in full force and effect as if fully set forth herein.

[SIGNATURES ON FOLLOWING PAGE.]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Permanent Local Housing Allocation Program Agreement to be duly executed the day and year first above written.

“CITY”

CITY OF RIVERSIDE, a California charter city and municipal corporation

By: _____
Mike Futrell
City Manager

ATTEST:

By: _____
Donesia Gause
City Clerk

CERTIFIED AS TO AVAILABILITY OF FUNDS:

By: Sergio Aguilar
Chief Financial Officer

APPROVED AS TO FORM:

By: Sean Murphy
Sean B. Murphy
Deputy City Attorney

“OWNER”

SUNRISE AT BOGART, LP, a California limited partnership

By: NPHS Sunrise at Bogart, LLC, a California limited liability company, its managing general partner

By: Neighborhood Partnership Housing Services, Inc., a California nonprofit public benefit corporation, its sole member and manager

By: Clemente Mojica
Name: Clemente Mojica
Title: President and CEO

By: Sunrise at Bogart, LLC, a California limited liability company, its administrative general partner

By: Many Mansions, a California nonprofit corporation, a California nonprofit public benefit corporation, its sole member and manager

By: Rick Schroeder
Name: Rick Schroeder
Its: President and CEO