Request For Historic Rehabilitation and Property Management Proposals

RFP # 18-02

3342 Lemon Street
Assessor Parcel Number: 213-121-004

A Historic Site Rehabilitation with Caretaker Quarters

Issued by: Housing Authority of the City of Riverside

Issue Date: May 4, 2018
Proposal Due Date: June 1, 2018
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EXHIBIT A: Sample Agreement
The City of Riverside is seeking proposals from qualified entities who can oversee the substantial rehabilitation of a historic building, and perform ongoing property management, inclusive of the placement of an on-site manager, under contract with the City for the purpose of rehabilitating the Robinson House located at 3342 Lemon Street in Riverside, California. The site contains an approximately 638 square foot single story wood-framed structure plus a basement with an adjacent 200 square-foot garage that is currently being utilized for storage. (“Property”) (See attached map). The Property is designated as a City Structure of Merit and is listed as a contributor to the Heritage Square Historic District, and all exterior modifications shall comply with Title 20 of the Riverside Municipal Code and the Citywide Historic Preservation Design Guidelines.
The City of Riverside is soliciting proposals that contemplate the renovation of the buildings to a high standard and the long term property management of the buildings with the specific intent of renting one side of the Property to an on-site manager who would provide basic maintenance and security to a National Historic Landmark directly adjacent to the Property. The intent of this Request for Proposal (RFP) is to identify a qualified housing development firm to renovate and manage the existing structures. The selected respondent must have the necessary knowledge plus logistical and financial capabilities to complete this project. The City of Riverside Metropolitan Museum will own the Property during and after the rehabilitation is completed.

It is intended that this project be funded via the Community Development Block Grant funds, so prevailing wage, local hiring, and other federal requirements may apply. Additionally, the project will be reviewed for Section 106 compliance.

For this site, the City envisions a combination of on-site caretaker (one half of the existing structure), a small cultural interpretive site (the other half of the existing structure), and the renovation of the on-site garage as storage. The objective is to select a user who builds upon the inherent strengths of the site.

The City also requires a respondent with property management experience who can contract with the City to maintain the Property once rehabilitated, and to identify and rent to an on-site caretaker in one unit of the rehabilitated project. It is preferred that the on-site caretaker be a referral from one of the City’s homeless outreach and assessment programs. The on-site caretaker would perform light maintenance and security functions for the Harada House, a national historic landmark that is directly next door to the Property.

Respondents are required to:

- Submit information about the organization interested in the property.
- Submit information regarding similar single-family rehabilitations on historically significant properties.
- Submit a plan for the identification and placement of an on-site manager.
- Identify the terms of their respective proposal with budgets for renovation and costs/terms for ongoing property management.

If an interested party is selected to rehabilitate the building(s), it is the expectation of the City that the organization would also enter into: a) a Funding Agreement for the use of Community Development Block Grant (CDBG) funds for renovation of the Property; and b) a long-term property management agreement and would be required to upkeep the property and maintain the on-site manager as part of the agreement.
The City of Riverside is seeking proposals qualified developers/property management organizations for the purpose of purchasing or leasing the approximate 630 sq. ft. site, known as the Robinson House located at 3342 Lemon Street, Riverside, California.

The Robinson House was constructed circa 1893 and is a Vernacular Hipped Cottage. The single story residence is wood framed construction, with an L-shaped ground plan. It is topped with a moderately-pitch cross-hipped composite shingle roof. The residence is clad in horizontal board siding. Original windows have been replaced with aluminum sliding windows. The raised foundations has been determined to be in poor condition. In the mid-1990s the residence was bifurcated into a duplex.

The Project site was acquired by the City of Riverside in 2014 for the purposes of providing an “interpretive site” for the Harada House (directly next door) a building that is historically significant as the object of the first test of constitutionality of an Alien Land Law in the United States and its impact on the right of immigrants. The Project location is a City Structure of Merit and a contributor to Riverside’s Heritage Square Historic District, so specific requirements will apply to any exterior renovation. The City will work with the selected Respondent regarding compliance with Title 20 of the Riverside Municipal Code.
Desired Reuse Plan for the Property: The Property was acquired in 2014 with public donations to serve as an interpretative center for the Harada House, a National Historic Landmark located adjacent to the property. The City will retain ownership under the auspices of the Riverside Metropolitan Museum for the duration of any agreement with the selected respondent. The City would like to see the duplex format of the Property remain; with one side, which is currently formatted as a residence rehabilitated and modernized for the purpose of having an on-site manager to care for the Harada House. The second unit should be renovated as a museum/multiuse space with an ADA accessible restroom. The garage to the back of the property should be stabilized and reroofed to serve as on-site storage. All aspects of the property that do not conflict with historic integrity should be rehabilitated to the extent possible, with particular attention to foundation, roof, and major mechanical systems.

The Project is a contributing structure to Riverside’s Heritage Square Historic District so specific requirements will apply to an exterior renovation. The City will work with the selected Respondent regarding historic compliance issues.

Property Description and Building Code Compliance:

The Property is located at 3342 Lemon Street, at approximately Lemon and Third Streets, in the Downtown Neighborhood of Riverside, California. The APN # is 213-121-004.

Zoning:

DSP-RES-sp-cr. SFR  No variances.

Development Vision:

a. Rehabilitate and modernize the buildings to a high standard while adhering to Title 20 and the Citywide Historic Preservation Design Guidelines.
b. Create a high quality interpretive center with on-site manager quarters.
c. Retain and protect the historic character of the building; and
d. Create a mixed use space that compliments access to a cultural heritage site.

Building Code Compliance:

a. Respondents must consider the need to render the building compliant with all building codes (including ADA) and requirements before occupancy.

b. The proposal must address the intended course of action regarding the remediation or removal of non-compliant conditions, including various structural elements of the buildings.

c. The plans and specifications for all design and work to be accomplished on the site must be prepared by a design professional and approved by the City under the City’s normal permit process.

d. The Project is eligible to make use of the State Historic Building Code.
Directions for Submission

The required submission of a Formal Proposal must be submitted with three (3) paper submittals and electronically in an Adobe Acrobat file burned to a flash drive. To be deemed responsive and eligible for consideration, respondents must submit an original, clearly marked, containing original signatures in blue ink by the designated time, without exception.

Proposals should be submitted to:
City of Riverside Housing Authority
Attn: Jeffrey B. McLaughlin, Ph.D.
3900 Main Street, 5th Floor
Riverside, CA 92522.

*Faxed or emailed submissions of the Formal Proposal will not be accepted. Proposals should be simply stapled without elaborate binding or folders, and should be recyclable.*

Proposals sent by overnight delivery service will be considered timely filed if date stamped at least one (1) day before the date set for receipt of proposals and time stamped at a time that should have, pursuant to the express policy of the overnight delivery service used, permitted delivery at the date, time and place set for receipt of proposals. The burden of proof to establish timely filing of a proposal by overnight delivery service shall be solely upon the entity or person submitting the proposal. It is the respondent’s obligation to ensure the required submission arrives in a timely manner at the specified location. Any proposal, that is not properly marked, addressed or delivered to the submission place, in the required form, by the required submission date and time will be ineligible for consideration.

Once received by the City, submissions will not be returned. Formal communication, such as requests for clarification and/or information concerning this solicitation (beyond Project specific questions, which are addressed below) shall be submitted in writing to the Housing Authority at the address listed. No information concerning this solicitation or request for clarification will be provided in response to telephone calls. All requests for information must be received by 4 PM, May 24, 2018.
Walk Through:  On Thursday, May 17, 2018 at 10 AM, a non-mandatory walk through of the Robinson House will commence for interested respondents.

All expenses involved with the preparation and submission of the Request for Proposal to the City of Riverside, or any work performed in connection therewith, shall be the responsibility of the interested party. No payment will be made by the City of Riverside for any responses received, nor for any other effort required of or made by the Developer, in connection with the preparation, submission or follow up to the Request for Proposal.

Use of Federal Funds:  It is anticipated that Community Development Block Grant (CDBG) funds would be used in the renovation of the Property.  As such, any potential project would possibly be subject to prevailing wage laws, and local hiring reporting.  It is anticipated that the tenant (on-site manager) who is the subject of ongoing property management will be a referral from the City’s Homeless outreach and assessment program.

Submission Requirements:

An official authorized to bind your firm or team to its provisions must sign responses. Responses must also include: the names, addresses and phone numbers of all persons authorized to negotiate on behalf the proposer.

All respondents must submit the following documentation in the order listed, which will serve as the Formal Proposal:

1. A cover letter that is a statement of intention to both renovate and manage the Property under contract with the City of Riverside.

2. An overview of relevant historic project renovation and property management experience.

3. An outline of the proposed rehabilitation/remodel work anticipated, estimated timeline for completion, how it is to be accomplished, and by whom.

4. Descriptive plan for rehabilitation of the house exterior in a historically appropriate manner to restore and retain the original appearance of the structure.

5. A budget covering the renovation of the Property.

6. A statement and evidence regarding long term property management experience.

7. A 3-year cost analysis for property management including the placement of an on-site caretaker for the Harada House.
Directions for Submission

8. A tenant management plan.


10. The qualifications and experience levels of those key staff members charged with the implementation of the proposed use or operation.

11. A list of special terms and conditions that would be anticipated in renovation and property management agreements with the City. This would include, but is not limited to parking needs/considerations, financial options, length of lease, initial and future revenue expectations if any (to operator and to the City), exceptions or variations in the scope of the operation, or any other pertinent information.

12. A description of your individual or organization’s approach to the development of this property, a general description of the individual or organization’s current and past development activities, as applicable.

Selection Process:

The City of Riverside reserves the right to select those individuals it deems qualified and responsive to be presented to City Council for final consideration.

The residential part of the building will be leased subject to the review, recommendations and/or approval of the City of Riverside Housing Authority.

The City reserves the right to reject any and all proposals and to select the proposal it deems is in the best interests of the City. Each proposal will be reviewed for conformance to the requirements of this RFP. Proposals will be evaluated based upon the specific criteria outlined in this RFP, including but not limited to the following items:

- The scope and quality of the anticipated renovation work needed to implement the project;
- Demonstrated financial strength of the proposer and ability to both renovate and provide property management for the Property; and
- Cost reasonableness.

Qualified Proposers may be subject to an interview process.
The issuance of this RFP does not constitute an agreement by the City that any contract will actually be entered into by the City. The City expressly reserves the right at any time to:

a. Waive or correct any defect or informality in any response, submittal, or submittal procedure.
b. Reject any or all submittals.
c. Re-issue an RFP or change deadline dates.
d. Modify all or any portion of the selection procedures, prior to the submission deadline, including deadlines for accepting responses, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the submittals.

The City shall not be liable for any pre-contractual expenses incurred by any respondent. The City shall be held harmless and free from any and all liability, claims, or expenses whatsoever incurred by, or on behalf of, any person or organization responding to this RFP.

All data and information furnished by City or referred to in this RFP are furnished for the respondent's convenience. The City does not guarantee that such data and information are accurate and assumes no responsibility whatsoever as to its accuracy or interpretation. Respondents shall satisfy themselves as to the accuracy or interpretation of all such information and data.

By submitting a proposal in response to this RFP, the respondent waives all rights to seek any legal remedies regarding any aspect of this RFP, the City’s selection of a consultant, and the City’s rejection of any and all submittals.

The City also reserves the right to negotiate any price or provisions and accept any part, or all parts of any or all submittals, whichever is in the best interest of the City. The City may, during the evaluation process, request from any respondent additional information that the City deems necessary to determine the respondent’s ability to perform the required services. If such information is requested, the respondent shall be permitted three (3) working days to submit this information.

All respondents submit their statements to the City with the understanding that the final approval of any agreement is contingent upon and subject to review and final approval by the Housing Authority Board.

For additional information on this RFP, please contact Jeff McLaughlin, Housing Project Manager, at Jmclaughlin@riversideca.gov.
To be considered, all Formal Proposals must be delivered to and received at the City of Riverside, 3900 Main Street, Riverside California by 4:00 PM local time on June 1, 2018. The responsibility of delivering the Formal Proposal to the City rests entirely with the person or persons submitting the request.

Copies of the Request for Proposal may be obtained online at: http://riversideca.gov/housing/ rfp-opportunities.asp.

Questions/Requests for Clarifications Regarding Submittal Requirements:

To ensure fairness and to avoid misunderstandings, all communications must be in written format and addressed only to the individual set forth above. Any oral communications will not be considered or responded to. Written communications should be submitted via e-mail to the address provided below. All questions received by the due date will be logged and reviewed and if required, a response will be provided via an addendum to the RFP. Any communications, whether written or oral, with any City Councilmember/Housing Authority Board Member or City staff other than the individual indicated below, prior to award of a contract by City Council, is strictly prohibited and the respondent shall be disqualified from consideration.

Any questions, interpretations or clarifications, either administrative or technical, about this RFP must be directed to:

Jeff McLaughlin, Housing Project Manager
 e-mail: jmclaughlin@riversideca.gov

All questions posed and answers given will be in writing and posted as an addendum to this RFP, on the Housing Authority’s web-page within 48-hours of receipt:

http://www.riversideca.gov/housing/rfp-opportunities.asp

Request for Information Timetable:

<table>
<thead>
<tr>
<th>ACTIVITY</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request for Proposal Distribution</td>
<td>May 4, 2018</td>
</tr>
<tr>
<td>Optional Walk Through of Property</td>
<td>May 17, 2018</td>
</tr>
<tr>
<td>Deadline for Submission of Written Questions</td>
<td>May 24, 2018</td>
</tr>
<tr>
<td>Response to Written Questions</td>
<td>May 29, 2018</td>
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<tr>
<td>Deadline for Receipt of Proposals</td>
<td>June 1, 2018</td>
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Anticipated Next Steps:

A committee of City staff will review the submitted Formal Proposals for qualifications and responsiveness to the Submission Requirements outlined above. Interviews with the Respondent pool may be required, and invitations will be sent if necessary. The selected Proposal will be presented to the City Council, along with a development agreement signed by the selected Respondent, in Fall of 2018 (meeting TBD).
The Project Site
General Terms & Conditions

The successful Agency selected will sign a Development Agreement and Management Agreement ("Agreements"). **No modifications to these agreements are permitted.** The Agency must meet all insurance requirements in the sample agreements (Attachment B). **All terms and conditions of this Agreement are non-negotiable.** Any modification to the Agreements by the Agency shall result in the proposal being rejected.

Failure to execute the Agreements and furnish the required insurance with in 30-days of the Award letter date shall be just cause for the recession of the award. If the successful Agency refuses, or fails to execute the Agreements, the City may award the Agreements to another qualified Consultant.

The successful Agency will also be required to obtain and pay for all licenses necessitated by the Respondent’s operations. Prior to performing any services, Agency and its subcontractors shall be required to have a City of Riverside Business Tax Registration valid for the life of the Agreements; and provide evidence of appropriate license.

**Payment:**

**Respondent shall submit invoices to:**

Housing Authority of the City of Riverside  
Housing Authority  
3900 Main Street, 5th Floor  
Riverside, CA 92522  
Attn: Housing Project Manager

The City of Riverside payment process is through an electronic transfer process. The selected Agency shall be required to submit a “New Vendor” form, in order to be compensated for services via electronic payment.

e-Payables—The City of Riverside has partnered with Bank of America to offer a card payment program, called e-Payables, to the City’s consultants. This is the City’s preferred method of payment and is part of a city-wide effort to reduce paper waste and decrease the amount of time to pay our consultants.

With e-Payables, the City will continue our current payment terms and conditions. However, once an invoice is approved for payment, an electronic remittance receipt will be sent to the consultant by e-mail instead of a check. The remittance receipt will include statement-type information such as invoice numbers, dates, and amounts for invoices. Payments can be retrieved with the City of Riverside’s designated account number that will be assigned to the developer.
Public Records

All Proposals submitted in response to this Request for Proposals become the property of the City of Riverside and under the Public Records Act (Government Code 6250 et. seq.) are public records, and as such may be subject to public review. However, proposals shall not be disclosed until negotiations are complete and a recommendation for selection and award is made. Once the award is made, the Proposals will be subject to review.

If a consultant claims a privilege against public disclosure for trade secret or other proprietary information, such information must be clearly identified in the proposal. Note that under California law, price proposal to a public agency is not a trade secret.

Funding Authority

This RFP is administered by the City of Riverside with funding provided by the City of Riverside (City) and the U.S. Department of Housing and Urban Development (HUD). Consequently, all guidelines and requirements of HUD and the City must be met. Additionally all successful Respondents must comply with the Single Audit Act, as applicable.

Department of Labor Relations – Registration

Recent Changes from the Department of Labor Relations (DIR) require that if a General Contractor is listed as part of the Development Team, in the proposal submitted for this development – the General Contractor must be registered with the DIR. If a proposal is submitted with a General Contractor as part of the Development Team and that General Contractor is not registered with the DIR, the proposal will be deemed non-responsive.

SB854 Required Language: No contractor or subcontractor may be listed on a bid proposal for a public works project (submitted on or after March 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)]. No contractor or subcontractor may be awarded a contract for public work on a public works project (awarded on or after April 1, 2015) unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5. This project is subject to compliance monitoring and enforcement by the Department of Industrial Relations. Contractors who need to register with the DIR can do so by following this link: http://www.dir.ca.gov/Public-Works/PublicWorks.html.
E. Insurance Requirements

The selected Developer/Manager will provide and maintain, at their own expense, the insurance coverage and requirements specified by the City of Riverside in the attached sample agreements. The Insurance Certificate of Coverage is only required for the Developer selected for agreement award at which time the information must be provided. The City of Riverside cannot enter into contracts with an Developer without the insurance.

Selected Developer must provide and maintain at the Developer’s own expense or cause to be provided during the term of the Agreement, the insurance coverage and requirements specified below, insuring all operations in the related agreements.

1. Insurance to be Provided

a. Workers Compensation and Employers Liability

Workers Compensation Insurance, as prescribed by applicable law, covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than $1,000,000 per each accident, illness or disease (occurrence) and not less than $2,000,000 aggregate.

d. Professional Liability

When any professional consultants perform Services in connection with the Agreements, Professional Liability Insurance covering acts, errors or omissions must be maintained with limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of services on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

Contractors or Subcontractors performing work or services for the Developer must maintain limits of not less than $1,000,000 per occurrence and $2,000,000 aggregate within the same terms herein.
PROPERTY MANAGEMENT AND OPERATING AGREEMENT

THIS PROPERTY MANAGEMENT AND OPERATING AGREEMENT, (the "Agreement") is made and entered into as of [Effective Date] ("Effective Date"), by and between the Housing Authority of the City of Riverside, a public body corporate and politic, (the "Authority") and the Redevelopment Agency of the City of Riverside, a public body, corporate and politic, (the "Agency"), on the one hand (collectively, the "Owners"), and [Agent], a California corporation (the "Agent"), on the other hand.

RECITALS

A. Authority owns that certain land and improvements commonly known as [Address], consisting of seventeen (17) apartment units ("Authority Property"). Agency owns that certain land and improvements commonly known as [Address], consisting of twenty-one (21) apartment units (the "Agency Property"). The Agency Property and the Authority Property are collectively referred to herein as the "Properties." A legal description of the Properties is attached hereto and incorporated by this reference as Exhibit "A".

B. Agent desires to provide property management and operational services for the Properties.

AGREEMENT

In consideration of the mutual covenants and agreements set forth herein, the parties hereto agree as follows:

1. Appointment/Scope of Work. Owners hereby appoint Agent and Agent hereby accepts the appointment to operate and manage the Properties upon the terms and conditions set forth herein. Agent agrees to perform all duties and responsibilities set forth on the attached Exhibit "B", Scope of Work, which is attached hereto and incorporated by this reference.

2. Term. This Agreement shall commence for an initial period of one (1) year (the "initial term") commencing on the Effective Date and thereafter the Executive Directors of the Housing Authority and Redevelopment Agency are hereby authorized to extend the term of the Agreement annually (the "extension term"), unless otherwise terminated by either party in accordance with the provisions of Paragraph 21, herein below.

3. Operating Budget/Compensation. Agent shall manage, supervise, and operate the Properties pursuant to this Agreement in accordance with the Operating Budget for the initial term, attached hereto as Exhibit "C" and will be compensated as set forth in the attached Exhibit "D". In the event that the term of the Agreement is extended, Agent shall submit a proposed Operating Budget for the extension term in a mutually
acceptable format for review and approval no later than 30 days prior to the commencement of the upcoming extension term. The Operating Budget shall include suggested capital improvements, detailed suggestions for the improved operation of the Properties, and a detailed narrative. If Owners have any questions on any particular item in a proposed Operating Budget, the parties shall meet and confer to discuss and come to an agreement. Once an Operating Budget has been approved by Owners, Agent shall be authorized, without the need for further approval, to make the expenditures and incur the obligations set forth in the Operating Budget. Owners may subsequently modify the Operating Budget upon written notice to the Agent, who shall thereafter, manage the Properties in accordance with the modified Operating Budget. Agent may recommend changes in an approved Operating Budget from time to time, and shall implement such changes as approved by Owners. The Properties’ Operating Budget and the Agent’s management fees for the Properties will be deducted from rental income. The net operating income will be placed in a trust account for ongoing maintenance expense. Any expenditure over Five Hundred Dollars ($500.00) must be approved by the Owner. Agent will submit an operating budget ninety days after execution of this Agreement for review and approval.

4. Bank Accounts. The various bank accounts established under this Agreement shall be a “Trust Account” for the Owners, but under Agent’s control. Said accounts shall be separate and apart from Agent’s corporate account or accounts. Agent shall deposit all Properties’ receipts including, but not limited to rent, expense reimbursements, and security deposits directly into the Owners’ Trust Account and shall pay all operating expenses of the Properties from the Trust Account. Agent is authorized to endorse, negotiate and deposit into its account maintained for the benefit of Owners’ checks made payable to Owners. All accounts will be maintained in a bank, or other institution, whose deposits are federally insured. Agent shall pay from the Trust Account all disbursements not made directly by Owners, in accordance with the Operating Budget.

5. Contingency Reserve. Owners agree to maintain a balance of $25,000 at all times in the Trust Accounts as a contingency reserve to enable Agent to pay the obligations of Owners under this Agreement as they become due. Owners and Agent shall review the amount of the contingency reserve from time to time and shall agree in writing on a new contingency reserve amount when such is required.

6 Extraordinary Expenses. Agent may make payment for emergency repairs or services, not contemplated by the Operating Budget, nor approved in advance by the Owners, if, in the opinion of the Agent, such repairs or services are necessary to protect the Properties from damage, others from personal injury, or the Owners from liability; or to maintain services to the tenants as called for by their lease; or as required by applicable law. In such case, Agent shall promptly notify Owners verbally and in writing of the nature, amount and justification for such expenditure.

7. Reimbursement. Owners shall promptly reimburse Agent for any out-of-pocket expenditure made by Agent for the sole benefit of the Properties, provided said expenditure is included in the Operating Budget, is approved by Owners, or otherwise permitted by Paragraph 5 and Paragraph 8.

8. Rent Collection. Agent shall collect (and give receipts for, if necessary) all rents, charges and other amounts receivable on Owners’ account in connection with the
management and operation of the Properties. Rents to be charged to the Properties' tenants are as follows:

**Neighborhood Stabilization Program (NSP) Assisted Units**

Tenant's Income shall not exceed 50% of area median income (AMI) for Riverside County as annually published by HUD pursuant to Section 8 of the United States Housing Act of 1937, as amended. If HUD ceases annually to publish AMIs, AMI shall be established by regulation promulgated by the Department of Housing and Community Development of the State of California (HCD) pursuant to Health and Safety Code Section 50093.

The tenant's monthly rent including a reasonable utility allowance shall not exceed very low-income rents pursuant to Section 92.252 of the HOME Regulations and any successors.

**Redevelopment Agency Assisted Units**

Tenant's Income shall not exceed 50% of area median income (AMI) for Riverside County as annually published by the Department of Housing and Community Development of the State of California (HCD) pursuant to Health and Safety Code Section 50093.

The tenant's monthly rent including a reasonable utility allowance shall not exceed very low-income rents pursuant to the State of California Health and Safety Code Section 50053.

Tenant's Income shall not exceed 120% of area median income (AMI) for Riverside County as annually published by the Department of Housing and Community Development of the State of California (HCD) pursuant to Health and Safety Code Section 50093.

Tenant's monthly rent including a reasonable utility allowance shall not exceed very low-income rents pursuant to the State of California Health and Safety Code Section 50053.

Tenants will be required to pay their monthly rent as identified in their rental agreement until the tenant has been relocated by the Redevelopment Agency of the City of Riverside's relocation consultant. The Agent will be required to submit an annual
compliance report to the Owner by June 30th that includes tenants' annual household income, household size, monthly rent, rent subsidy, and utility allowance.

9. Marketing Reimbursement. Agent shall receive reimbursement equal to Marketing Specialist's hourly rate, plus taxes, for work done solely on behalf of Properties for market analysis, staff training and marketing functions such as comparable studies, brochures and signs, promotional work, etc.

10. Signs. Owners hereby give Agent permission to place a "Managed By: Same Company Residential, Inc." sign on the premises. Said sign shall be of reasonable style and dimensions and will be presented to Owners prior to installation.

11. Lease Administration. Agent shall promptly notify Owners' of the need to commence an action enforcing any breach of Lease terms and conditions for resident's and occupant's of Owners' property including but not limited to the collection of money, obtaining possession, specific performance or the recovery of damages and otherwise enforce and protect the rights of the Owners. Such actions shall be initiated by the City of Riverside City Attorney's office unless otherwise directed by Owners.

12. Services, Repairs and Maintenance. Agent shall maintain the Properties in a condition comparable to that of other similar properties in the general market area in accordance with the then current Operating Budget. In the event that the income from the Properties is insufficient to meet the agreed Operating Budget, upon notice from Agent, Owners shall provide sufficient funds to allow Agent to maintain the Properties. Agent's obligation to maintain the Properties is subject to sufficient funds to pay such maintenance and repair. Agent is not required to advance funds for any purpose and may terminate this agreement if Owners do not provide funds for proper maintenance and repair. Should the income not be sufficient to pay all expenses of the Properties, the order of payment shall be to first pay for payroll for employees working at the Properties then for service providers and materials supplied to the Properties then Agent compensation then any encumbrances on the Properties, including taxes. In connection therewith, Agent shall conduct regular periodic property inspections at different times of the day, week, and month; shall make or cause to be made, and shall supervise all necessary repairs, replacements, alterations, improvements, decorations, landscaping and general property maintenance, so as to ensure the operating efficiency thereof. Agent shall direct the purchase of all supplies, equipment, materials, and services necessary or advisable for the maintenance and operation of the Properties, including but not limited to, utility services, janitorial services, window cleaning, building security, rubbish removal, landscaping and parking lot maintenance, and maintenance of all mechanical equipment and electrical and plumbing facilities. Agent shall not add any profit or fee to the cost of such supplies or services furnished to the Properties and shall rebate promptly to Owners all fees, profits, rebates or other value received by Agent directly or indirectly from third parties in connection with such supplies and services. Agent shall perform the aforementioned tasks through the Properties' resident staff.

13. Employees/Independent Contractors. Agent shall hire, pay and supervise, as employees of Agent, all persons reasonably required to carry out Agent's responsibilities hereunder. Agent shall have the sole responsibility for all matters related to all such employees, and shall fully comply with all applicable laws and regulations affecting the employer/employee relationship, including, without limitation, laws and regulations
having to do with payroll withholdings, worker's compensation, social security, unemployment insurance, hours of labor, wages, and working conditions. All benefits, health insurance and vacation time shall be paid by Agent. Agent shall be responsible for the supervision and direction of any and all independent contractors or other third parties performing services for the Properties.

14. Monthly Operating Reports. Agent shall deliver to Owners each calendar month, by the tenth of each month, an Operating Report for the prior month which includes: an itemized statement of all receipts and expenditures with a variance analysis to budget. Each report shall include an operating summary.

15. Records and Documents. Agent shall maintain complete and accurate records of all transactions relating to the Properties, e.g., copies of all contracts, invoices, receipts, and other documents relating thereto. Such records and documents shall be available for inspection by the Owners during normal business hours.

16. Confidentiality. All books, records, operating statements, leases and other material or information relevant to the operation or financial nature of the Properties shall be maintained in the strictest confidence and shall not be available to any employee or salesperson of any affiliate of Agent, nor to any other party without the prior written consent of Owners or under compulsion of law (e.g., subpoena).

17. Government Compliance. Agent shall, at Owners' expense consistent with the provisions herein, comply with all applicable building codes, zoning and licensing requirements, and other governmental laws, ordinances and regulations affecting the Properties. Agent shall assist Owners in opposing or appealing any government regulations, requirements, tax invoice, assessment or other charge deemed unwarranted by Owners. Agent shall promptly notify Owners of all contact with local governmental agencies and taxing authorities.

18. Crime-Free Multi Housing Program. Throughout the term of this Agreement, the Agent covenants and agrees to participate in and fully complete the City's Crime-Free Multi Housing Program for the Properties. Evidence of compliance with this requirement shall be forwarded annually to the Housing Project Manager within said twelve (12) month period.

19. Conflict of Interest. Agent shall disclose to Owners any financial or other interest that Agent may have, or intend to have, in any company, organization or individual who provides goods or services for the management or operation of the Properties.

20. Compensation to the Agent. Compensation to Agent is set forth in the Operating Budget (Exhibit "C") and Compensation (Exhibit "D"). Such compensation shall be paid to Agent by the tenth of the following month from the Operating Account in accordance with the Operating Budget.

21. Termination. Any party may terminate this Agreement on any of the following conditions:

(a) Written notice thirty (30) days prior to the expiration of the initial term or any renewal term.
(b) Upon sixty (60) days written notice without cause.

(c) Mutually upon sale, thirty (30) days after the close of escrow.

(d) By an Owner, on written notice, based on cause, where the Owner has previously given Agent a notice to perform within thirty (30) days its duties under the Agreement and Agent has failed to perform such duties. If after thirty days, Agent has failed to perform, Owner shall notify Agent of termination to take effect fifteen days thereafter.

(e) By Agent upon thirty (30) days written notice if Agent determines that (a) there are insufficient funds to maintain the premises in a safe and habitable condition and Owners are unable or unwilling to provide sufficient funds for needed work; (b) Owners and Agent cannot agree on an Operating Budget for the Properties or the order of payment in the event there are insufficient funds to pay all expenses; (c) Agent determines that directions given by Owners could subject Agent to legal liabilities.

22. Actions and Compensation upon Termination. Upon termination, the parties shall cooperate fully, deliver all documents and records, and take all actions that may reasonably be necessary in order to conclude the business between the parties in a prompt and orderly fashion. Upon such termination, the Agent shall be entitled to any compensation which has accrued (e.g., prorated fixed operating expenses) and become payable as of the effective date of such termination, and any reimbursement due pursuant to Paragraph 7 hereof. Owners shall assume the obligations of any contract or outstanding bill executed by Agent under this Agreement for and on behalf of Owners and responsibility for payment of all unpaid bills. Agent may withhold funds for sixty (60) days after the end of the month in which this Agreement is terminated, in order to pay bills previously incurred but not yet invoiced and to close accounts. Owners shall pay manager one additional month’s fixed operating expenses if Agent provides Owners Final Accounting and all funds within forty-five days of termination of this agreement, and only if such termination is not the result of acts or omissions of Agent. The amounts withheld will reasonably relate to the expected obligations. Agent shall continue to submit regular monthly reports to Owners during this period.

23. Indemnification. Agent shall employ reasonable care, skill and ability in exercising the powers granted to Agent under this Agreement, including, without limitation, the hiring, retention or supervision of its employees and agents consistent with those used by the managers of apartment projects located in Riverside County, California, which are comparable in quality to the Properties. Agent shall not be personally liable to Owners for errors in judgment and acts or omissions to act made, done or omitted in the good faith exercise of the authority conferred by this Agreement. Agent shall indemnify and agrees to hold Owners harmless from and against any and all claims, demands, suits, costs (including, without limitation, attorneys’ fees) and judgments which any person(s) has asserted or may assert (1) predicated upon a claim that such person(s) employed directly or indirectly by Agent at or respecting the Properties, is an employee of Owners, (2) arising out of acts or omissions to act resulting from gross negligence or intentional misconduct or willful defaults by Agent or the employees or agents of Agent, and/or (3) arising out of Agent’s breach of any of its obligations under this Agreement.
Notwithstanding the foregoing, Agent shall not be required to indemnify, defend, protect
or hold harmless Owners from any loss, expense, liability or damage which Owners may
suffer as a result of such Owners' gross negligence or willful misconduct.

24. **Insurance.** The parties acknowledge that Owners are self-insured and are not
obligated to procure additional insurance.

25. **Properties Taxes.** Assuming the availability of funds, Agent shall pay all property
tax bills when due.

26. **Debt Service.** Assuming the availability of funds, Agent shall pay the debt service
when due.

27. **Notice and Consent.** Any communication, consent, approval or notice required or
permitted hereunder, or by law, to be given shall be considered given upon the earliest
of receipt or three (3) days after deposit in the United States mail with postage and all
other charges prepaid, of said communication, consent, approval or notice addressed as
follows:

To Owners: Redevelopment Agency of the City of Riverside
Attn: Executive Director
3900 Main Street, Fifth Floor
Riverside, California 92522

Housing Authority of the City of Riverside
Attn: Executive Director
3900 Main Street
Riverside, California 92522

To Agent: [Redacted]

28. **Notice to Agency and Authority.** In the event any condition or incident occurs on
the Property that may subject the Agency and/or Authority to liability, said condition or
incident shall be reported in writing to the Agency and/or Authority within 48 hours.

29. **Nonassignability.** Agent acknowledges that Owners are relying upon the
reputation and ability of the Agent to provide the services set forth in this Agreement;
and as such, this Agreement may not be assigned by or assumed by any other party
without the prior written consent of Owners.

30. **Independent Contractors.** Agent is an independent contractor hereunder and
nothing herein contained shall be deemed or construed to constitute a partnership, or
joint venture.

31. **Attorney's Fees.** In the event either party hereto, fails to perform any of its
obligations under this Agreement, or in the event a dispute arises concerning the
meaning or interpretation of any provision of this Agreement, the defaulting party or the
party not prevailing in such dispute, as the case may be, shall pay any and all costs and expense incurred by the other party in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable counsel fees.

32. Waiver. No failure or delay by either party in exercising any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any waiver in one instance be deemed to be a continuing waiver in any other instance.

33. Entire Agreement. This Agreement constitutes the entire Agreement and understanding of the parties hereto, with respect to the subject matter hereof, and supersedes all prior agreements, negotiations, discussions and understanding relating to the subject matter hereof.

34. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

(Signatures on following page)
EXHIBIT “B”

SCOPE OF WORK

- Facilitate the execution of Housing Authority-prepared leases, rental agreements, amendments, renewals, and cancellations with existing tenants and future tenants and collect security/damage deposits and monthly rent payments;
- Pursue and collect delinquent rents;
- Service of eviction notices and carrying out of the eviction process;
- Ensure that all tenants are eligible persons or families and are income-qualified pursuant to the Housing Authority’s and Agency’s income criteria and that rents meet HUD’s and/or State’s definition of affordable;
- Create affirmative marketing plans and tenant selection procedures that ensures that prospective tenants are not discriminated against due to their race, religion, national origin, familial status, etc, knowledge of the Fair Housing Act is required;
- Develop accurate and concise operating budgets including costs for general maintenance, repair, and compensation;
- Maintain accurate records pursuant to HUD and California Redevelopment Law requirements including procedures for reporting monthly rent collections, enforcing the terms of the rental agreements, annual income and rent re-certifications, and annual inspections of the units to ensure compliance with Housing Quality Standards;
- Participate in the City’s Crime-Free Multifamily Housing Program;
- Conduct annual property inspections;
- Ensure that all properties are well maintained, provide safe and sanitary living conditions, perform necessary repairs, and address any tenant issues;
- Supervise and arrange the routine maintenance and minor repairs of properties, including arrangement for janitorial services and landscaping services;
- Remove graffiti within 24 hours of it appearing;
- Request approval for repair expenditures above a specified amount;
- Prepare accommodation inspection reports for incoming and outgoing tenants;
- Provide written monthly income and expenditure reports to the Housing Authority and Agency within ten (10) working days of the end of the month including a precise description of services provided to the property, number of employees/subcontractors involved, and the costs incurred;
- Provide emergency services as needed on a twenty-four (24) hour, seven (7) days a week basis. The Organization agrees to provide an emergency telephone service on a twenty-four (24) hour, seven (7) days a week basis;
- Review all invoices for services, work and supplies ordered in connection with maintaining and operating the properties and cause such invoices to be paid from funds deposited in an Operating Expense Account;
- Establish and maintain orderly books, records an files containing correspondences, receipted invoices, contracts and vouchers and all other documents pertaining to the properties and the operation and maintenance thereof, which the Housing Authority and Agency may review at any time.
EXHIBIT “D”

COMPENSATION

Management Fee:

Minimum Monthly Management Fee:

Leasing/Marketing Fee:

Board Up Fee:

Late Fee Collection: If the lease or rental agreement contains a "late fee" provision, Agent shall be entitled to such compensation for the time and expense of collecting the delinquent rent payment.

Bad Debt Collection: Agent contract with Collection Agency to collect any monies owed Owners after resident has vacated. The Collection Company will receive a fee of forty percent (40%) of collections from any debt due for the vacated unit. Owners shall receive remaining sixty percent (60%) of all Bad Debt Collections, less legal/court fees.
DISPOSITION AND DEVELOPMENT AGREEMENT

(Address)

THIS DISPOSITION AND DEVELOPMENT AGREEMENT (Address) (the "Agreement") dated for identification purposes only as of DATE, 2017, is made and entered into by and between the HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic (the "Authority"), and DEVELOPER., a California nonprofit public benefit corporation (the "Developer"), 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 Authority is a body, corporate and politic established by action of the City Council of the City of Riverside pursuant to Resolution No. 21275 for the purpose of providing affordable housing opportunities through a variety of programs within the City of Riverside and exercising governmental functions and powers pursuant to the California Housing Authorities Law (Health & Safety Code § 34200, et seq., the "Housing Authority Law").

B. The City of Riverside (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 housing affordable to very low income and low income households.

C. By action of the City Council pursuant to Chapter 2 of the California Community Redevelopment Law (Health & Safety Code § 33000 et seq., the "Community Redevelopment Law"), the City established the Redevelopment Agency of the City of Riverside (the "Agency"), whose purpose included increasing, improving and preserving the community's supply of housing affordable to and occupied by very low and low income households.

D. As of, on, and after February 1, 2012, the Agency became a dissolved redevelopment agency pursuant Assembly Bill XI 26 that added Parts 1.8 and 1.85 to Division 24 of the Health and Safety Code (the "Dissolution Act").

E. By the adoption of its Resolution No. 22322 on January 10, 2012, the City Council re-affirmed its authorization to have the City serve as the "Successor Authority" to the dissolved Agency under the Dissolution Act. As of, on, and after February 1, 2012, the City began to perform and will continue to perform its functions as the Successor Authority to the dissolved Agency under the Dissolution Act.

F. By adoption of its Resolution No. 22323 on January 10, 2012, the City Council elected not to have the City retain the responsibility for performing housing functions previously performed by the Agency following dissolution of the Agency and, instead, allowed the Housing Authority of the City of Riverside to perform such functions.
Authority to make the election authorized under the Dissolution Act to retain the housing assets and functions previously performed by the Agency.

G. By the adoption of its Resolution No. 7 on January 10, 2012, the governing board of the Authority elected to have the Authority assume the housing assets and housing functions previously held and performed by the dissolved Agency pursuant to the Dissolution Act, effective upon dissolution of the Agency. Accordingly, as of, on, and after February 1, 2012, the Housing Authority began to perform and will continue to perform its functions as the "successor housing agency" of the former Agency pursuant to the Dissolution Act.

H. The Authority is the owner of certain real property located at (ADDRESS) within the City of Riverside, California and further identified as Assessor Parcel Nos. (APN) consisting of 0.60 acres (the "Site") as depicted on the Site Plan (Attachment No. 1) and described in the Site Legal Description (Attachment No. 2).

I. The Developer is a California nonprofit public benefit corporation whose purpose is to acquire property and manage residential properties, and who is an experienced affordable housing developer certified by the City as a Community Housing Development Organization.

J. Developer desires to obtain a fee interest in the Site and improve the Site by constructing townhouse styled homes on the Site.

K. The twelve newly constructed Affordable Units to be constructed on the Site shall be held for sale to Low Income Households who are also First Time Homebuyers at a Gross Affordable Sales Price. The Affordable Units will be restricted to sales to Low Income Households for a forty-five (45) year restriction period.

L. The provision for assistance to the Developer and the development of the Project pursuant to the terms and conditions of this Agreement are in the vital and best interest of the Authority 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, including (without limitation) the Authority's housing obligations.

NOW, THEREFORE, the Authority and the Developer hereby agree as follows:

1. DEFINITIONS

1.1. Defined Terms

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

"Affordable Housing Cost" means the cost to a Qualified Buyer to purchase an Affordable Unit which would result in an Affordable Monthly Housing Expenses for Low Income Households of the product of thirty percent (30%) times seventy percent (70%) of AMI adjusted for family size appropriate to the unit. The term "adjusted for family size appropriate to the unit" shall have the meaning set forth in Health and Safety Code Section 50052.5(h) or its successor statute(s). Notwithstanding the foregoing, "Affordable Housing Cost" shall have the meaning set forth in and be interpreted in accordance with Section 50052.5 of the California Health and Safety Code or its successor statute(s).
"Affordable Monthly Housing Expenses" means a monthly housing expenses that includes all of the following associated with the Affordable Unit, estimated or known as of the date of the proposed purchase of the Affordable Unit: (i) principal and interest payments on a mortgage loan(s) including any rehabilitation loans and any loan insurance fees associated therewith (a first lien mortgage loan is required hereunder to bear a fixed rate of interest and require level payments throughout its term); (ii) property taxes and assessments; (iii) fire and casualty insurance covering replacement value of property improvements; (iv) any homeowner association fees; (v) a reasonable utility allowance; and (vi) property maintenance and repairs.

"Affordable Units" mean the twelve (12) townhouse styled residential units in the Project which shall be available to, occupied by or held for sale exclusively to Qualified Buyers at an Gross Affordable Sales Price.

"Affordability Period" means the period commencing upon the recordation of the Release of Construction Covenants and terminating on the forty-fifth (45th) anniversary thereof.

"Agreement" means this Disposition and Development Agreement, including all of the Attachments hereto, by and among the Parties.

"AMI" or "Area-wide Median Income" means the median family income (adjusted for family size) for Riverside County promulgated and published annually by the California Department of Housing and Community Development ("HCD") pursuant to Title 25, § 6932 of the California Code of Regulations. If HCD ceases annually to publish median incomes, the Parties will agree upon an adequate substitute manner for determining Area-wide Median Income.

"Authority" means the Housing Authority of the City of Riverside, a public body, corporate and politic.

"Authority Declaration" means the Declaration of Covenants, Conditions and Restrictions substantially in the form of Attachment No. 7 to be recorded against the Site at Closing.

"Authority's Conditions Precedent to Closing" is defined in Section 4.3.7.

"Ca/Vet Loan Program" means the loan program administered by CalVet in which construction funding is made through an escrow under the control of the Qualified Buyer and Developer and periodic deposit of funds into the escrow are made by CalVet as construction milestones are met, which deposits are then available for payment of construction cost incurred by Developer. Upon issued of the certificate of occupancy for the Affordable Unit, the escrow is closed and the construction component of the financing is converted with a conventional CalVet home loan originated for the Qualified Buyer.

"Ca/Vet" means the California Department of Veterans Affairs.

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

"City HOME Loan" is defined in Section 3.3.2.

"City HOME Loan Agreement" is defined in Section 3.3.2.

"City HOME Loan Documents" are defined in Section 3.3.2.
"Closing" means the date upon which the Grant Deed is recorded in the Official Records, all of the conditions precedent set forth in Section 4.3 are satisfied and all additional documents received by Escrow to be recorded in connection therewith are recorded in the Official Records.

"Conveyance" is defined in Section 4.1.

"Developer" means Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation, and any permitted successors and assigns pursuant to section 2.2 of this Agreement.

"Developer Approval Period" shall be the 12 month period following the Effective Date.

"Effective Date" means the date upon which this Agreement was approved by the Authority.

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

"Escrow" or "Escrows" mean the escrow or escrows for the Conveyance of the Site to the Developer as provided in Section 4.3.

"Escrow Agent" is First American Title Company, 3400 Central Avenue, Suite 100, Riverside, CA 92506, (951)787-1757, or other qualified escrow agent approved in writing by the Parties.

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

"Evidence of Financing" is defined in Section 3.1

"Executive Director" means the Executive Director of the Authority or his/her designated representative.

"First Time Homebuyer" is defined in Section 6.5.

"Governmental Regulations" means any local, state, and federal laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, those relating to land use, subdivision, zoning, environmental, labor relations, prevailing wage, notification of sale to employees, Hazardous 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.

"Grant Deed" means the grant deed in substantially the form of Attachment No. 6.

"Gross Affordable Sales Price" means the purchase price of an Affordable Unit in an amount equal to the total of (i) any silent second mortgage assistance, plus (ii) the amount of a first mortgage which results in an Affordable Housing Cost to the Qualified Buyer, plus (iii) the amount of the down payment to be placed on the purchase of the Affordable Unit by the Qualified Buyer. The Gross Affordable Sales Price shall not exceed the Unit Fair Market Value.

"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 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.

"HOA" is defined in Section 6.6.1.

"Household" means one or more persons occupying an Affordable Unit.

"Improvements" shall mean and include any construction, demolition, remediation and grading done on the Site, as well as all buildings, structures, fixtures, foundations, excavation, parking, landscaping, underground installations, and other work, construction and improvement of whatsoever character undertaken or constructed on, around, under or over the Site by Developer.

"Low Income Household" means a Household whose aggregate gross income is less than eighty percent (80%) of AMI and qualifies as a "lower income household" pursuant to
Health and Safety Code Section 50079.5 or any successor statute. "Gross income" shall be determined in accordance with Section 6914 of Title 25 of the California Code of Regulations.

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

"Outside Closing Date" means July 28, 2017. The Outside Closing Date may be extended to a later date upon the written approval of the Executive Director.

"Parties" means the Authority and Developer.

"Project" means predevelopment activities related to the Site, the acquisition of the Site by Developer, the construction of twelve Affordable Units, the sale thereof to Qualified Buyers at a Gross Affordable Sales Price and any other activities undertaken in connection therewith.

"Project Budget" is attached hereto as Attachment 5.

"Purchase Price" means One Dollar ($1.00).

"Qualified Buyer" means a Household (a) whose income does not exceed the income set forth herein for a Low Income Household; (b) whose members meet the requirements for a First Time Homebuyer; and (c) whose members meet the other requirements set forth herein for buyers of an Affordable Unit, including, without limitation, the requirement that the buyer(s) agree to restrict the sale of the Affordable Unit to Qualified Buyers at a Gross Affordable Sales Price for the Affordability Period.

"Release of Construction Covenants" means the document which evidences the Developer's satisfactory completion of the Project, as set forth in Section 5.17, in substantially the form of Attachment No. 11.

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

"Site" means that certain real property referenced in Recital J 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.

"Title Company" is First American Title Company, 3400 Central Avenue, Suite 100, Riverside, CA 92506, (951)787-1757, or other qualified title company approved in writing by the Parties.
"Unit Fair Market Value" means the estimated fair market value of an Affordable Unit (if valued without the affordability restrictions) based on similarly situated units not subject to affordability restrictions as reasonably determined by Developer and approved by the Authority.

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 Executive Director.

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 Developer**

The Developer hereby represents and warrants to the Authority as follows:

2.1.1. **Organization**

Developer is a duly organized, validly existing limited partnership in good standing under the laws of the State of California and has the power and authority to own and lease property and carry on its business as now being conducted. The Developer satisfies all of the qualifications of a Community Housing Development Organization ("CHDO"). The copies of the documents evidencing the organization of Developer delivered to the Authority are true and correct copies of the originals as of the Effective Date.
2.1.2. Authority

The Developer has the legal power, right and authority to execute, deliver and enter into this Agreement and any and all other agreements and documents required to be executed and delivered by the Developer 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 Developer and all actions required under Developer's organizational documents and applicable governing law for the authorization, execution, delivery and performance of this Agreement and all other documents or instruments executed and delivered, or to be executed and delivered pursuant hereto, have been duly taken.

2.1.3. Valid Binding Agreements

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

2.1.4. Contingent Obligations

The Developer 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 Developer to carry out its obligations hereunder.

2.1.5. Litigation

To the Developer's best knowledge, no action, suit or proceedings are pending or threatened before any governmental department, commission, board, bureau, agency or instrumentality to which the Developer 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 Authority which could materially adversely affect the ability of the Developer to carry out its obligations hereunder.

2.1.6. No Conflict

Developer's execution and delivery of this Agreement and any other documents or instruments executed and delivered, or to be executed or delivered, pursuant to this Agreement, and the performance of any provision, condition, covenant or other term hereof or thereof, do not or will not conflict with or result in a breach of any statute, rule or regulation, or any judgment, decree or order of any court, board, commission or agency whatsoever binding on Developer, or any provision of the organizational documents of Developer, or will conflict with or constitute a breach of or a default under any agreement to which Developer is a party, or will result in the creation or imposition of any lien upon any assets or property of Developer, other than liens established pursuant hereto.
2.1.7. No Developer Bankruptcy

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

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

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

2.2.1. Prohibition

The identity and qualifications of Developer's general partner as an experienced and successful developer and operator/manager of affordable housing are of particular concern to the Authority. It is because of this identity and these qualifications that Authority has entered into this Agreement with the Developer. Prior to the expiration of the Affordability Period, no voluntary or involuntary successor in interest of Developer shall acquire any rights or powers under this Agreement by assignment or otherwise, nor shall Developer make any total or partial sale, transfer, conveyance, encumbrance to secure financing (including, without limitation, the grant of a deed of trust to secure funds necessary for 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 Developer without the prior written approval of Authority, except as expressly set forth herein. Any purported transfer, voluntary or by operation of law, in violation of this Section 2.2 shall constitute a default hereunder and shall be void and Authority shall have the cumulative options to terminate this Agreement and to seek all remedies available at law or equity.

2.2.2. Permitted Transfers by Developer

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

i. the conveyance or dedication of any portion of the Site to the City or other appropriate governmental agencies, or the granting of easements or permits to public utilities to facilitate the development of the Project;

ii. The sale to a Qualified Buyer of any Affordable Unit in accordance with the terms of this Agreement.

2.2.3. Authority Consideration of Requested Transfer

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

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

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

2.2.4. Successors and Assigns

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

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 CalVet Loan Program, corporate sponsorship and grants, the City HOME Loan, Housing Authority write down of land value, and such other financing sources as secured pursuant to Section 3.3.

As a condition precedent to Authority's obligation to transfer the Site at the Closing, Developer shall submit to the Executive Director evidence that Developer has obtained, or will obtain prior to the Closing, sufficient commitments for financing the completion of the Project such that the Executive Director is reasonably satisfied based upon the review and findings of the Authority's financial consultant that the Project can be constructed and the Affordable Units sold accordance with this Agreement. Such evidence (collectively, the "Evidence of Financing") shall include, at a minimum:

i. Final construction loan or other construction financing documents in an amount sufficient to construct the Project in accordance herewith along with evidence reasonably satisfactory to the President 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 Authority, and a right to cure.

ii. Evidence of such other loans, donations, equity or grants as may be required to pay (i) the amount of the construction costs for the Improvements, plus (ii) an amount equal to all consultant and loan fees, "points," commissions, bond issuance costs, charges,
furnishings, fixtures, taxes, interest, start-up costs, Developer's overhead and administration, and other costs and expenses of developing, completing and selling the Affordable Units.

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

iv. Evidence of such other financing or grants constituting the down payment assistance for the sale of the Affordable Units, and such evidence as may be required to satisfy the President that Developer has obtained sufficient financing to sell the Project to Qualified Buyers such 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.

A final Project Budget and Evidence of Financing shall satisfy the Executive Director that (a) Developer 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 Bond**

Prior to Closing, Developer shall furnish Authority with a payment bond in an amount not less than one hundred percent (100%) of the costs for the applicable Improvements and a completion 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 Authority 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 Authority legal counsel and the City Risk Manager. In lieu of the payment and performance bonds, Developer may provide (i) a guaranty, in such form as reasonably required by Authority, to be executed for the lien free completion of the Project in accordance with this Agreement; or (ii) a letter of credit issued to Authority 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 Authority, which approval shall not be unreasonably withheld.

3.3. **Sources of Financing**

3.3.1. **CalVet Loan Program**

Developer has received confirmation that CalVet has set aside funding for the Project through the CalVet Loan Program. The terms and provisions of the CalVet Loan Program shall be similar to ordinary and customary provisions of lenders on loans similar to that provided by the CalVet Loan Program. The CalVet Loan Program 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 CalVet Loan Program shall be subject to the review and approval of the Authority, which shall not be unreasonably withheld.
3.3.2. **City HOME Loan**

City is in the process of appropriating a loan to Developer, from available funds pursuant to the federal HOME Investment Partnerships Act and HOME Investment Partnerships Program, 42 U.S.C. Section 12701, et seq., and the implementing regulations thereto set forth in 24 CFR Section 92.1, et seq. (collectively, the "HOME Program") by way of a HOME Partnership Investment Loan Agreement (the "City HOME Loan Agreement") in an amount not to exceed $150,000 (the "City HOME Loan").

The City HOME Loan shall be evidenced by the City Promissory Note, which shall be secured by the recordation of the City Deed of Trust against the Site, and subject to the covenants set forth in the City HOME Declaration Agreement (collectively and together with the City HOME Loan Agreement, the "City HOME Loan Documents").

3.3.3. **Developer Financing/Corporate Sponsors**

Developer may provide financing to the Project and/or may secure assistance from corporate sponsors. In the event that developer financing is utilized, interest and fees shall not exceed reasonable and customary interest and fees for similar commercial loans.

3.3.4. **Rights of Termination in the Event of Insufficiency of Funds**

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

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

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

Authority shall have 45 days to consider and act upon such additional funding request. In the event that the Authority declines to provide a firm commitment by way of formal resolution to commit the necessary additional funds, Developer may terminate this Agreement.

In the event that Developer desires to terminate the Agreement, Developer shall promptly notify the Authority in writing of its intent. Notwithstanding the foregoing, Developer's indemnification obligations under this Agreement shall remain in force following such termination with respect to any events occurring or claims accruing prior to the date of termination.
After the Closing, Developer shall be solely responsible for all remaining Project Costs and shall be obligated to complete the Project substantially in accordance with this Agreement.

3.4. **Obligation to Update Project Budget**

Developer shall update the Project Budget in the event of a proposed material change to the Project Budget. In the event of a proposed material change to the Project Budget, Developer shall notify Authority 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 Authority. Authority shall have the right to approve such change prior to Developer taking any action in furtherance of such change.

4. **DISPOSITION OF SITE**

4.1. **Conveyance of Site to Developer**

Subject to all of the terms and conditions set forth in this Agreement, Authority agrees to convey to Developer, and Developer agrees to acquire from Authority, all of Authority's right, title, and interest in and to the Site, together with all rights, privileges, tenements, hereditaments, rights-of-way, easements, and appurtenances thereto, if any, (the "Conveyance").

Authority has determined that, based on the conditions imposed on the Developer with respect to the construction of the Improvements, and the operation of the Project, and the maintenance of the Site, the reuse value of the Site equals the Purchase Price; accordingly, the consideration for the Conveyance shall be Developer's payment of the Purchase Price, plus Developer's agreement to perform the construction of the Improvements, sell the Affordable Units and be bound by the covenants and restrictions set forth herein.

The Authority shall convey all of Authority's interest in and to the Site to Developer by the Grant Deed.

4.2. **Condition of the Site**

4.2.1. **Disclosure**

Prior to the Effective Date, Authority has delivered to Developer copies of any environmental reports in the possession of the Authority. Other than as may be disclosed by such environmental reports, Authority hereby represents and warrants to Developer that Authority has not received any additional written notice or communication from any government agency having jurisdiction over the Site, notifying Authority or any third party of, and Authority has no additional actual knowledge of, the presence of surface or subsurface zone Hazardous Materials in, on, or under the Site, or any portion thereof.

4.2.2. **Developer's Investigation of the Site**

Prior to the expiration of the Developer Approval Period, Developer shall have the right to access the Site during regular business hours and upon reasonable Notice to the Authority for the purpose of obtaining data and conducting surveys and tests, including but not limited to environmental, soils, and engineering assessments. Any surveys, tests, or other assessments concerning the Site by Developer shall be done at its sole expense and only after the Developer party has secured any necessary permits from the appropriate governmental agencies.
and shall be pursuant to a right of entry in form approved by the Authority. Developer hereby indemnifies and holds the Authority harmless from any injury or damages arising out of any activity of Developer, its agents, employees and contractors, performed and conducted on the Site pursuant to this Section 4.2.2.

4.2.3. **Acceptance of Condition of Site**

Unless this Agreement is earlier terminated in accordance with Section 8.6 et seq., Developer will be deemed to have approved the physical and environmental condition of the Site upon the expiration of the Developer Approval Period.

4.2.4. **No Further Warranties As To Site; Release of City and Authority**

Except for the representations and warranties herein, upon the Closing, the physical and environmental condition, possession or title (as the case may be) of the Site is and shall be delivered from Authority to Developer in an "as-is" condition, with no warranty expressed or implied by the Authority, including without limitation, the presence of Hazardous Materials or the condition of the soil, its geology, the presence of known or unknown seismic faults, or the suitability of the Site for the development purposes intended hereunder.

Except for obligations of Authority set forth in this Agreement, upon the Closing, Developer hereby waives, releases and discharges forever City and Authority, and their employees, officers, agents, and representatives, from all present and future claims, demands, suits, legal and administrative proceedings and from all liability for damages, losses, costs, liabilities, fees and expenses, present and future, arising out of or in any way connected with City's, Authority's, or Developer's use, maintenance, ownership, or operation of the Site, except those arising out of the sole negligence or misconduct of City and/or Authority, or their employees, officers, agents, or representatives.

Developer acknowledges that it is aware of and familiar with the provisions 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 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."

As such relates to Section 4.2, and excepting those obligations of the Authority set forth in this Agreement, Developer hereby waives and relinquishes all rights and benefits which it may have under Section 1542 of the California Civil Code.

4.3. **Escrow**

Within the time specified in the Schedule of Performance, the Parties shall open escrow (the "Escrow") for the Conveyance with Escrow Company.

4.3.1. **Escrow Instructions**

This Agreement constitutes the joint escrow instructions of Developer and the Authority for the Conveyance, and the Escrow Agent to whom these instructions are delivered is hereby empowered to act under this Agreement. Any amendment of these escrow instructions shall be in writing and signed by Developer and Authority. At the time of any
amendment, the Escrow Agent shall agree to carry out its duties as Escrow Agent under such amendment. All communications from the Escrow Agent to Developer or Authority shall be directed to the addresses and in the manner established in Section 9.1 for Notice between Developer and Authority. Insurance policies for fire or casualty are not to be transferred, and Authority will cancel its own policies, if applicable, after the Closing.

4.3.2. General Provisions Applicable to Escrow Agent

The following general provisions shall be applicable to the Escrow Agent.

a. All disbursements shall be made by check or wire transfer of the Escrow Agent. All funds received in the Escrow shall be deposited in a separate interest-earning escrow account with any bank doing business in the State of California and approved by Developer.

b. The Parties to the Escrow jointly and severally agree to pay all costs, damages, judgments and expenses, including reasonable attorneys' fees, suffered or incurred by the Escrow Agent in connection with, or arising out of the Escrow, including, but without limiting the generality of the foregoing, a suit in interpleader brought by the Escrow Agent. In the event that the Escrow Agent files a suit in interpleader, the Escrow Agent shall be fully released and discharged from all obligations imposed upon the Escrow Agent in the Escrow.

c. All prorations and/or adjustments called for in the Escrow shall be made on the basis of a thirty (30) day month unless the Escrow Agent is otherwise instructed in writing.

4.3.3. Authority of Escrow Agent

The Escrow Agent is authorized to, and shall:

a. pay and charge Developer for any Escrow Costs payable under Section 4.3.4;

b. pay and charge Authority any amount necessary to place title in the condition necessary to satisfy Section 4.3.5;

c. pay and charge Developer for the premium of the City Title Policy and the Developer Title Policy as set forth in Section 4.3.6 and, if applicable, pay and charge Developer for any upgrade of the Developer Title Policy or Additional Endorsements to the Developer Title Policy which are requested by Developer pursuant to Section 4.3.6;

d. disburse funds and record and deliver to Developer the Grant Deed when both Developer's Conditions Precedent to Closing and the Authority's Conditions Precedent to the Closing are satisfied or waived in writing by the Party for whom the condition was established;

e. insert appropriate amounts and the date of the Closing in documents deposited by the Parties in the Escrow;

f. do such other actions as necessary to fulfill the Escrow Agent's obligations under this Agreement, including, if applicable, obtaining the Developer Title Policy
and the City Title Report recording any instrument delivered through Escrow if necessary and proper in the issuance of such title policies;

g. within the discretion of the Escrow Agent, direct Developer and Authority to execute and deliver any instrument, affidavit or statement, and to perform any act reasonably necessary to comply with the provisions of FIRPTA and any similar state act or regulation promulgated thereunder. Authority agree to execute a Certificate of Non-Foreign Status by individual transferor, a Certificate of Compliance with Real Estate Reporting Requirement of the 1986 Tax Reform Act and/or a California Franchise Tax Board Form 590 or similar form to assure Developer that there exist no withholding requirements imposed by application of law as may be required by the Escrow Agent, on forms supplied by the Escrow Agent;

h. prepare and file with all appropriate governmental or taxing authorities a uniform settlement statement, closing statement, tax withholding forms, including an IRS 1099-S form, and be responsible for withholding taxes, if any such forms and/or withholding are provided for or required by law; and

i. prepare and deliver to Developer and Authority for their review and approval prior to the Closing a settlement statement.

4.3.4. Escrow Costs

Developer shall pay the costs of documentary stamps on the Grant Deeds, the costs of recording charges, all other customary and usual Escrow fees, charges and costs which arise from the Escrow.

4.3.5. Review of Title

Within the time specified in the Schedule of Performance, the Parties shall cause the Title Company to deliver to Developer a standard preliminary title report with respect to the Site, together with legible copies of the documents underlying the exceptions (the "Exceptions") set forth in the preliminary title report (collectively, the "Preliminary Title Report").

Developer shall have thirty (30) days from Developer's receipt of the Preliminary Title Report to give Notice to Authority and the Escrow Agent of Developer's approval or disapproval of the Preliminary Title Report, including without limitation any Exceptions. If Developer notifies Authority of Developer's disapproval of any items, Authority shall have the right, but not the obligation, to remove any disapproved items after receiving Notice of Developer's disapproval or provide assurances reasonably satisfactory to Developer that such items will be removed or remedied on or before the expiration of the Developer Approval Period. Authority shall exercise such right by Notice to Developer within ten (10) days of receipt of Notice from Developer of Developer's disapproval. If Authority cannot or does not elect to remove any disapproved items, Developer may, at its election, deliver Notice to the Authority that Developer intends to proceed with the Conveyance subject to the disapproved items by way of the Notice to Proceed or (ii) give Authority Notice that Developer does not elect to accept the Conveyance and elects to terminate the Escrow and this Agreement, whereupon any sums deposited by Developer into Escrow and all interest earned thereon shall be returned to Developer. The Exceptions to title approved by Developer as provided herein shall hereinafter
be referred to as the "Permitted Exceptions" and/or the "Condition of Title." Developer shall have the right to approve or disapprove in the manner provided in this Section any Exception reported by the Title Company or otherwise discovered after Developer has approved the Condition of Title (which are not created by Developer). Notwithstanding anything herein to the contrary, Authority shall remove prior to Closing all monetary liens other than non-delinquent taxes and assessments.

4.3.6. Title Insurance

a. Developer Title Insurance. Concurrently with the recordation of the Grant Deed, the Title Company shall issue and deliver to Developer, at Developer's cost, an CLTA owner's policy of title insurance, together with the Approved Endorsements (the "Developer Title Policy"), insuring that fee simple title to the Site is vested in Developer in the Condition of Title. The Title Company shall provide Authority with a copy of the Developer Title Policy. The Developer Title Policy shall be in an amount reasonably determined by Developer and shall be issued at the exact date and time of Closing; provided, however, that the Title Company shall, if requested by Developer, provide ALTA extended coverage policy as needed and any endorsements reasonably requested by Developer (collectively, the "Additional Endorsements"). The additional cost of such ALTA extended coverage and the Additional Endorsements shall be borne by Developer. Authority shall, at no cost or expense to Authority, cooperate with and assist Developer in obtaining such ALTA extended coverage and any Additional Endorsements, including required indemnities that are customary and reasonable, or special coverage reasonably requested by Developer.

b. City Title Insurance. Concurrently with the recordation of the City Deed of Trust as a lien against the Site, the Title Company shall issue and deliver to City, respectively, at Developer's cost, an ALTA standard form lender's policy of title insurance, together with the Approved Endorsements (the "City Title Policy"), insuring that (i) fee simple title to the Site is vested in Developer in the Condition of Title, and (ii) the Authority Declaration and the recordable City HOME Loan Documents are liens against the fee estates held by Developer. The Title Company shall provide Developer with a copy of the City Title Policy. The City Title Policy shall be in the amount of the City HOME Loan and shall be issued at the exact date and time of Closing; provided, however, that the Title Company shall, if requested by Authority, provide any extended coverage and any endorsements reasonably requested by Authority (collectively, the "Additional Endorsements").

4.3.7. Authority's Conditions Precedent to Closing

Authority's obligation to close Escrow is conditioned upon the satisfaction or written waiver by Authority of each and every one of the conditions precedent a. through n., inclusive, described below (the "Authority's Conditions Precedent to Closing"), which are solely for the benefit of Authority, and which shall be satisfied or waived by the time periods provided for herein:

a. Authority Declaration. Developer shall have executed and delivered into Escrow the Authority Declaration and such other documents as may be reasonably requested by Authority in connection therewith and all of which shall be in a form acceptable to Authority.
b. City HOME Loan Documents. Developer shall have executed and delivered into Escrow the City HOME Loan Documents and such other documents as may be reasonably requested by City in connection therewith and all of which shall be in a form acceptable to City.

c. Notice to Proceed. Developer shall have timely issued the Notice to Proceed.

d. Physical and Environmental Condition of Site. Prior to the expiration of the Developer's Approval Period, Developer shall not have elected to cancel Escrow and terminate this Agreement due to the physical or environmental condition of the Site.

e. Escrow Costs. Developer shall have deposited into Escrow the Developer's share of Escrow Costs along with any other required costs of Closing.

f. City Title Policy. The Title Company shall, upon payment of the Title Company's regularly scheduled premium, be irrevocably committed to issue the City Title Policy upon the Closing, in accordance with Section 4.3.6.

g. Financing. The Executive Director has approved Evidence of Financing in accordance with Section 3.1.

h. Project Budget. Developer has submitted and the Executive Director has approved a Project Budget dated as of Closing.

i. Schedule of Performance. Developer has submitted and Authority has approved a Schedule of Performance dated as of Closing.

j. Performance Bond. Developer shall have delivered the performance bond or other suitable security as provided in Section 3.2.

k. Insurance. Developer, at its cost, shall procure or have procured and be maintaining in full force and effect insurance consistent with the requirements of Section 7.2 and in the amounts specified therein. Developer shall have submitted to Authority an insurance certificate or other acceptable written evidence demonstrating compliance with the foregoing requirement.

l. Project Entitlements. Developer shall have obtained all entitlements necessary to commence construction of the Project in the manner contemplated by this Agreement (which shall be final and not subject to further appeal).

m. No Litigation. No litigation shall be pending or threatened by any third parties which seek to enjoin the transactions contemplated herein.

n. No Default. Developer is not in default of any of its material obligations under the terms of this Agreement and all representations and warranties of Developer contained herein shall be true and correct in all material respects.

4.3.8. Developer's Conditions to Closing

Developer's obligation to close Escrow is conditioned upon the satisfaction of each and every one of the conditions precedent.
through j., inclusive, described below (the "Developer's Conditions Precedent to Closing"), which are solely for the benefit of Developer, and which shall be satisfied or waived by the time periods provided for herein:

a. Execution of Documents. Authority shall have executed and deposited into Escrow all documents to which it is a party.

b. Review and Approval of Title. Developer shall have reviewed and approved the condition of title, as provided in Section 4.3.5.

c. Owner's Title Policy. The Title Company shall, upon payment of the Title Company's regularly scheduled premium, be irrevocably committed to issue the Developer Title Policy upon the Closing, in accordance with Section 4.3.6.

d. Financing. Developer has obtained all of the financing described in Section 3.8 and the Executive Director has approved Evidence of Financing in accordance with Section 3.1.

e. Project Budget. The Executive Director has approved a Project Budget timely submitted by Developer and dated as of Closing.

f. Schedule of Performance. The Executive Director has approved a Schedule of Performance timely submitted by the Developer and dated as of Closing.

g. Approval of Environmental Condition of the Site. Developer shall have approved the condition of the Site in accordance to the provisions of Section 4.2.

h. Project Entitlements. Developer shall have obtained all entitlements necessary to commence construction of the Project in the manner contemplated by this Agreement (which shall be final and not subject to further appeal).

i. No Litigation. No litigation shall be pending or threatened by any third parties which seek to enjoin the transaction contemplated herein or to obtain damages in connection with this Agreement.

j. No Default. Authority is not in default of any of its obligations under the terms of this Agreement and all representations and warranties of Authority contained herein shall be true and correct in all material respects.

4.3.9. Termination of Escrow

If the Escrow is not in a condition to close by the Outside Closing Date, as the same may be extended pursuant to this Agreement, then either Party which has fully performed under this Agreement may, in writing, demand the return of money, documents or property and terminate the Escrow and this Agreement. If either Party makes a written demand for the return of its money, documents or property, this Agreement shall not terminate until twenty (20) days after the Escrow Agent shall have delivered copies of such demand to the other Party at the respective addresses set forth in Section 9.1 hereof. If any objections are raised by written Notice within such twenty (20) day period, the Escrow Agent is authorized to hold all money, documents or property until instructed by a court of competent jurisdiction or by mutual written instructions of the Parties. If no such objections are timely made, the Escrow Agent shall immediately return the demanded money and/or documents, and the escrow cancellation charges
shall be paid by the undemanding Party. Termination of the Escrow shall be without prejudice as to whatever legal rights, if any, either Party may have against the other arising from this Agreement. If no demands are made, the Escrow Agent shall proceed with the Closing as soon as possible consistent with the terms of this Agreement. Nothing in this Section shall be construed to impair or affect the rights of Developer to specific performance.

4.3.10. Closing of Escrow

The Conveyance shall close (the "Close" or "Closing") within five (5) days of the satisfaction or written waiver of both Developer's Conditions Precedent to Closing and the Authority's Conditions Precedent to Closing, but in no event later than the Outside Closing Date. The Closing shall occur at the Escrow. The Close or Closing shall mean the time and day that the Grant Deeds are recorded in the Official Records. The Closing Date shall mean the day on which the Closing occurs.

4.3.11. Closing Procedure

The Escrow Agent shall Close the Escrow as follows:

a. record the Grant Deed with instruction to the County Recorder to deliver of the Grant Deed to Developer and a conforming copy thereof to Authority;

b. record the Authority Declaration with instruction to the County Recorder to deliver Authority Declaration to the Authority and a conforming copy thereof to Developer;

c. record the Notice of Affordability Restrictions with instruction to the County Recorder to deliver Notice of Affordability Restrictions to the Authority and a conforming copy thereof to Developer;

d. record the City HOME Declaration with instruction to the County Recorder to deliver of the City HOME Declaration to the City and a conforming copy thereof to Developer;

e. record the City Deed of Trust with instruction to the County Recorder to deliver of the City Deed of Trust to the Authority and a conforming copy thereof to Developer;

f. deliver the Developer Title Policy issued by the Title Company to Developer;

g. deliver the City Title Policy issued by the Title Company to Authority;

h. file any informational reports required by Internal Revenue Code Section 6045(e), as amended, and any other applicable requirements;

i. deliver the FIRPTA Certificate, if any, to Developer, and

j. forward to Developer and Authority a separate accounting of all funds received and disbursed for each Party and copies of all executed, recorded, or filed
documents deposited into Escrow, with such recording and filing date and information endorsed thereon.

The Parties shall reasonably cooperate in modifying the foregoing closing procedures to accommodate the time Closing.

5. DEVELOPMENT OF THE SITE

5.1. Scope of Work

The Developer shall construct the Project substantially in accordance with the attached Project Development (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. Subject to Section 6, the Developer shall, by the respective times established therefor 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 therefor in the Schedule of Performance.

5.2. Permits and Entitlements

Before commencement of the Project or other works of improvement upon the Site, the Developer 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 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 Authority shall reasonably cooperate and assist Developer's efforts to comply with this Section 5.2, 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 Authority or the City.

5.3. Defects in Plans

Neither the City or the Authority shall be responsible to the Developer 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 5.3. The Developer shall hold harmless, indemnify and defend the City and the Authority and their respective officers, employees, agents and representatives from an 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.

5.4. Subdivision of Site

In accordance with applicable requirements of the Subdivision Map Act, Government Code Section 66410, et seq., and the City's applicable subdivision ordinance, the Developer shall cause the Site to be subdivided into individual parcels comprising the Affordable
Units. Such subdivision shall ensure that each Affordable Unit is comprised of a legal, insurable parcel sufficient to allow development.

5.5. Demolition and Clearance of the Site

After the expiration of the Developer's Approval Period, the Developer shall perform any demolition, clearance or preparation of the Site, or any remediation thereon, necessary for the Project. The Developer 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. The Developer acknowledges that the Authority makes no representations or warranties concerning the Site, its suitability for the use intended by the Developer, or the surface or subsurface conditions of the Site. It shall be the sole responsibility of the Developer to investigate and determine the soil conditions of the Site for the construction of all improvements thereon. If the soil conditions of the Site are not in all respects entirely suitable for the use or uses to which the Site will be put, then it is the sole responsibility and obligation of the Developer to take such action as may be necessary to place the Site in a condition entirely suitable for the development of the Project on the Site.

5.6. Construction of the Project

The cost of planning, designing, developing and constructing the Project, and any demolition and removal of any existing structure or Site improvements, Site remediation and Site preparation costs, shall be borne solely by the Developer.

Developer may act as the general contractor. Developer shall have submitted to Authority, and Authority 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, and Developer shall comply, to the extent practicable subject to the availability of labor of comparable quality and skill, and the availability of materials of comparable cost and quality, with Health and Safety Code Section 33422.1 and 33422.3.

5.7. Design

The Developer 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 rehabilitating the Project shall be at the sole cost and expense of the Developer. The Developer assumes all obligation for ensuring conformity with all applicable Federal, State and local nondiscrimination, labor standards, prevailing wage rate requirements and competitive bidding requirements with respect to the Project.

5.8. Construction Schedule

Subject to Section 9.8, the Developer shall commence and complete all development activities within the times established therefor in the Schedule of Performance.
5.9. Bodily Injury and Property Damage Insurance: Indemnity

5.9.1. Insurance

The Developer shall maintain or shall cause its contractor(s) to maintain until the completion of the Project as determined by the Authority pursuant to Section 7.2 insurance in accordance with the Authority's uniform insurance requirements or as otherwise approved in writing by the Executive Director.

The obligations set forth in this Section 5.9.1 shall remain in effect only until a Release of Construction Covenants has been furnished to the Developer as provided in Section 5.17.

5.9.2. Developer's Indemnity

To the full extent permitted by law, Developer shall indemnify, defend and hold harmless Authority, and any and all of its employees, officials and agents (the Indemnites) from and against any liability (including liability for claims, suits, actions, arbitration proceedings, administrative proceedings, compliance with applicable federal and state labor standards, regulatory proceedings, losses, expenses or cost of any kind, whether actual, alleged or threatened, including attorneys' fees and costs, court costs, interest or defense costs, including expert witness fees), where the same arise out of, are a consequence of, or are in any attributable to, in whole or in part, the performance of this Agreement by Developer, or by any individual or entity that Developer shall bear the legal liability thereof including but not limited to officers, agents, employees or contractors of Developer.

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

Developer agrees to obtain executed indemnity agreements with provisions identical to those set forth here in this section from each and every contractor or any other person or entity involved by, for, with or on behalf of Developer in the performance of this Agreement. In the event Developer fails to obtain such indemnity obligations from others as required here, Developer agrees to be fully responsible according to the terms of this Section 5.9.2.

Failure of Indemnites to monitor compliance with these requirements imposes no additional obligations on Indemnites and will in no way act as a waiver of any rights hereunder. This obligation to indemnify and defend Indemnites as set forth here is binding on the successors, assigns or heirs of Developer and shall survive the termination of this Agreement or this Section 5.9.2.
5.10. **Other Governmental Authority Permits and Environmental Compliance**

Before commencement of demolition activities or construction or other works of improvement upon the Site, the Developer shall, at its own expense, 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") and National Environmental Policy Act of 1969, Public Law 91-190 as amended, 42 U.S.C. Sections 4321-4347 ("NEPA") may become applicable to the Project as a result of processing Developer's entitlement requests. Pursuant to CEQA and NEPA, certain environmental documents may be required to be prepared. The Developer agrees to cooperate with the City in obtaining information to determine environmental impact associated with such entitlements. The Developer 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 or NEPA reviews reveal environmental impacts from the Project which cannot be sufficiently mitigated, Developer, Authority shall then negotiate in good faith to restructure the Project in a manner that may reduce the environmental impacts of the projects.

5.11. **Rights of Access**

Prior to the issuance of a Release of Construction Covenants (as specified in Section 5.17), for purposes of assuring compliance with this Agreement, representatives of the Authority shall have the right of access to the Site, without charges or fees, at normal construction hours and upon at least 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 Authority representatives comply with all safety rules. Authority representatives shall, except in emergency situations, notify the Developer prior to exercising its rights pursuant to this Section 5.11.

5.12. **Federal, State and Local Laws**

5.12.1. **Labor Standards**

Developer shall carry out the Project in conformance with all applicable laws, including any and all applicable federal and state labor standards.

5.12.2. **General**

Developer 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.*.
5.13. **Nondiscrimination During Construction and Rehabilitation**

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

5.14. **Taxes and Assessments**

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

5.15. **Liens and Stop Notices**

The Developer 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 Developer shall within thirty (30) days of such recording or service or within five (5) days of the Authority's demand, whichever last occurs:

a. pay and discharge the same; or

b. effect the release thereof by recording and delivering to the Authority a surety bond in sufficient form and amount, or otherwise; or

c. provide such other assurances which the Authority 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 Authority from the effect of such lien or bonded stop notice.

5.16. **Mortgage Deed of Trust, Sale and Lease-Back Financing; Rights of Holders**

5.16.1. **No Encumbrances Except Mortgages, Deeds of Trust**

Construction Mortgages, deeds of trust, sales and leases-back shall be permitted before completion of the Project with the Authority's prior written approval, which shall not be unreasonably withheld or delayed, 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 Developer shall notify the Authority in advance of any mortgage, deed of trust or sale and lease-back financing, if the Developer proposes to enter into the same before completion of the Project. The Developer shall not enter into any such conveyance for financing without the prior written approval of the Authority, which approval the Authority shall not unreasonably withhold provided that (i) such conveyance for financing is given to a responsible financial or lending institution, person or entity, and (ii) the Developer has commenced or is prepared to commence construction of the Project. The Authority'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 5.17.
5.16.2. **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.

5.16.3. **Notice of Default to Mortgagee or Deed of Trust Holders. Right to Cure**

Whenever the Authority delivers any notice or demand to Developer with respect to any breach or default by the Developer in completion of the Project and the Developer fails to cure or commence to cure to the Authority's satisfaction within sixty (60) days from the date of such notice, the Authority 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 Developer, 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 Authority are concerned) have the right, at its option, within sixty (60) 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 Developer'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 Developer's obligations under this Agreement by written agreement satisfactory to the Authority. 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 Authority 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 5.17.

5.16.4. **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) 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 Developer 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 5.16.2, 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 Authority 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 Authority, if it so desires, shall be entitled to a conveyance from the holder to the Authority, upon payment to the holder of an amount equal to the sum of the following items (i) through (v) 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):

(i) 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);

(ii) All expenses with respect to foreclosure;

(iii) 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;

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

(v) 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 Authority.

5.16.5. Right of the Authority 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 Developer past any applicable notice and cure period and prior to the issuance by the Authority of the Release of Construction Covenants in accordance with Section 5.17, the Developer shall immediately deliver to the Authority 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 Authority shall have the right, but not the obligation to cure the default. In such event, the Authority shall be entitled to reimbursement from the Developer of all proper costs and expenses incurred by the Authority in curing such default. Such costs and expenses incurred by the Authority shall accrue interest until paid by the Developer 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 5.16.5, every subordination agreement entered into by and between the Authority 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 Developer’s default to the Authority.

5.16.6. Right of the Authority to Satisfy Other Liens on the Site After Title Passes

Subject to the rights of any senior lender, prior to the issuance by the Authority of the Release of Construction Covenants in accordance with Section 5.17 and after the Developer has had written notice and has failed after a reasonable time (but in any event not less than thirty (30) 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 Authority 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 Developer 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.

5.17. **Release of Construction Covenants**

Promptly after completion of each Affordable Unit in conformity with this Agreement, the Authority shall furnish the Developer with a "Release of Construction Covenants" upon written request therefor by the Developer. The Authority 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. 11). 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 Declaration, 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 Authority refuses or fails to furnish the Release of Construction Covenants, after written request from the Developer, the Authority shall, within thirty (30) days of written request therefor, provide the Developer with a written statement of the reasons the Authority refused or failed to furnish the Release of Construction Covenants. The statement shall also contain the Authority's opinion of the actions the Developer must take to obtain the Release of Construction Covenants. If the Authority shall have failed to provide such written statement within said thirty (30) 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 Authority and the Authority 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 Developer 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.

6. **COVENANTS AND RESTRICTIONS**

6.1. **Use Covenants**

Developer covenants and agrees for itself, its successors, its assigns, and every successor in interest to the Site or any part thereof, that upon the acquisition of the Site and during the development and operation of the Project thereafter, Developer shall devote the Site solely to the uses specified in, and otherwise comply with the terms and conditions of, this Agreement and, the Authority Declaration. All uses conducted on the Site, including, without limitation, all activities undertaken by the Developer pursuant to this Agreement, shall conform to all applicable provisions of the Riverside Municipal Code.

6.2. **Number of Affordable Units: Marketing Plan**

Commencing upon and throughout the Affordability Period, Developer covenants and agrees that the Affordable Units shall be restricted to sale to and occupancy by Qualified
Buyers who are also Low Income Households in accordance with the provisions of the Authority Declaration.

At least one month prior to the proposed marketing of any Affordable Unit, Developer shall submit for approval by Authority a plan for marketing the sale of the Affordable Units (the "Marketing Plan"). The Marketing Plan shall include affirmative marketing procedures and requirements for reaching Qualified Buyers of the Affordable Units. The Marketing Plan shall include a plan for publicizing the availability of the Affordable Units within the City in a manner which gives notice to existing residents, and City sponsored newsletter, newspaper advertising in local newspapers and notices in City offices and community centers.

6.3. **Sales Prices**

Developer covenants and agrees that it shall not sell any Affordable Unit for a sales price in excess of the Affordable Housing Price to be determined by Developer and confirmed by Authority. Prior to marketing the Affordable Units for sale, Developer shall submit to Authority for its approval a calculation of the Affordable Housing Cost for each Affordable Unit. Such calculation shall be made in accordance with this Agreement and all applicable Governmental Regulations. The sales contract price for each Affordable Unit shall not exceed the Gross Affordable Sales Price.

6.4. **Income of Qualified Buyer of the Affordable Units; Affordable Housing Cost**

At least thirty (30) days prior to the proposed close of escrow for the sale of any Affordable Unit, Developer shall submit to Authority a completed income computation and certification form from the prospective buyer(s) of the Affordable Unit, together with a copy of all back-up supporting information, in such form as may be requested by Authority. Developer shall not transfer title to the Affordable Unit to the prospective buyer until the conditions set forth herein have been satisfied, including the requirement that Developer has determined and Authority has confirmed that the buyer is a Qualified Buyer and Developer has obtained Authority's written approval of the completed income computation and certification and supporting documentation. Developer shall obtain a certification from each Household purchasing an Affordable Unit demonstrating that such Household is a Low Income Household and meets the eligibility requirements established for the Affordable Unit such that the Household qualifies as a Qualified Buyer. Developer shall submit to Authority a computation demonstrating that the Affordable Unit will be sold to the prospective buyer(s) at an Gross Affordable Sales Price resulting in an Affordable Housing Cost to the buyer(s). Developer shall verify the income certifications and computations.

Developer shall obtain at least one of the following, as appropriate to the Household of the proposed buyer(s):

a. two (2) paycheck stubs from the proposed purchaser's two (2) most recent pay periods (and the same from any other member of the Household eighteen (18) years old or older);

b. a true copy of an income tax return from the proposed purchaser for the most recent tax year in which a return was filed (and the same from any other member of the Household eighteen (18) years old or older);
c. an income verification certification from the employer of the proposed purchaser and any other member of the Household eighteen (18) years old or older;

d. an income verification certification from the Social Security Administration and/or the California Department of Social Services if the proposed purchaser or any other member of the Household eighteen (18) years old or older receives assistance from such agencies; or

e. an alternate form of income verification reasonably requested by Authority if none of the above forms of verification is available.

6.5. Additional Qualified Buyer Requirements

Developer shall sell each Affordable Unit only to a proposed purchaser who qualifies as a First Time Homebuyer. For purposes of this Agreement and subject to any changes hereto required by any applicable Governmental Requirement at the time of sale of the Affordable Units, "First Time Homebuyer" means (i) a person or group of persons none of whom has held a present ownership interest in real property during all or any part of the three years preceding the proposed date of purchase of the Affordable Unit, or (ii) a displaced homemaker or single parent head of household who does not possess any present ownership interest in real property. For purposes of this Agreement and subject to any changes hereto required by any applicable Governmental Requirement at the time of sale of the Affordable Units, the term "displaced homemaker" shall mean an adult who has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, and who is unemployed or under employed and is experiencing difficulty in obtaining or upgrading employment. For purposes of this Agreement and subject to any changes hereto required by any applicable Governmental Requirement at the time of sale of the Affordable Units, the term "single parent" shall mean an individual who is unmarried or legally separated from a spouse and who has one or more minor children for whom the individual has custody or joint custody, or who is pregnant.

Subject to the requirements of all applicable Governmental Regulations, upon the sale of the Affordable Units any proposed Qualified Buyer must have sufficient credit worthiness to qualify for and obtain the first trust deed financing. The proposed buyer must be legally residing in the United States and have appropriate documentation demonstrating such legal residence.

6.6. Developer Sale of Affordable Units and Other Covenants

6.6.1. Formation of HOA; Recordation of HOA CC&Rs

No later than ninety (90) days prior to the proposed sale of any of the Affordable Units, Developer shall form a nonprofit mutual benefit corporation and a home owners' association ("HOA") for the Project and purchasers of the Affordable Units in accordance with the Davis-Stirling Common Interest Development Act (California Civil Code Sections 1350 through 1376) and any successor statutes (collectively, the "CID Law"). Developer shall obtain Authority's written approval of the HOA CC&Rs, and shall include such covenants and restrictions therein as may be requested by Authority with respect to the Affordable Units. Thereafter, Developer shall submit the HOA CC&Rs to the Department of Real Estate and otherwise comply with the CID Law and all other applicable Governmental Requirements.
Regulations in connection with the formation of the HOA. Developer shall amend or cause to be amended the HOA CC&Rs as required by the CID Law upon transfer of the Affordable Units to the nonprofit mutual benefit corporation or the third party purchasers thereof, respectively. Developer shall not amend the HOA CC&Rs without the prior written approval of Authority. The HOA CC&Rs shall require that all Affordable Units be owner-occupied.

6.6.2. Disclosures to Homebuyers

Developer shall make all disclosures required by applicable Governmental Regulations to all buyers of the Affordable Units. Developer shall disclose to each buyer of an Affordable Unit that each Affordable Unit must be owner-occupied, and Developer must obtain a written confirmation from the buyers of each Affordable Unit of such disclosure. Developer must disclose to all prospective and actual buyers of the Affordable Units that the Affordable Unit will be restricted to resale to Qualified Buyers at a Gross Affordable Sales Price for forty five (45) years from the date of purchase of the Affordable Unit.

6.6.3. Conditions Precedent to Developer's Sale of the Affordable Units

In addition to other requirements with which Developer must comply under this Agreement, prior to Developer's sale of each Affordable Unit in the Project, Developer shall satisfy the following conditions (which conditions are solely for the benefit of Authority and shall be satisfied or waived in Authority's sole discretion):

a. No Default

There shall exist no condition, event or act which would constitute an Event of Default by Developer hereunder or which, upon the giving of notice or the passage of time, or both, would constitute an Event of Default by Developer.

b. Homebuyer Selection Plan

Developer shall have submitted to Authority, and Authority shall have approved, a written plan detailing the procedures to be employed by Developer in selecting prospective third party purchasers of the Affordable Units.

c. Marketing Plan

Developer shall have submitted to Authority, and Authority shall have approved, an updated Marketing Plan for the Affordable Units, in such form and substance as is reasonably acceptable to Authority.

d. Insurance

Developer shall have provided to Authority current insurance certificates conforming to the requirements hereof and evidence of latent construction defect insurance for the Affordable Units in such form and amount as is reasonably acceptable to Authority.
e. **HOA: HOA CC&Rs**

The HOA shall have been formed and be operating in accordance with the CID Law. Developer shall have prepared and submitted to Authority, and Authority shall have approved, the HOA CC&Rs.

f. **Reserved**

g. **Affordable Units**

Developer shall have demonstrated to Authority's satisfaction that any sale of an Affordable Unit is to a Qualified Buyer at a Gross Affordable Sales Price, all as calculated in accordance with this Agreement.

h. **Affordable Housing Regulatory Agreement**

Developer shall have submitted, and Authority shall have approved, a form of the Affordable Housing Regulatory Agreement, which shall contain covenants, conditions and restrictions required by Authority in accordance with all applicable Governmental Regulations, including, without limitation, covenants restricting the sale of the Affordable Unit to Qualified Buyers at an Affordable Price for forty five (45) years from the date of initial sale of the Affordable Unit.

i. **HOME Regulatory Agreement**

Developer shall have submitted, and City shall have approved, a form of the HOME Regulatory Agreement, which shall contain covenants, conditions and restrictions required by Authority in accordance with all applicable Governmental Regulations, including, without limitation, covenants restricting the sale of the Affordable Unit to Qualified Buyers at an Affordable Price for five (5) years from the date of initial sale of the Affordable Unit.

J. **Disclosures**

Prior to Developer's conveyance of an Affordable Unit, Developer shall provide to the buyer, and require his or her execution of, any disclosures required by this Agreement and any applicable Governmental Regulations.

k. **Recordation of Affordable Housing CC&Rs**

Any buyer of an Affordable Unit shall have acknowledged the Affordable Housing Regulatory Agreement and the HOME Regulatory Agreement, and such regulatory agreements shall have been recorded in the Official Records.

l. **Estimated Closing Statement**

Developer shall have provided, or caused the escrow agent to provide, to Authority, with respect to any proposed sale of an Affordable Unit, an estimated closing statement and Authority shall have notified the Developer and the escrow agent in writing that the transaction as shown on the estimated closing statement is acceptable.
Failure to meet any of the foregoing conditions precedent set forth in this Section prior to Developer's sale of any of the Affordable Units shall constitute a breach hereunder by Developer.

6.7. **Nondiscrimination Covenants**

Developer 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 Developer 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 Affordable 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.

Developer shall refrain from restricting the sale of the Site, including the Affordable 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."

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

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

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

c. In contracts: "There shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (l) 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.

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

The Authority is deemed the beneficiaries 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 Authority has been, remains or is an owner of any land or interest therein in the Site. The Authority shall have the right, if this Agreement or any covenants in any agreement pursuant to this Agreement, including the Grant Deed and the Declaration, 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.

7. **INDEMNITY AND INSURANCE**

7.1. **Developer's Indemnity**

To the full extent permitted by law, Developer shall indemnify, defend and hold harmless Authority, 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 attorneys' fees and costs, court costs, interest or defense costs, including expert witness fees), where the same arise out of, are a consequence of, or are in any way attributable to, in whole or in part, to: (i) Developer'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 Developer, or (iii) any negligent performance or act or negligent failure to perform or act pursuant to this Agreement by Developer, or by any individual or entity that Developer shall bear the legal liability thereof including but not limited to officers, agents, employees or contractors of Developer.

Without affecting the rights of Indemnitees under any provisions of this Agreement, Developer shall not be required to indemnify and hold harmless Indemnitees for liability attributable to the active negligence of Indemnitees, provided such active negligence is determined by agreement between the parties or by the findings of a court of competent jurisdiction.

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 Developer and shall survive the termination of this Agreement.

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

7.2. **Insurance**

Prior to the commencement of any work of improvement upon the Site and without limiting Developer's indemnity obligations set forth in the Agreement, Developer 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.

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 Authority, naming the Authority as loss payee.

d. Developer 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 Authority, liability insurance to be maintained by the general contractors pursuant to this subsection shall name as additional insured Authority, and its officers, agents, employees and representatives.

e. The required insurance shall be provided under an occurrence form, and Developer 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) days prior written notice has been given to the Housing Authority of the City of Riverside."

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

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

g. Developer shall deliver to Authority insurance endorsements evidencing the existence of the insurance policies required by this Agreement, and including the applicable clauses referenced above. Also, the Authority has the right to demand, and to receive within a reasonable time period, copies of any insurance policies required under this Agreement.

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

   (1) Reserved.
Reserved.

In the event Developer has failed to commence curing such default within thirty (30) days of notice or thereafter fails to diligently pursue such cure, declare Developer to be in default, terminate this Agreement.

Exercise of any of the above remedies, however, is an alternative to other remedies Authority may have and is not the exclusive remedy for Developer's failure to maintain insurance or secure appropriate endorsements. Nothing herein contained shall be construed as limiting in any way the extent to which Developer may be held responsible for payments of damages to persons or property resulting from Developer's performance of the work covered under this Agreement.

8. DEFAULTS, REMEDIES AND TERMINATION

8.1. Defaults - General

Subject to the extensions of time set forth in Section 9.8, failure or delay by either party to perform, comply with or observe any of the conditions, provisions, terms, covenants or representations of this Agreement, including any of the Attachments hereto, constitutes a default under this Agreement. As provided hereinbelow, the party who so fails or delays must immediately commence to cure, correct or remedy such failure or delay, and shall complete such cure, correction or remedy with diligence. The injured party shall give written notice of default to the party in default, specifying the default complained of by the injured party. Failure or delay in giving such notice shall not constitute a waiver of any default, nor shall it change the date of default.

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

8.2. Legal Actions

8.2.1. Institution of Legal Actions

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

8.2.2. Applicable Law

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

8.2.3. Acceptance of Service of Process

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

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

8.3. Rights and Remedies are Cumulative

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

8.4. Inaction Not a Waiver of Default

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

8.5. Specific Performance

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

8.6. Rights of Termination and Damages

8.6.1. Termination by Developer

Provided the Developer is not in default of any of the terms and conditions of this Agreement, then in the Event of Default by the Authority, the Developer shall have the right to terminate this Agreement by written notice to Authority in accordance with the provisions of Section 9.1. Upon termination by the Developer pursuant to this Section 8.6.1, the Authority may enter into a new agreement with respect to the development of the Site and, 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 Authority and the Developer.

8.6.2. Termination by Authority

Provided the Authority is not in default of any of the terms and conditions of this Agreement, then upon an Event of Default by the Developer, the Authority shall have the right to terminate this Agreement by written notice to the Developer in accordance with the provisions of Section 9.1. In addition, the Authority may exercise its rights under the Authority 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.

8.7. Reentry and Revesting of Title in the Authority After the Conveyance and Prior to Completion of Construction

Subject to the approval of the Construction Loan lender or Permanent Loan Lender, as applicable, and Investor, the Authority has the additional right, at its election, to reenter and take possession of the Site (or any part thereof), with all improvements thereon, and terminate and revest in the Authority the estate (or part thereof) conveyed to the Developer if after any Conveyance and prior to the issuance of the Release of Construction Covenants, the Developer (or its successors in interest) shall:

a. subject to the extensions of time set forth in Section 9.8, fail to start the construction of the Project as required by this Agreement for a period of forty-five (45) days after written notice of default thereof from the Authority; or

b. subject to the extensions of time set forth in Section 9.8, abandon or substantially suspend construction of the Project as required by this Agreement for a period of thirty (30) days after written notice thereof from the Authority; or

c. contrary to the provisions of Section 2.2, transfer or suffer any involuntary transfer of the Site or any part thereof in violation of this Agreement.

The periods set forth in paragraphs a., b., and c. above shall be extended if, within forty-five (45) days after notice is delivered by the Authority, the Developer delivers to the Authority notice that it has elected to submit a plan to cure such default or defaults within one hundred eighty (180) days of the Developer's notice to the Authority.

Such right to reenter, terminate and revest shall be subject to and be limited by and shall not defeat, render invalid or limit: (i) any mortgage or deed of trust or other security interest permitted by this Agreement; or (ii) any rights or interests provided in this Agreement for the protection of the holders of such mortgages or deeds of trust or other security interests.

Upon issuance of a Release of Construction Covenants for the Project, the Authority's right to reenter, terminate and revest shall terminate.

Subject to the rights of the Construction Loan lender and Investor, upon the revesting in the Authority of title to the Site or portion thereof as provided in this Section 8.7, the Authority shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site or portions thereof as soon and in such manner as the Authority shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties as
determined by the Authority, who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to the Authority and in accordance with the uses specified for such parcel or part thereof. Such party shall be required to pay for a pro rata share of the cost of construction, maintenance and operation of the common area improvements upon the Site. Upon such resale of the Site or portions thereof, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering such parcel which is permitted by this Agreement, shall be applied:

1. First, to reimburse the Authority, all reasonable costs and expenses incurred by the Authority, excluding Authority staff costs, but specifically including (but not limited to) any expenditures by the Authority in connection with the recapture, management and resale of the Site or part thereof (but less any income derived by the Authority from the Site or part thereof in connection with such management); all taxes, assessments and water or sewer charges with respect to the Site or part thereof which the Developer has not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time or revesting of title thereto in the Authority, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Project or any part thereof on the Site; and any amounts otherwise owing the Authority, and in the event additional proceeds are thereafter available.

2. Second, to reimburse the Developer, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site or part thereof and for the Project existing on such Site at the time of the reentry and possession, less (b) any net gains or income withdrawn or made by the Developer from such Site or the improvements thereon.

3. Any balance remaining after such reimbursements shall be retained by the Authority as its property.

The rights established in this Section 8.7 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power, and remedy shall be cumulative and concurrent and shall be in addition to any other right, power and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Authority will have conveyed the Site or portion thereof to the Developer for redevelopment purposes, particularly for development of the Project and not for speculation in land.

8.8. Limitation on Damages.

Without limiting the generality of the foregoing, the Parties shall not in any event be entitled to, and the Parties hereby waive, any right to seek consequential damages of any kind or nature from any other Party or Parties arising out of or in connection with this Agreement, and in connection with such waiver, the Parties are familiar with and hereby waive 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 HIS SETTLEMENT WITH THE DEBTOR."

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 Developer: Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Ave
Riverside, California 92507

To Authority: Housing Authority of the City of Riverside
Attn: Executive Director
3900 Main Street
Riverside, California 92522

Copies to: City of Riverside
Attn: Community Development Director
3900 Main Street, Third Floor
Riverside, California 92522

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.

9.2. Subordination of Indebtedness

Any indebtedness of the Authority to the Developer 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 Authority. 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 Authority entitled to receive the tax increment revenues for the repayment of any other indebtedness of the Authority 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 Authority shall have any direct or indirect interest in this Agreement, nor participate in any decision relating to the Agreement which is prohibited by law.

9.4. **Warranty Against Payment of Consideration for Agreement**

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

9.5. **Nonliability of Authority Officials and Employees**

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

9.6. **Approval by Authority and Developer**

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 Authority or Developer 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) days of receipt unless expressly provided to the contrary herein.

9.7. **Plans and Data**

If this Agreement is terminated, the Authority shall have the right but not the obligation to purchase from Developer all plans, drawings, studies and related documents concerning the Project within Developer's possession and control, without representation or warranty. The purchase price for all or any part of such materials shall be their cost to Developer, less amounts already disbursed to the Developer from the City HOME Loan proceeds for such purposes.

9.8. **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; 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
of the City or any other public or governmental agency or entity (other than that acts or failure to act of the Authority shall not excuse performance by the Authority); 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 Authority 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) days of the commencement of the cause. Times of performance under this Agreement may also be extended in writing by mutual agreement among the Authority and the Developer. 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.

9.9.  Applicable Law; Interpretation

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

9.10. Inspection of Books and Records, Reports

The Authority or its designee has the right at all reasonable times, and upon reasonable advance notice of not less than 48 hours, to inspect the books and records and other related documents of the Developer 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 Developer at locations as agreed by the parties. Throughout the term of this Agreement, the Developer shall submit to the Authority reasonable written progress reports as and when reasonably requested by Authority on all matters pertaining to the Project of the Site.

9.11. Administration

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

9.12. 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 to, or equity investor in the Project requires modifications to this Agreement or any attachment hereto, the
Authority 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.

9.13. **Ground Breaking and Grand Openings**

To insure proper protocol and recognition of the Authority Board, the Developer shall cooperate with Authority staff in the organization of any Project-related ground breaking, grand openings or any other such inaugural events/ceremonies sponsored by the Developer and celebrating the development which is the subject of this Agreement providing Authority staff with at least two (2) weeks prior notice of any such event.

9.14. **Independent Contractor**

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

10. **ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS**

This Agreement includes forty-five (45) pages and Attachment Nos. 1 through 9 which constitute the entire understanding and agreement of the Parties. Three (3) duplicate originals of this Agreement shall be executed each of which shall be deemed to be an original. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

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

*Signatures On Next Page*
IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation

Dated: __________/____/____

By: ________________________________
Name: ______________________________
Its: ________________________________

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic

Dated: __________/____/____

By: ________________________________

Executive Director

ATTEST:

By: ________________________________
Housing Authority Secretary

APPROVED AS TO FORM:

By: ________________________________
Special Counsel
IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: ________________
By: _______________________
Name: ____________________
Its: _______________________ 

Dated: __
By: _______________________
Name: ____________________
Its: _______________________ 

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic

Dated: January 3, 2015
By: WltjVY
jA71 Executive Director

ATTEST:
By: _______________________
   Housing Authority Secretary

APPROVED AS TO FORM:
By: _______________________
   Housing Authority Counsel
IN WITNESS WHEREOF, Authority and Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: ____________
By:_______________________
Name:_______________________
Its:_________________________

Dated: ____________
By:_______________________
Name:_______________________
Its:_________________________

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic

Dated: ____________
By:_______________________
Executive Director

ATTEST:

By:_______________________
Housing Authority Secretary

APPROVED AS TO FORM:

By:_______________________
Special Counsel
ATTACHMENT NO.1

SITE PLAN
ATTACHMENT NO. 2

SITE LEGAL DESCRIPTION

[To be inserted]
ATTACHMENT NO. 3

PROJECT DEVELOPMENT

Project Overview

Development of a 12 (twelve) home community in the Arlington Neighborhood, City of Riverside to be sold at affordable prices to veterans households

Project Design

Twelve semi-attached, town-home style, single-family homes with attached garages, one tot lot and common passive recreation area.

Site Information

1.80 acre site
APN: 234-101-051
ATTACHMENT NO. 4

SCHEDULE OF PERFORMANCE

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<td>Project approval by City Council:</td>
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<td>Tract Map approved by City:</td>
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ATTACHMENT NO. 5

PROJECT BUDGET

[To be inserted]
## DEVELOPMENT BUDGET

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### NAME?

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<th># Units</th>
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ATTACHMENT NO. 6

GRANT DEED

RECORDING REQUESTED BY: 
Housing Authority of the City of Riverside
3900 Main Street, Seventh Floor
Riverside, California 92522
Attention: Authority Secretary

AFTER RECORDATION, MAIL TO 
AND MAIL TAX STATEMENTS TO:
Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Avenue
Riverside, California 92507

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged, this ___ day of ___ , 2015, the HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic ("Grantor") hereby grants to HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Grantee"), certain real property hereinafter referred to as the "Site" situated in the City of Riverside, County of Riverside, State of California, and legally described in Exhibit "A" attached hereto and incorporated herein by this reference, subject to the existing covenants, conditions, restrictions, reservations, and easements of record described therein.

1. The Site is being conveyed by the Grantor pursuant to that certain Disposition and Development Agreement by and between the Grantor and the Grantee dated for identification purposes as of, 2015 (the "Agreement"), a copy of which is on file with the Secretary of the Grantor as a public record and which is incorporated herein by reference. All capitalized terms used herein and not otherwise defined herein shall have the same meaning as those used in the Agreement.

2. Grantor excepts and reserves from the conveyance herein described all interest of the Grantor in oil, gas, hydrocarbon substances and minerals of every kind and character lying more than five hundred (500) feet below the surface, together with the right to drill into, through, and to use and occupy all parts of the Site lying more than five hundred (500) feet below the surface thereof for any and all purposes incidental to the exploration for and production of oil,
gas, hydrocarbon substances or minerals from said Site or other lands, but without, however, any right to use either the surface of the Site or any portion thereof within five hundred (500) feet of the surface for any purpose or purposes whatsoever, or to use the Site in such a manner as to create a disturbance to the use or enjoyment of the Site.

3. During the term of the Agreement and the Authority Declaration (as defined below), the Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee shall devote the Site only to residential uses for Qualified Households as specified in the Agreement and that certain Declaration of Conditions, Covenants and Restrictions (With Affordable Housing Covenants) entered into by and between the Grantor and the Grantee dated as of , 2015 and recorded against the Site (the "Authority Declaration"). The Grantee hereby covenants and agrees, for itself and its successors and assigns, that the Grantee shall develop, use, and operate the Project upon the Site in accordance with the Agreement and the Authority Declaration.

4. For the period from the date of recordation of this Grant Deed up to the recordation by the Grantee of the Release of Construction Covenants for the Project and subject to the rights of any senior lenders with a recorded deed of trust following the date of recordation of this Grant Deed:

   a. The Grantor has the additional right, at its election, to reenter and take possession of the Site (or any part thereof), with all improvements thereon, and terminate and revest in the Grantor the estate hereby conveyed to the Grantee if the Grantee (or its successors in interest) shall:

      (i) subject to the extensions of time set forth in Section 9.8. of the Agreement, fail to start the construction of the Project as required by the Agreement for a period of thirty (30) days after written notice of default thereof from the Grantor; or

      (ii) subject to the extensions of time set forth in Section 9.8. of the Agreement, abandon or substantially suspend construction of the Project as required by the Agreement for a period of thirty (30) days after written notice thereof from the Grantor; or

      (iii) contrary to the provisions of Section 2.2.2 of the Agreement, transfer or suffer any involuntary transfer of the Site or any part thereof in violation thereof.

   The periods set forth in paragraphs (i), (ii), and (iii) above shall be extended if, within thirty (30) days after notice is delivered by the Grantor, the Grantee delivers to the Grantor notice that it has elected to submit a plan to cure such default or defaults within one hundred twenty (120) days of the Grantee's notice, except in the event of a force majeure in which event the Grantee shall have additional time to cure

   b. The right to reenter, terminate, and revest shall be subject to and be limited by and shall not defeat, render invalid or limit: (i) any mortgage or deed of trust or other security interest permitted by the Agreement; or (ii) any rights or interests provided in the
Agreement for the protection of the holders of such mortgages or deeds of trust or other security interests.

c. Upon recordation by the Grantee of a Release of Construction Covenants for the Project, the Grantor's right to reenter, terminate, and revest shall terminate.

d. Upon the revesting in the Grantor of title to the Site as provided in this Section 4, the Grantor shall, pursuant to its responsibilities under state law, use its reasonable efforts to resell the Site as soon and in such manner as the Grantor shall find feasible and consistent with the objectives of such law to a qualified and responsible party or parties as determined by the Grantor, who will assume the obligation of making or completing the Project, or such improvements in their stead as shall be satisfactory to the Grantor and in accordance with the uses specified for the Site. Such party shall be required to pay for a pro rata share of the cost of construction, maintenance, and operation of the common area improvements upon the Site. Upon such resale of the Site, the net proceeds thereof after repayment of any mortgage or deed of trust encumbering the Site which is permitted by the Agreement, shall be applied:

(i) First, to reimburse the Grantor, on its own behalf or on behalf of the Grantor, all costs and expenses incurred by the Grantee, excluding the Grantor's staff costs, but specifically including (but not limited to) any expenditures by the Grantor in connection with the revesting, management, and resale of the Site or part thereof (but less any income derived by the Grantor from the Site or part thereof in connection with such management); all taxes, assessments, and water or sewer charges with respect to the Site or part thereof which the Grantee has not paid; any payments made or necessary to be made to discharge any encumbrances or liens existing on the Site or part thereof at the time or revesting of title thereto in the Grantor, or to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults, or acts of the Grantee, its successors or transferees; any expenditures made or obligations incurred with respect to the making or completion of the Project or any part thereof on the Site, and any amounts otherwise owing the Grantor, and, in the event additional proceeds are thereafter available.

(ii) Second, to reimburse the Grantee, its successor or transferee, up to the amount equal to the sum of (a) the costs incurred for the acquisition and development of the Site at the time of the reentry and possession, less (b) any net gains or income withdrawn or made by the Grantee from the Site or the improvements thereon.

(iii) Any balance remaining after such reimbursements shall be retained by the Grantor as its property.

e. The rights established in this Section 4 are not intended to be exclusive of any other right, power or remedy, but each and every such right, power and remedy shall be cumulative and concurrent and shall be in addition to any other right, power, and remedy authorized herein or now or hereafter existing at law or in equity. These rights are to be interpreted in light of the fact that the Grantor hereby conveys the Site to the Grantee for affordable housing purposes, particularly for development of the Project and not for speculation in land.
5. Grantee 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 Grantee 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 Affordable 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.

Grantee shall refrain from restricting the sale of the Site, including the Affordable 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."

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivision (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.
b. In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, sublessees, subtenants, or vendees in the premises herein leased."

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

a. 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.

6. Except as otherwise provided, the covenants contained in this Grant Deed shall remain in effect in accordance with the terms and conditions of the Authority Declaration. The covenants against discrimination contained in Section 5 of this Grant Deed shall remain in effect in perpetuity.

7. To the fullest extent permitted by law or equity, the covenants and agreements contained in this Grant Deed shall, without regard to technical classification or designation, legal
or otherwise, be binding on the Grantees’ successors and assigns and run for the benefit and in favor of and shall be enforceable by the Grantor and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard to whether the Grantor is or remains an owner of any land or interest therein to which such covenants relate. In the event of any breach of any of such covenants, the Grantor and such aforementioned parties shall have the right to exercise all of the rights and remedies, and to maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach.

8. No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Grant Deed shall defeat or render invalid or in any way impair the lien or charge of any mortgage, deed of trust or other financing or security instrument permitted by the Agreement; provided, however, except as otherwise set forth in a subordination agreement between senior lender and the Authority, that any successor of Grantee to the Site shall be bound by such remaining covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of foreclosure, trustee's sale, or otherwise.

9. Only Grantor, its successors and assigns, and the Grantee and the successors and assigns of the Grantee in and to all or any part of the fee title to the Site shall have the right to consent and agree to changes or to eliminate in whole or in part any of the covenants contained in this Grant Deed, or to subject the Site to additional covenants, easements, or other restrictions. For purposes of this Section 9, successors and assigns of the Grantee means only those parties who hold all or any part of the Site in fee title, and does not include a tenant, lessee, easement holder, licensee, mortgagee, trustee, beneficiary under deed of trust, or any other person or entity holding less than a fee interest in the Site.
IN WITNESS WHEREOF, the Grantor and Grantee have caused this instrument to be executed on their behalf by their respective officers thereunto duly authorized, as of the date first written above.

"GRANTOR"

HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic

Dated: ___________________ By: ___________________

Executive Director

ATTEST:

By: __________________________

Housing Authority Secretary

APPROVED AS TO FORM:

By: __________________________

Housing Authority Counsel

The undersigned Grantee accepts title subject to the covenants hereinabove set forth.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: ___________________

By: ________________________

Name: ________________________
Its: __________________________

Dated: ___________________

By: ________________________

Name: ________________________
Its: __________________________
EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]
ATTACHMENT NO. 7

AUTHORITY DECLARATION

RECORDING REQUESTED BY
AND WHENRecorded MAIL TO:

Housing Authority of the City of Riverside
3900 Main Street
Riverside, CA 92522
Attn: Executive Director

Project: 3753 Myers St.

(Space above for Recorder's Use Only)

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

DECLARATION OF CONDITIONS, COVENANTS AND
RESTRICTIONS (WITH AFFORDABLE HOUSING
COVENANTS)

This DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS
(WITH AFFORDABLE HOUSING COVENANTS) (this "Declaration") is made as of is
entered into the ___ day of ____, 2015, by and between the HOUSING

AUTHORITY OF THE CITY OF RIVERSIDE, a public body corporate and politic (the
"Authority") and HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit
public benefit corporation ("Developer").

RECITALS

A. Authority and Developer entered into that certain Disposition and Development
Agreement (the "DDA"), which is incorporated herein by this reference and copies of which are
on file as public record of the Authority at its offices located at 3900 Main Street, Riverside,
California 92522. Pursuant to the DDA, Authority has agreed to convey certain real property
owned by the Authority consisting of a certain parcel located at 3753 Myers Street, in the City of
Riverside (the "Site") and the purpose of constructing twelve "for sale" Affordable Units (as
defined herein) along with other amenities and facilities (collectively, the "Project").

B. As a condition to the conveyance of the Site, Developer has agreed to develop the
Project in accordance with certain covenants, conditions and restrictions as set forth in this
Declaration. This Declaration is intended to ensure that Developer, its successors and assigns, and
every successor in interest to the Site or any part thereof, shall develop the Site in accordance
with the terms and conditions of this Declaration.
C. The development of the Site pursuant to the terms and conditions of the DDA and
this Declaration are in the vital and best interests of Authority and the City and the health, safety and welfare of its residents, and are in accord with the public purposes and provisions of applicable state and local laws.

AGREEMENT

NOW, THEREFORE, the parties hereto agree and covenant as follows:

ARTICLE I

NONDISCRIMINATION

Section 1. Nondiscrimination. Developer 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 Developer 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 Affordable 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.

Section 2. Nondiscrimination Clauses. Developer shall refrain from restricting the sale of the Site, including the Affordable 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 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: "In deeds: "The grantee herein covenants by and for himself or herself, his or her heirs, executors, administrators, and assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the premises herein
conveyed, nor shall the grantee or any person claiming under or through him or her, establish or permit any practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees, or vendees in the premises herein conveyed. The foregoing covenants shall run with the land."

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

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

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

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

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

The covenants in this Article I shall run with the Site in perpetuity.

ARTICLE II

GENERAL DUTIES OF DEVELOPER

Section 1. Maintenance. Developer, or its successor in interest, shall maintain the Site
and all of the improvements thereon in good condition and in accordance with the terms
and conditions of the Agreement and in conformity with all applicable Governmental Regulations,
including, without limitation, the City of Riverside Municipal Code. The Developer, or its
successor in interest, shall keep the Site free from graffiti and from any accumulation of debris or
waste materials and shall maintain the landscaping in good condition.

Section 2. No Nuisance. Developer shall not maintain, cause to be maintained,
or allow to be maintained on or about the Site any public or private nuisance, including without
limitation, the conduct of criminal activities set forth in the nuisance abatement provisions of the
Uniform Controlled Substances Act (Health & Safety Code Sections 11570, et seq.) or the Street
Terrorism Enforcement and Prevention Act (Penal Code Sections 186.22 et seq.) or any
successor statute or law.

Section 3. Construction of the Project. Developer shall complete the construction of
the Project consisting of twelve residential units in a timely manner and in accordance with the
Agreement and all applicable laws, regulations and entitlements. No demolition or construction
activities shall be undertaken on the Site without a validly issued building permit in accordance
with the requirements of the City of Riverside Municipal Code.

Section 4. No Hazardous Materials Activity. Developer shall not engage in any
Hazardous Materials Activity in violation of Environmental Laws and shall comply with all
Governmental Regulations in connection with the development and operation of the Project.

In addition, Developer shall take all necessary precautions to prevent the release into the
environment of any Hazardous Materials which are located in, on or under the Site in violation of
Environmental Laws. Such precautions shall include compliance with all Governmental Regulations with respect to any Hazardous Materials. In addition, Developer shall install and utilize such equipment and implement and adhere to such procedures as are consistent with commercially reasonable standards with respect to the disclosure, storage, use, removal and disposal of Hazardous Materials. Notwithstanding the foregoing, this Declaration shall not prohibit the use of such products in quantities as are customarily used in the construction, maintenance, rehabilitation or management of residential developments or associated buildings and grounds, or used in residential activities in a manner typical of other comparable residential developments.
developments, or substances commonly ingested by a significant population living within the Project including without limitation alcohol, aspirin, tobacco and saccharine.

Section 5. Owner Occupancy Restriction. Developer covenants and agrees that the Affordable Units shall be restricted to occupancy by their respective owners. Developer covenants and agrees to (i) disclose such restriction to buyers of the Affordable Units and obtain written confirmation of such disclosure; and (ii) include such restriction, along with prohibitions against the lease or rent of some or all of any Affordable Unit, in the HOA CC&Rs.

ARTICLE III

AFFORDABLE HOUSING OBLIGATIONS OF DEVELOPER

Section 1. Affordable Units. Developer acknowledges that the purpose of Authority's assistance is to encourage affordable homeownership among Low Income Households. Pursuant to such purpose, Developer covenants and agrees to make available and sell at Affordable Housing Costs to Qualified Buyers all of the units constructed on the Site consistent with applicable requirements of the DDA, the Community Redevelopment Law and this Declaration.

Section 2. Selection of Buyers. Developer shall be responsible for the selection of buyers for the Affordable Units constructed on the Site. Developer shall develop and submit to the Authority a written procedure for selection of buyers which, upon approval by Authority, shall be implemented by the Developer. To the extent permitted by law, preference shall be given first to Households: (i) which meet the eligibility requirement of the CalVet Loan Program and (ii) who currently reside or are employed in the City of Riverside. Developer shall submit a marketing and outreach program to Authority for Authority approval. Developer shall use commercially reasonable best efforts to sell the Affordable Units in accordance with the approved marketing and outreach program and the approved homebuyer selection program. Developer shall also ensure that the Affordable Units are sold in compliance with the income eligibility and First Time Homebuyer criteria set forth below.

Section 3. Income of Buyers. At least forty five (45) days prior to the proposed close of escrow for the sale of any Affordable Unit, Developer shall submit to Authority a completed income computation and certification form from the prospective buyer of the Affordable Unit, together with a copy of all back-up supporting information, in such form as may be requested by Authority. Such forms shall include evidence that the buyer has obtained a first mortgage commitment in such amount and meeting such terms as set forth in the Agreement. Developer shall not transfer title to the Affordable Unit to the prospective buyer until Authority has confirmed that the buyer is a Qualified Buyer and Developer has obtained Authority's written approval of the completed income computation and certification and supporting documentation. Developer shall obtain a certification from each buyer purchasing an Affordable Unit demonstrating that such buyer is a Low Income Household and meets the eligibility requirements established for the Affordable Unit such that the buyer qualifies as a Qualified Buyer. Developer shall submit to Authority a computation demonstrating that the Affordable Unit will be sold to the prospective buyer at an Gross Affordable Sales Price resulting in an Affordable Housing Cost.
to the buyer. Developer shall verify the income certifications and computations as set forth below.

Developer shall obtain at least one of the following, as appropriate to the Household of the proposed buyer:

a. two (2) paycheck stubs from the proposed purchaser's two (2) most recent pay periods (and the same from any other adult member of the Household);

b. a true copy of an income tax return from the proposed purchaser for the most recent tax year in which a return was filed (and the same from any other adult member of the Household);

c. an income verification certification from the employer of the proposed purchaser and any other adult member of the Household;

d. an income verification certification from the Social Security Administration and/or the California Department of Social Services if the proposed purchaser or any other adult member of the Household receives assistance from such agencies; or

e. an alternate form of income verification reasonably requested by Authority if none of the above forms of verification is available to Developer.

Section 4. First Time Homebuyers. Developer shall sell each Affordable Unit only to a third party purchaser who qualifies as a First Time Homebuyer. For purposes of this Declaration, "First Time Homebuyer" means (i) a person or group of persons none of whom has held a present ownership interest in real property during all or any part of the three years preceding the proposed date of purchase of the Affordable Unit, or (ii) a displaced homemaker or single parent head of household who does not possess any present ownership interest in real property. For purposes of this Declaration, the term "displaced homemaker" shall mean an adult who has not worked full-time full-year in the labor force for a number of years but has, during such years, worked primarily without remuneration to care for the home and family, and who is unemployed or under employed and is experiencing difficulty in obtaining or upgrading employment. For purposes of this Declaration, the term "single parent" shall mean an individual who is unmarried or legally separated from a spouse and who has one or more minor children for whom the individual has custody or joint custody, or who is pregnant.

Section 5. Term of Covenants. Developer covenants and agrees to restrict the sale of the Affordable Units to sale and resale exclusively to Qualified Buyers who are Low Income Households, until such date as is forty-five (45) years from the date of the initial sale of each Affordable Unit by Developer.

Section 6. Owner Occupancy. Developer agrees that the Affordable Units shall be restricted to occupancy by the owners of the Affordable Units in accordance with the Agreement.
ARTICLE IV

ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in this Declaration may be enjoined, abated or remedied by any appropriate legal proceeding.

Section 2. Rights of Authority. As a party to this Declaration, Authority is entitled to the following rights:

a. Authority has the right, but not the obligation, to enforce all of the provisions of this Declaration.

b. Any amendment to the Declaration shall require the written consent of Authority.

c. This Declaration does not in any way infringe on the right or duties of the City of Riverside to enforce any of the provisions of the City of Riverside Municipal Code including, but not limited to, the abatement of dangerous buildings.

Section 3. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 4. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.

Section 5. Third Party Beneficiary. The City of Riverside is a third party beneficiaries of this Declaration. This Declaration is made and entered into for the sole protection and benefit of the Authority, City of Riverside and their respective successors and assigns, and Developer, its permitted successors and assigns, and no other person or persons shall have any right of action thereon.

ARTICLE V

GENERAL PROVISIONS

Section 1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 2. Construction. The provisions of this Declaration shall be liberally construed for the purpose of developing and maintaining the Site and restricting the sale of the Affordable Units thereon in accordance with this Declaration and the Agreement. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.
Section 3. Amendments. This Declaration may be amended only by the written agreement of Developer and Authority.

Section 4. Notices. Any notice permitted or required to be delivered as provided herein from one party to another shall be in writing and may be delivered either personally or by first-class or registered mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States Mail, postage prepaid. Notices shall be sent to:

To Developer: Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Ave
Riverside, California 92507

To Authority: Housing Authority of the City of Riverside
Attn: Executive Director
3900 Main Street
Riverside, California 92522

Copies to: City of Riverside
Attn: Community Development Director
3900 Main Street, Third Floor
Riverside, California 92522

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

Such addresses may be changed from time to time by notice in writing, which shall be made by certified mail to the other party in accordance with this Section 4.

Section 5. Term of Declaration. It is the intent of the Parties that this Declaration be released on a unit-by-unit basis upon the conveyance of title by Developer of each Affordable Unit to a Qualified Buyer. Concurrently with the transfer of title of each Affordable Unit, another declaration of covenants, conditions and restrictions in the form of a regulatory agreement applicable to such third party purchaser of the Affordable Unit shall be recorded in the place of this Declaration.

[Signatures on Next Page]
IN WITNESS WHEREOF, the parties hereto have executed this Regulatory Agreement as of the date and year set forth below.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: ____________________________
By: _______________________________
Name: ____________________________
Its: _______________________________

Dated: ____________________________
By: _______________________________
Name: ____________________________
Its: _______________________________

"AUTHORITY"

HOUSING AUTHORITY OF THE CITY OF
RIVERSIDE, a public body, corporate and politic

Dated: ____________________________
By: _______________________________
Executive Director

ATTEST:

By: _______________________________
Housing Authority Secretary

APPROVED AS TO FORM:

By: __ Housing Authority Counsel
EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]
ATTACHMENT NO. 8

NOTICE OF AFFORDABILITY RESTRICTIONS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO: 

Housing Authority of the City of Riverside
3900 Main Street
Riverside, CA 92522
Attn: Executive Director

Project: 3753 Myers St. 

(Space above for Recorder's Use Only)

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

NOTICE OF AFFORDABILITY RESTRICTIONS
ON TRANSFER OF PROPERTY

In accordance with Health and Safety Code Section 33334.3(f)(3)(B), notice is hereby given that certain real property located at 3753 Myers Street, in the City of Riverside, County of Riverside, State of California, and known as Assessor's Parcel Numbers 234-101-051 and more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, is subject to certain affordability covenants and restrictions identified in the DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS (WITH AFFORDABLE HOUSING COVENANTS) (the "Declaration") by and between the HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body corporate and politic (the "Authority") and HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Owner"), recorded concurrently herewith and incorporated herein by this reference.

The affordability covenants and restrictions set forth in the aforementioned Declaration shall expire forty-five (45) years after the recordation of the Release of Construction Covenants.

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

HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic

Dated: ____________  By: ____________

ATTEST:

By: ______________________
   Housing Authority Secretary

APPROVED AS TO FORM:

By: ______________________
   Housing Authority Counsel
EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]
ATTACHMENT NO. 9

RELEASE OF CONSTRUCTION COVENANTS

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO: )

Housing Authority of the City of Riverside )
3900 Main Street )
Riverside, CA 92522 )
Attn: Executive Director )
Project: 3753 Myers St. )

(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 ___, 2015, by the HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body corporate and politic (the "Authority") in favor of HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Developer").

RECITALS

A. The Authority and the Developer entered into that certain Disposition and Development Agreement dated for identification purposes only as of ___, 2015 (the "Agreement").

B. Pursuant to the Agreement, the Authority and the Developer entered into that certain Declaration of Conditions, Covenants and Restrictions (With Affordable Housing Covenants) dated ___, 2015 (the "Declaration"). The Declaration provides for the completion of certain improvements (the "Project") to certain real property (the "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 Declaration.

C. As required in the Agreement and the Declaration, the Authority 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 Authority has conclusively determined that the construction of the Project required by the Agreement, and the Declaration on the Site has been satisfactorily completed.
NOW, THEREFORE, Authority hereto certifies as follows:

1. As provided in the Declaration, the Authority 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 Declaration.

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 Disposition Agreement, or the Declaration 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 Authority has executed this Release as of the date set forth above.

HOUSING AUTHORITY OF THE CITY OF RIVERSIDE, a public body, corporate and politic

By: ________________________________
   Executive Director

ATTEST:

_______________________________
Housing Authority Secretary
EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]
HOME PREDEVELOPMENT LOAN

AGREEMENT (3753 MYERS STREET)

THIS HOME PREDEVELOPMENT LOAN AGREEMENT (3753 MYERS STREET) (this "Agreement"), dated for identification purposes only as of July 30, 2015, is entered into by and between the CITY OF RIVERSIDE, a California municipal corporation ("City"), and HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Developer").

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 I.

A. The City of Riverside (the "City") has received Home Investment Partnership Act funds from the United States Department of Housing and Urban Development ("HUD") pursuant to the Cranston-Gonzales National Housing Act of 1990 (the "HOME Funds"). The HOME Funds must be used in accordance with 24 CFR 92 et seq. (HOME Regulations”) in order to increase housing for low and very low-income households and may be used to provide project-specific technical assistance and site control loans (HOME Regulations, Section 92.301, paragraph (a)).

B. The Housing Authority of the City of Riverside (the "Authority") is a public agency established by action of the City Council of the City of Riverside pursuant to Resolution No. 21275 for the purpose of providing affordable housing opportunities through a variety of programs within the City of Riverside.

C. The Authority is the owner of certain real property located at 3753 Myers Street within the City of Riverside, California and further identified as Assessor Parcel Nos. (APN) 234-101-05 consisting of 0.80 acre (the "Site"). A map of the Site ("Site Map") is attached hereto as Attachment No. 1.

D. The Developer is a California nonprofit public benefit corporation whose purpose is to acquire property and develop residential properties, and who is an experienced affordable housing developer certified by the City as a Community Housing Development Organization.

E. Concurrent with this Agreement, the Authority and Developer have entered into that certain Disposition and Development Agreement (3753 Myers Street) dated for identification purposes as of July 30, 2015 (the "DDA") which provides for the Authority's disposition of the Site to the Developer for construction of eleven single family housing units (the "Affordable Units") restricted to occupancy by Low Income Households at an affordable housing costs consistent with the affordability requirements of the various funding sources (the "Development").

F. Developer requires financial assistance from the City in order to cover Eligible Predevelopment Costs (defined below) that Developer will incur in connection with carrying out certain predevelopment activities related to the Development.
G. By this Agreement, and subject to the terms and conditions herein, the City desires to provide financial assistance to Developer for Eligible Predevelopment Costs in the form of a Predevelopment Loan (defined below) in the aggregate amount not to exceed One Hundred Fifty Thousand Dollars ($150,000), which the City has determined is necessary for customary and reasonable project preparation costs allowable under the HOME Regulations (as defined below), Section 92.301, paragraph (a)(2).

H. The Developer and City agree that the Predevelopment Loan is for the purpose of providing technical assistance and site control to a CHDO in the early stages of site development for an eligible project and which is in the vital and best interest of the City, is necessary for the protection of the health, safety and welfare of the community's residents, and is in accord with the public purposes and provisions of applicable federal, state and local laws and requirements. This Agreement further implements the City's goals and objectives to revitalize this area and to increase the community's supply of decent, safe and affordable housing opportunities in the City of Riverside to people of all economic segments of the population, including low income families.

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

1. DEFINITIONS

1.1. Definitions

"Affordable Units" is defined in Recital E above.

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

"Assignment" means an Assignment of Plans, Reports and Data executed by Developer in favor of the City and substantially in the form of Attachment No. 8.

"CHDO" is defined in Recital A above.

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

"City Manager" means the City Manager of the City or designee.

"Claims" is defined in Section 4.7.

"DDA" is defined in Recital E above.

"Declaration (HOME)" mean the Declaration of Conditions, Covenants and Restrictions (With Affordable Housing Covenants Under HOME Program) attached hereto as Attachment No. 7.
"Deed of Trust (HOME)" means the Deed of Trust, Fixture Filing and Assignment of Rents attached hereto as Attachment No. 6.

"Default" is defined in Section 6.2.

"Developer" means Habitat for Humanity Riverside, Inc., a California nonprofit public benefit corporation, and any permitted successors and assigns as permitted pursuant to this Agreement. Developer's DUNS Number is 123200250.

"Development" is defined in Recital E above.

"Development Proposal" means the Development Proposal setting forth the conceptual development and financing of the Development attached hereto as Attachment No. 2.

"Effective Date" is defined in Section 7.14.

"Eligible Predevelopment Costs" means predevelopment costs in connection with the Development which are actually incurred by the Developer and are allowable costs for which HOME monies may be used according to the HOME Regulations, Section 92.301, paragraph (a) (project-specific technical assistance and site control loans), which provides, in pertinent part:

"project costs necessary to determine project feasibility (including costs of an initial feasibility study), consulting fees, costs of preliminary financial applications, legal fees, architectural fees, engineering fees, engagement of a development team, option to acquire property, site control and title clearance. General operational expenses of the community housing development organization are not allowable costs."

"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 any Hazardous Substances or 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 Substances from, under, into, on, above, around or across the Site or surrounding property or any other use of or operation on the Site that creates a risk of Hazardous Substances contamination of the Site (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).

"Governmental Regulations" means any local, state, and federal laws, ordinances, rules, requirements, resolutions, policy statements and regulations (including, without limitation, Environmental Laws, and laws relating to land use, subdivision, zoning, environmental, labor relations, prevailing wage, notification of sale to employees, Hazardous Substances, 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 Development.

"Hazardous Substances" 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 substances", "hazardous material", "hazardous waste", "extremely hazardous waste", "infectious waste", "toxic substances", "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. "Hazardous Substances" excludes substances commonly used and stored for building purposes, normal maintenance and gardening, and normal household uses by the tenants of the Development.

"HOMEFunds" is defined in Recital A above.

"HOME Program" shall mean the HOME Investment Partnerships Act, 42 U.S.C. Sections 12701 et seq. and the implementing HOME Regulations as such now exist and as may hereafter be amended.

"HOME Regulations" is defined in Recital A above.

"Household" means one or more persons occupying an Affordable Unit.

"Indemnified Party" means the City, their respective boards, officers, employees, representatives and agents.

"Low Income Household" means a Household whose gross annual income is in accordance with the requirements for "low-income families" as set forth in the HOME Regulations, Section 92.252.

"Notice" means a notice in the form prescribed by Section 7.1.

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

"Predevelopment Budget" means the Predevelopment Budget attached hereto as Attachment No. 4, setting out the general categories of Eligible Predevelopment Costs and the Developer's anticipated budget for such costs. The Predevelopment Budget is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City. The City authorizes the City Manager to make such revisions to the Predevelopment Budget as deemed reasonably necessary to effectuate the purposes of this Agreement.

"Predevelopment Loan" is defined in Section 3.2.
"Predevelopment Loan Documents" means the following documents evidencing the Predevelopment Loan and required as consideration for the City to make the Predevelopment Loan: (i) this Agreement; (ii) the Predevelopment Promissory Note; and (iii) the Assignment.

"Predevelopment Loan Proceeds" is defined in Section 3.2.

"Predevelopment Promissory Note" means the HOME Predevelopment Promissory Note evidencing the Predevelopment Loan in substantially the form attached hereto as Attachment No. 5.

"Preliminary Schedule" means the Preliminary Schedule attached hereto as Attachment No. 3, setting out the dates and/or time periods by which certain tasks set forth in this Agreement and the DDA must be accomplished. The Preliminary Schedule is subject to revision from time to time as mutually agreed upon in writing between the Developer and the City. The City authorizes the City Manager to make such revisions to the Preliminary Schedule as deemed reasonably necessary to effectuate the purposes of this Agreement.

"Site" is defined in Recital C above.

"Site Map" means the Site Map attached hereto as Attachment No. 1.

2. REPRESENTATIONS AND WARRANTIES

2.1. Developer Representations and Warranties

The Developer represents and warrants to the City as follows:

2.1.1. Developer

Developer is a nonprofit corporation duly organized, existing and in good standing under the laws of the State of California and has a tax exemption ruling from the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code of 1986 (26 CFR Part 1.501 (C)(3)-1 ). Developer is also a CHDO and meets the requirements set forth in the HOME Regulation for a CHDO. The copies of the documents evidencing the organization of the Developer which have been delivered to the City are true and complete copies of the originals, as amended to the date of this Agreement. The Developer has full right, power and lawful authority to undertake all obligations as provided herein and the execution, performance and delivery of this Agreement, the Predevelopment Promissory Note and the Assignment by Developer have been fully authorized by all requisite actions on the part of the Developer.

2.1.2. No Conflict

Developer's execution, delivery and performance of its respective obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the Developer is a party or by which it is bound.
2.1.3. Litigation

There are no claims, causes of action or other litigation or proceedings pending or threatened against the Developer that will prevent or conflict with the execution, delivery and performance of Developer's obligations under this Agreement.

2.1.4. No Bankruptcy

The Developer is not the subject of a bankruptcy proceeding.

2.1.5. No Default

No Developer uncured default exists or is continuing under the HOME Regulations.

2.1.6. Developer Activities

The Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations in this Section 2.1 not to be true, immediately give written notice of such fact or condition to the City.

2.2. City Representations and Warranties

The City represents and warrants to Developer as follows:

2.2.1. City

The City is a California municipal corporation. The City has full right, power and lawful authority to make the Predevelopment Loan as provided herein, and the execution, performance and delivery of this Agreement by the City have been fully authorized by all requisite actions on the part of the City.

2.2.2. No Conflict

The City's execution, delivery and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which the City is a party or by which it is bound.

2.2.3. Litigation

There are no claims, causes of action or other litigation or proceedings pending or, threatened against the City that will prevent or conflict with the execution, delivery and performance of its obligations under this Agreement.

2.2.4. No Default

No City uncured default exists or is continuing under the HOME Regulations.
3. FINANCIAL PROVISIONS

3.1. Sources of Financing

The Parties' current general estimates of costs and financing for the Development are set forth in the Development Proposal. Developer anticipates that the Development will be financed with a combination of funds from the proceeds of the CalVet Loan Program, corporate sponsorship and grants, Developer's silent second loan assistance, Housing Authority write down of land value and the Predevelopment Loan.

3.2. Predevelopment Loan

The City hereby agrees to loan to Developer and Developer hereby agrees to borrow from the City, in such allocation and amounts as may be determined by the City, but in no event shall such loan exceed One Hundred Fifty Thousand Dollars ($150,000) (the "Predevelopment Loan") and to utilize the proceeds of the Predevelopment Loan in accordance with the terms and conditions of the Predevelopment Loan Documents and the HOME Regulations.

The City shall make the Predevelopment Loan to Developer solely from funds available pursuant to the HOME Program. The Predevelopment Loan Proceeds shall be dispersed to Developer solely from such available funds as provided herein and shall be used by Developer solely to pay Eligible Predevelopment Costs.

3.2.1. Predevelopment Promissory Note

The Predevelopment Loan shall be made in accordance with and subject to the terms and conditions of this Agreement and the HOME Regulations and shall be evidenced by the HOME Predevelopment Promissory Note in substantially the form attached hereto as Attachment No. 5 (the "Predevelopment Promissory Note").

3.2.2. Disbursement of Predevelopment Loan

The Predevelopment Loan proceeds (the "Predevelopment Loan Proceeds") shall be used solely for Eligible Predevelopment Costs and shall be disbursed by City to or on behalf of Developer upon satisfaction of the conditions precedent and in accordance with the provisions of Section 3.3. Only the amount needed for Eligible Predevelopment Costs may be requested by the Developer.

3.2.3. Recordation of Deed of Trust (HOME) and Declaration (HOME) Upon Closing of Site Conveyance

Upon the Closing of the Site pursuant to the DDA, the Predevelopment Promissory Note and the obligations herein shall be secured by recordation of the Deed of Trust (HOME) in substantially the form attached hereto as Attachment No. 6 and the Declaration (HOME) in substantially the form attached hereto as Attachment No. 7 against the Site.

3.3. Conditions Precedent to Disbursement of Predevelopment Loan Proceeds

Upon satisfaction of the conditions precedent to the disbursement of the Predevelopment Loan Proceeds set forth in this Section 3.3 and within twenty (20) days after
receipt by the Housing Project Manager of the Disbursement Request defined in Section 3.3.8, the City shall disburse Predevelopment Loan Proceeds to or on behalf of Developer in an amount equal to the lesser of the amount approved in the Disbursement Request or the amount available to the City pursuant to the HOME Program. All disbursements of Predevelopment Loan Proceeds shall be recorded by the Housing Project Manager and acknowledged by the Developer on "Exhibit 'A'" to the Predevelopment Promissory Note. The City shall use best commercially reasonable efforts to wire transfer such disbursements when requested by Developer.

3.3.1. Execution and Delivery of Documents to the City

Developer shall have executed and delivered to the City this Agreement, the Predevelopment Promissory Note and the Assignment.

3.3.2. No Default

There shall exist no condition, event or act which would constitute a Default by Developer hereunder or which, upon the giving of notice or the passage of time, or both, would constitute a Default by Developer.

3.3.3. Compliance with HOME Regulations

Developer shall be in compliance with the applicable terms and conditions of the HOME Regulations.

3.3.4. Governmental Regulations

There shall be no condition, event or act existing in connection with the Development which constitutes, or would, with the passage of time, constitute a violation of any applicable Governmental Regulations.

3.3.5. Proof of Insurance

Developer, at its cost, shall have procured and be maintaining in full force and effect insurance consistent with the requirements of Section 4.6 of this Agreement and in the amounts specified therein. Developer shall have submitted to the City an insurance certificate or other acceptable written evidence demonstrating compliance with the foregoing requirement.

3.3.6. Evidence of Expenditure

Developer shall have submitted to the City evidence of expenditure or incurrence of costs, invoices, receipts, cancelled checks or other written documentation satisfactory to the City Manager evidencing Developer's incurrence of Eligible Predevelopment Costs.

3.3.7. Representations and Warranties

All representations and warranties of Developer herein contained shall be true and correct as if made on and as of the date of the disbursement.
3.3.8. Disbursement Request

Developer shall have submitted to the City Manager a written disbursement request in a form approved by the City Manager and which shall include copies of invoices and receipts. The Disbursement Request shall set forth the amount of the requested disbursement of Predevelopment Loan Proceeds and shall certify that: (a) all conditions precedent to disbursement of the Predevelopment Loan Proceeds set forth in Section 3.3 have been and remain satisfied; (b) only the amount needed for Eligible Predevelopment Costs has been requested by the Developer; and (c) no Default has occurred and is continuing under the Predevelopment Loan Documents.

4. PREDEVELOPMENT ACTIVITIES

4.1. Preliminary Schedule

Developer shall diligently pursue its respective predevelopment activities and perform such tasks as are set forth in the Preliminary Schedule. The Preliminary Schedule shall be subject to further revision from time to time as mutually agreed upon in writing between the Developer and the City as the Parties deem reasonably necessary to effectuate the purposes of this Agreement.

4.2. Scope of Predevelopment Activities

The Developer, at its own expense, engage in predevelopment activities consistent with the negotiating tasks set forth in the DOA, including, but limited to, determination of financing and development cost, planning approvals relating to the Entitlements, and due diligence related to the physical condition of the Site and any title issues related thereto.

4.3. HOME Regulations Submissions

The Developer and the City will share responsibility for the preparation and submission to HUD of all submissions required by the HOME Regulations, including, but not limited to, the Program Schedule, Development Proposal, the Budget, and the Quarterly Reports (all as defined in the HOME Regulations), and all required amendments thereto in accordance with the Preliminary Schedule and Predevelopment Budget and the requirements of the HOMERegulations.

4.4. Work Product

Upon completion of any work product, Developer shall promptly provide to the City copies of all studies, plans, documents and other writings, drawings and work product, except attorney-client privileged documents, prepared by or for the Developer in connection with the Development. Pursuant to the Assignment, Developer secures the obligation to repay the Predevelopment Loan and its obligations under this Agreement by assignment to the City of any and all rights to such work product in an event of Default by the Developer and/or termination of this Agreement. Developer agrees to execute such additional documents as reasonably required by the City to evidence the Assignment and to exercise best efforts to obtain the consent, if necessary, of the consultants preparing such work product.
4.5. Compliance With Laws

4.5.1. General Compliance

Developer shall comply with all applicable Governmental Regulations in connection with the predevelopment, construction, use and operation of the Development, including all applicable federal, state and local statutes, ordinances, regulations and laws, including without limitation, all applicable federal, state, and local labor standards, City zoning and development standards, building, plumbing, mechanical and electrical codes, and all other provisions of the City Municipal Code, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. §§ 12101 et seq., Government Code §§ 4450 et seq., and Government Code §§ 11135 et seq.

4.5.2. Intentionally Deleted

4.5.3. Nondiscrimination in Employment

Developer certifies and agrees that all persons employed or applying for employment by it, its subsidiaries, or holding companies, and all contractors, subcontractors, bidders and vendors, are and will be treated equally by it without regard to, or because of race, color, religion, ancestry, national origin, sex, age, pregnancy, childbirth or related medical condition, medical condition (cancer related) or physical or mental disability, and in compliance with Title VII of the Civil Rights Act of 1964, 42 U.S.C. §§ 2000 et seq., the Federal Equal Pay Act of 1963, 29 U.S.C. § 206(d), the Age Discrimination in Employment Act of 1967, 29 U.S.C. §§ 621 et seq., the Immigration Reform and Control Act of 1986, 8 U.S.C. § 1324b et seq., 42 U.S.C. § 1981, the California Fair Employment and Housing Act, Government Code §§ 12900 et seq., the California Equal Pay Law, Labor Code § 1197.5, Government Code § 11135, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq., and all other applicable antidiscrimination laws and regulations of the United States and the State of California as they now exist or may hereafter be amended.

4.6. Insurance.

Prior to the disbursement of any Predevelopment Loan Proceeds (except as noted below), and without limiting Developer's indemnity obligations set forth in the Agreement, Developer shall procure and maintain in full force during the term of this Agreement, the following forms of insurance coverage:

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

b. General Commercial Liability and Automobile Insurance. Prior to the City's first disbursement of any Predevelopment Loan Proceeds, Developer shall obtain, and shall thereafter maintain during the term of this Agreement, commercial general liability insurance and automobile liability insurance as required to insure Developer against damages for personal injury, including accidental death, as well as from claims for property damage, which may arise from or which may concern operations by anyone directly or indirectly employed by, connected with, or acting for or on behalf of Developer. The City of Riverside and its officers, employees and agents, shall be named as additional insureds under the Developer's insurance policies.

All liability insurance shall be issued by insurance companies authorized to transact liability insurance business in the State of California with a policy holder's rating of A or higher and a Financial Class of VII or higher.

Developer's commercial general liability insurance policies shall cover both bodily injury (including death) and property damage (including, but not limited to, premises operations liability, products-completed operations liability, independent contractor's liability, personal injury liability, and contractual liability) in an amount not less than $1,000,000 per occurrence and a general aggregate limit in the amount of not less than $2,000,000, unless otherwise approved or reduced by the City's Risk Manager ("Risk Manager"), or designee.

Developer's automobile liability policy shall cover both bodily injury and property damage in an amount not less than $1,000,000 per occurrence unless otherwise approved or reduced by the Risk Manager, or designee.

These minimum amounts of coverage shall not constitute any limitation or cap on Developer's indemnification obligations under Section 4.7 hereof.

Copies of insurance policies or original certificates and additional insured endorsements evidencing the coverage required by this Agreement, for both commercial general and automobile liability insurance, shall be filed with the City and shall include the City of Riverside and its officers, employees and agents, as additional insureds. Said policies shall be in the usual form of commercial general and automobile liability insurance policies, but shall include the following provisions:

It is agreed that the City of Riverside and its officers, employees and agents, are added as additional insureds under this policy, solely for work done by and on behalf of the named insured for the City of Riverside.

The policies shall not be canceled unless thirty (30) days prior written notification of intended cancellation has been given to the City by certified or registered mail, postage prepaid.

The City, its officers, employees and agents make no representation that the types or limits of insurance specified to be carried by Developer pursuant to this Agreement are adequate to protect Developer. If Developer believes that any required insurance coverage is inadequate, they will obtain such additional insurance coverage as it deem adequate, at its sole expense.
c. In addition to any other remedies the City may have if Developer fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, the City may at its sole option:

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

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

Exercise of any of the above remedies, however, is an alternative to other remedies the City may have and is not the exclusive remedy for Developer's failure to maintain insurance or secure appropriate endorsements. Nothing herein contained shall be construed as limiting in any way the extent to which Developer may be held responsible for payments of damages to persons or property resulting from Developer's performance of the work covered under this Agreement.

4.7. Indemnity

Developer shall defend, indemnify, and hold the Indemnified Parties harmless from and against any and all actions, suits, proceedings, claims, demands, damages, losses, liens, defense costs or liabilities of any kind or nature whatsoever (collectively, "Claims") which may be brought, made, filed against, imposed upon or sustained by the Indemnified Parties, or any of them, alleging or relating to (i) any activities of Developer relating to the Development; (ii) any breach of the terms and conditions of this Agreement or the Predevelopment Loan Documents by Developer; (iii) any injury or death of persons or damage to property, including property owned by or under the care and custody of the Indemnified Parties, which such injury, death or Claim arises from or is attributable to or caused by the acts or omissions of Developer, or its respective officers, agents, contractors or employees, in connection with or pertaining to this Agreement, the Site or the Development. The City shall notify the Developer of any such Claim, shall tender its defense to Developer, and assist Developer, as may be reasonably requested, in such defense. Upon such notification and tender, Developer shall have independent duties to defend such Claim, and to indemnify the Indemnified Parties except to the extent that such injury, death or damage is determined by a court of competent jurisdiction to have been caused by the negligent or willful misconduct of the Indemnified Parties or any of them. Payment of a Claim shall not be a condition precedent to an Indemnified Party's right to defense and indemnity.

The indemnification obligations of Developer set forth in this Section 4.7 shall survive any termination or expiration of this Agreement.

5. COVENANTS, CONDITIONS AND RESTRICTIONS

5.1. Use in Accordance with General Plan, Municipal Code and Entitlements

Developer covenants and agrees that Developer shall devote the Site to the uses specified in the City's General Plan and applicable zoning ordinances, as may be amended. All uses conducted on the Site, including, without limitation, the construction and operation of the Development and all activities undertaken by the Developer pursuant to this Agreement, shall
conform to all applicable provisions of the City's Municipal Code and all City permits and entitlements.

5.2. **Covenants Regarding Affordable Housing**

Developer acknowledges that the purpose of the Predevelopment Loan is to facilitate the development of affordable "for sale" single family housing to Low Income Households. Pursuant to such purpose, Developer acknowledges and agrees that the Affordable Units to be occupied by Low Income Households

5.2.1. **Affordable Units**

Developer acknowledges that the purpose of the City's assistance is to encourage homeownership among "low-income families" as defined by 24 CFR 92.203. Pursuant to such purpose, Developer covenants and agrees to make available and sell at all of the units constructed on the Site consistent with applicable requirements of the Agreement, the HOME Program, including but not limited to 24 CFR 92.254, and this Declaration.

5.2.2. **Term of Affordability Covenants**

Developer covenants and agrees to restrict the sale of the Affordable Units to sale and resale exclusively to homebuyers who are low income families, until such date as is five (5) years from the date of the initial sale of each Affordable Unit by Developer.

5.2.3. **Owner Occupancy**

Developer agrees that the Affordable Units shall be restricted to occupancy by the owners of the Affordable Units in accordance with the Agreement.

5.2.4. **Developer's Silent Second Financing**

Developer agrees that its proposed silent second financing shall provide terms that, upon the original HOME-assisted owner's resale of an Affordable Unit, the silent second financing shall not impede or otherwise conflict with the resale and recapture requirements set forth in 24 CFR 92.254(a)(5), which terms may include reducing the outstanding balance on the silent second loan or such other terms necessary to assure that the Affordable Unit will be available to a reasonable range of low-income homebuyers and the original owner will be affordable a fair return on investment consistent with the HOME Program requirements. Such terms contained in Developer's silent second financing documents shall be subject to the reasonable review and approval of the City prior to the initial sale of any Affordable Unit. The Declaration (HOME) shall not be subordinate to any deed of trust or other recorded instrument related to Developer's silent second loan.

5.3. **HOME Program Covenants**

With respect to the Developer's predevelopment activities undertaken in connection with this Agreement and with respect to activities pursuant to the DDA, Developer acknowledges the obligation to comply with the following covenants to the extent applicable:
5.3.1. Qualification as Affordable Housing

Developer shall develop the Site in accordance with the requirements of the HOME Program so as to qualify the housing on the Site as affordable housing.

5.3.2. Qualifications as to Homeownership

Developer shall comply with the requirements of 24 CFR 92.254.

5.3.3. Handicapped Accessibility

If and to the extent applicable, Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulation at 24 CFR Part 8C governing accessibility of projects assisted under the HOME Program; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR Parts 35-36 in order to provide handicapped accessibility to the extent readily achievable.

5.3.4. Lead-Based Paint

Developer shall comply with the requirements, as applicable, of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and Residential Lead-Based Paint Hazard Reduction Act of 1992 and implementing regulations at 24 CFR Part 35.

5.3.5. Affirmative Marketing

Developer shall implement and perform such affirmative marketing procedures and requirements (24 CFR 92.351) for the Development as the City hereafter adopts and delivers to Developer in its Affirmative Fair Housing Marketing Plan.

5.3.6. Equal Opportunity and Fair Housing

Developer shall carry out the construction and perform its obligation under this Agreement in compliance with all of the federal laws and regulations regarding equal opportunity and fair housing described in 24 CFR 92.350.

5.3.7. Property Standards

Developer shall comply with 24 CPR 92.251.

5.3.8. Displacement and Relocation

Developer acknowledges and agrees that, pursuant to 24 CFR 92.253 and consistent with the other goals and objectives of this part, the City must ensure that it has taken all reasonable steps to minimize the displacement of persons as a result of the Development, if any. Furthermore, to the extent applicable and to the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling units on the Site upon completion of construction. Developer agrees to cooperate fully and completely with the City in meeting the requirements of 24 CFR 92.253 and shall take all actions and measures reasonable required by the City Manager in connection therewith.
5.3.9. **Records and Reports**

Developer shall maintain and from time to time submit to the City such records, reports and information as the Executive Director may reasonably require in order to permit the City to meet the record keeping and reporting requirements required of it pursuant to 24 CFR 92.508.

5.3.10. **Labor Standards (Davis-Bacon)**

In the event that the Executive Director determined that the Development will have 12 or more HOME-assisted units, any contract for construction shall contain a Prevailing Wage Clause requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of the United States Department of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), will be paid to all laborers and mechanics employed in the construction of the Development, and such contract(s) shall also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332). 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 Developer shall supply to the City a certification, in form and substance satisfactory to HUD and the City Manager, as to compliance with the provisions of this section before receiving any disbursement of HOME Funds. In addition, to the extent that

5.3.11. **Use of Debarred, Suspended, or Ineligible Participants**

Developer shall comply with the provisions of 24 CFR 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status.

5.3.12. **Maintenance of Drug-Free Workplace**

Developer shall certify that Developer will provide a drug-free workplace in accordance with 24 CFR Part 24F.

5.3.13. **Other Program Requirements**

Developer shall carry out each activity in compliance with all federal laws and regulations described in subpart H of 24 CFR 92, except that Developer does not assume the City's responsibilities for environmental review as set forth in 24 CFR 92.352 or the intergovernmental review process in 24 CFR 92.357.

5.3.14. **Requests for Disbursements of Funds**

Notwithstanding anything contained in this Agreement to the contrary, Developer may not request disbursements of funds under this Agreement until the funds are needed for payment of Eligible Predevelopment Costs. The amount of each request shall be limited to the amount needed.
5.3.15. **Eligible Predevelopment Costs**

Developer shall use Predevelopment Loan Proceeds only to pay costs defined as "allowable costs" pursuant to 24 CFR 92.301(a)(2).

5.3.16. **Conflict of Interest**

Developer shall comply with the conflict of interest provisions set forth at 24 CFR 570.611.

5.3.17. **Lobbying**

(a) No federally appropriated funds have been paid or will be paid, by or on behalf of Developer, 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 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;

(b) If any funds other than federally appropriated funds have been paid or will be 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 any employee of a Member of Congress in connection with this Agreement, Developer shall complete and submit HUD Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

(c) Developer will require that the language of Paragraph (d) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly; and

(d) Lobbying Certification – Paragraph (d) – This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a pre-requisite for making or entering into this transaction imposed by 31 U.S.C. Section 1352, "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions." Any person who fails to file the required certification shall be subject to a civil penalty of not less than ten thousand dollars ($10,000.00), and not more than one hundred thousand dollars ($100,000.00) for each such failure.

5.3.18. **Other HOME Program Requirements**

Developer shall comply with all other applicable requirements of the HOME Program.
6. TERMINATION, DEFAULTS AND REMEDIES

6.1. Termination Due to Impediments for Project Development; Waiver

The Parties agree that the following matters are conditions precedent to the City's and Developer's ability to proceed with the Development and to fulfill the terms and conditions of this Agreement. The Parties' ability to perform responsibilities hereunder is substantially contingent upon actions by third parties over which Developer has limited control, or upon factual circumstances which cannot be fully determined as of the date of this Agreement ("Impediment Contingencies"):

(a) The commitment of all projected financing, including loans and tax credit equity;

(b) The conveyance of the Site by the City to the Developer pursuant to a DDA (except for due to Developer default); and

(c) The receipt of all other necessary government entitlements, approvals and permits which are required to construct the Development.

In the event that an Impediment Contingency does not occur as reasonably anticipated under Preliminary Schedule (and any amendments thereto or subsequently agreed upon schedules of performance), the City may deem it an impediments to project development reasonably beyond the control of Developer rendering the Development infeasible and, upon delivery to the City of the plans, reports and data studies, plans, and documents pursuant to the Assignment, the City may consider waiving repayment of the Predevelopment Loan and neither Party shall have any liability to the other except for continuing indemnities provided elsewhere in this Agreement.

6.2. Default

For purposes of this Agreement, a "Default" shall mean a failure to satisfy, timely perform, comply with or observe any of the material conditions, provisions, terms, covenants or representations contained in the Predevelopment Loan Documents, and such failure having continued uncured or without the defaulting party commencing to diligently cure for thirty (30) calendar days after notice thereof in writing is mailed by the injured party to the defaulting party; provided, however, that if a different period or notice requirement is specified for any particular default under any other provision of this Agreement, including any of the Attachments, the specific provision shall control; and provided further, that if such failure is not reasonably capable of being cured within such thirty (30) day or different period, despite the defaulting party's good faith and timely efforts, such time as is reasonably necessary to complete such cure, but in no event shall such time exceed ninety (90) calendar days after notice thereof is mailed to the defaulting party.

6.3. Remedies for Developer Default

The occurrence of any Developer Default, either at the option of the City or automatically where so specified, shall give the City the right to the following:

(a) The City shall have the right to terminate this Agreement.
(b) The City shall have the right to exercise all of its rights under the Assignment.

In addition to the remedies set forth above, in the event that HUD requires recovery or reimbursement of all or a portion of the Predevelopment Loan due to default under the HOME Regulations, and the default is due to Developer’s misappropriation or intentional misapplication of monies advanced by the City under this Agreement for purposes other than those authorized herein, then the City shall have the right to cause all indebtedness under this Agreement and the Predevelopment Promissory Note, together with any accrued interest thereon, to become immediately due and payable, to the extent required to reimburse HUD.

6.4. Limitation on Recourse

Notwithstanding anything to the contrary herein or in any document executed by Developer related to this Agreement, except in the event of: (i) Developer’s misappropriation or intentional misapplication of monies advanced by the City under this Agreement for purposes other than those authorized herein; or (ii) Developer’s fraud or intentional misrepresentation made by Developer in connection with its obligations under this Agreement, the City’s sole recourse hereunder and under the Predevelopment Promissory Note and any other document executed by Developer in connection with this Agreement shall be pursuant to the Assignment, and the City shall have no recourse to any assets of Developer other than the Plans, Reports and Data as provided in the Assignment.

6.5. Rights and Remedies Are Cumulative

Except as otherwise expressly stated 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 or different times, of any other rights or remedies for the same default or any other default by the other Party.

6.6. Inaction Not a Waiver of Default

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

6.7. Applicable Law

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

6.8. Non-Liability of Officials and Employees of the City

No member, official or employee of the Developer or City shall be personally liable to Developer or City, as appropriate, or any successor in interest, in the event of any Default or breach hereunder or for any amount which may become due hereunder or on any obligations under the terms of this Agreement.
6.9. **Attorneys' Fees**

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

As used herein, the terms "attorneys' fees" or "attorneys' fees and costs" means the fees and expenses of counsel to the Parties hereto (including, without limitation, in-house or other counsel employed by any Party) 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.

7. **GENERAL PROVISIONS**

7.1. **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 Developer:** Habitat for Humanity Riverside, Inc.  
Attn: Kathy Michalak, Executive Director  
2180 Iowa Ave  
Riverside, California 92507

**To City:** City of Riverside  
Attn: City Manager  
3900 Main Street, 3rd floor  
Riverside, California 92522

**Copies to:** City of Riverside  
Attn: Community & Economic Development Director  
3900 Main Street, Third Floor  
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.

7.2. 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.

7.3. Warranty Against Payment of Consideration for Agreement

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

7.4. Nonliability of Officials and Employees

No member, official, employee, representative or agent of the City shall be personally liable to Developer, 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 Developer or successor, or on any obligation under the terms of this Agreement.

7.5. Approval by the City and Developer

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 Developer 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 thirty (30) days of receipt unless expressly provided to the contrary herein.

7.6. Plans and Data

If this Agreement is terminated, pursuant to the exercise of the City's rights under the Assignment of Plans, Reports and Data, Developer shall deliver to the City any and all plans, drawings, studies and related documents concerning the Development within Developer'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 Developer.
7.7. **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; 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 U.S. Department of Housing & Urban Development by a legislative act to fund deficits in the federal 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) 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 Developer. 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.

7.8. **Applicable Law; Interpretation**

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

7.9. **Inspection of Books and Records, Reports**

The City or its designee has the right at all reasonable times to inspect the books and records and other related documents of the Developer 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 Developer at locations as agreed by the parties. Throughout the term of this Agreement, the Developer shall submit to the City reasonable written progress reports as and when reasonably requested by the City on all matters pertaining to the Development of the Site.

7.10. **Administration**

This Agreement shall be administered by the City Manager following approval of this Agreement by the City Council. Whenever a reference is made in this Agreement to an action, finding or approval to be undertaken by the City, the City Manager or designee 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 Council for action, direction or approval.

7.11. 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 to, or equity investor in the Development 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.

7.12. Ground Breaking and Grand Openings

To insure proper protocol and recognition of the City, the Developer shall cooperate with City staff in the organization of any Development-related ground breaking, grand openings or any other such inaugural events/ceremonies sponsored by the Developer 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.

7.13. Independent Contractor

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

7.14. Effective Date

This Agreement shall take effect immediately upon the approval and execution of this Agreement by the City (the "Effective Date").

8. ENTIRE AGREEMENT, WAIVERS AND AMENDMENTS

This Agreement includes twenty-three (23) pages and Attachment Nos. 1 through __ which constitute the entire understanding and agreement of the Parties. Three (3) duplicate originals of this Agreement shall be executed each of which shall be deemed to be an original. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

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

[Signatures On Next Page]
IN WITNESS WHEREOF, the City and the Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation

Dated: __/13/____

By: __________________________
Name: _______________________
Its: __________________________

Dated: __/15/____

By: __________________________
Name: _______________________
Its: __________________________

"CITY"

CITY OF RIVERSIDE, a California municipal corporation

Dated: ________________

By: __________________________
Interim Community & Economic Development Director

ATTEST:

By: __________________________
City Clerk

APPROVED AS TO FORM:

By: __________________________
City Attorney
IN WITNESS WHEREOF, the City and the Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation

Dated: ____________

By: ____________________________
Name: ____________________________
Its: ____________________________

Dated: ____________

By: ____________________________
Name: ____________________________
Its: ____________________________

"CITY"

CITY OF RIVERSIDE, a California municipal corporation

Dated: ______ J u l y 30, 2015

By: ____________________________
Interim Community & Economic Development Director
Al Zelinka, Assistant City Manager

ATTEST:

By: C

APPROVED AS TO FORM:

By: Special Counsel
IN WITNESS WHEREOF, the City and the Developer have signed this Agreement as of the date set opposite their signatures.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: ________________
By: ______________________
Name: ______________________
Its: ______________________

Dated: ________________
By: ______________________
Name: ______________________
Its: ______________________

"CITY"

CITY OF RIVERSIDE, a California municipal corporation

Dated: ________________
By: ______________________
Interim Community & Economic Development Director

ATTEST:
By: __ City Clerk

APPROVED AS TO FORM:

By: __ Special Counsel
ATTACHMENT NO. 1

SITE MAP

[To be inserted]
ATTACHMENT NO. 2
DEVELOPMENT PROPOSAL

[To be inserted]
ATTACHMENT NO. 3

PRELIMINARY SCHEDULE

[To be inserted]
<table>
<thead>
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<th>MILESTONE</th>
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<tbody>
<tr>
<td>ODA signed:</td>
<td>July 30, 2015</td>
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<tr>
<td>Project approval by Planning Commission:</td>
<td>Sept. 17, 2015</td>
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<tr>
<td>Project approval by City Council:</td>
<td>Nov. 10, 2015</td>
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<tr>
<td>Tract Map approved by City:</td>
<td>Jan. 8, 2016</td>
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<tr>
<td>Building plans approved:</td>
<td>Feb. 10, 2016</td>
</tr>
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<td>Pads poured:</td>
<td>April 27, 2016</td>
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<tr>
<td>Construction begins/ Wall Raising:</td>
<td>May 7, 2016</td>
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<td>Interior finishes complete:</td>
<td>Oct. 15, 2016</td>
</tr>
<tr>
<td>Landscaping complete:</td>
<td>Nov. 1, 2016</td>
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<tr>
<td>COO's issued:</td>
<td>Nov. 16, 2016</td>
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ATTACHMENT NO. 4

PREDEVELOPMENT BUDGET

[To be inserted]
### SINGLE-FAMILY HOUSING DEVELOPMENT

**Development Budget**

**Project:** Myers/Habitat - Veterans

### DEVELOPMENT BUDGET

#### ACQUISITION

<table>
<thead>
<tr>
<th>Item</th>
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<tr>
<td>Building Acquistion</td>
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#### UNIT CONSTRUCTION (see below)

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#### OTHER CONSTRUCTION

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<td>Utility @ ons &amp; Tap Fees</td>
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<td>Contingency</td>
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#### INFRASTRUCTURE

- Sidewalks
- Willer 811d.5MF
- StormWater & e

#### PROFESSIONAL FEES

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<tr>
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<tr>
<td>Architecture &amp; Engineering</td>
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<tr>
<td>Real Estate Attorney</td>
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<tr>
<td>Consultant</td>
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<td></td>
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<tr>
<td>Survey</td>
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<tr>
<td>Market Study</td>
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<td>Environmental</td>
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<td>Organization Expense</td>
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#### FINANCE COSTS

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<tr>
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#### SOFT COSTS

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#### DEVELOPER FEE

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### TOTAL DEVELOPMENT COST

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### Construction/Rehab Costs

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### Average

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ATTACHMENT NO. 5

PREDEVELOPMENT PROMISSORY NOTE

Loan Amount: $150,000

Riverside, California

FOR VALUE RECEIVED, HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation (the "Borrower") promises to pay to the CITY OF RIVERSIDE, a California municipal corporation ("City"), or order, the principal sum of One Hundred Fifty Thousand Dollars ($150,000.00), or so much of such principal as may be disbursed pursuant hereto and in accordance with Section 3 of that certain HOME Predevelopment Loan Agreement by and between the City and Borrower dated for identification purposes only as of __, 2015 (the "Agreement"). The record of such disbursements shall be recorded on Exhibit "A" to this HOME Predevelopment Promissory Note (the "Note") by the City and acknowledged by the Borrower. This Note evidences the obligation of Borrower to the City for the repayment of certain funds (the "Predevelopment Loan") loaned to Borrower by the City and required to be paid by Borrower pursuant to the Agreement, in connection with certain Eligible Predevelopment Costs related to the proposed Development on real property located at 3753 Myers Street within the City of Riverside, California and further identified as Assessor Parcel Nos. (APN) 234-101-051 (the "Site"). All capitalized terms unless otherwise defined herein shall have the same meaning as set forth in the Agreement.

1. Source of Funds.

The City contemplates that it shall utilize funds allocated to the City from the HOME Program to fund the Predevelopment Loan.

2. Interest.

2.1 Basic Interest. Except as provided in section 2.2 below, the disbursed and unpaid principal balance of the Predevelopment Loan shall bear zero percent (0.0%) interest for the period of time commencing on the date on which the Predevelopment Loan proceeds are first disbursed for the account of Borrower.

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

3. Maturity Date.

So long as the Borrower is in compliance with the terms and conditions of the Agreement, no payment of principal or interest hereunder shall be due from Borrower to the City during the term of this Note. In lieu of repayment, the outstanding balance of principal and interest on this Note shall be credited in an amount equal to one-eleventh (1/11) of such outstanding balance upon the initial occupancy of each Affordable Unit by a low-income family.
Upon the fifth (5th) anniversary of this Note and compliance throughout such time with the terms and conditions of this Note and the Agreement, the total amount of any remaining outstanding balance of principal, interest and any other amounts owed under this Note shall, at the election of the City and upon notice to Borrower thereof, become due and payable thirty (30) days after the end of the calendar quarter in which the fifth (5th) anniversary occurs.

In no event shall the credits granted by the City under this Section 3 exceed an aggregate amount equal to the Predevelopment Loan.

Failure to declare such amounts due and payable shall not constitute a waiver on the part of the City to declare them due subsequently.


Notwithstanding the payment terms set forth in Section 3 above, upon the occurrence of any "Event of Default" as set forth in Section 11 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 Borrower thereof, become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Borrower.

5. Prepayment; Application of Payments.

At any time after the disbursement of the Predevelopment Loan proceeds, Borrower may prepay all or a portion of the unpaid principal amount of the Predevelopment Loan and accrued interest and any other sums outstanding without penalty. All payments, including any prepayments or funds received upon acceleration pursuant to Section 4 above, shall be applied first toward any outstanding costs of collection or other amounts (excluding Predevelopment Loan principal or interest thereon) due under this Note or the Agreement, then toward outstanding interest accrued at the Default Rate, if any, then toward any deferred principal, and finally toward the remaining principal balance under the Note.


Borrower's obligations under this Note and the Agreement shall, at all times during which any amount remains outstanding, be secured by that certain Assignment of even date herewith, and of which the City is the beneficiary and that certain Deed of Trust which shall be recorded Site upon the conveyance of the Site from the City to the Developer.

7. Obligation of Borrower Unconditional.

The obligation of Borrower to repay the Predevelopment 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 Note shall have been fully paid or repayment waived by the City, 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 Note, the 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 Note, the Agreement or any document executed hereunder or in connection herewith.

8. **Purpose of Predevelopment Loan.**

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

9. **Covenants of Borrower.**

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

9.1 **Compliance with Agreement and Assignment.** Borrower shall comply with all of its obligations under the Agreement and the Assignment. Any amounts payable by Borrower under the Agreement or the Assignment (other than amounts also payable hereunder) shall be deemed added to the principal amount of the Predevelopment Loan payable hereunder.

9.2 **Other Loans.** Borrower shall comply with all monetary and non-monetary covenants associated with any loan secured by an interest in the Site or the Development. Borrower shall provide to the City a copy of any notice of default within five business days after receiving any notice of a default or alleged default of such covenants by Borrower, and 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 Predevelopment Loan.

10. **No Assumption of Note.**

This Note shall not be assumable by a third-party without the City's written consent, which consent shall be at the sole discretion of the City.

11. **Events of Default and Remedies.**

11.1 **Borrower Events of Default.** The occurrence of any of the circumstances described in this Section 11.1 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 11.1(c) through 11.1(e) below.

(a) The failure of Borrower to pay or perform any monetary covenant or obligation hereunder or under the terms of the Agreement, without curing such failure within ten (10) 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 Borrower).

(b) The failure of Borrower to perform any non-monetary covenant or obligation hereunder, or the Agreement, without curing such failure within thirty (30) 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 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 30-day period, it shall be deemed cured if Borrower commences the cure within said 30-day period and diligently prosecutes such cure to completion thereafter.

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

(d) Borrower or any constituent general partner, or majority shareholder, of 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 ten (10) 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 Borrower, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, in respect of Borrower or any constituent general partner or majority shareholder of 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 Borrower or of all or any substantial part of Borrower's assets, or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by 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 days;

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

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

(a) By notice to Borrower, except in the case of a default by Borrower under Section 11.1(d) or Section 11.1(e) in which event no notice shall be required, declare the entire then unpaid principal balance of the Predevelopment 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 Predevelopment Loan shall thereafter bear interest at the Default Rate, payable from the date of such declaration until paid in full;

Attachment No. 5
Page 4
(b) Subject to the nonrecourse provisions of Section 20 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 Assignment, and to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Note, the Agreement or under any other document executed in connection herewith;

(c) Subject to the nonrecourse provision of Section 20 below, upon the occurrence of an Event of Default which is occasioned by 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, 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 Borrower. Until repaid, such amounts shall have the security afforded disbursements under this Note;

(d) Subject to the nonrecourse provisions of Section 20 below, upon the occurrence of an Event of Default described in Section 11.1(d) or 11.1(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 Predevelopment 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.

11.3 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 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 Note, no notice shall be required except as expressly provided herein.

11.4 City Default and Borrower Remedies. Upon fault or failure of the City to meet any of its obligations under this Note without curing such failure within thirty (30) days after receipt of written notice of such failure from Borrower specifying the nature of the event or deficiency giving rise to the default and the action required to cure such deficiency, 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 Borrower pursuant to the express terms of this Note;
(b) Bring an action in equitable relief seeking the specific performance by the City of the terms and conditions of this 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 Note.

Without limiting the generality of the foregoing, 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 Note, and in connection with such waiver 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 FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

12. 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 Note or any of the Predevelopment Loan Documents, defined as the Agreement, this Note, the Assignment, and all other documents contemplated by the 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 Note or any other Predevelopment 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, Borrower agrees to pay or reimburse the City, upon demand by City, for all costs incurred by Authority in connection with enforcement of this Note, and any other Predevelopment Loan Document, including without limitation, reasonable attorneys' fees and costs, if there shall be filed by or against Borrower any proceedings under any federal or state bankruptcy or insolvency laws, whether the City is a creditor in such proceedings or otherwise.

13. Conflict of Interest; No Individual Liability.

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

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

15. Notices.

Unless otherwise specified in this Note, 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 Borrower: Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Avenue
Riverside, California 92507

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

Copies to: City of Riverside
Attn: Community Development Director
3900 Main Street, Third Floor
Riverside, California 92522

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


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

17. 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 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 Note by Borrower. Each party hereto has been represented by counsel in the negotiation of this 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 Note, nothing herein or in this Note shall be deemed to require 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 Note shall be interpreted to require in each instance the lesser of (a) the amount stated in this Note, and (b) the maximum applicable legal limit.

18. **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 Borrower. Consent by the City to any act or omission by 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.

19. **Governing Law.**

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

20. **Nonrecourse Obligation.**

Notwithstanding anything to the contrary herein or in any document executed by Developer related to the Agreement, except in the event of: (i) Developer's misappropriation or intentional misapplication of monies advanced by the City under this Agreement for purposes other than those authorized herein; or (ii) Developer's fraud or intentional misrepresentation made by Developer in connection with its obligations under this Agreement, the City's sole recourse hereunder and under the Note and any other document executed by Developer in connection with this Note shall be pursuant to the Assignment, and the City shall have no recourse to any assets of Developer other than the Plans, Reports and Data as provided in the Assignment.

21. **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 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 Note shall be solely for the benefit of the City, and neither 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, Borrower and not the City shall be solely responsible for assuring compliance with laws, the suitability of the Site for the Development, the adequacy of the plans, and the safety of the Development construction site, the completed Development, and the operation thereof.
Waiver.

Borrower agrees that it will still be liable for repayment of this 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 by the Borrower. 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 waiver or preclude the exercise of any other rights which the City may have.

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

"BORROWER"

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

By: ________________________________
Name: ______________________________
Its: ________________________________

By: ________________________________
Name: ______________________________
Its: ________________________________
EXHIBIT "A"

DISBURSEMENT RECORD

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Exhibit "A" to Attachment No. 5
Page 1
DEED OF TRUST (HOME)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Riverside
3900 Main Street, Third Floor
Riverside, CA 92522
Attn: Executive Director

Project: 3753 Myers Street

(Space above for Recorder's Use Only)

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

DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS

THIS DEED OF TRUST, FIXTURE FILING AND ASSIGNMENT OF RENTS ("Deed of Trust") is made as of __, 2014, by HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Trustor"), whose address is __ , to First American Title, located at 3400 Central Avenue, Suite 100, Riverside, CA 92506 ("Trustee"), for the benefit of the CITY OF RIVERSIDE, a California 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 Hundred Fifty Thousand Dollars ($150,000) made by Beneficiary for the benefit of Trustor (the "Predevelopment Loan") evidenced by that certain HOME Predevelopment Promissory Note of even date herewith (the "Note") and made in accordance with that certain HOME Predevelopment Loan Agreement dated for identification purposes only as of __, 2015 by and between Beneficiary and Trustor (the "Agreement") and the performance of Trustor's obligations thereunder and under this Deed of Trust and the Declaration of Conditions, Covenants and Restrictions ("Declaration") as hereinafter defined. The Predevelopment Loan shall be made in connection with the acquisition certain real property and predevelopment activities in preparation for construction of improvements thereon containing eleven (11) single family housing units and any improvements appurtenant thereto by the Trustor in accordance with the Agreement (the "Project"). The real property is located at 3753 Myers Street within the City of Riverside, California and further identified as Assessor Parcel Nos. (APN) __ , as more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein (the "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, the "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, the "Rents") derived from any lease, sublease, license, franchise or concession or
other agreement (collectively, the "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 Hundred Fifty Thousand Dollars ($150,000), or so much of such principal as may be disbursed pursuant to the Note, with a zero percent (0.0%) interest for the period of time commencing on the date on which the Predevelopment Loan proceeds are first disbursed for the account of Borrower and according to the terms of the Note, and any and all additions, modifications or extensions thereof;

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

(c) payment of all sums advanced by Beneficiary or its successors and assigns, or Trustee, to enforce the Note, the Agreement, the Declaration or this 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 (the "Default Rate") pursuant to the terms of the Note;

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

All initially capitalized terms used herein which are defined in the 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 Loan Documents, including without limitation the Declaration; (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 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 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 90 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 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 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 Loan Documents or this 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 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 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, 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 Loan Documents with respect thereto have been satisfied. If any one or more of such conditions in the Loan Documents has not been met, Beneficiary shall not be obligated to make any further disbursements pursuant to the 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 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 Deed of Trust or invalidate any act done pursuant to such notice.

1.6 Intentionally omitted.

1.7 Indemnification; Subrogation; Waiver of Offset.

(a) If Beneficiary is made a party to any litigation concerning this Deed of Trust or any of the 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 Deed of Trust.

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

1.8 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 thereof, 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) 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

Attachment No. 6
Page 7
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 Loan Documents or this 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 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 Deed of Trust or any of the rights or powers of Beneficiary or Trustee under the terms of the Loan Documents or any of the obligations of Trustor or any guarantor under the Loan Documents.

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

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

(f) If, by the laws of the United States of America, or of the State of California or any political subdivision thereof having jurisdiction over Trustor, Beneficiary or the Trust Estate or any portion thereof, any tax, assessment or other payment is due or becomes due in respect of the issuance of the Note or the recording of this 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 Note or the recording of this Deed of Trust.

1.9 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.

1.10 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.

1.11 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 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 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.

1.12 Transfer of Trust Estate by Trustor. Subject to the provisions of the 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 Agreement, Beneficiary shall have the absolute right at its option, upon notice and demand in accordance with Section 9 of the 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 Predevelopment 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 Loan Documents, including without limitation, the Declaration.

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

1.14 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 (the "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 Agreement, Beneficiary shall apply all such Condemnation Proceeds to the restoration of the Improvements, provided that (i) the taking or damage will not, in Beneficiary's reasonable judgment, materially and adversely affect the contemplated use and operation of Property and the Improvements; and (ii) all applicable conditions set forth in the Agreement are met. If all of the above conditions are met, Beneficiary shall disburse the Condemnation Proceeds only as repairs or replacements are effected and continuing expenses become due and payable.

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

1.15 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 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 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.

1.16 Successors and Assigns. This 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 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.

1.17 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 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 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.

1.18 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.

1.19 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 Deed of Trust and the 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 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.

1.20 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 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.

1.21 Personal Liability. The security interest in the Property granted to Beneficiary pursuant to this 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 Note. The 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 Note shall be to the Property securing the indebtedness evidenced by the Note. No judgment, or execution thereon, entered in any action, legal or equitable, on the Note or this Deed of Trust securing the 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 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 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 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 the 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 Loan Documents that are payable or applicable prior to any foreclosure under this 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 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.

1.22 Indemnity. In addition to any other indemnities to Beneficiary specifically provided for in this Deed of Trust and/or in the 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 Deed of Trust, the Note or the Agreement, (h) any contest due to Trustor's actions or failure to act, permitted pursuant to the provisions of this Deed of Trust, (i) subject to the nonrecourse provisions set forth in Section 1.21, any Event of Default under the Note, the Declaration, this Deed of Trust or the 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. 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, 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 Loan Documents or invalidate any act done in response to such Event of Default or pursuant to such notice of default.

ARTICLE 3
REMEDIES UPON DEFAULT

3.1 Events of Default. For all purposes hereof, the term "Event of Default" shall mean (a) at Beneficiary's option, the failure of Trustor to pay any amount due hereunder or under the Note when the same is due and payable, whether by acceleration or otherwise; (b) the failure of Trustor to perform any non-monetary obligation hereunder, or the failure to be true in any material respect when made of any representation or warranty of Trustor contained herein, without curing such failure within ten (10) 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) days after notice, provided that such default cannot reasonably be cured within thirty (30) days, Trustor shall have such additionally time as may be reasonably necessary if Trustor commences to cure such default within such thirty (30) day period and thereafter diligently prosecutes such cure to completion, or (c) the existence of any Event of Default under the Loan Documents.
3.2 Acceleration Upon Default, Additional Remedies. 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 Loan Documents or this Deed of Trust or notice of default hereunder;

(b) Commence an action to foreclose this 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 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 Deed of Trust and the Note and such receipts and evidence of expenditures made and secured hereby as Trustee may require.

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

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

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

3.4 Appointment of Receiver. Upon the occurrence 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 Deed of Trust or under any 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 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 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 Loan Documents to Trustee or Beneficiary or to which either of them may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by Trustee or Beneficiary and either of them may pursue inconsistent remedies.

3.6 Request for Notice. Trustor hereby requests a copy of any notice of default and that any notice of sale hereunder be mailed to it at the address set forth in Section 4.3 of this 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 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 Deed of Trust nor shall Beneficiary's receipt of any awards, proceeds or damages under this Deed of Trust operate to cure or waive any Event of Default with respect to any payment secured by this Deed of Trust.

3.8 Environmental Provisions. Without limiting any of the remedies provided in the Loan Documents, Trustor acknowledges and agrees that portions of Section 4 of the Agreement and Section 1.2 of this 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 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 appraisement before sale of any portion of the Trust Estate, (b) all rights of redemption, valuation, appraisement, 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 Deed of Trust or to any action brought to enforce the Agreement or any other obligation secured by this 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:

**To Truster:**
Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Ave
Riverside, California 92507

**To Beneficiary:**
City of Riverside
Attn: City Manager
3900 Main Street, Third Floor
Riverside, California 92522

**Copies to:**
City of Riverside
Attn: Community Development Director
3900 Main Street, Third Floor
Riverside, California 92522

City of Riverside
Attn: City Attorney
3900 Main Street, Fifth Floor
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.

4.4 Acceptance by Trustee. Trustee accepts this Trust when this 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 Deed of Trust.

4.6 Invalidity of Certain Provisions. Every provision of this 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 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 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 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 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 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 Deed of Trust. Any married person signing this 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 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 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 Declaration have been satisfied, and upon surrender of this Deed of Trust and the 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 (the "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 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 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 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 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 DEED OF TRUST OR ANY OTHER LOAN DOCUMENTS OR RELATING THERE TO OR ARISING FROM THE RELATIONSHIP WHICH IS THE SUBJECT OF THE 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 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 AD-
DRESS FOR THE GIVING OF NOTICE, YOU MAY NOT BE ENTITLED TO NOTICE OF THE COMMENCEMENT OF ANY SALE PROCEEDINGS. BY EXECUTION OF THIS 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 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 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 Deed of Trust upon termination of the Affordability Period as that term is defined in the Agreement.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, Trustor has executed this Deed of Trust as of the day and year first above written.

TRUSTOR:

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

Dated: ____________

By: ____________________________
Name: __________________________
Its: ____________________________

Dated: ____________

By: ____________________________
Name: __________________________
Its: ____________________________

Attachment No. 6
Page 23
EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]
ATTACHMENT NO. 7

DECLARATION (HOME)

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

City of Riverside
3900 Main Street
Riverside, CA 92522
Attn: Executive Director

Project: 3753 Myers St.

(Space above for Recorder's Use Only)

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

DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS
(WITH AFFORDABLE HOUSING COVENANTS UNDER HOME PROGRAM)

This DECLARATION OF CONDITIONS, COVENANTS AND RESTRICTIONS (WITH AFFORDABLE HOUSING COVENANTS UNDER HOME PROGRAM) (this "Declaration") is made as of is entered into the day of , 2015, by and between the CITY OF RIVERSIDE, a California municipal corporation (the "City") and HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Developer").

RECITALS

A. The City and Developer entered into that certain HOME Predevelopment Loan Agreement (the "Agreement"), which is incorporated herein by this reference and copies of which are on file as public record of the City at its offices located at 3900 Main Street, Riverside, California 92522. Pursuant to the Agreement, the City has agreed to convey certain real property owned by the City consisting of a certain parcel located at 3753 Myers Street, in the City of Riverside (the "Site") and the purpose of constructing eleven "for sale" single family housing units (the "Affordable Units") along with other amenities and facilities to low-income families (collectively, the "Project").

B. As a condition to the conveyance of the Site, Developer has agreed to develop the Project in accordance with certain covenants, conditions and restrictions as set forth in this Declaration. This Declaration is intended to ensure that Developer, its successors and assigns, and every successor in interest to the Site or any part thereof, shall develop the Site in accordance with the terms and conditions of this Declaration.
C. The development of the Site pursuant to the terms and conditions of the Agreement this Declaration are in the vital and best interests of the City and the health, safety and welfare of its residents, and are in accord with the public purposes and provisions of applicable state and local laws.

AGREEMENT

NOW, THEREFORE, the parties hereto agree and covenant as follows:

ARTICLE I

AFFORDABLE HOUSING OBLIGATIONS OF DEVELOPER

Section 1. Affordable Units. Developer acknowledges that the purpose of the City's assistance is to encourage homeownership among "low-income families" as defined by 24 CFR 92.2. Pursuant to such purpose, Developer covenants and agrees to make available and sell at all of the units constructed on the Site consistent with applicable requirements of the Agreement, the HOME Program, including but not limited to 24 CFR 92.254, and this Declaration.

Section 2. Term of Affordability Covenants. Developer covenants and agrees to restrict the sale of the Affordable Units to sale and resale exclusively to homebuyers who are low income families, until such date as is five years from the date of the initial sale of each Affordable Unit by Developer.

Section 3. Owner Occupancy. Developer agrees that the Affordable Units shall be restricted to occupancy by the owners of the Affordable Units in accordance with the Agreement.

Section 4. Developer's Silent Second Financing. Developer agrees that its proposed silent second financing shall provide terms that, upon the original HOME-assisted owner's resale of an Affordable Unit, the silent second financing shall not impede or otherwise conflict with the resale and recapture requirements set forth in 24 CFR 92.254(a)(5), which terms may include reducing the outstanding balance on the silent second loan or such other terms necessary to assure that the Affordable Unit will be available to a reasonable range of low-income homebuyers and the original owner will be affordable a fair return on investment consistent with the HOME Program requirements. Such terms contained in Developer's silent second financing documents shall be subject to the reasonable review and approval of the City prior to the initial sale of any Affordable Unit. This Declaration shall not be subordinate to any deed of trust or other recorded instrument related to Developer's silent second loan.

ARTICLE II

HOME PROGRAM RELATED FEDERAL LAWS AND REGULATIONS

With respect to the Developer's predevelopment activities undertaken in connection with this Agreement and with respect to activities pursuant to the Disposition and Development Agreement, Developer acknowledges the obligation to comply with the following covenants to the extent applicable:
Section 1. **Qualification as Affordable Housing.** Developer shall develop the Site in accordance with the requirements of the HOME Program so as to qualify the housing on the Site as affordable housing.

Section 2. **Qualifications as to Homeownership.** Developer shall comply with the requirements of 24 CFR 92.254.

Section 3. **Handicapped Accessibility.** If and to the extent applicable, Developer shall comply with (a) Section 504 of the Rehabilitation Act of 1973, and implementing regulation at 24 CFR Part 8C governing accessibility of projects assisted under the HOME Program; and (b) the Americans with Disabilities Act of 1990, and implementing regulations at 28 CFR Parts 35-36 in order to provide handicapped accessibility to the extent readily achievable.

Section 3. **Lead-Based Paint.** Developer shall comply with the requirements, as applicable, of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-4846) and Residential Lead-Based Paint Hazard Reduction Act of 1992 and implementing regulations at 24 CFR Part 35.

Section 4. **Affirmative Marketing.** Developer shall implement and perform such affirmative marketing procedures and requirements (24 CFR 92.351) for the Development as the City hereafter adopts and delivers to Developer in its Affirmative Fair Housing Marketing Plan.

Section 5. **Equal Opportunity and Fair Housing.** Developer shall carry out the construction and perform its obligation under this Agreement in compliance with all of the federal laws and regulations regarding equal opportunity and fair housing described in 24 CFR 92.350.

Section 6. **Property Standards.** Developer shall comply with 24 CFR 92.251.

Section 7. **Displacement and Relocation.** Developer acknowledges and agrees that, pursuant to 24 CFR 92.253 and consistent with the other goals and objectives of this part, the City must ensure that it has taken all reasonable steps to minimize the displacement of persons as a result of the Development, if any. Furthermore, to the extent applicable and to the extent feasible, residential tenants must be provided a reasonable opportunity to lease and occupy a suitable, decent, safe, sanitary and affordable dwelling units on the Site upon completion of construction. Developer agrees to cooperate fully and completely with the City in meeting the requirements of 24 CFR 92.253 and shall take all actions and measures reasonable required by the Executive Director in connection therewith.

Section 8. **Records and Reports.** Developer shall maintain and from time to time submit to the City such records, reports and information as the City Manager may reasonably require in order to permit the City to meet the record keeping and reporting requirements required of it pursuant to 24 CFR 92.508.

Section 9. **Labor Standards (Davis-Bacon).** In the event that the City Manager determined that the Development will have 12 or more HOME-assisted units, any contract for construction shall contain a Prevailing Wage Clause requiring that not less than the wages
prevailing in the locality, as predetermined by the Secretary of the United States Department of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a-5), will be paid to all laborers and mechanics employed in the construction of the Development, and such contract(s) shall also be subject to the overtime provisions, as applicable, of the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-332). 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 Developer shall supply to the City a certification, in form and substance satisfactory to HUD and the City Manager, as to compliance with the provisions of this section before receiving any disbursement of HOME Funds.

Section 10. Use of Debarred, Suspended, or Ineligible Participants. Developer shall comply with the provisions of 24 CFR 24 relating to the employment, engagement of services, awarding of contracts, or funding of any contractor or subcontractor during any period of debarment, suspension, or placement in ineligibility status.

Section 11. Maintenance of Drug-Free Workplace. Developer shall certify that Developer will provide a drug-free workplace in accordance with 24 CFR Part 24F.

Section 12. Other Program Requirements. Developer shall carry out each activity in compliance with all federal laws and regulations described in subpart H of 24 CFR 92, except that Developer does not assume the City's responsibilities for environmental review as set forth in 24 CFR 92.352 or the intergovernmental review process in 24 CFR 92.357.

Section 13. Requests for Disbursements of Funds. Notwithstanding anything contained in this Agreement to the contrary, Developer may not request disbursements of funds under this Agreement until the funds are needed for payment of Eligible Predevelopment Costs. The amount of each request shall be limited to the amount needed.

Section 14. Eligible Predevelopment Costs. Developer shall use Predevelopment Loan Proceeds only to pay costs defined as "allowable costs" pursuant to 24 CFR 92.301(a)(2).

Section 15. Conflict of Interest. Developer shall comply with the conflict of interest provisions set forth at 24 CFR 570.611.

Section 16. Lobbying.

(a) No federally appropriated funds have been paid or will be paid, by or on behalf of Developer, 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 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;

(b) If any funds other than federally appropriated funds have been paid or will be 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 any employee of a Member of Congress in connection with this Agreement, Developer shall complete and submit HUD Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions;

(c) Developer will require that the language of Paragraph (d) of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly; and

(d) Lobbying Certification – Paragraph (d) – This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a pre-requisite for making or entering into this transaction imposed by 31 U.S.C. Section 1352, "Limitation on use of appropriated funds to influence certain Federal contracting and financial transactions." Any person who fails to file the required certification shall be subject to a civil penalty of not less than ten thousand dollars ($10,000.00), and not more than one hundred thousand dollars ($100,000.00) for each such failure.

Section 17. Other HOME Program Requirements. Developer shall comply with all other applicable requirements of the HOME Program.

ARTICLE III

ENFORCEMENT

Section 1. Remedies. Breach of the covenants contained in this Declaration may be enjoined, abated or remedied by any appropriate legal proceeding.

Section 2. Rights of the City. As a party to this Declaration, the City is entitled to the following rights:

a. The City has the right, but not the obligation, to enforce all of the provisions of this Declaration.

b. Any amendment to the Declaration shall require the written consent of the City.

c. This Declaration does not in any way infringe on the right or duties of the City of Riverside to enforce any of the provisions of the City of Riverside Municipal Code including, but not limited to, the abatement of dangerous buildings.

Section 3. Cumulative Remedies. The remedies herein provided for breach of the covenants contained in this Declaration shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

Section 4. Failure to Enforce. The failure to enforce any of the covenants contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter.
ARTICLE IV

GENERAL PROVISIONS

Section 1. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in all force and effect.

Section 2. Construction. The provisions of this Declaration shall be liberally construed for the purpose of developing and maintaining the Site and restricting the sale of the Affordable Units thereon in accordance with this Declaration and the Agreement. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction.

Section 3. Amendments. This Declaration may be amended only by the written agreement of the Developer and City.

Section 4. Notices. Any notice permitted or required to be delivered as provided herein from one party to another shall be in writing and may be delivered either personally or by first-class or registered mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States Mail, postage prepaid. Notices shall be sent to:

To Developer: Habitat for Humanity Riverside, Inc.
Attn: Kathy Michalak, Executive Director
2180 Iowa Ave
Riverside, California 92507

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

Copies to: City of Riverside
Attn: Community & Economic Development Director
3900 Main Street, Third Floor
Riverside, California 92522

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

Such addresses may be changed from time to time by notice in writing, which shall be made by certified mail to the other party in accordance with this Section 4.
Section 5. Term of Declaration. It is the intent of the Parties that this Declaration be released on a unit-by-unit basis upon the conveyance of title by Developer of each Affordable Unit to a low-income family. Concurrently with the transfer of title of each Affordable Unit, another declaration of covenants, conditions and restrictions in the form of a declaration applicable to such third party purchaser of the Affordable Unit shall be recorded in the place of this Declaration.

[Signatures on Next Page]
IN WITNESS WHEREOF, the parties hereto have executed this Declaration as of the date and year set forth below.

"DEVELOPER"

HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation

Dated: ________________
By: ____________________
Name: ____________________
Its: ____________________

Dated: ________________
By: ____________________
Name: ____________________
Its: ____________________

"CITY"

CITY OF RIVERSIDE, a California municipal corporation

Dated: ________________
By: ——— Community & Economic Development Director

ATTEST:

By: ____________________
City Clerk

APPROVED AS TO FORM:

By: ____________________
City Attorney
EXHIBIT "A"

LEGAL DESCRIPTION

[Attached]
ATTACHMENT NO. 8

ASSIGNMENT OF PLANS, REPORTS AND DATA

FOR VALUE RECEIVED, HABITAT FOR HUMANITY RIVERSIDE, INC., a California nonprofit public benefit corporation ("Developer"), does hereby assign, pledge, transfer and set over to the CITY OF RIVERSIDE, a California municipal corporation ("City"), all of its rights, title and interest in and to the following (collectively, the "Plans, Reports and Data"): any and all plans, specifications, drawings, studies, reports and related documents concerning the Site, and all amendments, modifications, supplements, general conditions and addenda thereto, including, without limitation, environmental reports, all architectural and engineering plans, any consultant's agreement entered into hereafter ("Consultant's Agreement") by and between Developer and any architect/engineer/consultant engaged to perform services with respect to the Site (collectively, "Consultant") and those certain plans and specifications referred to therein, and all amendments, modifications, supplements, general conditions and addenda thereto (collectively, "Consultant Plans") prepared by Consultant for the account of Developer in connection with the development of certain real property located at 3753 Myers Street within the City of Riverside, California and further identified as Assessor Parcel Nos. (APN) 234-101-051 consisting of 0.80 acres (the "Site"). The Plans, Reports and Data, including, without limitation, the Consultant's Agreement and the Consultant Plans, are hereby assigned as collateral security for performance of certain obligations of Developer to the City evidenced by that certain Predevelopment Loan Agreement dated for identification purposes only as of , 2015 entered into between the City and Developer (the "Agreement"). All capitalized terms not defined herein shall have the meaning set forth in the Agreement. For purposes hereof, "Environmental Reports" means any "Phase 1" and/or "Phase 2" investigations of the Site and all final reports and test results (not including drafts) provided by Developer's environmental consultant, if any.

Upon the occurrence and during the continuance of a Developer Default under the Agreement, the City shall have the right, but not the obligation, at any time, in its own name or in the name of Developer, or otherwise, to take such action as the City may at any time or from time to time determine to be necessary or desirable in order to cure any default by Developer under the Consultant's Agreement, including, without limitation, the protection of Developer's rights with respect to the Consultant Plans or to protect the rights of Developer thereunder. The City shall not incur any liability if any action taken by the 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. Developer agrees to have each Consultant engaged to perform services in connection with the Site execute a Consent in the form attached hereto.

Upon the occurrence of a Default by Developer, the City may exercise its rights hereunder and take possession of and title to the Plans, Reports and Data, including, without limitation, all Consultant Plans and the Consultant's Agreement. The City shall notify Developer in writing of its exercise of its rights hereunder in accordance with the notice provisions set forth in the Agreement. Developer shall deliver possession of and title to the Plans, Reports and Data to the City within forty-eight (48) hours of receipt of the City's written notice.
Developer and Consultant, by executing the Consent to this Assignment, agree that the City does not assume any of Developer's obligations or duties concerning the Consultant's Agreement and the Consultant Plans, including, but not limited to, the obligation to pay for the preparation of the Consultant's Agreement and the Consultant Plans, until and unless the City shall exercise its rights hereunder.

Developer hereby represents and warrants to the City that no previous assignment of its interest in the Plans, Reports and Data, including, without limitation, the Consultant's Agreement and the Consultant Plans, has been made. Except for assignment as security for the Predevelopment Loan, Developer agrees not to assign, sell, pledge, transfer, mortgage or otherwise encumber its interest in the Plans, Reports and Data, including, without limitation, the Consultant's Agreement and the Consultant 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 Developer and Authority.

IN WITNESS WHEREOF, Developer has caused this Assignment of Plans, Reports and Data to be executed as of______________, 201__.

DEVELOPER:

HABITAT FOR HUMANITY RIVERSIDE, INC.,
a California nonprofit public benefit corporation

By: ____________________________
Name: __________________________
Its: ____________________________


CONSENT

The undersigned has prepared the Consultant 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 Developer of any of the terms and conditions of the Consultant's Agreement or any other agreement entered into with the undersigned in connection with the Consultant Plans, that so long as Developer's interest in the Plans is assigned to the City, the undersigned will give written notice to the City of such breach. The City shall have 60 days from the receipt of such notice of default to remedy or cure said default; however, nothing herein shall require the City to cure said default, the City shall only have the option to do so.

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

"CONSULTANT"

________________________________________
________________________________________

Dated: ___________________________       By: _________________________________
Name: ________________________________
Its: _________________________________